Message from the Secretary of the Treasury

Dear Member:

The Fiscal Year (FY) 2021 President's Budget prioritizes Treasury's goals to maintain a strong economy and create job opportunities by promoting the conditions that enable economic growth and stability at home and abroad, to strengthen national security by combatting threats and protecting the integrity of the financial system, and to manage the U.S. Government's finances and resources effectively.

Treasury's request includes $12 billion for the IRS for core tax administration, Taxpayer First Act implementation, and the third year of the integrated modernization business plan, which will transform the taxpayer experience and improve tax compliance with leading edge digital services and capabilities. The Budget requests a cap adjustment to protect the integrity of the tax system and reduce the tax gap, returning $64 billion in net savings to taxpayers over ten years.

The Budget proposes increased resources for the Office of Terrorism and Financial Intelligence to counter illicit financial networks and the Financial Crimes Enforcement Network to strengthen the prevention, detection, and investigation of financial and cyber-crimes. The request includes funding for Treasury to identify and mitigate cybersecurity vulnerabilities in the financial services sector.

The Budget prioritizes U.S. leadership in International Financial Institutions by proposing to extend and increase the International Monetary Fund's New Arrangements to Borrow, as well as authorization and funding for the Multilateral Development Banks. It also seeks funding for bilateral technical assistance and critical bilateral debt relief for the nation of Somalia. Treasury's request includes $10 million to build off the $25 million provided in FY 2020 for the digitization of savings bond information and the creation of an online tool that would allow individuals to verify ownership of unredeemed bonds dated after 1974.

The Budget proposes legislation to return the Secret Service to Treasury to create new efficiencies in the investigation of financial crimes and prepare the Nation to face the threats of tomorrow. Technological advancements in recent decades, such as cryptocurrencies and the increasing interconnectedness of the international financial marketplace, have resulted in more complex issues facing our country. Criminal organizations have varied means of obtaining financing, and we have observed stronger links between financial and electronic crimes and the financing of terrorists and rogue state actors.

The FY 2021 Budget includes the information required for the Annual Performance Report. I have validated the accuracy, completeness, and reliability of the performance data in this report.

Sincerely,

Steven T. Mnuchin

Steven T. Mnuchin

FY 2021 EXECUTIVE SUMMARY

President's Budget Discretionary Appropriation Request

Dollars in Thousands

	FY 2019 Enacted (post IRS transfer)	FY 2020 Enacted	FY 2020 Enacted (post IRS transfer)	FY 2021 President's Budget
Management & Financial	**$1,458,758**	**$1,538,377**	**$1,538,377**	**$1,300,909**
Departmental Offices Salaries and Expenses	$214,576	$228,373	$228,373	$241,473
Post-transfer Oversight of USSS (non-add)	$0	$0	$0	$1,500
Committee on Foreign Investment in the United States (CFIUS) Fund	$0	$20,000	$20,000	$20,000
CFIUS Fees	$0	($10,000)	($10,000)	($20,000)
Subtotal CFIUS Fund (non add)[1]	**$0**	**$10,000**	**$10,000**	**$0**
Office of Terrorism and Financial Intelligence	$159,000	$169,712	$169,712	$172,751
Cybersecurity Enhancement Account	$25,208	$18,000	$18,000	$18,000
Treasury Capital Investments and Modernization Fund[2]	$4,000	$6,118	$6,118	$13,500
Office of Inspector General	$37,044	$41,044	$41,044	$39,335
Treasury Inspector General for Tax Administration	$170,250	$170,250	$170,250	$171,350
Special Inspector General for TARP	$23,000	$22,000	$22,000	$17,500
Community Development Financial Institutions Fund	$250,000	$262,000	$262,000	$14,000
Financial Crimes Enforcement Network	$117,800	$126,000	$126,000	$126,963
Alcohol and Tobacco Tax and Trade Bureau	$119,600	$119,600	$119,600	$125,837
Bureau of the Fiscal Service	$338,280	$340,280	$340,280	$350,200
Digitization of Unredeemed Matured Savings Bonds Records	$0	$25,000	$25,000	$10,000
Tax Administration[3]				
Taxpayer Services	$2,491,554	$2,511,554	$2,535,554	$2,562,554
Enforcement	$4,665,600	$5,010,000	$4,909,500	$5,071,260
Operations Support	$3,918,400	$3,808,500	$3,885,000	$4,104,689
Subtotal	**$11,075,554**	**$11,330,054**	**$11,330,054**	**$11,738,503**
Business Systems Modernization	$150,000	$180,000	$180,000	$300,000
Tax Reform Implementation	$77,000	$0	$0	$0
IRS Total Excluding Cap Adjustment	**$11,302,554**	**$11,510,054**	**$11,510,054**	**$12,038,503**
Cap Adjustment	$0	$0	$0	$400,000
IRS Total, Including Cap Adjustment	***$11,302,554***	***$11,510,054***	***$11,510,054***	***$12,438,503***
Subtotal, Treasury Appropriations excluding U.S. Secret Service and Cap Adjustment[4]	**$12,761,312**	**$13,048,431**	**$13,048,431**	**$13,339,412**
United States Secret Service[5]	**$2,248,159**	**$2,415,845**	**$2,415,845**	**$2,360,538**
Operations and Support	$2,148,528	$2,336,401	$2,336,401	$2,310,296
Procurement, Construction & Improvements	$97,131	$66,989	$66,989	$38,305
Research and Development	$2,500	$12,455	$12,455	$11,937
Subtotal, Treasury including U.S. Secret Service and excluding Cap Adjustment[6]	**$15,009,471**	**$15,464,276**	**$15,464,276**	**$15,699,950**
Treasury International Programs	**$1,547,697**	**$1,736,780**	**$1,736,780**	**$1,592,244**
Multilateral Development Banks	$1,348,122	$1,522,205	$1,522,205	$1,481,244
Food Security	$30,000	$30,000	$30,000	$0
Environmental Trust Funds	$139,575	$139,575	$139,575	$0
Office of Technical Assistance	$30,000	$30,000	$30,000	$33,000
Debt Restructuring - Tropical Forest Conservation Act	$0	$15,000	$15,000	$0
Somalia - Bilateral Debt Relief	$0	$0	$0	$78,000
Total, Treasury excluding Cap Adjustment	**$16,557,168**	**$17,201,056**	**$17,201,056**	**$17,292,194**
Total, Treasury	**$16,557,168**	**$17,201,056**	**$17,201,056**	**$17,692,194**

1/ The overall request for Treasury's CFIUS costs is $35 million, which includes $15 million from the CFIUS Fund and $20 million from Departmental Offices Salaries and Expenses.

2/ Previously known as the Department-wide Systems and Capital Investments Program.

3/ FY 2020 Enacted (post IRS transfer) includes a proposed transfer of $100.5 million from Enforcement to Taxpayer Services ($24 million) and Operations Support ($76.5 million). FY 2019 Enacted (post IRS transfer) includes a transfer of $194 million from Enforcement to Operations Support. $77 million for implementation of the Tax Cuts and Jobs Act was allocated to Taxpayer Services ($65 million) and Enforcement ($12 million).

4/ Treasury's enacted appropriation in FY 2019 was $12,561 million, after a $200 million rescission from the Treasury Forfeiture Fund.

5/ The FY 2021 President's Budget assumes the transfer of U.S. Secret Service to Treasury in FY 2021. FY 2019 and FY 2020 enacted amounts exclude rescissions and administrative adjustments ($5.7M in FY 2019/$.7M in FY 2020).

6/ U.S. Secret Service appropriations are included in the subtotals for FY 2019 and FY 2020 for comparison purposes, but were not included in Treasury's enacted appropriations in those years.

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.

OVERVIEW OF REQUEST

The Budget requests $15.7 billion in base discretionary resources for the Department of the Treasury's domestic programs, a $236 million or 1.5 percent increase from the FY 2020 enacted level. Excluding the United States Secret Service, Treasury requests $13.3 billion in base discretionary resources, a $291 million or 2.2 percent increase from FY 2020 enacted levels. It also requests $1.6 billion for Treasury's international programs, a $145 million or 8.3 percent decrease from the FY 2020 enacted level. The Budget:

- Proposes to transfer of the United States Secret Service (USSS) from the Department of Homeland Security to Treasury as a standalone bureau. The request provides USSS with $2.36 billion in base discretionary resources to support the 2020 Presidential election through inauguration, continue growth in staff to meet mission expansion, and advanced countermeasures to address established and evolving threats.

- Provides the IRS with $12.0 billion from base discretionary appropriations to collect $3.6 trillion in revenue, process more than 255 million tax returns, and continue to transform systems to improve taxpayer service and experience and tax administration over the long-term.
    - The request provides $300 million for multi-year modernization efforts to deliver long-term, systemic transformation of service and compliance for millions of taxpayers, small businesses, and corporations, as well as put IT operations and maintenance costs on a sustainable path. The IRS will continue developing a case management solution to replace 60 legacy systems, new digital service options including electronic notices and live chat assistance, and new web applications to streamline taxpayer filing, payment, and authentication.
    - The request proposes $106 million for Taxpayer First Act implementation to revamp IRS customer service, introduce new taxpayer protections, and deliver new online service platforms to facilitate filing and payment.
    - The request includes $5.1 billion in the enforcement account to continue building compliance staffing and protect billions of dollars in revenue. The IRS is one of the best investments in the federal government with an overall return on investment of $5 for every $1 invested, not including significant deterrence effects. Every dollar invested in enforcement requires a funding increase in operations support for technology and administrative costs.
    - In addition to the amounts above, the request includes a program integrity initiative that will generate approximately $79 billion in additional revenue and will cost approximately $15 billion, yielding estimated net savings of $64 billion over ten years.

- Provides $241 million for Treasury Departmental Offices (including $20 million for the Committee on Foreign Investment in the United States) growing workload with funding increases to continue strengthening cybersecurity in the financial services sector, provide impact analysis for tax regulations, and enhance and broaden Treasury's evidence-based decision making and program evaluation. Contingent on the transfer of USSS to Treasury, the request includes $1.5 million for departmental oversight.

- Provides $173 million for Treasury's Office of Terrorism and Financial Intelligence (TFI), a $3 million increase over the FY 2020 enacted level; and $127 million for the Financial Crimes Enforcement Network (FinCEN), a $1 million increase over the FY 2020 enacted level. These increases will allow TFI and FinCEN to continue their critical work safeguarding the financial system from abuse and combating other national security threats using non-kinetic economic tools. These additional resources will be deployed to bolster data analytic and cybercrime enforcement capabilities, fortify Bank Secrecy Act data, and counter the financial networks that support terrorists, organized transnational crime, weapons of mass destruction proliferators, and other threats.
- Proposes to transfer all alcohol and tobacco responsibilities from the Department of Justice's Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) to Treasury's Alcohol and Tobacco Tax and Trade Bureau (TTB). This transfer would leverage TTB's resources and expertise relating to the alcohol and tobacco industries and allow ATF to continue to focus on its firearms and explosives mandates, enabling both agencies to more efficiently and effectively carry out their core missions of protecting the public.
- Provides $1.6 billion for Treasury's International Programs to support U.S. leadership in the International Financial Institutions. The budget proposes to extend and increase the IMF New Arrangements to Borrow, which preserves U.S. control over the activation of emergency IMF resources and reflects progress on a variety of institutional reforms at the IMF. In addition, it provides for critical investments to safeguard U.S. leadership in the Multilateral Development Banks (MDBs) while continuing to press for necessary reforms. Recently negotiated reforms – led by the United States - will improve financial management and debt sustainability while increasing the MDBs' focus on infrastructure, women's economic empowerment, and assistance to fragile states. The request seeks authorization and funding for U.S. participation in an African Development Bank capital increase as well as new pledges to the World Bank's International Development Association and the African Development Fund. It also includes authorization to vote in favor of a capital increase at the International Finance Corporation, which will not require any U.S. funding. The budget proposes $33 million for Treasury's Office of Technical Assistance and $78 million for U.S. debt relief as part of the Heavily Indebted Poor Countries (HIPC) debt relief process for Somalia.
- Proposes to impose appropriate Congressional oversight of the Treasury Financial Stability Oversight Council and Office of Financial Research (OFR) by subjecting their activities to the normal appropriations process. The Budget continues the reduced level of OFR spending commensurate with the renewed fiscal discipline being applied across the Federal Government.

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

	2019 Actual			2020 Enacted			2021 President's Budget		
Appropriation	Direct	Reimb.	Total	Direct	Reimb.	Total	Direct	Reimb.	Total
Departmental Offices Salaries and Expenses	599	46	**645**	706	40	**746**	775	40	**815**
Terrorism and Financial Intelligence	440	40	**480**	526	41	**567**	575	41	**616**
Cybersecurity Enhancement	12		**12**	11		**11**	6		**6**
Office of Inspector General	154		**154**	167		**167**	180		**180**
Treasury Inspector General for Tax Administration	736	2	**738**	800	2	**802**	800	2	**802**
Special Inspector General for TARP	96		**96**	85		**85**	80		**80**
Community Development Financial Institutions Fund	67		**67**	76		**76**	39		**39**
Financial Crimes Enforcement Network	271	2	**273**	300	1	**301**	345	1	**346**
Alcohol and Tobacco Tax and Trade Bureau	485	10	**495**	502	10	**512**	508	10	**518**
Bureau of the Fiscal Service	1,495	377	**1,872**	1,557	412	**1,969**	1,582	412	**1,994**
Internal Revenue Service funded from regular appropriations [1]	73,554	642	**74,196**	74,619	978	**75,597**	74,881	1,027	**75,908**
United States Secret Service	7,669		**7,669**	7,777		**7,777**	7,896		**7,896**
Subtotal, Treasury Appropriated Level	**85,578**	**1,119**	**86,697**	**87,126**	**1,484**	**88,610**	**87,667**	**1,533**	**89,200**
Office of Financial Stability (Administrative Account)	22		**22**	16		**16**	14		**14**
Small Business Lending Fund Program	3		**3**	3		**3**	3		**3**
Capital Magnet Fund	3		**3**	6		**6**	3		**3**
Office of Financial Research	106		**106**	128		**128**	145		**145**
Financial Stability Oversight Council	14		**14**	18		**18**	18		**18**
Treasury Franchise Fund		1,807	**1,807**		2,042	**2,042**		2,112	**2,112**
Bureau of Engraving and Printing		1,727	**1,727**		1,804	**1,804**		1,863	**1,863**
United States Mint		1,536	**1,536**		1,671	**1,671**		1,705	**1,705**
Office of the Comptroller of the Currency		3,687	**3,687**		3,589	**3,589**		3,589	**3,589**
Terrorism Insurance Program	4		**4**	4		**4**	4		**4**
IRS Private Collection Agent Program	111		**111**	208		**208**	308		**308**
Subtotal, Treasury Non-Appropriated Level	**263**	**8,757**	**9,020**	**383**	**9,106**	**9,489**	**495**	**9,269**	**9,764**
Total, Treasury	**85,841**	**9,876**	**95,717**	**87,509**	**10,590**	**98,099**	**88,162**	**10,802**	**98,964**

1/ Amounts for the IRS include 1,520 FTE funded from user fees in FY 2021 and exclude the proposed $400 million program integrity cap adjustment that, if enacted, would increase IRS levels by an estimated 2,885 FTE in FY 2021.

FY 2021 President's Budget by Strategic Goal

(Dollars in Thousands)

Treasury Goal/Objective	Boost U.S. Economic Growth	Promote Financial Stability	Enhance National Security	Transform Government-wide Financial Stewardship	Achieve Operational Excellence	Total
Management & Financial	$392,778	$38,250	$348,652	$439,872	$81,358	$1,300,909
Departmental Offices Salaries and Expenses	$82,991	$38,250	$48,938	$21,437	$49,858	$241,473
Committee on Foreign Investment in the United States Fund[1]			$20,000			$20,000
CFIUS Fees			($20,000)			($20,000)
Office of Terrorism and Financial Intelligence			$172,751			$172,751
Cybersecurity Enhancement Account					$18,000	$18,000
Treasury Capital Investments and Modernization Fund[2]					$13,500	$13,500
Office of Inspector General				$39,335		$39,335
Treasury Inspector General for Tax Administration	$171,350					$171,350
Special Inspector General for TARP				$17,500		$17,500
Community Development Financial Institutions Fund	$12,600			$1,400		$14,000
Financial Crimes Enforcement Network			$126,963			$126,963
Alcohol and Tobacco Tax and Trade Bureau	$125,837					$125,837
Bureau of the Fiscal Service[3]				$360,200		$360,200
Tax Administration	$12,038,503					$12,038,503
IRS Taxpayer Services	$2,562,554					$2,562,554
IRS Enforcement	$5,071,260					$5,071,260
IRS Operations Support	$4,104,689					$4,104,689
Business Systems Modernization	$300,000					$300,000
IRS Cap Adjustment[4]	*$400,000*					*$400,000*
IRS Total, Including Cap Adjustment	***$12,438,503***	***$0***	***$0***	***$0***	***$0***	***$12,438,503***
Subtotal, Treasury Appropriations excluding U.S. Secret Service and Cap Adjustment	**$12,431,281**	**$38,250**	**$348,652**	**$439,872**	**$81,358**	**$13,339,412**
United States Secret Service[5]	**$688,943**	**$0**	**$1,126,932**	**$0**	**$544,663**	**$2,360,538**
Operations and Support	*$688,943*		*$1,114,995*		*$506,358*	$2,310,296
Procurement, Construction & Improvements					*$38,305*	$38,305
Research and Development			*$11,937*			$11,937
Subtotal, Treasury including U.S. Secret Service and excluding Cap Adjustment	**$13,120,224**	**$38,250**	**$1,475,584**	**$439,872**	**$626,021**	**$15,699,950**
Treasury International Programs		$33,000		$1,559,244		$1,592,244
Total, Treasury excluding Cap Adjustment	**$13,120,224**	**$71,250**	**$1,475,584**	**$1,999,116**	**$626,021**	**$17,292,194**
Non-Appropriated Accounts						
Office of Financial Stability (Administrative Account)				$42,154		$42,154
Terrorism Risk Insurance (Administrative)			$3,000			$3,000
Financial Stability Oversight Council	$5,220	$5,220				$10,439
Office of Financial Research	$37,636	$37,636				$75,271
Bureau of Engraving and Printing	$888,700					$888,700
United States Mint	$2,547,197					$2,547,197
Office of the Comptroller of the Currency	$882,721	$220,680				$1,103,401
Federal Reserve Bank				$645,520		$645,520
Reimbursable to the Federal Reserve Banks				$176,799		$176,799
Financial Agent Services				$865,400		$865,400
Total, Non-Appropriated Level	**$4,361,473**	**$263,535**	**$3,000**	**$1,729,873**	**$0**	**$6,357,881**
Grand Total	**$17,481,696**	**$334,785**	**$1,478,584**	**$3,728,989**	**$626,021**	**$23,650,075**

1/ The overall request for Treasury's CFIUS costs is $35 million, which includes $15 million from the CFIUS Fund and $20 million from Departmental Offices Salaries and Expenses.
2/ Previously known as the Department-wide Systems and Capital Investments Program.
3/ The FY 2020 Enacted levels include $25M , available until expended, for Matured Unredeemed Debt.
4/ The FY 2021 budget includes a program integrity cap adjustment of $400 million (Enforcement $280 million, Operations Support $120 million).
5/ The FY 2021 President's Budget assumes the transfer of U.S. Secret Service to Treasury in FY 2021.

Summary of FY 2021 Increases and Decreases

(Dollars in Thousands)

	DO[1]	CFIUS[2]	TFI	Cyber	TCIMF[3]	OIG	TIGTA	SIGTARP	CDFI	FinCEN	TTB	FS[4]	USSS[1]	IRS	Total
FY 2020 Enacted	**$228,373**	**$10,000**	**$169,712**	**$18,000**	**$6,118**	**$41,044**	**$170,250**	**$22,000**	**$262,000**	**$126,000**	**$119,600**	**$365,280**	**$2,415,845**	**$11,510,054**	**$15,464,276**
Maintaining Current Levels (MCLs)	$5,472	$0	$3,983	$0	$0	$982	$4,354	$510	$641	$2,827	$2,748	$9,503	$74,701	$452,085	$557,806
Pay Annualization	$1,023		$757			$237	$1,048	$117	$99	$380	$590	$1,666	$45,875	$67,757	$119,549
Pay Raise	$998		$738			$231	$1,022	$115	$96	$390	$575	$1,625	$11,388	$66,080	$83,258
FERS Contribution Increase	$1,100		$800			$304	$1,582	$141	$131	$524	$714	$1,901	$14,146	$100,000	$121,343
Labor Adjustment												$1,805		$162,904	$164,709
Non-Pay	$2,351		$1,688			$210	$702	$137	$315	$1,533	$869	$2,506	$3,292	$55,344	$68,947
Non-Recurring Costs			($2,539)	($18,000)	($6,118)					($1,300)		($32,796)	($101,718)		($162,471)
Efficiency Savings/Reinvestment	($1,246)		($2,716)										($9,876)	($143,795)	($157,633)
Other Adjustment/Initiative Annualization		$10,000									$900		($55,660)		($44,760)
Adjustments to Base	**$4,226**	**$10,000**	**($1,272)**	**($18,000)**	**($6,118)**	**$982**	**$4,354**	**$510**	**$641**	**$1,527**	**$3,648**	**($23,293)**	**($92,553)**	**$308,290**	**$192,942**
FY 2021 Base	**$232,599**	**$20,000**	**$168,440**	**$0**	**$0**	**$42,026**	**$174,604**	**$22,510**	**$262,641**	**$127,527**	**$123,248**	**$341,987**	**$2,323,292**	**$11,818,344**	**$15,657,218**
Program Decreases						($2,691)	($3,254)	($5,010)	($248,641)	($2,864)	($1,500)		($115,990)		($379,950)
CFIUS User Fees		($20,000)													($20,000)
Program Increases/Reinvestments	$8,874		$4,311	$18,000	$13,500					$2,300	$4,089	$18,213	$153,236	$220,159	$442,682
Subtotal, Program Changes	**$8,874**	**($20,000)**	**$4,311**	**$18,000**	**$13,500**	**($2,691)**	**($3,254)**	**($5,010)**	**($248,641)**	**($564)**	**$2,589**	**$18,213**	**$37,246**	**$220,159**	**$42,732**
FY 2021 President's Budget funded from discretionary resources	**$241,473**	**$0**	**$172,751**	**$18,000**	**$13,500**	**$39,335**	**$171,350**	**$17,500**	**$14,000**	**$126,963**	**$125,837**	**$360,200**	**$2,360,538**	**$12,038,503**	**$15,699,950**
Program Integrity Cap Adjustment														$400,000	$400,000
FY 2021 President's Budget including program integrity cap adjustment	**$241,473**	**$0**	**$172,751**	**$18,000**	**$13,500**	**$39,335**	**$171,350**	**$17,500**	**$14,000**	**$126,963**	**$125,837**	**$360,200**	**$2,360,538**	**$12,438,503**	**$16,099,950**

1/ The FY 2021 President's Budget assumes the transfer of U.S. Secret Service to Treasury in FY 2021. $1.5 million of the Treasury-wide Management and Programs request in 2021 is contingent on legislation enacting the transfer.

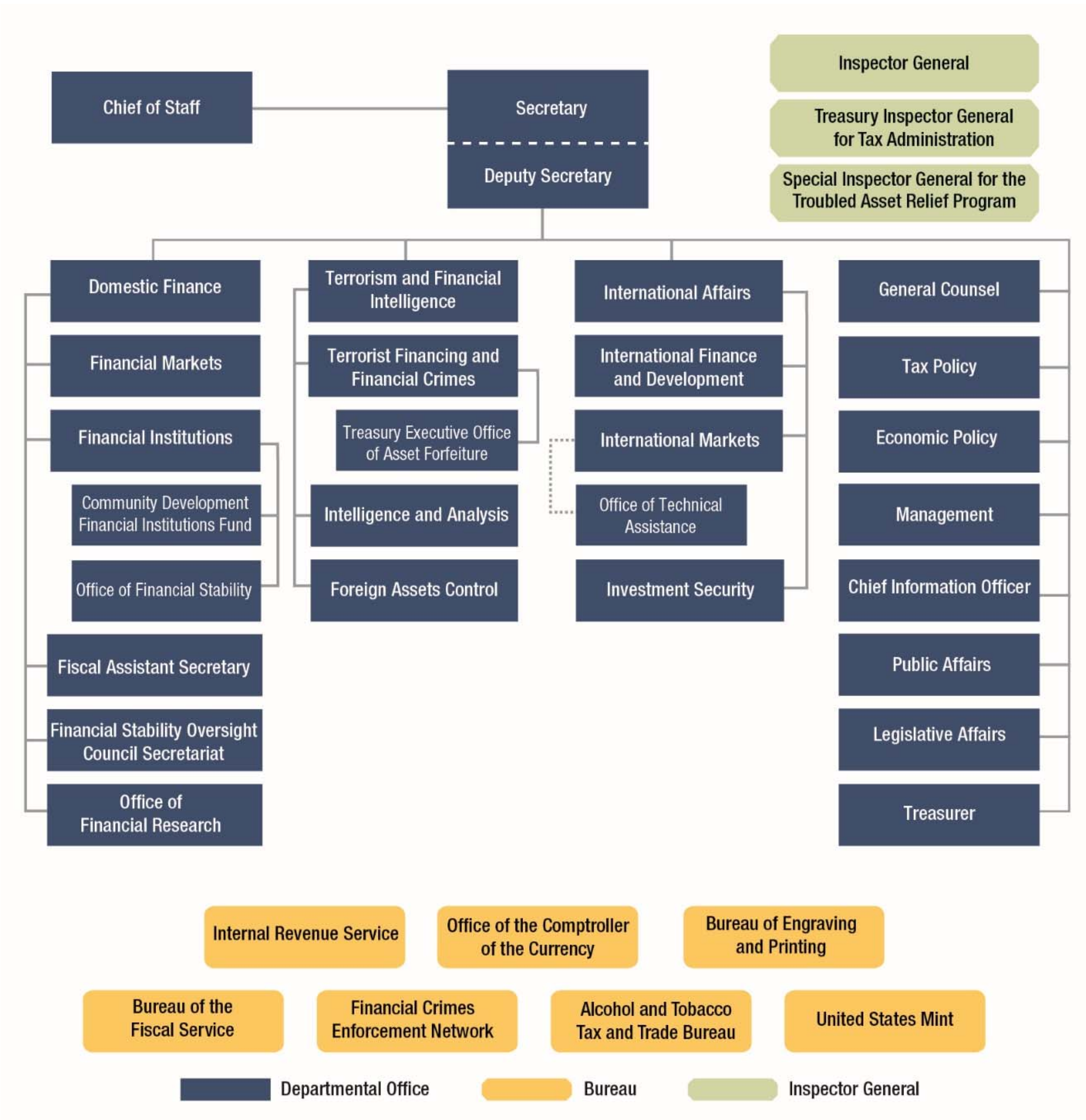
2/ CFIUS Fund enacted levels are net appropriations including user fees.

3/ Treasury Capital Investments and Modernization Fund (TCIMF) is formerly Department-wide Capital Systems Investment Programs (DSCIP).

4/ FY 2020 non-recurring costs includes MUD adjustment; program increases include $10M for MUD .

ORGANIZATION

Treasury is organized into the Departmental Offices, seven bureaus, and three offices of Inspector General. The Departmental Offices are primarily responsible for headquarters operations and policy formulation, while the bureaus are the operating units of the organization.



DEPARTMENTAL OFFICES

Domestic Finance works to preserve confidence in the U.S. Treasury securities market, strengthen financial institutions and markets, and promote access to credit, in service to long-term economic strength and stability.

Terrorism and Financial Intelligence (TFI) uses unique policy, intelligence, enforcement and regulatory tools and authorities to disrupt and disable terrorists, criminals, and other national security threats while also safeguarding the financial system against abuse by illicit actors.

International Affairs protects economic prosperity and national security by working to foster a most favorable external environment for sustained jobs and economic growth.

Tax Policy develops and implements tax policies and programs, reviews regulations and rulings to administer the Internal Revenue Code, and provides revenue estimates for the President's Budget.

Economic Policy reports on economic developments and assists in the determination of appropriate economic policies. It also reviews and analyzes domestic economic issues and financial market developments.

The **Treasurer of the United States** serves as a principal advisor to the Secretary and leads the Office of Consumer Policy, which provides policy leadership, research, and analysis to foster economic growth and financial security for American families in a robust consumer marketplace. The Treasurer also oversees the U.S. Mint, including advising the Secretary on coinage matters and liaising with the Federal Reserve.

The **Office of Management and Chief Financial Officer**, manages the Department's financial resources and oversees Treasury-wide programs, including human capital, organizational performance, information technology, acquisition, and diversity issues.

Other offices within Departmental Offices include the **General Counsel**, **Legislative Affairs**, and **Public Affairs**.

INSPECTORS GENERAL

Three Inspectors General – the **Office of Inspector General (OIG)**, the **Treasury Inspector General for Tax Administration (TIGTA)**, and the **Special Inspector General for the Troubled Asset Relief Program (SIGTARP)** – provide independent audits, investigations, and oversight of Treasury and our programs.

BUREAUS[1]

The **Alcohol and Tobacco Tax and Trade Bureau (TTB)** collects federal excise taxes on alcohol, tobacco, firearms, and ammunition and enforces and administers laws covering production, use, and distribution of alcohol and tobacco products.

The **Bureau of Engraving and Printing (BEP)** develops and produces U.S. currency notes, as well as secure documents for government use.

The **Financial Crimes Enforcement Network (FinCEN)** safeguards the financial system from illicit use and combats money laundering. It also promotes national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial authorities.

The **Bureau of the Fiscal Service (Fiscal Service)** promotes financial integrity and operational efficiency by operating the U.S. government's collections and deposit systems, and providing central payment services to the American public on behalf of federal agencies. It also manages the collection of delinquent debt, borrows funds needed to operate the U.S. government through the sale of marketable and special-purpose U.S. Treasury securities, and accounts for the resulting debt. Additionally, it delivers administrative shared services to federal agencies and provides government-wide accounting and reporting.

The **Internal Revenue Service (IRS)** determines, assesses, and collects U.S. tax revenue and helps taxpayers understand their tax responsibilities and combats tax-related fraud.

The **United States Mint (U.S. Mint)** designs, mints, and issues U.S. circulating, numismatic, and bullion coins, strikes Congressional gold medals and other medals of national significance, and maintains physical custody and protection of most of the nation's gold and all its silver assets.

The **Office of the Comptroller of the Currency (OCC)** charters, regulates, and supervises national banks and federal savings associations as well as federal branches and agencies of foreign banks to ensure that they operate in a safe and sound manner, provide fair access to financial services, treat customers fairly, and comply with applicable laws and regulations.

[1] Treasury proposes the transfer of the U.S. Secret Service from DHS as a stand-alone bureau.

Treasury Strategic Management

Framework

The Government Performance and Results Act (GPRA) and the *GPRA Modernization Act of 2010* require agencies to identify goals, report progress against targets, and conduct data-driven reviews. These practices serve two key purposes for stakeholders within and outside of the organization — to assess the organization's health and impact, and to enhance effective decision-making and strategy, including resource allocation. In this spirit, Treasury developed a strategic framework using best-in-class organizational performance practices to help achieve our strategic goals and objectives.

Organizational Performance Review Cycle

Our organizational performance reviews provide a regular forum for open dialogue and coordination between bureau and departmental policy office management and leadership. We bring together different perspectives to set and align priorities, identify and solve problems, review agency performance, and drive results. The cycle integrates statutory requirements to conduct quarterly performance reviews of agency goals and a Strategic Objective Annual Review (SOAR). The SOAR process includes analyzing cross-cutting performance and identifying a set of strategic objectives as priority focus areas. In 2019, the *Foundation for Evidence-Based Policy Act* was signed into law to further advance the Federal Government's evidence-building functions. In this fiscal year, Treasury approached the implementation of the evidence-building requirements by leveraging Treasury's strategic management framework, including the SOAR, to initiate an agency learning agenda.

At designated points throughout the fiscal year, we set annual priorities, evaluate progress against goals and objectives, discuss new strategies to improve program outcomes, and assess funding options to increase results for the agency. Treasury's process and framework for managing to our strategic objectives and performance outcomes are described in Table 1 below.

Table 1: Strategic Framework

Sessions	Fall (October – November)	Winter (February – March)	Spring (April – May)	Summer (June – July)
Focus	**Organizational Performance**	**SOAR**	**Organizational Performance**	**Budget**
Chair	Assistant Secretary for Management/Performance Improvement Officer (ASM/PIO)	ASM/PIO and Deputy PIO	ASM/PIO	ASM/PIO and Budget Officer
Goals/Outcomes	• Review prior year's performance at the bureau/office level • Set priorities for year ahead • Recognize successes • Identify shortfalls/ accountability	• Evaluate cross-agency progress toward strategic objectives • Identify strategic shifts/ validate Treasury priorities • Outline potential topics for annual review with the Office of Management and Budget (OMB)	• Assess progress on priorities • Identify necessary adjustments/near-term improvements • Surface problems or assistance needed • Recognize successes • Identify shortfalls/ accountability	• Connect priorities to future funding • Explore performance impacts • Strengthen information technology acquisition budgeting accountability

FY 2018 – 2022 Strategic Framework

The strategic framework comprises the Department's FY 2018–2022 strategic goals and objectives and FY 2018–2019 Agency Priority Goals (APGs), which align to specific objectives. All bureaus and offices align their programs and performance within this framework. In FY 2019, after Treasury's annual review to assess progress towards the Department's strategic objectives, Treasury leadership identified three key updates. First, we realigned Strategic Objective 2.2 (Foreign Exchange Practices) as a new strategy under Strategic Objective 1.4 (Free and Fair Trade). Second, we updated Strategic Objective 3.3 (Economic Strength and National Security) to ensure our supporting strategies on this objective better distinguished responsibilities among offices and to reflect Treasury's current efforts. Finally, we expanded Strategic Objective 5.3 from only reflecting "customer value" to "customer value and experience" to better align with the President's Management Agenda's goal of improving customer experience. Our updated goals and objectives are reflected below.

	Strategic Goals	Strategic Objectives/APGs	Contributing Bureaus/Offices
Economic	**Goal 1:** Boost U.S. Economic Growth	1.1: Tax Law Implementation *Aligned APG: Reducing Refund Fraud* 1.2: Strong Economic Fundamentals 1.3: Trusted Currency and Services *Aligned APG: Improved Business Qualification Process* 1.4: Free and Fair Trade	Domestic Finance International Affairs Tax Policy Treasurer Economic Policy IRS BEP U.S. Mint TTB OCC
	Goal 2: Promote Financial Stability	2.1: Housing Finance Reform 2.2: (Incorporated into Strategic Objective 1.4) 2.3: Foreign Technical Assistance 2.4: Financial Sector Critical Infrastructure and Cybersecurity	Domestic Finance International Affairs Management OCC
Security	**Goal 3:** Enhance National Security	3.1: Strategic Threat Disruption *Aligned APG: U.S. and Mexico Strategic Dialogue on Illicit Finance* 3.2: Anti-Money Laundering and Combating Financing of Terrorism Framework 3.3: Economic Strength and National Security	TFI FinCEN International Affairs Economic Policy OCC
Financial	**Goal 4:** Transform Government-wide Financial Stewardship	4.1: Financial Data Access and Use 4.2: Debt Management 4.3: Federal Financial Performance	Domestic Finance International Affairs IRS Fiscal Service
Management	**Goal 5:** Achieve Operational Excellence	5.1: Workforce Management 5.2: Treasury Infrastructure 5.3: Customer Value and Experience	All Offices and Bureaus, led by the Office of Management

The Government Performance and Results Act (GPRA) and the GPRAMA established the need for agencies to identify performance goals, report progress against targets, and conduct data-driven reviews. These practices serve two key purposes for stakeholders within and outside of the organization: to assess the organization's health and impact and to inform decision-making and strategy (including effective resource allocation). In this spirit, we developed a strategic framework supported by best-in-class organizational performance practices to help achieve the Department's strategic objectives.

Our organizational performance reviews provide a regular forum for open dialogue and coordination among Department, bureau, and office leadership and bringing together different perspectives to set and align priorities, identify and solve problems, review agency performance goals, and drive results. The cycle integrates statutory requirements to conduct performance reviews of agency strategic objectives, agency priority goals, and cross-agency priority goals.

FYs 2018-2019 Agency Priority Goals

Fraud Prevention: The filing of fraudulent individual and business tax returns by identity thieves continues to have a significant impact on tax administration. Identity theft tax fraud occurs when an individual uses another person's or business' name and Taxpayer Identification Number to file a fraudulent tax return for the purpose of obtaining a tax refund. The IRS is using data analytics and public-private partnerships to reduce the amount of unprotected identity theft tax refunds. Progress toward this goal is measured using the IRS's annual Taxonomy, a statistical estimation of the amount of revenue protected and unprotected from identity refund fraud based on analysis and sampling of returns. Although the Taxonomy provides a statistical estimation of fraud detection, the detection methods are evaluated continuously for opportunities to improve detection or reduce taxpayer burden. For processing year 2016, the IRS estimates between $1.68 billion and $2.31 billion of identity theft tax refunds were unprotected (i.e., refunds were paid on probable identity theft refund fraud claims and are likely unrecoverable). That same year, the IRS successfully protected between $10.56 billion and $10.61 billion in identity theft refunds (i.e., IRS defenses prevented payment). For processing year 2017, the IRS estimates between $0.11 billion and $0.60 billion of identity theft tax refunds were unprotected. The IRS successfully protected between $11.78 billion and $11.81 billion in identity theft refunds. As a result of the Security Summit efforts and by using data analytics, the IRS is preventing more identity theft. The Security Summit is a public-private partnership that consists of the IRS, representatives from the software industry, tax preparation firms, payroll and tax financial product processors, and state tax administrators. It was established in 2015 to combat identity theft refund fraud to protect the nation's taxpayers.

Improved Business Qualification: Ongoing growth in the alcohol beverage industry in recent years has resulted in an increased volume in permit applications for new alcohol producers. This growth in workload has contributed to delayed permit approvals that exceeded TTB's service standards. Reaching the goal of consistently achieving the service standard for original permit applications has proven difficult, with application volumes high and continuing to increase. TTB met one of its two APG targets by the end of FY 2019, reducing average approval times by 20% from 96 days in FY 2017 to 75 days in FY 2019. However, TTB fell short of its second target to achieve the 75-day service standard for 85% of permit applicants. In FY 2019, during the government shutdown, with industry continuing to file for Federal permit approval, the backlog of pending applications continued to increase and age. As a result, for FY 2019, TTB issued 58% of permit applications within its 75-day service standard. TTB will remain focused on performance improvement through FY 2020. Through concerted recovery efforts, TTB ended the fiscal year with 68% of applications issued within 75 days in September 2019, which positions the bureau to achieve this priority goal target in FY 2020. TTB expects to achieve and maintain its performance goals through Permits Online system enhancements, continued process improvements, and implementation of permit application revisions, with the full impact of these changes expected to be realized in FY 2020. TTB strategies in the coming years also will remain focused on reducing the application error rate through system checks, enhanced guidance, and simplified application requirements.

U.S. and Mexico Strategic Dialogue on Illicit Finance: Established in 2014, the Strategic Dialogue on Illicit Finance (SDIF) was created in an effort to deliver greater economic growth and opportunity for the citizens of Mexico and the United States by safeguarding our financial systems against the threats of illicit finance. SDIF remained a critical avenue in FY 2019 between the Government of Mexico (GOM) and the Treasury Department on combatting illicit finance activities that exist within and between our two countries. During this year, the two governments partnered together to address systemic anti-money laundering / countering the financing of terrorism (AML/CFT) issues, specific threats that affect both of our countries, and sharing best practices on the use of existing and new authorities available to each government. Within the SDIF, the Treasury Department has been on track in our key milestones of assisting with Mexico's domestic sanctions reforms, providing information to be used in investigations by Mexico's law enforcement, and confirming our mutual understanding of illicit finance trends associated with Mexican drug trafficking organizations. Also completed this year was Treasury and the GOM's annual principal-level SDIF, hosted at the Assistant Secretary level, and the planning for a SDIF deputies (to be held in November 2019). Principals committed the SDIF to forming and developing three task forces on human trafficking, trade based money laundering, and exchange houses. These milestones were accomplished despite Mexico's loss of key personnel and austerity measures that were enacted by the new Administration, as well as the disruption in scheduling and planning caused by the U.S. Government shutdown in January. In FY 2020, the Treasury Department will continue working with the GOM through SDIF on AML/CFT issues of concern.

FYs 2020-2021 Agency Priority Goals

<table>
<tr><th>Treasury Priority Goals (FYs 2020-2021)</th><th>Goal Leader(s)</th></tr>
<tr><td>Implementation of the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA). Successful implementation of the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA) will ensure that identified national security risks arising from certain foreign investments—including from some types of investments and transactions that previously fell outside of Committee on Foreign Investment in the United States' (CFIUS) jurisdiction—are addressed in an effective manner. By September 30, 2021, the Department of the Treasury, as Chair of the CFIUS program, will implement key elements of FIRRMA, including:
Publishing final FIRRMA regulations, including filing fees, by February 2020.
Completing Phase 1 of work space construction to enhance operational security by June 2020.
Implementing a new information technology infrastructure and electronic case management system by September 2020.
Implementing and managing processes to monitor a significantly increased caseload.</td><td>Thomas Feddo, Assistant Secretary for Investment Security, Department of the Treasury

David Eisner, Assistant Secretary for Management, Department of the Treasury</td></tr>
<tr><td>Fraud Prevention. Reduce the amount of unprotected identity theft tax refunds paid by 2 percent by December 31, 2019 (based on data reporting lag), and by an additional 1 percent annually through December 31, 2021.</td><td>Charles P. Rettig, Commissioner, Internal Revenue Service (IRS)</td></tr>
<tr><td>Paper Check Reduction. Create a modern, seamless, and cost-effective Federal payment experience for Americans by:
Reducing the number of paper checks printed by Treasury's Bureau of the Fiscal Service to 49 million by the end of FY 2021, compared with 54 million in FY 2019; and
Achieving an electronic payment rate of 96.1 percent by the end of FY 2021, compared with 95.6 percent in FY 2019.</td><td>Timothy Gribben, Commissioner, Bureau of the Fiscal Service</td></tr>
</table>

Enterprise Risk Management

Framework

OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, provides guidance to federal managers to effectively manage risks to achieve strategic objectives. Management, together with the Chief Risk Officer (CRO), is responsible for establishing a governance structure to effectively implement a robust process of risk management and internal control and for developing an enterprise-wide risk profile. Successful implementation requires us to establish and foster an open, transparent culture that encourages people to communicate information about potential risks and other concerns.

The CRO meets regularly with senior leaders to discuss top risks to critical programs, systems, projects, and priorities, including response strategies. The Office of Risk Management (ORM) has also established an Enterprise Risk Management (ERM) Council, chaired by the Deputy CRO, which brings together risk managers from each of our bureaus and policy offices on a bi-monthly basis to share best practices, and discuss risks. ORM works with the bureaus and policy offices across Treasury to monitor and annually update our risk profile.

Beyond its work at Treasury, ORM leads an interagency ERM community of practice including officials from approximately 40 federal agencies. This group grew from ORM's efforts to support agencies in their implementation of ERM, including the July 2016 publication of the *Playbook: Enterprise Risk Management (ERM) for the U.S. Federal Government.* This government-wide working group meets on a bi-monthly basis to discuss common risks and various methods of implementing the guidelines of the Circular.

Enterprise Risks and Challenges

Through the FY 2019 SOAR and enterprise risk management process, we identified the following cross-cutting operational risks.

Evolving Cyber Climate: Treasury, the U.S. government, and the whole financial sector face growing complexity of technology, increasing sophistication of adversaries, and techniques.

Aging IT Infrastructure, Data Sharing and Analytics Capabilities: Aging infrastructure and technical debt, a risk shared across the U.S. government, can impede analytics capabilities, program innovation, and improved delivery of products and services.

Procurement, Acquisition, and Vendors: Supply chain vulnerabilities and insufficient acquisition planning increase operational risk.

Workforce Management: Ongoing government-wide challenges in recruiting and retaining qualified candidates presents mission risks, and exacerbates the long-standing risk of knowledge and skills gaps as a greater proportion of Treasury's workforce becomes eligible to retire.

Balancing Mission Objectives and Resource Constraints: Treasury is at the forefront of several new initiatives to improve our economy and keep it on a stable footing. Due to uncertain funding amounts and timing, there is a risk that we will not be as agile as we should be in balancing new innovations or initiatives with existing requirements or projects.

ADDITIONAL INFORMATION

HUMAN CAPITAL PLAN IMPLEMENTATION

In FY 2020, Treasury's Human Capital Community will continue its efforts towards a competency-based management approach. In alignment with these efforts, below are some of the strategies that are the focus for FY 2020:

- Continued implementation of the Integrated Talent Management System (DASHR-CHCO)
- Expand and integrate technology to increase human capital management capability, enhance services, streamline processes and increase operational efficiency
- Improve the Human Resources customer experience in a manner that results in higher degrees of customer satisfaction (DASHR-CHCO)
- Validate updated HR governance approach and expand coverage to include subsidiary bodies, resulting in greater focus on high-value human capital issues by HR practitioners, HR Officers, and Department Leadership (DASHR-CHCO)
- Make improvements to Treasury's Human Capital Evaluation System resulting in a higher level of maturity as assessed by the Office of Personnel Management (DASHR-CHCO)
- Develop and implement effective workforce planning processes (TTB)
- Pilot competency model in the Integrated Talent Management (ITM) System (BEP)
- Deliver an Enterprise Workforce Plan (IRS)
- Continue to strengthen the EEO/Diversity & Inclusion Programs across the service (IRS)
- Strengthen Employee Engagement with support from the FEVS Engagement Advisory Committee (FEAC) (Mint)
- Improve Workforce Planning efforts/data driven hiring decisions through workload/capacity measurement (BFS)
- Utilize attrition and retention data to drive employee engagement efforts (FinCEN)

AWARDS SPEND PLANS

In July 2019, the Treasury Office of the DASHR-CHCO issued a memorandum to Treasury bureaus regarding their awards spending plans to ensure that those plans set forth a comprehensive strategy to develop and foster a culture of recognition, including formal and informal recognition. The memo also indicated that bureaus must establish meaningful distinctions in performance and provide greater rewards to employees who have demonstrated the highest-levels of performance and achievement. Allocation of award funds should strike a strategic balance between rating-based awards and individual contribution awards (e.g., special act awards, on-the-spot awards) and should focus on rewarding excellence, especially in mission-critical occupations, hard-to-fill positions, and other key positions requiring critical skills set. In doing so, bureaus should honor all collective bargaining obligations and agreements consistent with law and regulation. In the past, most awards were tied to rating-based performance. Treasury will continue to monitor the balance between rating-based awards and individual contribution awards; additionally we will work to determine the effectiveness of the awards and recognition programs.

Summary of Management and Performance Challenges

OIG and TIGTA have identified the most significant management and performance challenges facing the Department, in accordance with the Reports Consolidation Act of 2000. These challenges do not necessarily indicate deficiencies in performance; some represent inherent risks that require continuous monitoring. Refer to Section C of *Part 3, Other Information*, in the FY 2019 Treasury Agency Financial Report (AFR) for a detailed discussion of these challenges, including our progress toward addressing them.[2] GAO releases a government-wide high-risk list every two years. Treasury has shared responsibility for one risk area and lead responsibility in another.

OIG – Identified Management Challenges

- Operating in an Uncertain Environment;
- Cyber Threats;
- Anti-Money Laundering/Terrorist Financing and Bank Secrecy Act Enforcement;
- Efforts to Promote Spending Transparency and to Prevent and Detect Improper Payments; and
- Information Technology Acquisition and Project Management.

TIGTA – Identified Management Challenges

- Security Over Taxpayer Data and Protection of IRS Resources;
- Implementing Tax Law Changes;
- Addressing Emerging Threats to Tax Administration;
- Supporting an Enhanced Taxpayer Experience;
- Modernizing IRS Operations;
- Improving Tax Reporting and Payment Compliance;
- Reducing Fraudulent Claims and Improper Payments;
- Impact of Global Economics;
- Protecting Taxpayer Rights; and
- Achieving Operational Efficiencies

GAO – Identified High-Risk Areas

- Modernizing the U.S Financial Regulatory System (OFR/FSOC/OCC/Federal Reserve); and
- Enforcement of Tax Laws (IRS).

Good Accounting Obligation in Government Act (GAO-IG Act)

The Good Accounting Obligation in Government Act (the Act) requires each Federal agency to include, in its annual budget justification, a report that identifies each public recommendation issued by the Government Accountability Office (GAO) and the agency's inspectors general (IGs) that has remained unimplemented for one year or more from the budget justification submission date. In compliance with the Act, Treasury has included a report listing each public recommendation issued by GAO, Treasury Office of Inspector General (OIG), and

[2] The FY 2019 AFR is available at https://home.treasury.gov/system/files/236/Treasury-FY-2019-AFR-Final-111519-508-FINALrevised.pdf. The response letters are on pages 187-195.

Treasury Inspector General for Tax Administration (TIGTA). For recommendations with which Treasury agreed, this report provides timelines for full implementation of the planned corrective actions (PCAs). For recommendations with their PCAs completed, this report indicates their status as "*Implemented. Pending auditor validation*." For recommendations with which Treasury disagreed or did not implement due to budgetary constraints or other factors, this report indicates their status as either "*Rejected*" or "*On Hold*," respectively. For recommendations where Treasury did not formally respond or take action, this report indicates "*No Action Taken*."

The Act also requires a reconciliation between the agency records of unimplemented recommendations and each IGs' Semiannual Report to Congress (SAR). Treasury IGs use the same system (Treasury's Joint Audit Management Enterprise System (JAMES)) for the reporting of unimplemented recommendations in the SAR. In addition, Treasury IGs have direct access to JAMES and regularly review and validate recommendation implementation status recorded in JAMES by conducting corrective action verifications and follow-up audits. A reconciliation table is provided as part of this report to illustrate that the discrepancies between this report and the SAR are due to reporting criteria differences.

The information used to create this report is based on JAMES and GAO's recommendations database available on www.gao.gov.

Reporting Methodology and Report Structure

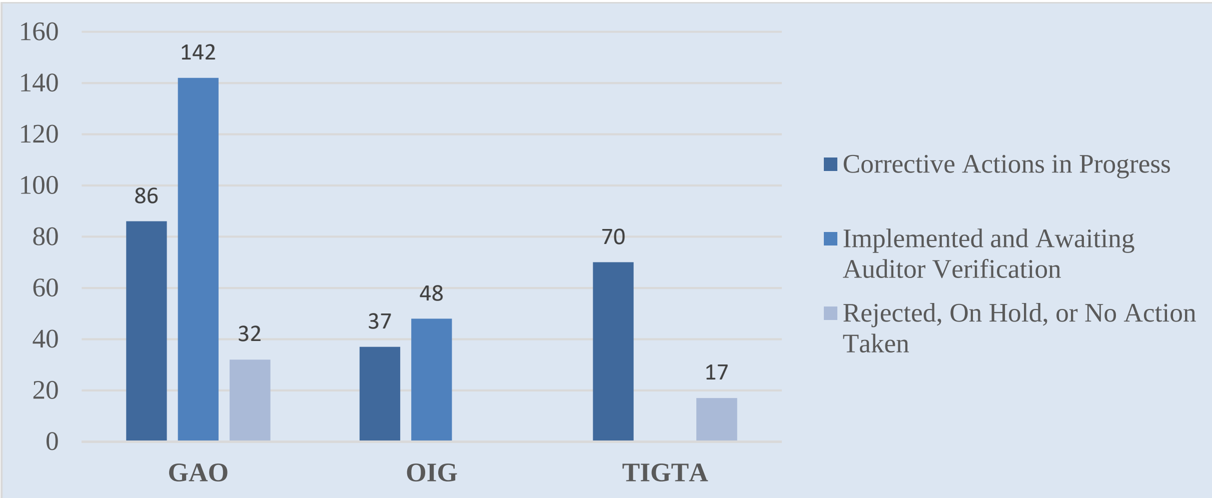
This report includes GAO, OIG, and TIGTA recommendations issued between 2/1/2012 and 1/31/2019 (7 years per Treasury's record retention policy) that remained unimplemented for one year or more from the planned fiscal year 2021 budget justification submission date.

The report has five parts:

Appendix 1: A report listing GAO recommendations and their implementation status.
Appendix 2: A report listing OIG recommendations and their implementation status.
Appendix 3: A report listing TIGTA recommendations and their implementation status.
Appendix 4: A reconciliation of this report and the IGs' SARs.
Appendix A: A listing of acronyms used throughout this report.

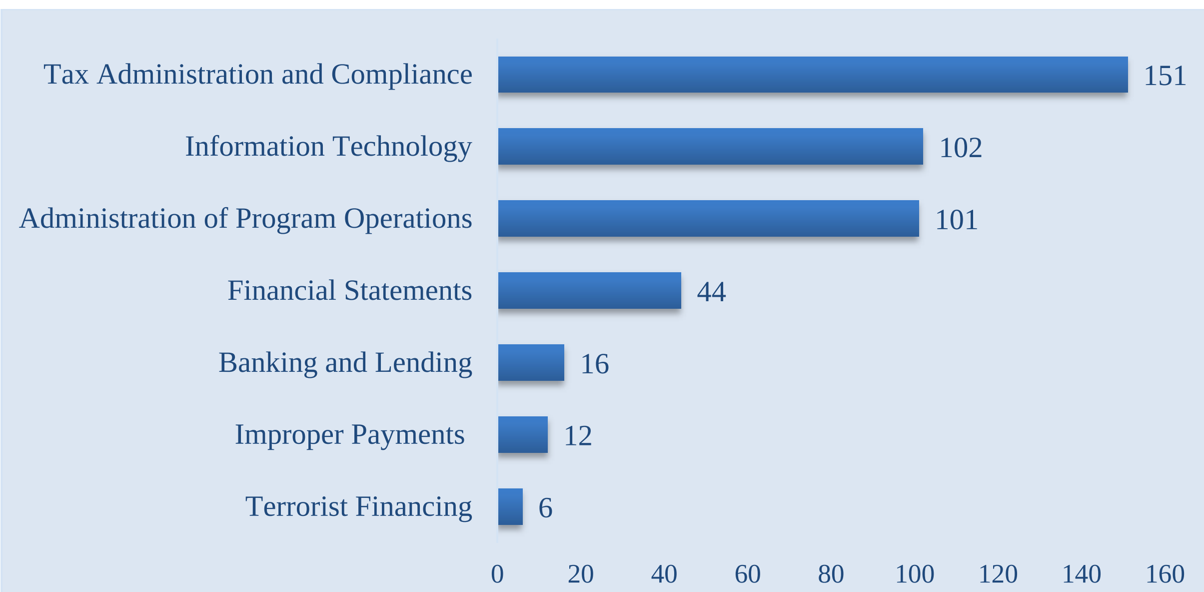
Status of Unimplemented Recommendations

Out of a total of 432 unimplemented recommendations, 190 have been implemented and are awaiting auditor verification, 193 have corrective actions in progress, and 49 are in “rejected,” “on hold,” or “no actions taken” status.



Unimplemented Recommendations By Audit Area

Out of a total of 432 unimplemented recommendations, the top three audit areas of Tax Administration and Compliance, Information Technology, and Administration of Program Operations account for 82% of all unimplemented recommendations.



Please see https://home.treasury.gov/about/budget-financial-reporting-planning-and-performance/budget-requestannual-performance-plan-and-reports for more information.

Evidence Act

The Foundations for Evidence-Based Policymaking Act ("Evidence Act"), Public Law 115-435, takes steps to advance evidence-building functions in the Federal government. The law builds on existing Federal policies and data infrastructure investments in order to support information quality, access, and use. The Evidence Act challenges agencies to rethink how they are currently using and organizing evidence. An evidence-building activity section (section D) is provided in the subsequent Treasury budget account chapters. This evidence-building section provides an overview of the data and evidence necessary to make critical decisions about program operations, policy, and regulations, and provides visibility into the impact of resource allocation on achieving program objectives.

IDEA Act

As required by section 3(b)(2) of Public Law 115-336, 132 Stat. 5025-5028, the 21st Century Integrated Digital Experience Act (21st Century IDEA or the Act), Treasury will provide a report to Congress on modernizing agency websites and digital services. This report will include a list of key websites and digital services operated by the Department of the Treasury that have been prioritized and targeted for modernization, including a list of the websites and digital services maintained by Treasury that are most viewed or utilized by the public, or are otherwise important for public engagement; a prioritization of the websites and digital services listed that require modernization to meet the Act requirements; and an estimation of the cost and schedule for modernizing the websites and digital services as prioritized. Please see https://home.treasury.gov/system/files/291/Treasury-Website-And-Modernization-Report-Dec2019.pdf for more information.

Machine Readable Summary Tables

Treasury has developed, for online posting, machine-readable files of the budget summary tables in the executive summary chapter of the FY 2021 Congressional Justification. Please see https://home.treasury.gov/about/budget-financial-reporting-planning-and-performance/budget-requestannual-performance-plan-and-reports for more information.

IT Working Capital Fund (WCF)

Treasury is proposing to include new transfer authority to the Department-wide Systems and Capital Investments Program (DSCIP) to leverage existing funding and introduce further flexibility that will allow Treasury to continuously modernize information technology infrastructure across the Department. These changes will allow for Treasury bureaus to invest in IT projects that advance their mission and align to Departmental Chief Information Office priorities. Treasury is also proposing to change the name of this account to the Department for the Treasury Capital Investments and Modernization Fund (TCIMF). For additional information on this proposal see the TCIMF chapter of the Treasury request.

IRS

Congressional Budget Justification & Annual Performance Report and Plan

Fiscal Year 2021

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Department of the Treasury **Internal Revenue Service** www.irs.gov

Table of Contents

Section I – Budget Request

1A – Mission Statement

Provide America's taxpayers top-quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all.

1.1 – Appropriations Detail Table

Dollars in thousands

Internal Revenue Service Appropriated Resources	FY 2019 Operating Plan[1]		FY 2020 Enacted[2]		FY 2021 Enacted[3]		Change FY 2020 to FY 2021 Request		% Change FY 2020 to FY 2021 Request	
New Appropriated Resources:	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Taxpayer Services	**28,531**	**$2,556,554**	**26,760**	**$2,535,554**	**25,678**	**$2,562,554**	**(1,081)**	**$27,000**	**-4.04%**	**1.06%**
Pre-Filing Taxpayer Assistance and Education	4,335	621,907	4,524	656,829	4,341	667,018	(183)	10,189	-4.05%	1.55%
Filing and Account Services	24,196	1,934,647	22,236	1,878,725	21,337	1,895,536	(898)	16,811	-4.04%	0.89%
Enforcement	**33,478**	**$4,677,600**	**35,388**	**$4,909,500**	**35,026**	**$5,071,260**	**(362)**	**$161,760**	**-1.02%**	**3.29%**
Investigations	2,833	595,686	2,971	654,285	2,933	675,533	(38)	21,248	-1.28%	3.25%
Exam and Collections	29,698	3,907,290	31,467	4,091,953	31,147	4,225,886	(320)	133,933	-1.02%	3.27%
Regulatory	947	174,624	950	163,262	946	169,841	(4)	6,579	-0.42%	4.03%
Operations Support	**10,277**	**$3,918,400**	**11,970**	**$3,885,000**	**12,140**	**$4,104,689**	**169**	**$219,689**	**1.41%**	**5.65%**
Infrastructure		891,140		881,654		895,071		13,417		1.52%
Shared Services and Support	4,181	900,287	4,947	1,012,155	5,023	1,063,984	76	51,829	1.54%	5.12%
Information Services	6,096	2,126,973	7,023	1,991,191	7,117	2,145,634	93	154,443	1.32%	7.76%
Business Systems Modernization	**445**	**$150,000**	**426**	**$180,000**	**517**	**$300,000**	**91**	**$120,000**	**21.36%**	**66.67%**
Subtotal New Appropriated Resources	**72,731**	**$11,302,554**	**74,544**	**$11,510,054**	**73,361**	**$12,038,503**	**(1,183)**	**$528,449**	**-1.59%**	**4.59%**
Other Resources:										
Reimbursables	642	124,559	978	170,726	1,027	179,262	49	8,536	5.01%	5.0%
Offsetting Collections - Non Reimbursables		9,749		31,781		33,370		1,589		5.0%
User Fees	96	319,023	75	530,230	1,520	549,930	1,445	19,700	1926.67%	3.72%
Recovery from Prior Years		7,515		11,386		11,339		(47)		-0.41%
Recoveries Paid				3,681		3,681				
Unobligated Balances from Prior Years	727	356,057	15	168,743	15	116,142		(52,601)	0.0%	-31.17%
Transfers In/Out		111								
Resources from Other Accounts										
Subtotal Other Resources	**1,465**	**$817,014**	**1,068**	**$916,547**	**2,562**	**$893,724**	**1,494**	**($12,730)**	**139.89%**	**-1.39%**
Total Budgetary Resources	**74,196**	**$12,119,568**	**75,612**	**$12,426,601**	**75,923**	**$12,932,227**	**311**	**$515,719**	**0.41%**	**4.15%**

[1]FY 2019 Operating Plan amount includes a $194.4 million interappropriation transfer from Enforcement to Operations Support to cover operations and maintenance requirements in FY 2019. FY 2019 amount also includes $77 million for the Section 112 Administrative Provision to implement requirements under the Tax Cuts and Jobs Act (Public Law 115-97). FY 2019 Other Resources and Full-time Equivalents (FTE) reflect actuals.

[2] FY 2020 Enacted assumes a proposed transfer of $100.5 million from Enforcement to Taxpayer Services ($24 million) and Operations Support ($76.5 million).

[3] FY 2021 Request does not include a $400 million Program Integrity Cap Adjustment.

Introduction

The Internal Revenue Service (IRS) fiscal year (FY) 2021 budget request provides $12 billion (a 5 percent increase) to administer the nation's tax system fairly, collect more than $3.6 trillion in gross taxes to fund the government, and strengthen tax compliance. The request includes a $400 million program integrity investment in FY 2021 that over 10 years will generate $79 billion in additional revenue and reduce the $381 billion net tax gap. The IRS is one of the best investments in the federal government with an overall return on investment (ROI) of about $5 for every $1 invested, excluding significant deterrence effects. The request provides:

- $452 million for inflation and labor investments to fund current activities and annualization of the 3.1 percent pay raise from Congress;
- $300 million for modernization to transform the taxpayer experience with new digital communications, online payment tools and reminders for individuals and tax professionals, and stronger data encryption to protect taxpayer information from billions of cyberattacks; and
- $106 million to implement the Taxpayer First Act of 2019 which will revamp customer service, introduce new taxpayer protections, and deliver new online service platforms to facilitate filing and payment for individuals and businesses.

The IRS is executing the largest tax reforms in 30 years with the Tax Cuts and Jobs Act and the Taxpayer First Act. We are also implementing an ambitious modernization plan, delivering the annual filing season, and conducting important criminal investigations. Even with the lapse in appropriations and implementation of tax reform, the IRS started the 2019 filing season as planned and issued nine out of ten refunds within 21 days. Systems maintained 100 percent uptime with no unscheduled outages, which ensured submission processing, fraud detection, and online payments continued without interruption.

The IRS recently received streamlined critical pay authority for technology positions, multiyear budget authority that will allow better execution of contracts, and new electronic filing requirements. These changes will improve IRS performance, reduce errors in tax returns that inconvenience taxpayers, and lower processing costs. We look forward to building on these efforts with the FY 2021 request, including working with Congress to implement important legislative reforms such as expanding error correction authority and providing Treasury explicit authority to set standards for paid preparers.

The IRS interacts with more Americans than any other institution. During the successful 2019 filing season, the IRS processed about 255 million federal tax returns and forms and issued more than 109 million federal tax refunds totaling over $300 billion. Nine out of 10 of those refunds were issued within 21 days, and the average refund per household was about $2,800. On April 15, 2019, the IRS processed the largest single-day filing volumes ever recorded (about 15.3 million returns) and observed record-breaking use of IRS Online Account and Direct Pay applications.

The IRS must serve taxpayers in a manner that facilitates voluntary compliance by providing proper levels of staffing and support at points of significant taxpayer interaction. The IRS is using advanced analytics every day to improve enforcement and encourage voluntary compliance.

> *In the year ahead, we have many exciting changes on the horizon. We are embarking on a journey about how best to provide our services and how we are currently organized, as we work to implement provisions in the Taxpayer First Act and help improve our working relationships with taxpayers and others. We will also work to put in place the concepts outlined in the IRS Integrated Business Modernization plan. We will continue to put taxpayers first, recognize the critical role our workforce plays in fulfilling our mission and make improvements across our operations. We also must work hard to enhance every perspective of the taxpayer experience while enhancing both civil and criminal enforcement efforts and numerous other priorities. We are making a difference, and we will not stop in the successful pursuit of our mission on behalf of the greatest country in the world.*[1]
>
> *Chuck P. Rettig*

Vision for the Future

The Internal Revenue Service (IRS) FY 2018 – 2022 Strategic Plan articulates the IRS vision and will guide the IRS's strategic decision-making. The plan includes six strategic goals:

- Empower and enable all taxpayers to meet their tax obligations.
- Protect the integrity of the tax system by encouraging compliance through administering and enforcing the tax code.
- Collaborate with external partners proactively to improve tax administration.
- Cultivate a well-equipped, diverse, flexible and engaged workforce.

[1] Internal Revenue Service Progress Update, Fiscal Year 2019, Putting Taxpayers First. December 2019. https://www.irs.gov/pub/irs-pdf/p5382.pdf

- Advance data access, usability and analytics to inform decision making and improve operational outcomes.
- Drive increased agility, efficiency, effectiveness and security in IRS operations.

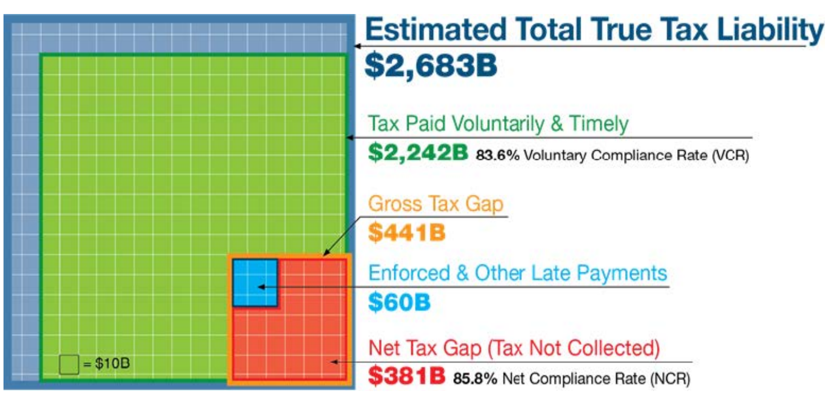
The IRS is supporting multiple strategic initiatives including:

- Customer Experience Cross Agency Priority Goal: The IRS is leading the Office of Management and Budget (OMB) customer experience goal on behalf of the Department of the Treasury. As part of the goal and in response to the Taxpayer First Act, the IRS is undertaking a significant assessment of its approach to customer service, preparing improvement recommendations, and will develop a comprehensive customer service strategy.

- Fraud Prevention Agency Priority Goal: The IRS has set a goal to reduce the amount of unprotected identity theft tax refunds by an additional 1 percent annually through December 31, 2021. The IRS exceeded the FY 2018 and FY 2019 goal by reducing the amount of fraud refunds paid by an estimated 88 percent between processing year 2016 and 2018. The IRS successfully protected $6 billion in refunds in 2018. The opt-in Identity Protection Personal Identification Number (IP PIN) program will be expanded to 10 more states for the 2020 filing season. An IP PIN is a six-digit number assigned to eligible taxpayers that helps prevent the misuse of their Social Security number on fraudulent federal income tax returns.

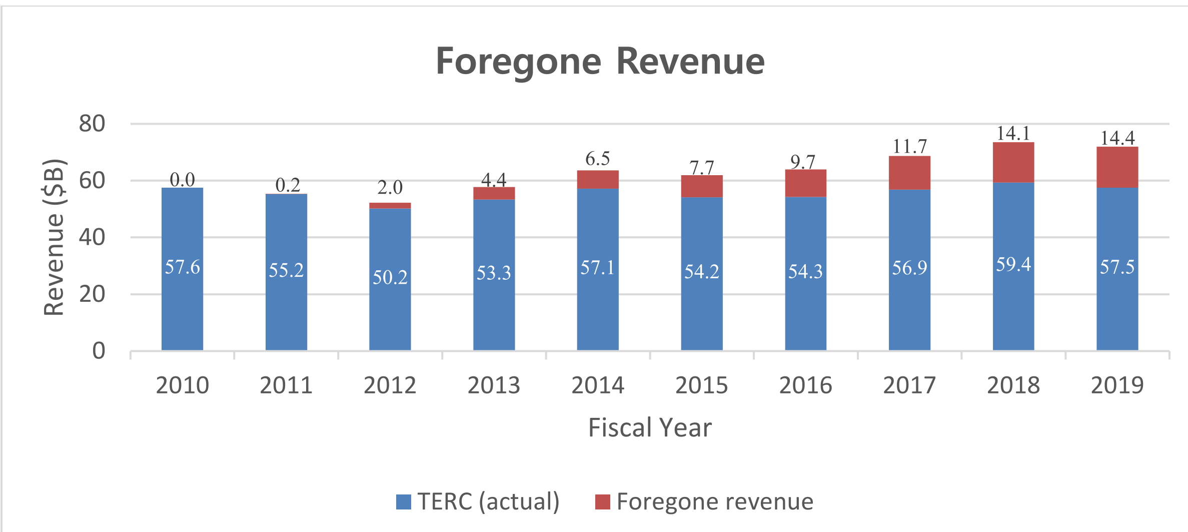
- Electronic Payments Agency Priority Goal: The IRS and the Bureau of the Fiscal Service are leading the goal to reduce paper checks printed to 49 million by the end of FY 2021, compared with 54 million in FY 2019; and achieve an electronic payment rate of 96.1 percent by the end of FY 2021, compared with 95.6 percent in FY 2019. Tax checks continue to represent a significant portion (52 percent) of all federal paper checks delivered to taxpayers each year.

Reducing the Tax Gap



The IRS is one of the best investments the federal government makes, with an ROI of about $5 for every $1 invested. The net tax gap, which refers to the amount of taxes owed to the federal government that are not collected, was estimated on average at about $381 billion per year between 2011 and 2013. The FY 2021 request includes resources to help target the tax gap and provide robust civil and criminal enforcement to protect against those who pursue overly aggressive tax positions, while ensuring honest taxpayers have access to the services they need, and includes legislative proposals to give the IRS more authority to address the tax gap.

Reducing the tax gap requires the IRS to maintain a robust enforcement program. The IRS's work is still labor intensive despite technological improvements. Operational efficiencies alone will not offset the cumulative effect of lost staff on the level and quality of services. This is most visible in enforcement activities. Reductions to enforcement staffing levels between FY 2010 and 2019 likely reduced total enforcement revenue collected (TERC) by around $70 billion.



Note: Losses would likely be greater but for recent improvements in automation, notices, and analytics.

While a portion of the unpaid tax obligations that make up the tax gap result from a lack of knowledge or ambiguity and complexity in tax law, willful evasion is a significant contributing factor. The IRS could help remedy this with investments funded by the program integrity cap adjustment, which includes targeted investments in enforcement activities that will increase revenue and lower the tax gap.

The request and legislative proposals provide the IRS with a blueprint to address various facets of the tax gap. The modernization plan will provide significant improvements in the taxpayer experience by increasing online service options and making it easier for taxpayers to find answers to their questions. IRS research demonstrates making it easier for taxpayers to meet their obligations with self-service tools and user-friendly customer service improves compliance. Modernizing operations and expanding data analytics throughout the organization – in part by replacing legacy systems – will assist the IRS in determining which tax returns need review for compliance questions. This means fewer honest taxpayers will face an interaction with the IRS that results in no change to the return and more IRS resources will be available for taxpayer assistance and for focusing on deliberate non-compliance.

Program Integrity Cap Adjustment

In addition to the base appropriations request of $12 billion request, the budget proposes a $400 million discretionary program integrity cap adjustment in FY 2021 to fund investments in expanding and improving the effectiveness and efficiency of the IRS's overall tax enforcement program. The budget proposes $280 million for the Enforcement account and $120 million for the Operations Support account. Additional adjustments are provided in future years to fund new initiatives and inflation. These investments will generate $79 billion in new revenue over 10 years and will cost $15 billion for net revenue of $64 billion over 10 years. This return on investment (ROI) is likely understated because it does not reflect the effect that enhanced enforcement has on deterring non-compliance. For example, under the proposal, the Criminal Investigations Division would expand personnel in seven locations and major cities where tax and cybercrimes are prevalent. The IRS will be able to enhance its overall coverage and decrease risk to the nation's voluntary tax compliance system. More information on the cap adjustment is available in Section 4.1 of the Appendix and in the Budget Process Chapter of the Analytical Perspective volume of the FY 2021 President's Budget.

1B – Summary of the Request

The IRS is responsible for administering the nation's tax system and meeting the needs of America's taxpayers by helping them understand their tax responsibilities and by enforcing the law with integrity and fairness. The IRS's core operations include collection of individual and corporate taxes, examination of returns, taxpayer assistance, and oversight of tax-exempt organizations, as well as administering multiple refundable tax credits and other specialized programs.

In FY 2019 the IRS collected $3.6 trillion in taxes (gross receipts before tax refunds) and generated 95 percent of the funding that supports the Federal Government's operations. With the U.S. tax base becoming more complex, one of the IRS's key responsibilities is to make it easier for taxpayers to understand and meet their tax obligations.

255M	$3.6T	$2,800	$57.5B
Federal Tax Returns and Forms Processed	Collected in Gross Taxes	Average Individual Refund	Enforcement Revenue Collected

FY 2021 Budget Request and Priorities

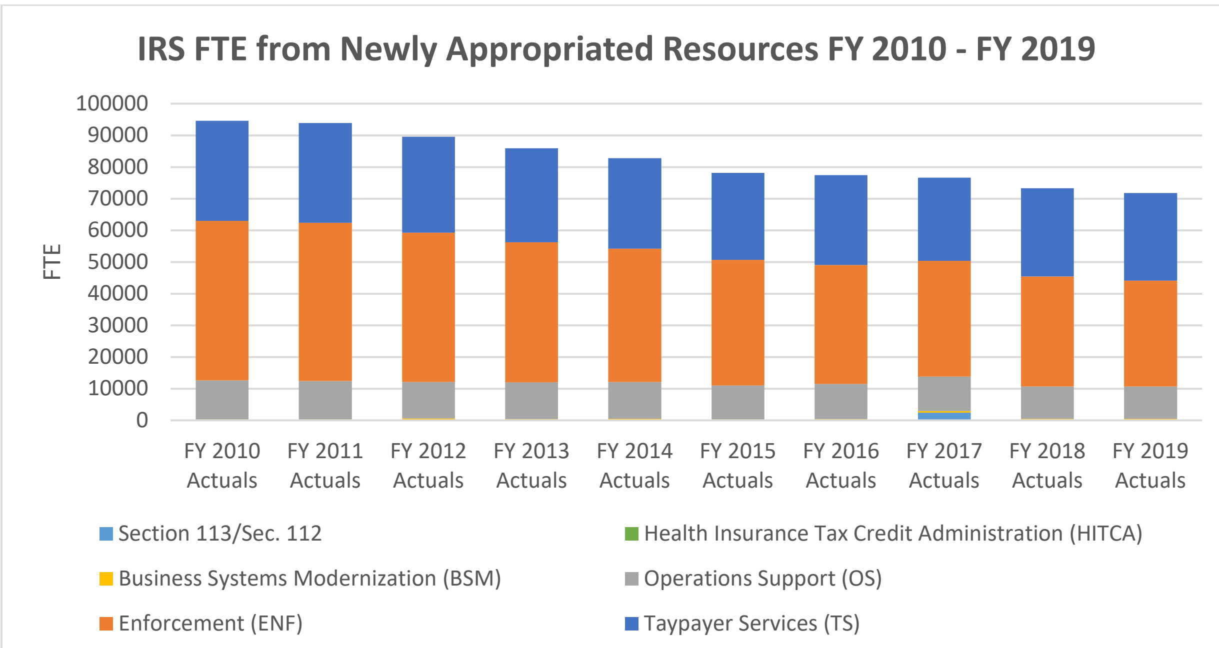
The FY 2021 request is $12.039 billion, $528.5 million or 4.6 percent more than the FY 2020 enacted level of $11.510 billion. The base budget request provides funding to carry out the IRS mission.

Appropriation Account	**($ in Millions)**
Taxpayer Services	$2,562.5
Enforcement	5,071.3
Operations Support	4,104.7
Business Systems Modernization	300.0
Total Appropriated Resources	**$12,038.5**

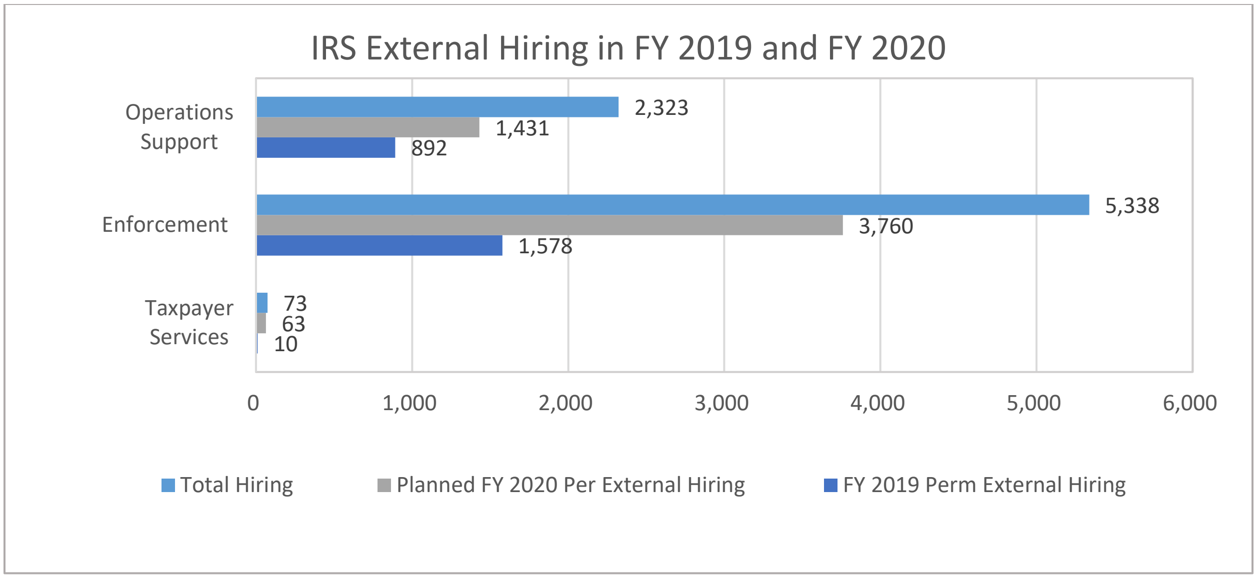
This funding level includes a program increase of $220 million for modernization ($114 million) and implementation of the Taxpayer First Act ($106 million).

Tax Administration Challenges and Risks

Over the last few years, IRS workload and responsibilities increased. Operational efficiencies alone cannot fully compensate for the effect of lost staff on the level and quality of services provided. Substantially every taxpayer service and enforcement statistic has declined considerably since 2010. The following chart displays the dramatic reduction in FTE over the past 10 years. In FY 2019, the IRS was able to stop this decline, revamped its hiring efforts, has begun to see significant progress in hiring, and expects to make approximately 7,000 external hires between FY 2019 and 2020.



Section 113/112 refers to funding provided by Congress in the IRS administrative provisions for specific purposes in recent appropriations legislation. In FY 2016 and 2017, funds were provided for level of service, identity theft, and cybersecurity. In FY 2018 and 2019, funds were provided for implementing the Tax Cuts and Jobs Act. Similarly, Congress provided a separate appropriation (approximately $15 million) in FY 2009 – 2011 to implement the health insurance tax credit as part of the Trade Act of 2002.



Excludes Wage & Investment and Taxpayer Advocate in Taxpayer Services to avoid skewing data with seasonal hiring adjustments. Excludes over 900 additional hires through the IRS Forward (Recent Graduates) Program. Operations Support includes BSM hires. Operations Support hiring has increased alongside Enforcement hiring to facilitate onboarding and provide mission critical services including technology. Internal selections are excluded. Including internal and external selections, for example, Enforcement hiring in FY 2019 was more than 4,200.

Why Does the IRS Need Operations Support Funding?

What Operations Support Funds*	Percent
Information Technology	57.4%
Rent and Physical Security	21.3%
Human Capital Office	6.0%
Printing and Postage – Media and Publications	4.7%
Headquarters	4.4%
Facilities Management & Security Services	2.3%
Chief Financial Officer	1.5%
Privacy, Governmental Liaison and Disclosure	1.4%
Communications & Liaison	0.6%
Other	0.4%
Total	100.0%

** Based on FY 2019 Actual Obligations*

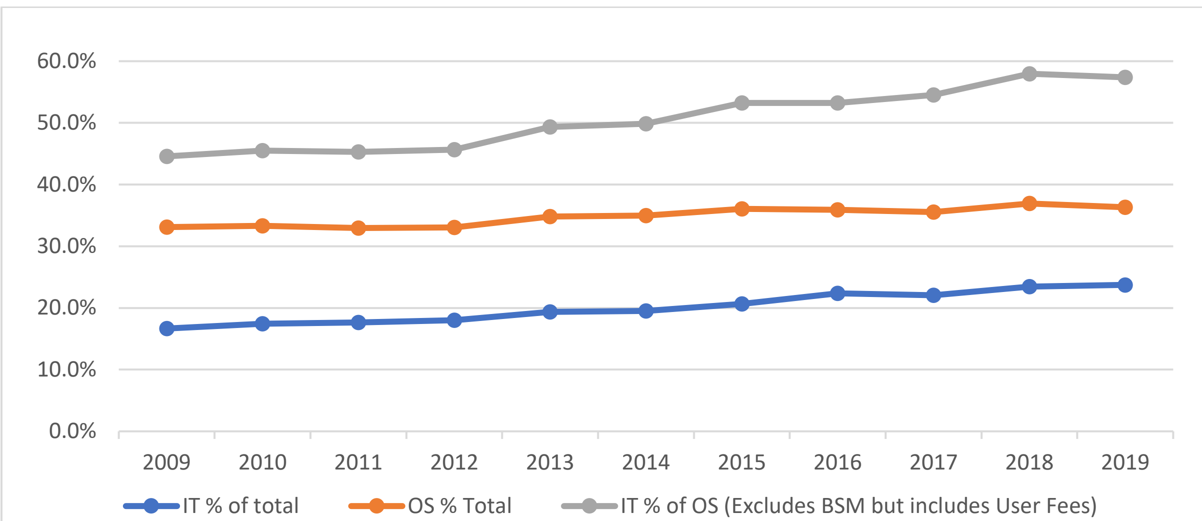
The Operations Support account currently funds multiple activities that have a direct tie to basic and critical IRS activities and directly ensure that IRS personnel funded in Enforcement and Taxpayer Service accounts can execute their mission. For example, while revenue agents are funded in the Enforcement account, the facilities (and the resulting rent and physical security) and the computer systems that they use to conduct their work are funded in the Operations Support account. Similarly, customer service representatives funded in Taxpayer Services use telephone lines, work on computer systems, and work in facilities funded through Operations Support. Without commensurate funding in Operations Support, these personnel would not be able to conduct their work to provide quality service and ensure taxpayers can meet their tax obligations.

As a part of the organizational and strategic work that the IRS is doing to respond to the Taxpayer First Act, the IRS is examining how and where these types of activities should be funded to provide a transparent and more accurate estimate of the cost of administering Taxpayer Services and Enforcement programs. The IRS looked first at rent and physical security costs and estimates that $235 million in Taxpayer Service costs and $392 million in Enforcement costs could be realigned from the Operations Support appropriations. The exhibit in the *Proposed Physical Security-Rent Adjusted Levels* provides a table of how costs could be realigned and more information.

Why is the Demand for IT Spending Growing?

Spending on information technology at the IRS has steadily increased in response to electronic filing, growing demand for online services, technological advances, and security concerns.

IT is an Increasing Share of the IRS Budget



In FY 2019, considering all sources of funding (including user fees), 57.4 percent of Operations Support funding was spent on IT, up from 45.6 percent in FY 2010. There are several main reasons IT demand is growing:

- Taxpayers expect more electronic interactions, and the IRS strives to provide them;
- IT efficiencies that benefit the IRS overall sometimes increase costs in Operations Support. Electronic filing, for example, saves manual effort in Taxpayer Services but is funded in Operations Support. The savings occur in Taxpayer Services or Enforcement but costs to achieve those savings are expended from Operations Support;
- Modernization programs developed in the Business Systems Modernization account must have their IT operations and maintenance funded from Operations Support;

- As increasingly sophisticated fraud schemes threaten IRS systems, the IRS must increase IT security efforts (for example, the IRS spends around $330 million on cybersecurity and $450 million on identity theft); and
- New statutory requirements necessitate additional IT investment.

While IT spending at the IRS continues to increase consistent with trends in the private and public sector for comparable organizations, a 2018 benchmarking analysis conducted by the MITRE Corporation found that "higher IRS IT spend numbers, where present, seem consistent with the IRS size, significant number of outdated legacy systems, need to modernize, and new legislative requirements."[2] Basic operations and maintenance costs today exceed $2 billion per year, and without modernization, these costs are projected to grow at an unsustainable trajectory. Ultimately, modernization will allow the IRS to lower its operations and maintenance costs and direct more of its resources to new development, enforcement, and service.

The National Taxpayer Advocate has identified the need to replace antiquated technology systems as a top priority: "IRS performance already is significantly limited by its aging systems, and if those systems aren't replaced, the gap between what the IRS should be able to do and what the IRS is actually able to do will continue to increase in ways that don't garner headlines but increasingly harm taxpayers and impair revenue collection."

[2] "Information Technology Spend Profiles: Federal Agencies, Industry, and IRS IT Comparison." MITRE Study Team. August 9, 2018.

1.2 – Budget Adjustments Table

Dollars in thousands

Bureau: Internal Revenue Service Summary of Proposed FY 2021 Request	FTE	Amount
FY 2020 Enacted (Pre-IAT)	**74,174**	**$11,510,054**
Planned Interappropriation Transfer	370	
FY 2020 Enacted	**74,544**	**$11,510,054**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$452,085**
Pay Annualization (3.1% average pay raise)		67,757
Pay Raise (1.0% average pay raise)		66,080
FERS Contribution Increase		100,000
Non-Pay		55,344
Additional Required Labor Costs		162,904
Efficiencies/Savings:	**(1,536)**	**($143,795)**
Increase e-File Savings	(85)	(4,684)
Space Optimization		(6,200)
Personnel Savings	(1,451)	(132,911)
Subtotal FY 2021 Changes to Base	**(1,536)**	**$308,290**
FY 2021 Current Services	**73,008**	**$11,818,344**
Program Changes:		
Program Increases		
Integrated Modernization Business Plan	91	113,799
Implementing the Taxpayer First Act	262	106,360
Subtotal FY 2021 Program Increases	**353**	**$220,159**
Total FY 2021 Budget Request	**73,361**	**$12,038,503**

See footnotes in 1.1 -- Appropriations Detail Table

1C – Base Adjustment and Program Changes Description

Base Adjustment……………………………………………………….$0 / +370 FTE

The FY 2020 enacted level of $11.510 billion assumes a $100.5 million interappropriation transfer (IAT) from Enforcement to Taxpayer Services ($24.0 million) and Operations Support ($76.5 million), which is included in the IRS FY 2020 Operating Plan. A total of 370 FTE will be added to Taxpayer Services to support delivery of a 60 percent Level of Service (LOS) and an estimated 65 percent LOS for the filing season (January through April) on the Accounts Management phone lines in FY 2020.

Maintaining Current Levels……………………………..………………..+$452,085,000 / 0 FTE

Pay Annualization (3.1%) +$67,757,000 / 0 FTE

Funds are requested for annualization of the January 2020 3.1 percent average pay raise.

Pay Raise (1.0%) +$66,080,000 / 0 FTE

Funds are requested for a 1.0 percent average pay raise in January 2021.

FERS Contribution Increase +$100,000,000 / 0 FTE

Funds are requested for the 1.3 percent increase to the Federal Employee Retirement System (FERS) contribution rates effective FY 2021, for a total employer contribution of 17.3 percent of base salaries. This amount is in addition to the 2.4 percent increase absorbed in FY 2020.

Non-Pay +$55,344,000 / 0 FTE

Funds are requested for inflationary increases in non-labor expenses such as travel, contracts, rent, supplies, and equipment. This amount is based on an OMB Circular A-11 inflation factor of 2.0 percent.

Additional Required Labor Costs +$162,904,000 / 0 FTE

Funds are requested to pay for increases in labor resulting from employees moving through career ladders, above journey level promotions, manager payband increases, and within-grade increases ($117.9 million). These funds will also pay for an increase in employee performance awards spending of 1.0 percentage point of non-SES/SL/ST salary spending per OMB Circular A-11.

Efficiencies / Savings…………………………..……….………..-$143,795,000 / -1,536 FTE

Increase e-File Savings -$4,684,000 / -85 FTE

The IRS projects a total of 1,300,100 fewer returns filed on paper (623,000 individual and 676,500 business returns). As a result, the IRS would need 85 fewer FTE in submission processing, generating a savings of $4.7 million.

Space Optimization -$6,200,000 / 0 FTE

The IRS will reduce expenditures on rent and improve usage of office space across the country. Since 2013, the IRS released 3.7 million square feet, closing 115 buildings and reducing total rent costs by about 11 percent. For FY 2020, the IRS anticipates the release of 500,000 square feet with an estimated $10 million in annualized rent savings. The IRS will continue to consolidate space in FY 2021, projecting a release of 243,000 square feet for an estimated $6.2 million in annualized rent savings.

Personnel Savings -$132,911,000 / -1,451 FTE

Although the budget request increases staffing resources to support strategic priorities, the IRS must manage its personnel costs through limited attrition replacement and seasonal workforce adjustments across many operational areas. These adjustments are necessary to fund the $452 million in inflationary and labor cost increases for existing personnel, including annualization of the FY 2020 pay raise, the proposed FY 2021 pay raise, employee promotions, and employee retirement contributions. To achieve these savings, the IRS plans to:

- Fill critical vacancies only;
- Streamline the workforce by reducing administrative, analyst, and other support positions;
- Realign mission critical occupations by hiring employees who have the background and skills to support the IRS in meeting its strategic goals, objectives, and priorities.

Program Increases…………………………..…….……………………..+$220,159,000 / +353 FTE

IRS Integrated Modernization Business Plan +$113,799,000 / +91 FTE

Position Type/Other Costs	FTE	Positions	$000
IRS Integrated Modernization Business Plan	**91**	**182**	**$113,799**
IT Specialist	91	182	11,279
Contractual Services			83,895
Hardware & Software			18,625
Total	**91**	**182**	**$113,799**

The modernization plan provides a roadmap for improving IRS systems and taxpayer services. Modernization is an IRS priority and a key driver of the President's Management Agenda. The plan will enable the IRS to provide consistently superior service to taxpayers and deliver long-term budget efficiencies as the IRS modernizes capabilities currently provided via legacy applications. The budget requests an increase of $113.8 million for an appropriated budget of $300 million in FY 2021. The IRS is working diligently to deliver Section 2101 of the Taxpayer First Act, which requires independent verification of Customer Account Data Engine 2 and Enterprise Case Management implementation. The IRS will also prepare its annual Key Insights report highlighting 2021 deliverables and funding allocation.

The request funds:

- *Web Applications ($25 million):* The IRS will expand the capability for taxpayers to use an online account, building on current capabilities to create and submit online installment agreements and make payments. The IRS will develop new Tax Pro capabilities for Power of Attorney and Disclosure Authorization. Tax Pro capabilities will provide taxpayers and tax professionals a digital service channel to establish and manage taxpayer/tax professional authority relationships.

- *Taxpayer Digital Communications Outbound Notification ($10 million):* The IRS will continue developing digital notices available through a secure online account for taxpayers who prefer that channel over mailed correspondence. The IRS has developed a metric to measure its short-term progress: the percentage of high-volume IRS notices available to be viewed by taxpayers digitally. This investment will increase taxpayer response rates to notices, reduce burden on taxpayers and the IRS, and promote more efficient interactions. This effort will reduce IRS costs over time – the IRS will spend approximately $185 million on postage costs in FY 2020.

- *Live Assistance ($15 million):* The investment funds the Live Assistance program to expand customer callback capabilities allowing taxpayers to keep their place in queue without remaining on the phone and the Live Chat capability that allows taxpayers to interact with assistors in a web-based chat session. The IRS will also deploy machine learning and natural language processing to quickly answer common taxpayer inquiries and improve call routing to deliver expert service to customers and empower taxpayers with real-time responses.

- *Customer Account Data Engine 2 (CADE2) ($100 million)*: Since the Individual Master File (IMF) was built almost 60 years ago, the IRS has made additions to legacy base code to reflect annual tax law changes. As a result, the base code of IMF includes embedded business logic written in outdated programming languages that only an extremely small number of IRS personnel understand. Funding will be used to continue re-engineering the IMF core components of posting, settlement, and analysis functions for individual taxpayer accounts by applying modern programming languages to the most complex areas of the IMF. This investment will:
    - Reduce the burden of ongoing maintenance and routine updates due to tax law changes through a common data model;
    - Enable enhanced data accessibility both within the IRS and for taxpayers, and security controls; and
    - Support business units to deploy advanced analytical capabilities addressing key issues of compliance, fraud, and identity theft.

  The IRS has set a goal of reducing the amount of legacy code in the IRS technology environment by 30 percent by FY 2021 and 75 percent by FY 2024.

- *Enterprise Case Management (ECM) ($64 million):* The ECM investment will modernize and consolidate more than 60 legacy case management applications. The investment will establish a common cloud infrastructure, automate business functions, and enable seamless case transfers, promoting collaboration that will improve enforcement and facilitate a comprehensive customer experience for taxpayers. In FYs 2020-2021, ECM expects to deliver its first release. The IRS is currently running ECM pilots and anticipates the Tax Exempt and Government Entities division being the first target customer for migration to the new platform.

- *Robotic Process Automation (RPA) ($5 million):* RPA is the implementation of smart software designed to automatically perform high-volume, repeatable tasks that are normally labor intensive. These new tools will record the actions an employee takes to complete a computer-based task and then rapidly replicate those actions as many times as necessary with increased accuracy – allowing employees to focus on high value work. This investment will allow the IRS to scale an enterprise solution and onboard new projects that build off implementations completed for IRS procurement, monitoring offers-in-compromise, tax exempt referrals, and the internal IRS IT help desk.

- *Application Program Interface (API) ($5 million):* The IRS plans to expand the use of APIs. Using modern approaches for exchanging data, the IRS will provide expanded integration and data access to taxpayers and authorized third parties, such as business and government entities using APIs.

- *Cloud Execution ($5 million):* This investment will provide the IRS with convenient, on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications, and services) that can be provisioned rapidly and released with minimal management effort or service provider interaction.

- *NextGen Infrastructure (NGI) ($15 million):* This investment will allow the IRS to continue modernizing its infrastructure base (hardware, software, network resources, and services) and support agile software development and delivery practices.

- *Vulnerability and Threat Management ($20 million):* This investment will enable the IRS to improve security integration in system development and automate security testing; apply use cases to enhance security audit analytics and compliance; and enhance data protection through encryption.

- *Identity & Access Management ($12 million)*: This investment in user identity controls, privileged access protections, building access security, and software security configuration will help the IRS mitigate the risk of unauthorized access to tax data as the IRS delivers new online tools to taxpayers and the number of private sector data breaches increases.

- *Security Operations and Management ($14 million):* This investment will deliver a next generation secure operations center; improve incident analysis and forensic network investigation; and protect High Value Assets by blocking network access for unauthorized users.

As part of the modernization plan, the IRS committed to publishing performance measures evaluating cost, schedule, outputs, and outcomes associated with modernization and direct and indirect effects on service and enforcement as well as annual deliverables and funding allocations. While several measures are being updated for Taxpayer First Act performance measure requirements and revised funding levels for Business Systems Modernization ($180 million versus the FY 2020 request of $290 million), the IRS is committed to several goals as part of the modernization plan and the FY 2021 request:

Modernization Measures & Milestones

TAXPAYER EXPERIENCE				
Objective	**Measure**	**FY 2019 Baseline***	**Interim Progress**	**FY 2024 Target**
TRUST & CONFIDENCE Research indicates that an improved customer experience can lead to increased compliance, engagement, and trust.	**American Customer Satisfaction Index score**[1]	74 out of 100 (as of FY 2018)	Increase	Increase
DIGITAL ACCESS Increase use of digital self-help tools.	**Percent of interactions by taxpayers seeking services from the IRS that are completed through self-assistance**	79% (as of FY 2017)	82% in FY 2020	Increase

[*] FY 2019 baselines are as of the beginning of FY 2019, unless otherwise indicated.
Note: Integration of activities to implement the Taxpayer First Act and realization of a reduced budget could result in resequencing IRS Modernization Portfolio capabilities necessitating adjustments to measures.
[1] IRS will continue to identify better ways to measure customer satisfaction, including analyzing the IRS wide customer satisfaction surveys.

DIGITAL ACCESS Provide taxpayers with additional digital options for interacting with the IRS	**Number of taxpayer interaction types that have a digital alternative**[2]	18	In progress	35
DIGITAL ACCESS Give taxpayers access to their IRS notices online	**Percent of high-volume IRS notices available to be viewed by taxpayers digitally**[3]	0%	100% by the end of CY 2020	In progress
HELPFUL REMINDERS Give taxpayers access to their IRS notices online.	**Percent of taxpayers opting in to receive the monthly installment agreement notice digitally**	0%	10% by FY 2021	25%
PERSONALIZED SERVICE & CONTROL Offer customer callback where there is the highest demand for live assistance.	**Number of live assistance applications offering a callback option**	None	1 telephone application in FY 2019; Additional telephone applications each fiscal year	61 applications (accounting for 95% of taxpayer demand)

[2] Based on prioritized list of taxpayer interactions. This measure may be impacted by future work to improve digital services, in accordance with the 21st Century Integrated Digital Experience Act.
[3] These notices account for an estimated 35% of notice volume. This measure may be impacted by future work to improve digital services, in accordance with the 21st Century Integrated Digital Experience Act.

CORE TAXPAYER SERVICES & ENFORCEMENT				
Objective	**Measure**	**FY 2019 Baseline***	**Interim Progress**	**FY 2024 Target**
FRAUD PREVENTION Reduce fraudulent tax refunds resulting from identity theft.	**Amount of unprotected identity theft tax refunds paid**	In progress	Additional 1% reduction	Additional 1% annually by CY 2024
ANOMALY DETECTION Enhanced systemic identification of noncompliance and fraud will allow the IRS to expand taxpayer protection.	**Number of data sources (return types, schedules and datasets) screened for anomaly detection through Return Review Program**	40	Approximately 10 additional sources by FY 2021	60
EASE & SIMPLICITY Increase taxpayer usage of online identity verification services.	**Percent of taxpayers using the ID Verify tool**	14%	Increase 5% in CY2020	Increase 50% by CY 2024

MODERNIZED IRS OPERATIONS				
Objective	**Measure**	**FY 2019 Baseline***	**Interim Progress**	**FY 2024 Target**
COST CONTAINMENT According to the Government Accountability Office, federal spending on IT operations and maintenance has been steadily increasing. Until modernization progress is achieved, we expect this to continue to grow.	**Stabilize the cost of operations and maintenance**[4]	84%	N/A	80%

* FY 2019 baselines are as of the beginning of FY 2019, unless otherwise indicated.
Note: Integration of activities to implement the Taxpayer First Act and realization of a reduced budget could result in resequencing IRS Modernization Portfolio capabilities necessitating adjustments to measures.
* FY 2019 baselines are as of the beginning of FY 2019, unless otherwise indicated.
Note: Integration of activities to implement the Taxpayer First Act and realization of a reduced budget could result in resequencing IRS Modernization Portfolio capabilities necessitating adjustments to measures.
[4] IRS will continue to identify ways to address cost savings.

RELIABILITY & SECURITY Upgrading and maintaining IRS infrastructure in line with industry standards provides greater security, reliability, and business value.	**Percent of aged infrastructure**	45.5% (as of FY 2018)	30% by FY 2021	25%
OPERATIONAL AGILITY With millions of lines of code written in legacy programming languages (ALC and COBOL), the IRS must provide taxpayers with current data and keep pace with changes to tax laws, technology and business processes.	**Reduction of selected legacy code (via multiple methods: Retire, Re-write, Replace and Refactor)**	0%	30% by FY 2021	75%
SPEED & EFFICIENCY Automation tools can drastically reduce hours of manual labor and provide near-instant results. We introduced robotic process automation in 2019.	**Achieve efficiency gains on work processes where robotic process automation is applied**	0%	10% by FY 2020	75%
CYBERSECURITY & DATA PROTECTION				
Objective	**Measure**	**FY 2019 Baseline***	**Interim Progress**	**FY 2024 Target**
HIGH SERVICE AVAILABILITY The IRS is striving to ensure systems are available when customers need them.	**Service availability of critical systems at the appropriate level of redundancy**	24%	40%	100%

* FY 2019 baselines are as of the beginning of FY 2019, unless otherwise indicated.
Note: Integration of activities to implement the Taxpayer First Act and realization of a reduced budget could result in resequencing IRS Modernization Portfolio capabilities necessitating adjustments to measures.

CYBERSECURITY Enhancing cybersecurity protects taxpayer data and the nation's financial information from persistent and evolving threats.	**Percent of applications at the assessed level of risk or mitigated with compensating controls**[5]	100%	100%	100%

Key successes for the modernization portfolio in FY 2019 included:

- Deploying the ID Verify Tool to protect more taxpayers from identity theft by giving them an option to confirm their identity with the IRS online;
- Deploying callback technology on the Toll-Free Balance Due phone line to give taxpayers a callback option as an alternative to waiting on the phone;
- Taking critical steps to award a contract for an Enterprise Case Management system;
- Creating new models and filters within the Return Review Program to more effectively identify non-compliance in individual tax returns associated with withholding;
- Delivering all three planned testing scenarios for the CADE2 Transition State 2 program: Simple Single Filing to Testing, Subsequent Payment with Filing for Extension, Internal Balancing & Control;
- Completing all nine Modernized IRS Operations milestones including deployment of a critical vendor compliance check for a procurement process and development and validation of stack components; and
- Completing both Cybersecurity & Data Protection milestones including a strategy to improve the number and quality of IRS audit trails through improved security audit analytics and compliance.

[5] The IRS will continue to maintain 100 percent while implementing process improvements as they arise or are identified.

Implementing the Taxpayer First Act +$106,360,000 / +262 FTE

Position Type/Other Costs	FTE	Positions	$000
Establish an Independent Office of Appeals	**70**	**140**	**$7,679**
Analyst	70	140	7,679
Comprehensive Service and Training Strategy	**78**	**156**	**$12,837**
HR Specialist	76	152	11,607
Program Analyst	2	4	221
Contractual Services			1,009
IT Requirements	**94**	**188**	**$81,400**
IT Specialist	94	188	81,400
Whistleblower Reforms	**10**	**20**	**$1,173**
Analyst	6	12	707
Manager	1	2	118
Support Staff	3	6	348
Modernization of IRS Organizational Structure			**$1,254**
Contractual Services			1,254
Other Direct Costs	**10**	**20**	**$2,017**
Attorney	10	20	2,017
Total	**262**	**524**	**$106,360**

The Taxpayer First Act will change how the IRS engages with taxpayers, increase digital interactions, and require changes in the structure and functioning of the IRS. The FY 2021 request includes funding for:

- *Internet Platform for Form 1099 Filings ($30 million):* The IRS will create a new website that allows taxpayers to prepare, file, and distribute Forms 1099, and create and maintain taxpayer records. This platform should improve taxpayer compliance and reduce administrative burden for individuals and businesses filing information returns. Taxpayers filed over three billion 1099s in calendar year 2019, and 1099s are a critical tool in IRS income verification and document matching.

- *Mandatory e-filing by Exempt Organizations ($14.4 million):* The Taxpayer First Act mandates that all tax-exempt organizations electronically file statements or returns in the Form 990 series or Form 8872 (Political Organization Report of Contributions and Expenditures). This platform should improve exempt organization compliance and reduce administrative burden for organizations and the IRS.

- *Establish Independent Office of Appeals ($7.7 million):* Section 1001 requires the IRS to establish an independent office of appeals and share non-privileged case files with taxpayers at least 10 days prior to conference. Exam and collection case files can be thousands of pages and require sensitive reviews. Approximately 70 FTE are needed to make privilege determinations and format case files. This estimate includes labor, scanning equipment, and printing. Appeals receives approximately 100,000 cases each year and currently has around 1,900 FTE, down 40 percent from FY 2010.

- *Comprehensive service and training strategy ($12.8 million)*: Section 1001 requires the IRS submit a comprehensive service strategy to Congress by July 2020 to include online services, callback technology, training for customer service employees, co-location with other federal service providers, self-service options, 10 year and five-year service improvements, and metrics for implementation. New training to fulfill the strategy is anticipated by July of 2021. These costs reflect the anticipated technology expenses necessary to fulfill the strategy.

- *Uniform Standards for the Use of Electronic Signature for Disclosure Authorizations ($9.2 million):* Section 2201 requires the IRS to implement uniform standards for accepting electronic signatures, specifically e-Signature for tax professionals to submit Power of Attorney and other disclosure authorizations required to communicate with the IRS on behalf of clients.

- *Authentication of Users of Electronic Services Accounts ($3.0 million):* Section 2304 requires the IRS to take additional steps to verify the identity of any individual opening an e-Services account. Authentication will need to be done in accordance with current guidance from the National Institute of Standards and Technology (NIST).

- *Payment of Taxes by Debit and Credit Cards ($3.0 million):* Section 2303 requires the IRS to charge a fee for those paying taxes by credit or debit card, which requires modifications to applications.

- *Whistleblower Reforms ($1.1 million):* Section 1405 requires the IRS whistleblower office to disclose to whistleblowers that their provided information has been referred for an audit or examination, the information provided has resulted in a tax payment, the status and stage of any investigation or action related to information provided, and the amount of any whistleblower award, including reasons for such determination, within a 60 day mandated window. Historically, the IRS generally provides limited notifications of status at preliminary award determination. The whistleblower office currently consists of approximately 35 FTE despite an increase in claims and awards in recent years. The program made 217 awards in 2018 for $312 million based on tax collections of $1.4 billion.

- *Technology Operations and Maintenance ($25.2 million):* Operations and maintenance costs for planned Taxpayer First Act technology and application deployments in FY 2020 based on trends observed in recent comparable system builds (approximately 20 percent of development costs).

Other Direct Costs

Dollars in thousands

IRS Activity	Cost	FTE	Positions	Explanation
Chief Counsel	$2,017	10.0	20	Provide support for increases in requests for legal advice, litigation assistance, and published guidance on issues raised in audits.
Total	**$2,017**	**10.0**	**20**	

1.3 – Object Classification (Schedule O) Obligations

Dollars in thousands

Internal Revenue Service Object Classification	FY 2019 Actuals	FY 2020 Enacted	FY 2021 Request
11.1 Full-Time Permanent Positions	5,682,279	6,057,059	6,202,252
11.3 Other than Full-Time Permanent Positions	86,595	91,508	92,158
11.5 Other Personnel Compensation	271,633	185,801	233,281
11.8 Special Personal Services Payments	29,145	20,494	20,807
11.9 Personnel Compensation (Total)	**6,069,652**	**6,354,862**	**6,548,498**
12.1 Personnel Benefits	2,128,057	2,353,298	2,461,677
13.0 Benefits to Former Personnel	29,240	34,678	35,210
Total Personnel and Compensation Benefits	**$8,226,949**	**$8,742,838**	**$9,045,385**
21.0 Travel	91,377	123,226	126,489
22.0 Transportation of Things	19,697	23,204	23,702
23.1 Rental Payments to GSA	581,764	579,517	585,262
23.2 Rent Payments to Others	11,576	11,712	11,947
23.3 Communications, Utilities, & Misc	309,793	327,965	335,164
24.0 Printing & Reproduction	28,851	30,985	31,677
25.1 Advisory & Assistance Services	910,061	740,392	905,518
25.2 Other Services	73,546	101,665	105,817
25.3 Purchase of Goods & Services from Govt. Accounts	166,616	165,198	169,321
25.4 Operation & Maintenance of Facilities	187,915	186,806	190,941
25.5 Research & Development Contracts			
25.6 Medical Care	14,301	14,516	14,865
25.7 Operation & Maintenance of Equipment	56,590	60,945	63,443
25.8 Subsistence & Support of Persons			
26.0 Supplies and Materials	29,942	47,862	48,949
31.0 Equipment	340,695	248,142	273,514
32.0 Land and Structures	39,367	50,851	52,152
33.0 Investments & Loans			
41.0 Grants, Subsidies	39,890	48,000	48,000
42.0 Insurance Claims & Indemnities	1,870	1,730	1,767
91.0 Unvouchered	1,986	4,500	4,590
Total Non-Personnel	**$2,905,837**	**$2,767,216**	**$2,993,118**
New Appropriated Resources	**$11,132,786**	**$11,510,054**	**$12, 038,503**
Appropriations:			
Taxpayer Services	2,553,595	2,535,554	2,562,554
Enforcement	4,592,859	4,909,500	5,071,260
Operations Support	3,861,879	3,885,000	4,104,689
Business Systems Modernization	124,453	180,000	300,000
New Appropriated Resources	**$11,132,786**	**$11,510,054**	**$12,038,503**
FTE	**72,731**	**74,544**	**73,361**

See footnotes in 1.1 -- Appropriations Detail Table.

Amounts include obligations of annually appropriated resources, carryover balances, reimbursables, and transfers. Table excludes user fee obligations, which can be found in the Treasury chapter of the FY 2021 Budget Appendix.

1D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
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, [$2,511,554,000] *$2,562,554,000* of which not less than $11,000,000 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, of which not less than $25,000,000, to remain available until September 30, [2021] *2022*, shall be available for the Community Volunteer Income Tax Assistance Matching Grants Program for tax return preparation assistance, and of which not less than $209,000,000 shall be available for operating expenses of the Taxpayer Advocate Service: Provided, That of the amounts made available for the Taxpayer Advocate Service, not less than $5,500,000 shall be for identity theft and refund fraud casework. ENFORCEMENT For necessary expenses for tax enforcement activities of the Internal Revenue Service to determine and collect owed taxes, to provide legal and litigation support, to conduct criminal investigations, to enforce criminal statutes related to violations of internal revenue laws and other financial crimes, to purchase and hire passenger	

motor vehicles (31 U.S.C. 1343(b)), and to provide other services as authorized by 5 U.S.C. 3109, at such rates as may be determined by the Commissioner, [$5,010,000,000] *$5,071,260,000*, of which not to exceed $250,000,000 shall remain available until September 30, [2021] *2022*; of which not less than $60,257,000 shall be for the Interagency Crime and Drug Enforcement program; and of which not to exceed $15,000,000 shall be for investigative technology for the Criminal Investigation Division: Provided, That the amount made available for investigative technology for the Criminal Investigation Division shall be in addition to amounts made available for the Criminal Investigation Division under the "Operations Support" heading: *Provided further, That of the funds provided under this paragraph, $5,071,260,000 is provided to meet the terms of section 251(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.*	
In addition, not less than $279,983,000 for tax activities under this heading, including tax compliance to address the Federal tax gap: Provided, That such amount is additional new budget authority 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.	Language required for the proposed program integrity cap adjustment. More information about the cap adjustment can be found in section 4.1 – Appropriations Detail Table with Program Integrity Cap Adjustment of the Appendix and Budget Process Chapter of the FY 2021 budget.
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; [$3,808,500,000] *$4,104,689,000*, of which not to exceed $250,000,000 shall remain available until September 30, [2021] *2022*; 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, [2022] *2023*, for research; [of which not less than $10,000,000, to remain available until expended, shall be available for establishment of an application through which entities registering and renewing registrations in the System for Award Management may request an authenticated electronic certification stating that the entity does or does not have a seriously delinquent tax debt;] and of which not to exceed $20,000 shall be for official reception and representation expenses: Provided, That not later than 30 days after the end of each quarter, the Internal Revenue Service shall submit a report to the Committees on Appropriations of the House of Representatives and the Senate and the Comptroller General of the United States detailing [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	Please see the exhibit in the *Proposed Physical Security-Rent Adjusted Levels* for a discussion of the “rent” and “physical security” language.

Service is using to mitigate such risks; and the expected developmental milestones to be achieved and costs to be incurred in the next quarter] *major information technology investments in the Internal Revenue Service Integrated Modernization Business Plan portfolio, including detailed, plain language summaries on the status of plans, costs, and results; prior results and actual expenditures of the prior quarter; upcoming deliverables and costs for the fiscal year; risks and mitigation strategies associated with ongoing work; reasons for any cost or schedule variances; and total expenditures by fiscal year:* Provided further, That the Internal Revenue Service shall include, in its budget justification for fiscal year [2021] *2022*, a summary of cost and schedule performance information for its major information technology systems; *Provided further, That of the funds provided under this paragraph, $4,104,689,000 is provided to meet the terms of section 251(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.*	This change (and the corresponding change in Business Systems Modernization) makes reporting requirements across the two appropriations consistent and updates the report requirements to account for the Integrated Modernization Business Plan. Language required for the proposed program integrity cap adjustment. More information about the cap adjustment can be found in section 4.1 – Appropriations Detail Table with Program Integrity Cap Adjustment of the Appendix and Budget Process Chapter of the FY 2021 budget.
In addition, not less than $120,017,000 for tax activities under this heading, including tax compliance to address the Federal tax gap: Provided, That such amount is additional new budget authority 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, [$180,000,000] *$300,000,000*, to remain available until September 30, [2022] *2023*, 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 major 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] *major information technology investments in the Internal Revenue Service Integrated Modernization Business Plan portfolio, including detailed, plain language summaries on the status of plans, costs, and results; prior results and actual expenditures of the prior quarter; upcoming deliverables and costs for the fiscal year; risks and mitigation strategies associated with ongoing work; reasons for any cost or schedule variances; and total expenditures by fiscal year.* ADMINISTRATIVE PROVISIONS-INTERNAL REVENUE SERVICE (INCLUDING TRANSFER OF FUNDS) SEC. 101. Not to exceed 4 percent of the appropriation made available in this Act to the Internal Revenue Service under the "Enforcement" heading, and not to exceed 5 percent of any other appropriation made available in this Act to the Internal Revenue Service, may be transferred to	

any other Internal Revenue Service appropriation upon the advance approval of the Committees on Appropriations of the House of Representatives and the Senate. SEC. 102. The Internal Revenue Service shall maintain an employee training program, which shall include the following topics: taxpayers' rights, dealing courteously with taxpayers, cross-cultural relations, ethics, and the impartial application of tax law. SEC. 103. The Internal Revenue Service shall institute and enforce policies and procedures that will safeguard the confidentiality of taxpayer information and protect taxpayers against identity theft. SEC. 104. Funds made available by this or any other Act to the Internal Revenue Service shall be available for improved facilities and increased staffing to provide sufficient and effective 1–800 help line service for taxpayers. The Commissioner shall continue to make improvements to the Internal Revenue Service 1–800 help line service a priority and allocate resources necessary to enhance the response time to taxpayer communications, particularly with regard to victims of tax-related crimes. SEC. 105. The Internal Revenue Service shall issue a notice of confirmation of any address change relating to an employer making employment tax payments, and such notice shall be sent to both the employer's former and new address and an officer or employee of the Internal Revenue Service shall give special consideration to an offer-in-compromise from a taxpayer who has been the victim of fraud by a third party payroll tax preparer.	

SEC. 106. None of the funds made available under this Act may be used by the Internal Revenue Service to target citizens of the United States for exercising any right guaranteed under the First Amendment to the Constitution of the United States. SEC. 107. None of the funds made available in this Act may be used by the Internal Revenue Service to target groups for regulatory scrutiny based on their ideological beliefs. SEC. 108. None of funds made available by this Act to the Internal Revenue Service shall be obligated or expended on conferences that do not adhere to the procedures, verification processes, documentation requirements, and policies issued by the Chief Financial Officer, Human Capital Office, and Agency-Wide Shared Services as a result of the recommendations in the report published on May 31, 2013, by the Treasury Inspector General for Tax Administration entitled "Review of the August 2010 Small Business/Self-Employed Division's Conference in Anaheim, California" (Reference Number 2013–10–037). SEC. 109. None of the funds made available in this Act to the Internal Revenue Service may be obligated or expended– (1) to make a payment to any employee under a bonus, award, or recognition program; or (2) under any hiring or personnel selection process with respect to re-hiring a former employee; unless such program or process takes into account the conduct and Federal tax compliance of such employee or former employee. SEC. 110. None of the funds made available by this Act may be used in contravention of section 6103 of the Internal Revenue Code of 1986	

(relating to confidentiality and disclosure of returns and return information). *SEC. 111. Unobligated balances of expired discretionary funds appropriated from the General Fund of the Treasury to the Internal Revenue Service by this Act may be transferred (not later than the end of the fifth fiscal year after the last fiscal year for which such funds are available for the purposes for which appropriated) into Operations Support heading; Provided that any funds so transferred shall remain available for obligation for five fiscal years after the fiscal year of such transfer, and in addition to such other funds as may be available for such purposes, for facilities and information technology expenses; Provided further, That transfer authority under this heading shall be in addition to any other transfer authority provided in this Act: Provided further, That amounts may be obligated only after the Committees on Appropriations of the House of Representatives and the Senate are notified at least 15 days in advance of the planned use of funds.*	This change would allow the IRS to utilize unobligated, expired funds provided in this Act for high priority facility and technology investments. This is in addition to the Department's request for additional flexibility with the Treasury Capital Investments and Modernization Fund.
SEC. 112. Notwithstanding any Congressional notification requirements for a reprogramming of funds in this Act, funds provided in this Act for the Internal Revenue Service shall be available for obligation and expenditure through a reprogramming of funds that augments or reduces existing programs, projects, or activities by up to $10,000,000 without prior Congressional notification of such action. (Department of the Treasury Appropriations Act, 2020.)	Providing authority to reprogram up to $10 million within appropriations accounts without formal notification procedures. This increase will allow the IRS to allocate funds to highest priority needs at end of fiscal year, including infrastructure, and respond to workload and program demand changes.

Proposed Physical Security-Rent Adjusted Levels

	FY 21 Request (excludes PIC)	Proposed Security Adjustment*	Proposed Rent Adjustment*	Subtotal Adjustments	Adjusted Levels
Taxpayer Service	**2,562,554,000**	**57,027,414**	**177,463,822**	**234,491,237**	**2,797,045,237**
Pre-filing Taxpayer Assistance & Education	667,017,847	9,640,782	33,972,331	43,613,113	710,630,960
Filing & Account Services	1,895,536,153	47,386,632	143,491,491	190,878,124	2,086,414,277
Enforcement	**5,071,259,990**	**77,788,076**	**314,618,563**	**392,406,639**	**5,463,666,629**
Investigations	675,533,397	6,513,802	47,031,409	53,545,211	729,078,608
Exam & Collections	4,225,885,766	69,173,334	256,306,904	325,480,238	4,551,366,004
Regulatory	169,840,827	2,100,940	11,280,250	13,381,190	183,222,017
Operations Support	**4,104,689,010**	**(134,815,491)**	**(492,082,385)**	**(626,897,876)**	**3,477,791,134**
Infrastructure	895,071,621	(162,925,000)	(596,918,131)	(759,843,131)	135,228,490
Shared Services & support	1,063,983,643	11,155,413	53,215,527	64,370,940	1,128,354,583
Information Services	2,145,633,746	16,954,096	51,620,219	68,574,315	2,214,208,061
Business Systems Modernization	**300,000,000**				**300,000,000**
IT Investments	300,000,000				300,000,000
Grand Total	**$12,038,503,000**	**$0**	**$0**	**$0**	**$12,038,503,000**

*Although they are meant to be representative, if implemented, the IRS would need to perform a more detailed analysis to set these levels in the plan. FY 2021 is presented as a 2% inflation of FY 2019 levels, compounded twice.

Dollars for rent and physical security have not been realigned in the 2021 budget submission to give Congress an opportunity to evaluate the changes, but the table above shows how these costs would be shifted between the appropriations accounts. Executing this change would require moving the references to rent and physical security in the Operations Support. This would allow the IRS to execute these costs out of the two other accounts, while retaining authority and funding for a portion of these expenses in Operations Support for headquarters, technology, procurement, and other personnel. This change would increase transparency in the cost of operations and, along with the proposed increase in reprogramming authority to $10 million and the new authority for using expired balances, would also improve the IRS's ability to execute these resources efficiently.

In addition, the Department is proposing to create a Treasury-wide IT modernization fund, the Treasury Capital Investments and Modernization Fund, that would include new transfer authority to leverage existing funding and introduce further flexibility that would help Treasury to continuously modernize information technology infrastructure across the Department.

Sec. 126 Not to exceed 5 percent of any appropriation made available for the current fiscal year for the Department of the Treasury by this Act and unobligated balances of expired discretionary funds appropriated from the General Fund to the Department of the Treasury by this Act may be transferred (not later than the end of the fifth fiscal year after the last fiscal year for which such funds are available for the purposes for which appropriated) to the Treasury Capital Investments and Modernization Fund: Provided, That any funds so transferred shall remain available for obligation for five fiscal years after the fiscal year of such transfers for modernization of Treasury systems to increase cybersecurity and improve efficiency:

Provided further, That funds so transferred shall not be available for obligation until the Secretary submits to the Committees on Appropriations of the House of Representatives and the Senate a spending plan for such funds.

1E – Legislative Proposals

Provide the IRS with greater flexibility to address correctable errors: The budget would expand the IRS authority to correct errors on taxpayer returns. Current statute only allows the IRS to correct errors on returns in certain limited instances, such as basic math errors or the failure to include the appropriate social security number or taxpayer identification number.

This proposal would expand the instances in which the IRS could correct a taxpayer's return including cases where: (1) the information provided by the taxpayer does not match the information contained in Government databases or Form W-2, or from other third party databases as the Secretary determines by regulation; (2) the taxpayer exceeded the lifetime limit for claiming a deduction or credit; or (3) the taxpayer failed to include with his or her return certain documentation that is required to be included on or attached to the return. This proposal would make it easier for IRS to correct clear taxpayer errors, directly improving tax compliance and reducing EITC and other improper payments and freeing IRS resources for other enforcement activities.

Increase Oversight of Paid Tax Return Preparers: Paid tax return preparers have an important role in tax administration because they assist taxpayers in complying with their obligations under the tax laws. Incompetent and dishonest tax return preparers increase collection costs, reduce revenues, disadvantage taxpayers by potentially subjecting them to penalties and interest because of incorrect returns, and undermine confidence in the tax system. To promote high quality services from paid tax return preparers, the proposal would explicitly provide that the Secretary of the Treasury has the authority to regulate all paid tax return preparers.

Improve clarity in worker classification and information reporting requirements: The budget proposes to: (1) establish a new safe harbor that allows a service recipient to classify a service provider as an independent contractor and requires withholding of individual income taxes to this independent contractor at a rate of five percent on the first $20,000 of payments; and (2) raises the reporting threshold for payments to all independent contractors from $600 to $1,000, and reduces the reporting threshold for third-party settlement organizations from $20,000 and 200 transactions per payee to $1,000 without regard to the number of transactions. In addition, Form 1099-K would be required to be filed with the IRS by January 31 of the year following the year for which the information is being reported. The proposal increases clarity in the tax code, reduces costly litigation, and improves tax compliance.

Fund the Federal Payment Levy Program via Collections: This proposal would allow the Fiscal Service to retain a portion of the funds collected under the Bureau's Federal Payment Levy Program (FPLP) which processes and collects delinquent tax debts through the Treasury Offset Program (TOP). TOP currently recoups its costs from retained amounts from collected amounts for all its programs except for the FPLP but under current law, the IRS must pay these costs through annual reimbursement agreements under the Economy Act. This proposal would make the FPLP consistent with other TOP programs. Delinquent taxpayers will not be impacted by the proposal, because they will receive credit for the full amount collected. This proposal creates efficiencies, because it allows the Fiscal Service to recover its FPLP costs from the IRS in the same manner as other TOP programs.

Require a social security number (SSN) that is valid for work to claim child tax credit (CTC), earned income tax credit (EITC), and credit for other dependents (ODTC): The Administration proposes requiring an SSN that is valid for work to claim the EITC, CTC (both the refundable and non-refundable portion), and/or the ODTC for the taxable year. For all credits, this requirement would apply to taxpayers (including both the primary and secondary filer on a joint return) and all qualifying children or dependents. Under current law, taxpayers who do not have an SSN that is valid for work may claim the CTC if the qualifying child for whom the credit is claimed has a valid SSN. Furthermore, the ODTC, created by the *Tax Cuts and Jobs Act*, allows taxpayers whose dependents do not meet the requirements of the CTC, including the SSN requirement, to claim this non-refundable credit. This proposal would ensure that only individuals who are authorized to work in the United States could claim these credits by extending the SSN requirement for qualifying children to parents on the tax form for the CTC and instituting an SSN requirement for the ODTC. While this SSN requirement is already current law for the EITC, this proposal also would close an administrative gap to strengthen enforcement of the provision.

Program Integrity Cap Adjustment

In addition to the base appropriations request of $12 billion request, the budget proposes a $400 million discretionary program integrity cap adjustment in FY 2021 to fund investments in expanding and improving the effectiveness and efficiency of the IRS's overall tax enforcement program. The budget proposes $280 million for the Enforcement account and $120 million for the Operations Support account. Additional adjustments are provided in future years to fund new initiatives and inflation. These investments will generate $79 billion in new revenue over 10 years and will cost $15 billion, for net revenue of $64 billion over 10 years. This return on investment (ROI) is likely understated because it does not reflect the effect that enhanced enforcement has on deterring non-compliance.

1F – IRS Use of Evidence and Evaluation

The IRS continues to improve program performance by using data and analytics to develop evidence that informs innovation and improves program delivery.

Significant Accomplishments in FY 2019

Compliance Data Warehouse Knowledge Graph Environment (CKGE): CKGE provides over 2,300 users across the IRS with a powerful tool for exploring and understanding relationships between entities in the tax ecosystem including taxpayers, businesses, return preparers, and even personal devices. The IRS Research, Analysis, and Statistics division (RAAS) is working to design and develop a corporate graph database to assist with comparing changes in corporate structures pre and post-Tax Cuts and Job Act.

Centralized Authorization File (CAF)/Power of Attorney (POA) Analysis: The CAF is a computer database containing information on the authority of taxpayer representatives. RAAS has delivered 15 recommendations to Accounts Management (AM)/CAF to improve processing of Power of Attorney requests and mailed 1,500 letters to better understand schemes used by fraudsters.

Conservation Easements: RAAS continues to partner with IRS business units on efforts to address tax avoidance schemes through conservation easements. These schemes are estimated to involve billions of dollars in lost revenue. RAAS has provided data to the Department of Justice (DOJ) for a pending court case involving 96 conservation easement syndicates resulting in over $2 billion of tax deductions from overvalued and improperly qualified conservation contributions.

Criminal Investigation Employment Study: RAAS continues to partner with the IRS Criminal Investigation (CI) division to develop data-driven approaches to case selection and development. As a result of this partnership, CI and RAAS:

- Referred 42 criminal employment tax cases, with an average potential tax loss of $3.3 million per case.
- Initiated a project to identify US Citizens living abroad who are not paying income tax on their earnings.
- Initiated a project to leverage text analytics for improving the process of reviewing Suspicious Activity Reports.
- Coordinated with the Tax-Exempt/Government Entities (TE/GE) business unit to identify potential criminal cases.

Exam Planning Scenario Tool: The Exam Planning Scenario Tool (EPST) employs a data-driven approach to generate and evaluate optimal, executable tax return examination plans and improve business outcomes through incorporation of predictive analytical models. IRS business units used EPST to prepare a revised FY 2019 exam plan to assess the effect of the lapse in appropriations on examination starts and closures. EPST allowed planners to complete the process in just days, a substantial time saving from a manual process that historically took weeks. The tool also allowed leadership to consider multiple strategies for optimizing exam plans, where previously the manual process only allowed one strategy**.**

Identity Theft: During FY 2017, the IRS prevented about 95 percent of known tax refund identity theft from being paid out to fraudsters. Known unprotected identity theft is about $300-$600 million annually. RAAS developed models and filters selected 228,000 returns for potential identity theft, protecting $716 million in refunds from being issued until the legitimate filer could authenticate through the Taxpayer Protection Program (TPP) that the return was legitimately filed. This effort supports the Treasury Fraud Prevention Agency Priority Goal to reduce the amount of unprotected identity theft tax refunds paid by 2 percent by December 31, 2019 (based on data reporting lag), and by an additional 1 percent annually through December 31, 2021 under the new FY 2020-2021 goal. The IRS exceeded the FY 2018-2019 goal by reducing the amount of unprotected identity theft tax refund paid by an estimated 88 percent between processing year 2016 and 2018. The IRS successfully protected between $6.03 billion and $6.08 billion in identity theft refunds in 2018.

Implementing 2019 Legislation and Executive Order: Passage of the Foundations for Evidence-Based Policymaking (Evidence Act) and the Executive Order on Improving Free Inquiry, Transparency, and Accountability at Colleges and Universities (Executive Order), as well as the recently enacted Taxpayer First Act of 2019 increase RAAS's responsibilities for planning and leading research and statistical activities. The Statistics of Income (SOI) Division has been working with the OMB Interagency Council on Statistical Policy to implement Title III of the Evidence Act, which focuses on policies and practices to improve Federal statistics.

Large Business & International (LB&I) Line Anomaly Recommender (LAR): LAR is a new and innovative approach based on unsupervised learning to find potentially anomalous cases, and specific line items for those cases, from LB&I's filing population. Analysis of the distribution of LB&I filters for LAR cases showed that the top 5 percent LAR-ranked cases are not often identified by filters, confirming the potential opportunity for identifying previously undetected anomalous cases.

Nonfiler: RAAS worked with Collection to construct a training set that replicated Inventory Delivery System (IDS) data and improved an expanded suite of predictive models meant to allow downstream systems greater flexibility in prioritization and routing. Back-test results indicate that prioritizing inventory based on these models can lead to a 30 percent increase in enforcement revenue over legacy models.

Passport Study: The Fixing America's Surface Transportation (FAST) Act authorizes the IRS to certify individual taxpayers with "seriously delinquent tax debt" to the Department of State to use as a factor for issuing new or renewed passports. A randomized controlled trial allowed the IRS to show that the Passport program has produced an estimated total of $623 million in additional dollars collected and increased the number of taxpayers making a payment within 90 days by 13,000.

RAAS Tax Cuts and Jobs Act of 2018 Response: Passage of the Tax Cuts and Jobs Act significantly increased RAAS's work. RAAS has provided IRS leadership with an improved and updated tax reform statistics placemat and, on the TaxStats pages of IRS.gov, posted detailed SOI filing season statistics that reflect the effects of tax reform.

Collection Notice Redesign and Inventory Case Selection: RAAS has an initiative to redesign certain notices sent to taxpayers who owe outstanding tax debts using behavioral insights. RAAS and the Collection office developed a model to help Collection identify notice recipients who were more likely to fully pay. The model realized a rate of full payment 7.92 percent higher than the control group, while also increasing overall collections and decreasing phone calls from notice recipients by 2 percent (using previously tested re-designed notices).

SB/SE Issue Recommender: The IRS pulls revenue agents from regular audit work to review returns flagged for audit, determine what employees to assign to each return, and indicate which lines should be worked during an audit. This initiative focuses on using artificial intelligence to automate the classification process. SB/SE has approved the use of RAAS's model, saving weeks of work and classification time. The algorithm also can identify training returns.

Statistics of Income (SOI) Highlights:

- SOI released more than 500 tables, public-use datasets, and PDF documents on the TaxStats pages of IRS.gov. This information is designed to help the public learn more about the tax system.
- For the first time, SOI released data by congressional district. SOI also works with other Federal agencies and outside researchers on efforts that benefit the public and improve its understanding of tax administration.
- SOI's Joint Statistical Research Program uses tax data to evaluate a broad range of research questions that can assist in improving tax administration. In 2019, 29 proposals were selected for inclusion in the program.

TE/GE Compliance Initiatives: RAAS is partnering with TE/GE to provide analytic support to enhance noncompliance identification and case selection for high priority areas within Exempt Organizations, Employee Plans, and Government Entities/Indian Tribal Governments workstreams. By partnering with RAAS, TE/GE conducts "test and learn" compliance strategies targeted at these high priority areas.

Section II – Budget and Performance Plan

Treasury Strategic Objectives and Agency Priority Goals

The budget supports the following Department of the Treasury Strategic Objectives for FY 2018 – FY 2022 and Agency Priority Goals for FY 2020- FY 2021 for all appropriations:

- **Strategic Goal 1**: Boost U.S. Economic Growth, Strategic Objective 1.1: Tax Law Implementation: Administer tax law to better enable all taxpayers to meet their obligations, while protecting the integrity of the tax system.
- **Strategic Goal 4**: Transform Government-wide Financial Stewardship, Strategic Objective 4.1: Financial Data Access and Use: Increase the access and use of federal financial data to strengthen government-wide decision-making, transparency, and accountability.
- **Strategic Goal 5**: Achieve Operational Excellence, Strategic Objectives 5.1 – 5.3:
  - 5.1 Workforce Management: Foster a culture of innovation to hire, engage, develop, and optimize a diverse workforce with the competencies necessary to accomplish the mission.
  - 5.2 Treasury Infrastructure: Better enable mission delivery by improving the reliability, security, and resiliency of Treasury's infrastructure.
  - 5.3 Customer Value and Experience: Enhance the experience of interacting with Treasury by providing high quality products and services and by delivering excellent customer service.
- **Agency Priority Goal(s):** IRS leads the Fraud Prevention Agency Priority Goal and supports the Bureau of Fiscal Service's Reduce Paper Checks Agency Priority Goal for FY 2020 – FY 2021.
  - Fraud Prevention (aligned to strategic objective 1.1): Reduce the amount of unprotected identity theft tax refunds paid by two percent by December 31, 2019, and by an additional one percent annually through December 31, 2021.
  - Bureau of Fiscal Service Reduce Paper Checks (aligned to strategic objective 5.3): Create a modern, seamless, and cost-effective payment experience for Americans that results in a reduction in the number of paper checks issued by Treasury to 49 million and achievement of an electronic payment rate of 96.1 percent by the end of FY 2021.
- **Cross-Agency Priority Goal on Customer Experience:** In FY 2019, OMB designated IRS as one of several government-wide High Impact Service Providers. The IRS reports to Treasury and OMB on a quarterly and annual basis on its "highest-impact" customer transaction survey data, and on efforts to improve the customer experience.

Taxpayer Services

Appropriation Description

The Taxpayer Services appropriation provides funding for taxpayer service activities and programs. This includes printing forms and publications, processing tax returns and related documents, offering filing and account services, taxpayer assistance, and providing taxpayer advocacy services.

The Taxpayer Services budget request for FY 2021 is $2,562,554,000 in direct appropriations and 25,678 FTE, excluding the proposed program integrity cap adjustment. This amount is an increase of $27,000,000, or 1.06 percent, and a decrease of 1,082 FTE from the FY 2020 enacted level (after transfer) of $2,535,554,000 and 26,760 FTE.

2.1 – Budget Adjustments Table

Dollars in thousands

Taxpayer Services Summary of Proposed FY 2021 Request	**FTE**	**Amount**
FY 2020 Enacted (Pre-IAT)	**26,390**	**$2,511,554**
Planned Interappropriation Transfer	370	24,000
FY 2020 Enacted	**26,760**	**$2,535,554**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$107,929**
Pay Annualization (3.1% average pay raise)		18,078
Pay Raise (1% average pay raise)		17,631
FERS Contribution Increase		26,523
Non-Pay		4,058
Additional Required Labor Costs		41,639
Efficiencies/Savings:	**(1,082)**	**($80,929)**
Increase e-File Savings	(85)	(4,607)
Personnel Savings	(997)	(76,322)
Subtotal FY 2021 Changes to Base	**(1,082)**	**$27,000**
FY 2021 Current Services	**25,678**	**$2,562,554**
Total FY 2021 Budget Request	**25,678**	**$2,562,554**

See footnotes in 1.1 -- Appropriations Detail Table

2.2 – Object Classification (Schedule O) Obligations

Dollars in thousands

Taxpayer Services Object Classification	FY 2019 Actuals	FY 2020 Enacted	FY 2021 Request
11.1 Full-Time Permanent Positions	1,556,489	1,549,224	1,546,081
11.3 Other than Full-Time Permanent Positions	52,468	52,143	51,901
11.5 Other Personnel Compensation	129,622	55,107	67,766
11.8 Special Personal Services Payments	7		
11.9 Personnel Compensation (Total)	**1,738,586**	**1,656,474**	**1,665,748**
12.1 Personnel Benefits	612,696	642,458	655,652
13.0 Benefits to Former Personnel	28,605	33,725	34,241
Total Personnel and Compensation Benefits	**$2,379,887**	**$2,332,657**	**$2,355,641**
21.0 Travel	11,679	13,832	14,186
22.0 Transportation of Things	672	722	740
23.3 Communications, Utilities, & Misc	1,517	1,350	1,386
24.0 Printing & Reproduction	9,158	9,630	9,865
25.1 Advisory & Assistance Services	34,759	41,196	42,275
25.2 Other Services	12,418	22,563	23,154
25.3 Purchase of Goods & Services from Govt. Accounts	59,000	58,409	59,939
25.7 Operation & Maintenance of Equipment	61	249	256
26.0 Supplies and Materials	3,924	6,227	6,374
31.0 Equipment	230	270	277
41.0 Grants, Subsidies	39,890	48,000	48,000
42.0 Insurance Claims & Indemnities	400	449	461
Total Non-Personnel	**$173,708**	**$202,897**	**$206,913**
New Appropriated Resources	**$2,553,595**	**$2,535,554**	**$2,562,554**
Budget Activities:			
Pre-filing Taxpayer Assistance & Education	614,204	656,829	667,018
Filing & Account Services	1,939,391	1,878,725	1,895,536
New Appropriated Resources	**$2,553,595**	**$2,535,554**	**$2,562,554**
FTE	**28,531**	**26,760**	**25,678**

See footnotes in 1.1 -- Appropriations Detail Table

FY 2019 amounts include obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.

2.3 – Appropriation Detail Table

Dollars in thousands

Taxpayer Services Appropriated Resources	FY 2019 Operating Plan		FY 2020 Enacted		FY 2021 Request		Change FY 2020 to FY 2021 Request		% Change FY 2020 to FY 2021 Request	
New Appropriated Resources:	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Pre-Filing Taxpayer Assistance and Education	4,335	621,907	4,524	656,829	4,341	667,018	(183)	10,189	-4.05%	1.55%
Filing and Account Services	24,196	1,934,647	22,236	1,878,725	21,337	1,895,536	(898)	16,811	-4.04%	0.89%
Subtotal New Appropriated Resources	**28,531**	**$2,556,554**	**26,760**	**$2,535,554**	**25,678**	**$2,562,554**	**(1,081)**	**$27,000**	**-4.04%**	**1.06%**
Other Resources:										
Reimbursables	507	37,964	862	65,650	905	68,932	43	3,282	4.99%	5.0%
Offsetting Collections - Non Reimbursables										
User Fees	96	5,870	60	3,900	1,510	99,900	1,450	96,000	2416.67%	2461.54%
Recovery from Prior Years				47				(47)		-100.0%
Unobligated Balances from Prior Years	234	18,606		1,000				(1,000)		-100.0%
Transfers In/Out										
Resources from Other Accounts										
Subtotal Other Resources	**837**	**$62,440**	**922**	**$70,597**	**2,415**	**$168,832**	**1,493**	**$98,235**	**161.93%**	**139.15%**
Total Budgetary Resources	**29,368**	**$2,618,994**	**27,682**	**$2,606,151**	**28,093**	**$2,731,386**	**412**	**$125,235**	**1.49%**	**4.81%**

See footnotes in 1.1--Appropriations Detail Table

2A – Pre-Filing Taxpayer Assistance and Education ($667,018,000 in direct appropriations, and an estimated $213,000 from reimbursable programs). This budget activity funds direct labor and some non-labor expenses to assist with tax return preparation, including tax law interpretation, publication, production, and advocate services. The program activities include:

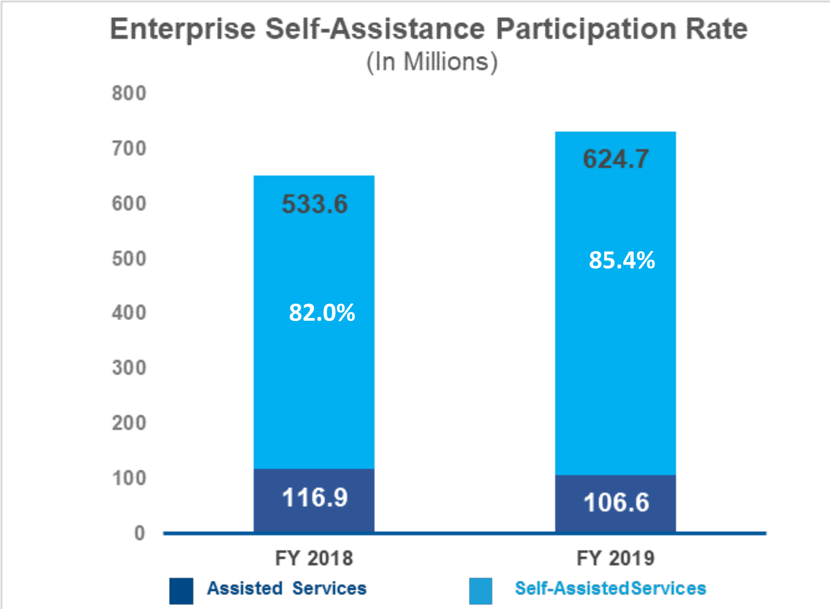
- Pre-Filing Services Management supports headquarters staffing and support for Taxpayer Advocate Service and Customer Assistance Relationship and Education (CARE) program activities. CARE provides pre-filing taxpayer assistance and education.
- Taxpayer Communication and Education researches customer needs; develops and manages educational programs; establishes partnerships with stakeholder groups; and disseminates tax information to taxpayers and the public through a variety of media, including publications and mailings, websites, broadcasting, and advertising.
- Media and Publications develops and produces notices, forms, and publications for printed and electronic tax materials, and provides media production services to taxpayers.
- Taxpayer Advocacy provides advocate services to taxpayers by identifying the underlying causes of taxpayer problems and participating in the development of systematic and/or procedural remedies.

- Account Management and Assistance – Field Assistance provides face-to-face assistance, education, and compliance services to taxpayers. It includes return preparation, answering tax questions, resolving account and notice inquiries, and supplying forms and publications to taxpayers.
- Taxpayer Advocate Case Processing provides advocate services to taxpayers to resolve taxpayer problems through prompt identification, referral, and settlement.
- Wage and Investment (W&I) HQ Management and Administration provides staffing, training, and direct support for W&I management activities of strategic planning, communications and liaison, finance, human resources, equity, diversity and inclusion, business modernization, and embedded training.
- Taxpayer Services Research provides resources to support taxpayer services by conducting taxpayer behavioral studies, data analysis, and uses advanced analytics to deliver results and conclusions to inform business decisions to improve IRS products and services.
- National Distribution Center processes orders for IRS forms and publications received from individual taxpayers, tax practitioners, and IRS tax return preparation partners.

Description of FY 2019 Performance

In FY 2019, the Timeliness of Critical Individual Filing Season (CIFS) Tax Products to the Public (i.e. tax forms, schedules, instructions, and publications) was 92.6 percent (88 out of 95 products delivered timely), exceeding the FY 2019 target of 85 percent by 8.9 percent. These results were achieved due to preparation for tax reform changes that started in October 2017. Several working groups were established which allowed for the timely identification and approval of changes needed. Prioritization of critical products ensured that key forms, instructions, and publications necessary for the completion of income tax returns were available to the public by the January 28 start of filing season. The IRS expects to achieve a target of 89 percent for both FY 2020 and FY 2021.

In FY 2019, the IRS Timeliness of Critical Tax TE/GE and Business Filing Season Tax products to the Public was 96.1 percent, exceeding the target of 85 percent. The IRS achieved these results through workload planning and prioritization of critical products, which ensured that 73 of the 76 total key forms, instructions, and publications necessary for the completion of income tax returns were available to the public by the January 28 start of filing season. The IRS will continue to collaborate with stakeholders for timely identification of affected tax products, prioritize critical products over eminent products, and create and execute effective workload planning and monitoring, including the judicious use of overtime as needed. The IRS expects to achieve a target of 89 percent for both FY 2020 and FY 2021.



The FY 2019 Enterprise Self-Assistance Participation Rate (ESAPR) was 85.4 percent. This is due, in part, to increases in Get Transcripts Online by 30 percent, "Where's My Refund?" by more than 19 percent, and Transcript Delivery Service by almost 31 percent. Compared to FY 2018, total services increased by 12.4 percent, self-assisted services increased 17.1 percent and assisted services fell 8.5 percent due, in part, to the lapse in appropriations as assistors were not available. As the IRS provides new self-assistance applications to the public, the IRS will add them to the calculation. The IRS continues to improve taxpayer services by developing and improving self-assistance tools and traditional services. In response to taxpayer preferences, the IRS also continued expanding secure digital communication options. The IRS measures progress toward improvement to taxpayer service by its ESAPR metric. The ESAPR FY 2020 and FY 2021 target is set at 82 percent, recognizing the decrease in FY 2019 to assisted services was due to the lapse in appropriations and should not repeat in FY 2020.

FY 2021 Changes by Budget Activity

Dollars in thousands

Pre-Filing Taxpayer Assistance & Education	FTE	Amount
FY 2020 Enacted (Pre-IAT)	**4,524**	**$656,829**
Planned Interappropriation Transfer		
FY 2020 Enacted	**4,524**	**$656,829**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$27,807**
Pay Annualization (3.1% average pay raise)		4,407
Pay Raise (1.0% average pay raise)		4,298
FERS Contribution Increase		5,982
Non-Pay		1,053
Additional Required Labor Costs		12,067
Efficiencies/Savings	**(183)**	**($17,618)**
Personnel Savings	(183)	(17,618)
Subtotal FY 2021 Changes to Base	**(183)**	**$10,189**
FY 2021 Current Services	**4,341**	**$667,018**
Program Increases:		
Subtotal FY 2021 Program Increases		
Total FY 2021 Request (Before Cap)	**4,341**	**$667,018**
Dollar/FTE Change FY 2021 Request over FY 2020 Enacted	(183)	$10,189
Percent Change FY 2021 Request over FY 2020 Enacted	-4.05%	1.55%

2.1.1 – Budget and Performance Report and Plan

Dollars in thousands

Pre-Filing Taxpayer Assistance & Education Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources[1]	$609,196	$609,445	$594,962	$640,379	$621,907	$656,829	$667,018
Reimbursable Resources[2]	51	13	4	260	118	203	213
User Fees[2]	4,141						
Budget Activity Total	**$613,388**	**$609,458**	**$594,966**	**$640,639**	**$622,025**	**$657,032**	**$667,231**

[1]The FY 2015 - FY 2019 appropriated resources represent the approved operating plan including any inter-BAC transfers and interappropriation transfers.

[2]The FY 2015 - FY 2019 columns represent realized resources for reimbursables and user fees.

Pre-Filing Taxpayer Assistance & Education Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Timeliness of Critical Filing Season Tax Products to the Public (Ot)[1]	89.0%	92.5%	93.1%	59.6%	92.6%	85.0%	89.0%	89.0%
Timeliness of Critical TE/GE & Business Tax Products to the Public (Ot)[1]	92.6%	98.0%	96.7%	100.0%	96.1%	85.0%	89.0%	89.0%
Enterprise Self Assistance Participation Rate (E) (L)[2]	88.7%	89.0%	79.0%	82.0%	85.4%	82.0%	82.0%	82.0%

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and L - Strategic Goal Measure

[1]Modified for FY 2019

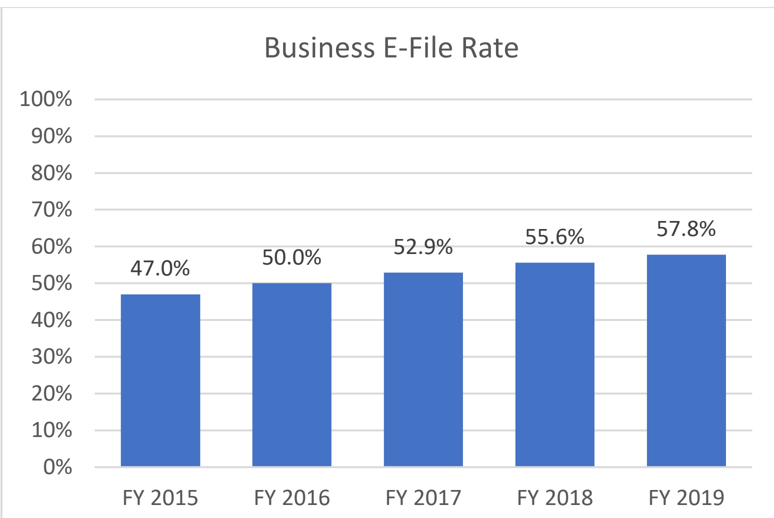
[2] Starting in FY 2017, the IRS modified the Taxpayer Self Assistance Rate measure (renamed to Enterprise Self Assistance Participation Rate) to include additional self-service channels including Get Transcript and payment applications such as Direct Pay and Online Payment Agreements. As new self-assistance applications are provided to the public, they will be added to the methodology.

2B – Filing and Account Services *($1,895,536,000 in direct appropriations, $68,719,000 from reimbursable programs, and $99,900,000 from user fees)*: This budget activity funds direct labor and non-labor expenses that provide filing and account services to taxpayers, process paper and electronically-submitted tax returns, issue refunds, and maintain taxpayer accounts. The public continues to file more returns electronically (more than 90 percent of individual returns were filed electronically during the 2018 filing season). The program activities include:

- *Filing and Account Services Management* administers filing and account services programs.
- *Submission Processing* processes paper and electronically-submitted tax returns and supplemental documents, accounts for tax revenue, processes information documents, and issues refunds and tax notices.
- *Account Management and Assistance – Electronic/Correspondence Assistance* provides education and assistance to taxpayers and resolves accounts and notice inquiries through telephone, paper, and internet correspondence.

- *Electronic Products and Services Support (EPSS)* provides centralized operations and support capabilities for the IRS suite of electronic products, including e-help desk, technology support, and operations support.
- *Electronic Tax Administration (ETA)* markets and administers electronic tax administration products and services.
- *Health Care Tax Administration* provides funds to administer the health insurance tax credit portion of the Trade Adjustment Assistance Reform Act of 2002.
- *Joint Operations Center (JOC)* provides service, support, and technology for telephone, correspondence, and electronic media inquiries; real time monitoring and routing of inbound calls; monitoring of Customer Service Representative (CSR) accuracy; and management of the enterprise telephone database.

Description of FY 2019 Performance

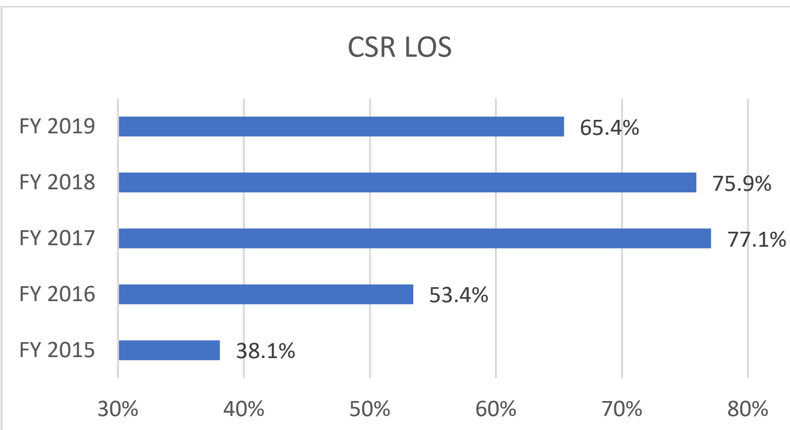


Millions of business taxpayers file their returns electronically. The IRS achieved a 57.8 percent business e-file rate in FY 2019, just missing the target of 58 percent. The IRS processed 29 million business returns electronically, a five-year high and a 5.8 percent increase from FY 2018. Employment tax returns (Form 941, *Employer's Quarterly Federal Tax Return*), continue to increase as a share of business returns filed from 38 percent in FY 2015 to 41 percent in FY 2019. The IRS will continue to promote the benefits of e-filing (i.e. faster refunds, greater accuracy, secure and confidential submission, and quick confirmation). The business e-file target will be increased to 60 percent for FY 2020 and FY 2021.

In FY 2019, Customer Accuracy – Tax Law was 91.6 percent, 0.4 percent below the target of 92 percent. The delay in training before the filing season started affected the accuracy results. The IRS will continue to monitor results through data driven analysis of reports obtained from the Embedded Quality Review

System (EQRS) to ensure achievement of future goals. Ongoing efforts have and will continue to focus on production meetings with field sites, promoting coding consistency of product reviews, and providing training to managers and employees to ensure quality service to customers. For FY 2020 and FY 2021, the IRS set a tax law accuracy target of 92 percent.

For Customer Accuracy – Accounts (Phones), the IRS correctly answered 94.3 percent of account questions over the telephone, exceeding the FY 2019 target of 94 percent. The IRS will continue to monitor Account Telephone Customer Accuracy results through data driven analysis of reports obtained from EQRS to achieve future goals. Ongoing efforts have and will continue to focus on production meetings with field sites, promoting coding consistency of product reviews and providing training to managers and employees to ensure quality service to customers. For FY 2020 and FY 2021, the IRS expects to achieve an accounts (phones) accuracy rate of 94 percent.



The CSR level of service (LOS) measures the relative success rate of taxpayers wanting to speak with a CSR. CSR LOS includes telephone lines answered by Accounts Management CSRs only (31 phone lines total). These telephone lines service 78 percent of all telephone traffic. In FY 2019, the CSR LOS exceeded the target of 63 percent, reaching 65.4 percent. For filing season, LOS was 66.9 percent, an increase of 1.9 percentage points over the target of 65 percent. While the target was met, the LOS dropped 10.5 percentage points from FY 2018 due, in part, to the lapse in appropriations. Overall, the number of FY 2019 toll free callers was 15.7 percent lower compared to FY 2018 as more taxpayers use IRS.gov to obtain information. The IRS monitors demand in real time and allocates down to the half hour between telephones and paper processing to achieve the planned goals and avoid downtime. In FY 2019, the ending paper correspondence inventory was 1.1 million. In FY 2020, the IRS will continue to create detailed forecasts of expected telephone and correspondence demand and adjust staffing accordingly. The LOS target is set at 60 percent for FY 2020, which assumes assistors calls answered of a projected 20 million and paper correspondence estimated at 1.1 million. The IRS projects that the filing season LOS will be slightly higher at 65 percent. The FY 2021 LOS target is projected to be 60 percent with a projected 20 million assistor calls answered with a project paper correspondence inventory estimated at 1.1 million.

FY 2021 filing season LOS is projected to be 65 percent. Both targets for FY 2021 assume $96 million in user fees to help offset mandatory labor cost increases.

The Taxpayers Satisfied with the IRS indicator – the All Individual Tax Filers Score, is based on the annual American Customer Satisfaction Index (ACSI) Survey, which is the only uniform, cross-industry/government measure of customer satisfaction with the quality of goods and services available to U.S. residents. The measure is calculated as a weighted combination of the ACSI Individual Electronic Tax Filer and Individual Paper Tax Filer Customer Satisfaction Index scores based on a 100-point scale. After remaining steady for three years, the measure dropped one point in 2019 to 73, due to declines in both electronic and paper filers scores. The government shutdown that ended in early 2019 likely affected these scores by impacting the timeliness of IRS customer service and the ease of getting filing information for certain tax filers.

FY 2021 Changes by Budget Activity

Dollars in thousands

Filing and Account Services	FTE	Amount
FY 2020 Enacted (Pre-IAT)	**21,865**	**$1,854,725**
Planned Interappropriation Transfer	370	$24,000
FY 2020 Enacted	**22,236**	**$1,878,725**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$80,122**
Pay Annualization (3.1% average pay raise)		13,671
Pay Raise (1.0% average pay raise)		13,333
FERS Contribution Increase		20,541
Non-Pay		3,005
Additional Required Labor Costs		29,572
Efficiencies/Savings	**(899)**	**($63,311)**
Increase e-File Savings	(85)	(4,607)
Personnel Savings	(814)	(58,704)
Subtotal FY 2021 Changes to Base	**(899)**	**$16,811**
FY 2021 Current Services	**21,337**	**$1,895,536**
Program Increases:		
Subtotal FY 2021 Program Increases		
Total FY 2021 Request (Before Cap)	**21,337**	**$1,895,536**
Dollar/FTE Change FY 2021 Request over FY 2020 Enacted	(899)	$16,811
Percent Change FY 2021 Request over FY 2020 Enacted	-4.04%	0.89%

2.1.2 – Budget and Performance Report and Plan

Dollars in thousands

Filing and Account Services Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources[1]	$1,550,027	$1,564,488	$1,712,511	$1,872,175	$1,934,647	$1,878,725	$1,895,536
Reimbursable Resources[2]	28,555	30,147	34,905	62,794	37,846	65,447	68,719
User Fees[2]	160,342	40,553	69,987	3,900	5,870	3,900	99,900
Budget Activity Total	**$1,738,924**	**$1,635,188**	**$1,817,403**	**$1,938,869**	**$1,978,363**	**$1,948,072**	**$2,064,155**

[1]The FY 2015 - FY 2019 appropriated resources represent the approved operating plan including any inter-BAC transfers and interappropriation transfers.

[2]The FY 2015 - FY 2019 columns represent realized resources for reimbursables and user fees.

Filing and Account Services Measures	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Percent of Business Returns Processed Electronically (Oe)	47.0%	50.0%	52.9%	55.6%	57.8%	58.0%	60.0%	60.0%
Customer Accuracy - Tax Law (Phones) (Ot)	95.0%	96.4%	96.7%	95.5%	91.6%	92.0%	92.0%	92.0%
Customer Accuracy - Accounts (Phones) (Ot)	95.5%	96.1%	96.0%	96.1%	94.3%	94.0%	94.0%	94.0%
Customer Service Representative Level of Service (Oe)[1,2]	38.1%	53.4%	77.1%	75.9%	65.4%	63.0%	60.0%	60.0%
Taxpayers Satisfied with the IRS (based on a 100-point scale)[3, 4]	73	74	74	74	73	Indicator	Indicator	Indicator

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and L - Long Term Goal

[1]CSR LOS includes telephone lines answered by Accounts Management Customer Service Representatives only. These telephone phone lines service 78% of all telephone traffic.

[2]The FY 2019 level of service target was calculated at the FY 2019 Enacted level.

[3]New measure added for FY 2019

[4]Based on the American Customer Satisfaction Index (ACSI) survey; the All Individual Tax Filer score is calculated from separate ACSI Individual Paper Filer and Electronic Filer customer satisfaction index scores; available on an annual basis at the end of January and computed on a 100-point scale.

Enforcement

Appropriation Description

The Enforcement appropriation provides funding for the examination of tax returns, both domestic and international; administrative and judicial settlement of taxpayer appeals of examination findings; technical rulings; monitoring of employee pension plans; determination of qualifications of organizations seeking tax-exempt status; examination of tax returns of exempt organizations; enforcement of statutes relating to detection and investigation of criminal violations of the internal revenue laws; identification of underreporting of tax obligations; securing of unfiled tax returns; and collection of unpaid accounts.

The Enforcement budget request for FY 2021 is $5,071,260,000 in direct appropriations and 35,026 FTE, excluding the proposed program integrity cap adjustment. This amount is an increase of $161,760,000, or 3.29 percent, and 362 FTE fewer than the FY 2020 enacted level (after transfer) of $4,909,500,000 and 35,388 FTE.

2.1 – Budget Adjustments Table

Dollars in thousands

Enforcement Summary of Proposed FY 2021 Request	FTE	Amount
FY 2020 Enacted (Pre-IAT)	**35,388**	**$5,010,000**
Planned Interappropriation Transfer		(100,500)
FY 2020 Enacted	**35,388**	**$4,909,500**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$207,089**
Pay Annualization (3.1% average pay raise)		35,236
Pay Raise (1% average pay raise)		34,364
FERS Contribution Increase		52,345
Non-Pay		7,258
Additional Required Labor Costs		77,886
Efficiencies/Savings:	(454)	**($56,589)**
Personnel Savings	(454)	(56,589)
Subtotal FY 2021 Changes to Base	**(454)**	**$150,500**
FY 2021 Current Services	**34,934**	**$5,060,000**
Program Changes:		
Program Increases		
Implementing the Taxpayer First Act	92	11,260
Subtotal FY 2021 Program Increases	**92**	**$11,260**
Total FY 2021 Budget Request	**35,026**	**$5,071,260**

See footnotes in 1.1 -- Appropriations Detail Table

2.2 – Object Classification (Schedule O) Obligations

Dollars in thousands

Enforcement Object Classification	FY 2019 Actuals	FY 2020 Enacted	FY 2021 Request
11.1 Full-Time Permanent Positions	2,976,718	3,129,874	3,198,737
11.3 Other than Full-Time Permanent Positions	28,520	33,337	33,992
11.5 Other Personnel Compensation	121,867	110,921	135,557
11.8 Special Personal Services Payments	28,969	20,456	20,769
11.9 Personnel Compensation (Total)	**3,156,074**	**3,294,588**	**3,389,055**
12.1 Personnel Benefits	1,136,199	1,251,401	1,309,907
13.0 Benefits to Former Personnel	418	590	600
Total Personnel and Compensation Benefits	**$4,292,691**	**$4,546,579**	**$4,699,562**
21.0 Travel	64,375	92,711	94,702
22.0 Transportation of Things	5,799	8,568	8,740
23.2 Rent Payments to Others	311	311	318
23.3 Communications, Utilities, & Misc	2,063	2,176	2,219
24.0 Printing & Reproduction	2,216	2,625	2,685
25.1 Advisory & Assistance Services	128,541	121,691	125,390
25.2 Other Services	31,815	49,188	50,174
25.3 Purchase of Goods & Services from Govt. Accounts	34,886	35,434	36,222
25.4 Operation & Maintenance of Facilities	1	5	5
25.6 Medical Care	35	8	8
25.7 Operation & Maintenance of Equipment	1,076	1,545	1,576
26.0 Supplies and Materials	17,517	31,867	32,531
31.0 Equipment	8,389	11,283	11,509
32.0 Land and Structures	3	1	1
42.0 Insurance Claims & Indemnities	1,155	1,008	1,028
91.0 Unvouchered	1,986	4,500	4,590
Total Non-Personnel	**$300,168**	**$362,921**	**$371,698**
New Appropriated Resources	**$4,592,859**	**$4,909,500**	**$5,071,260**
Budget Activities:			
Investigations	587,235	654,285	675,533
Exam & Collections	3,841,166	4,091,953	4,225,886
Regulatory	164,458	163,262	169,841
New Appropriated Resources	**$4,592,859**	**$4,909,500**	**$5,071,260**
FTE	**34,478**	**35,388**	**35,026**

See footnotes in 1.1 -- Appropriations Detail Table

Amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.

2.3 – Appropriation Detail Table

Dollars in thousands

Enforcement Appropriated Resources	FY 2019 Operating Plan		FY 2020 Enacted		FY 2021 Request		Change FY 2020 to FY 2021 Request		% Change FY 2020 to FY 2021 Request	
New Appropriated Resources:	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Investigations	2,833	595,686	2,971	654,285	2,933	675,533	(38)	21,248	-1.28%	3.25%
Exam and Collections	29,698	3,907,290	31,467	4,091,953	31,147	4,225,886	(320)	133,933	-1.02%	3.27%
Regulatory	947	174,624	950	163,262	946	169,841	(4)	6,579	-0.42%	4.03%
Subtotal New Appropriated Resources	**33,478**	**$4,677,600**	**35,388**	**$4,909,500**	**35,026**	**$5,071,260**	**(362)**	**$161,760**	**-1.02%**	**3.29%**
Other Resources:										
Reimbursables	45	28,401	62	40,076	65	42,080	3	2,004	4.84%	5.0%
Offsetting Collections - Non Reimbursable		9,749		31,781		33,370		1,589		5.0%
User Fees		42		30		30				
Recovery from Prior Years		3,110		30		30				
Recoveries Paid				3,408		3,408				
Unobligated Balances from Prior Years	6	12,832		69,043		28,400		(40,643)		-58.87%
Transfers In/Out		111								
Resources from Other Accounts										
Subtotal Other Resources	**51**	**$54,245**	**62**	**$144,368**	**65**	**$107,318**	**3**	**($37,050)**	**4.84%**	**-25.66%**
Total Budgetary Resources	**33,529**	**$4,731,845**	**35,450**	**$5,053,868**	**35,091**	**$5,178,578**	**(359)**	**$124,710**	**-1.01%**	**2.47%**

See footnotes in 1.1--Appropriations Detail Table

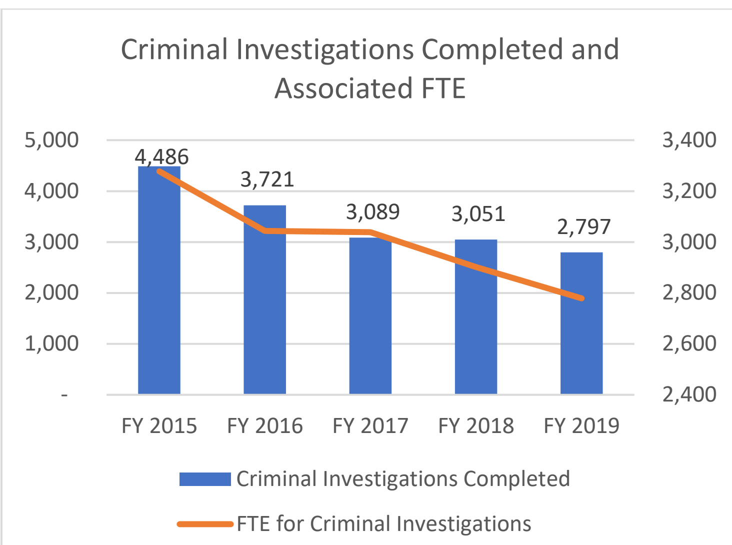
2C – Investigations ($675,534,000 *in direct appropriations, an estimated $40,734,000 from reimbursable programs, and an estimated $33,370,000 from non-reimbursable programs)*: This budget activity funds the Criminal Investigation (CI) programs that explore potential criminal and civil violations of tax laws; enforce criminal statutes relating to violations of tax laws and other financial crimes; and recommend prosecution as warranted. The program activities include:

- *General Management and Administration* supports the headquarters management activities of strategic planning, communications, finance, and human resources for CI activities.
- *Identity Theft,* through CI's collaboration with internal and external business partners, combats the inherent risks of Stolen Identity Refund Fraud (SIRF) by focusing on significant tax investigations, prosecutions to maximize deterrence, and preventing the IRS from issuing fraudulent refunds.
- CI supports the enforcement of criminal statutes relating to violations of internal revenue laws and other financial crimes. CI investigates cases of suspected intent to defraud involving both legal and illegal sources of income and recommends prosecution as warranted. This includes the investigation and prosecution of tax and money-laundering violations associated with narcotics organizations.

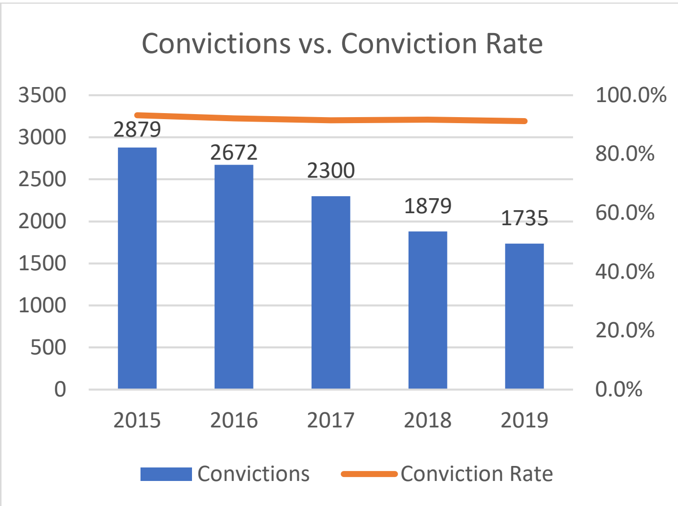
- *Criminal Tax Legal Support* provides legal advice and support from IRS Counsel to CI.
- *International Investigations* supports international investigations involving U.S. citizens residing abroad, non-resident aliens, expatriates (U.S. citizens living abroad who have renounced their citizenship), and investigations involving other international issues, including legal support (e.g., Foreign Tax Credit and Foreign Earned Income Exclusion, Corporations, Non-Profits, Pension Plans, etc.).
- *Cybersecurity* supports CI's cyber-efforts around inherent risks to CI's networks and systems, while focusing enforcement and investigative actions on the criminals that pose those threats. This activity also supports security program management that protects the safeguarding of all data and systems within CI while adhering to all federal regulatory security compliance mandates and local security policies.

Description of FY 2019 Performance

The CI division serves the American public by investigating potential criminal violations of the Internal Revenue Code and related financial crimes in a manner that fosters confidence in the tax system and compliance with the law. CI uses the following measures to evaluate its success in achieving its mission.



In FY 2019, CI completed 2,797 criminal investigations, an 8.3 percent decrease compared to FY 2018, falling just short of the year-end target of 2,800. Overall performance in FY 2019 continued to be affected by a steady decrease in the number of special agents and was affected by the mix of cases, where if CI has more traditional tax cases, which tend to have a longer cycle time, the total number of investigations will go down. Cases of a Legal, Illegal and Narcotics nature decreased 1.2 percent, 13.2 percent, and 12.6 percent respectively, compared to FY 2018. Legal source cases include people that earn their income legally, but willfully violate the tax laws (i.e. tax evasion). Illegal cases include income from sources such as embezzlement, mortgage fraud, telemarketing fraud, money laundering, etc. Narcotics cases are like illegal, these cases are specific to profit, and financial gains of organized drug groups involved in narcotics trafficking and/or narcotics/money laundering. The target is currently projected at 2,700 for FY 2020 and FY 2021. It is based on the number of recent hires, estimated attrition levels, and current performance trends.



The FY 2019 conviction rate of 91.2 percent was slightly below the year-end target of 92 percent. The average number of acquittals and dismissals remained comparable to previous years while the overall number of convictions decreased 7.7 percent from FY 2018, contributing to the slight drop in the conviction rate. Appropriate case selection and effective field performance continue to positively affect the quality of cases. The FY 2020 and FY 2021 targets will remain at 92 percent, based on historical averages while the number of convictions is projected to be 1,600 for both years due to lower than expected inventory levels. In addition, projected decreases in the judicial process (pipeline) inventory will influence the number of convictions in future years. Additional factors such as unforeseen legislative and prosecutorial priorities, as well as resources at the Department of Justice and U.S. Attorney's offices to prosecute CI cases, will also influence future performance.

FY 2021 Changes by Budget Activity

Dollars in thousands

Investigations	FTE	Amount
FY 2020 Enacted (Pre-IAT)	**2,971**	**$688,733**
Planned Interappropriation Transfer		($34,449)
FY 2020 Enacted	**2,971**	**$654,284**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$27,132**
Pay Annualization (3.1% average pay raise)		4,437
Pay Raise (1.0% average pay raise)		4,327
FERS Contribution Increase		7,809
Non-Pay		1,635
Additional Required Labor Costs		8,925
Efficiencies/Savings	**(38)**	**($7,138)**
Personnel Savings	(38)	(7,138)
Subtotal FY 2021 Changes to Base	**(38)**	**$19,995**
FY 2021 Current Services	**2,933**	**$674,279**
Program Increases:		
Implementing the Taxpayer First Act		1,254
Subtotal FY 2021 Program Increases		**$1,254**
Total FY 2021 Request (Before Cap)	**2,933**	**$675,533**
Dollar/FTE Change FY 2021 Request over FY 2020 Enacted	(38)	$21,249
Percent Change FY 2021 Request over FY 2020 Enacted	-1.28%	3.25%

2.1.3 – Budget and Performance Report and Plan

Dollars in thousands

Investigations Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources[1]	$601,665	$591,449	$589,295	$581,680	$595,686	$654,285	$675,533
Reimbursable Resources[2]	29,957	29,053	33,618	28,295	27,749	38,794	40,734
User Fees[2]							
Budget Activity Total	**$631,622**	**$620,502**	**$622,913**	**$609,975**	**$623,435**	**$693,079**	**$716,267**

[1]The FY 2015 - FY 2019 appropriated resources represent the approved operating plan including any inter-BAC transfers and interappropriation transfers.

[2]The FY 2015 - FY 2019 columns represent realized resources for reimbursables and user fees.

Investigations Measures	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Criminal Investigations Completed (Ot)	4,486	3,721	3,089	3,051	2,797	2,800	2,700	2,700
Conviction Rate (Oe)	93.2%	92.1%	91.5%	91.7%	91.2%	92.0%	92.0%	92.0%

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

2D – Exam and Collections *($4,225,886,000 in direct appropriations, an estimated $495,000 from reimbursable programs, and an estimated $30,000 from user fees)*: This budget activity funds programs that enforce the tax laws and increase compliance through examination and collection programs that ensure proper payment and tax reporting. This budget activity also includes campus support of the Questionable Refund program and appeals, and litigation activities associated with exam and collection. The program activities include:

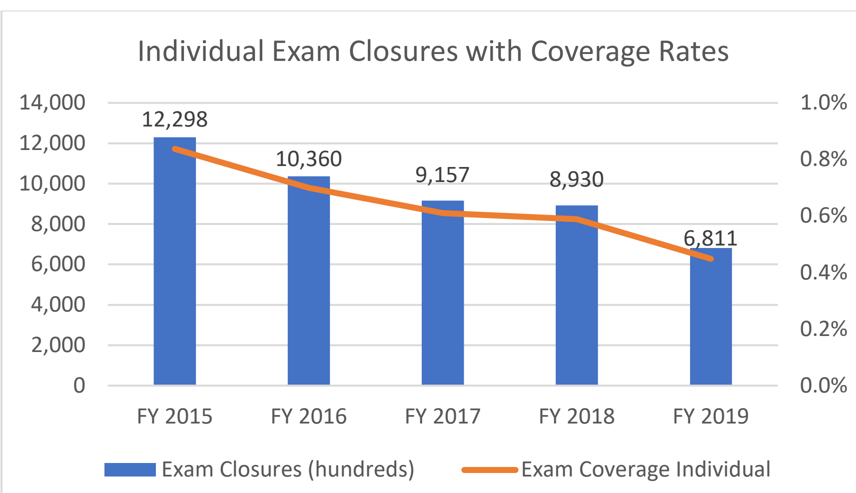
- *Compliance Services Management* supports management associated with exam and compliance program activities.
- *Payment Compliance – Correspondence Collection* supports IRS collection activities by initiating contact and collecting delinquent taxpayer liabilities through written notices and other means.
- *Automated Collections and Support* initiates contact and collects delinquent taxpayer liabilities through the centralized Automated Collection System (ACS).
- *Payment Compliance – Field Collection* conducts field investigations and collection efforts associated with delinquent taxpayer and business entity liabilities, including direct taxpayer contact and outreach programs to protect the interest of the federal government in delinquent tax liability situations.
- *Tax Reporting Compliance – Document Matching* supports the Automated Underreporter (AUR), Combined Annual Wage Reporting (CAWR), Federal Unemployment Tax Act (FUTA), and other document matching programs.

- *Tax Reporting Compliance – Electronic/Correspondence Exam* initiates written correspondence with taxpayers related to tax issues arising from claims on their tax returns.
- *Tax Reporting Compliance – Field Exam* compares taxpayer income levels and corresponding tax liabilities to ensure the accuracy of taxpayer returns.
- *Fraud/Bank Secrecy Act* enforces the anti-money laundering provisions of the *Bank Secrecy Act of 1970* (BSA) and the *USA Patriot Act of 2001.* It examines non-bank financial institutions for compliance with these laws, receives and processes more than 15 million financial reports annually, and manages a centralized database of that information for the Financial Crimes Enforcement Network. The Fraud program follows the money trail to support the criminal investigation of tax evasion operations. Fraud technical advisors and revenue agents supply investigative leads and referrals to federal, state, and local law enforcement agencies.
- *Appeals* supplies an administrative review process that provides a channel for impartial case settlement before a case is docketed in a court of law.
- *Litigation* provides legal support for the IRS in litigation of cases, including interpretation of the tax law.
- *Specialty Programs – Exams* examines federal tax returns of businesses and individuals responsible for the filing and payment of employment, excise, estate, and gift taxes.
- *International Collection* supports international field collection efforts associated with delinquent taxpayer and business entity liabilities from U.S. citizens residing abroad, non-resident aliens, expatriates (U.S. citizens living abroad who have renounced their citizenship), and those involving other international issues (e.g., Foreign Tax Credit and Foreign Earned Income Exclusion).
- *International Exams* supports the international exam program involving U.S. citizens residing abroad, non-resident aliens, expatriates, and other examinations involving other international issues including legal support (e.g., Foreign Tax Credit and Foreign Earned Income Exclusion, Corporations, Non-Profits, Pension Plans, etc.).
- *Enforcement Research* provides resources for market-based research to identify compliance issues, for conducting tests of treatments to address noncompliance, and for the implementation of successful treatments of taxpayer non-compliant behavior.
- *Unit General Management and Administration* provides staffing, training, and direct support for headquarters management activities of strategic planning, communication and liaison, finance, human resources, equity, diversity and inclusion, business system planning, and embedded training.
- *EITC Management and Administration* supports headquarters management associated with EITC.

- *Integrity & Verification Operations* supports civil fraud detection and prevention efforts in a pre-refund environment including monitoring performance and developing policy, procedures, and guidance for processing civil revenue protection programs.
- *ID Theft Victim Assistance* has end-to-end responsibility and accountability for identity theft victim assistance policy and operations, which includes paper inventories from tax-related ID theft, the Identity Theft Protection Specialized Unit, and Return Preparer Misconduct.
- *Whistleblower Office* provides staffing, training, and direct support to process, assess, and analyze tips from individuals who identify tax problems in the course of their daily business, regardless of where encountered (including workplace).
- *Communications and Liaison* coordinates local government and liaison relationships; manages congressional, state, and national stakeholder relationships and issues; coordinates crosscutting issues, including audit management and legislative implementation; manages national media contacts and local media relationships; and ensures compliance with disclosure and privacy laws.
- *Return Integrity, Verification & Program Management* provides policy and program oversight of revenue protection efforts such as detection, prevention, and treatment of improper refunds (identity theft and non-compliance), including managing systemic solutions regarding payment of valid refund claims and the development of innovative technology solutions supporting IRS-wide revenue protection strategies.

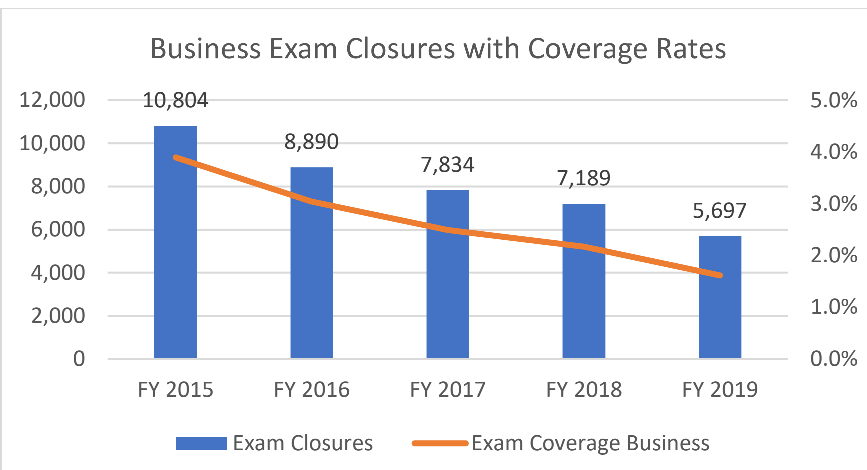
Description of FY 2019 Performance - Exam

The Examination program provides taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness.



In FY 2019, *Individual Exam Coverage* was 0.45 percent, below the target of 0.50 percent. This measure tracks the number of individual audits closed in a given fiscal year. While meaningful over time, the measure does not reflect in real time ongoing open audit activities or the effectiveness of exams; exam selection and effectiveness should continue to increase due to data analytics and system improvements. For example, audits of high-income individuals generally take longer and are therefore more likely to remain open for a significant period of time. The IRS has continued to increase audits in the category of total positive income (TPI), or the sum of all positive amounts shown for various sources of income reported on the individual tax return excluding losses, of $10 million and over. At the end of FY 2018, the IRS had 5,220 audits open in this TPI grouping and has increased the number of open audits in this TPI grouping. Many of these exams would not show up in Individual Exam Coverage until closed, which may take several years.

Closures were short of plan because of delays in enforcement hiring due to the lapse in appropriations. Significant staffing losses also adversely affected closures. IRS Operating Divisions will monitor resources, starts, and work-in-process to ensure FY 2020 targets are met. For FY 2020 the target is 0.48 percent and the FY 2021 target is being raised to 0.55 percent. The proposed program integrity cap adjustment would significantly improve performance for this metric in future years.



The *Examination Coverage – Business (Assets > $10 million)* measure is calculated by taking the total number of LB&I returns with assets of more than $10 million, including all partnerships examined and closed by LB&I during the current fiscal year, divided by total filings for the prior calendar year. In FY 2019, Business Examination Coverage was 1.6 percent, below the target of 2.2 percent. Actual attrition has exceeded the attrition rate factored into the closure plan for FY 2019. Closures of corporate returns in the highest asset classes are well below plan in anticipation of the transition from the traditional coordinated industry case program to the new large corporate compliance program. The FY 2020 target is 1.7 percent and the FY 2021 target is 1.1 percent. The decrease in FY 2021 target is a result of reassigning more than 100 revenue agents from normal casework to serve as on-the-job-instructors for recent hires and limited hiring in FY 2021.

In FY 2019, *Exam Efficiency - Individual* (the number of closures divided by the total Exam FTE) was 109, below the target of 122 and down 16.8 percent from FY 2018. Efficiency is below the 12-month target due to the five-week lapse in appropriations, resumption activities, and unplanned staffing loses to other business units. In addition, the amount of overtime worked, with no additional closures, added to the workplan, and reduced exam efficiency. The FY 2020 Exam Efficiency – Individual is 115 and the FY 2021 target is 120.

The *AUR Coverage* measure is calculated by taking the total number of contact closures divided by total prior calendar year individual filings. In FY 2019, AUR Coverage was 1.3 percent, below the target of 1.6 percent. Manpower was short of plan because of the shutdown and resumption activities, including delays in the enforcement hiring timeline. New hires that were originally scheduled for March were not on board until August. The IRS will monitor resources, work in process, and planned starts to ensure it meets future targets. The target in FY 2020 is 1.7 percent for FY 2019 and 1.8 percent for FY 2021.

The *Time to Start Compliance Resolution* is a new measure currently under development. This measure will be used as an indicator in FY 2020. It is the percentage of all individual income tax enforcement cases started within six months of the return posting date. It will reflect the effect of expedited issue detection and more integrated enforcement approaches. It supports expedited document matching, enhanced anomaly detection leading to faster issue identification, and data and analytics to improve issue identification and treatment choice.

The *Time to Resolve Compliance Issue After Filing* is a new measure currently under development. This measure will be used as an indicator in FY 2020. It measures the average time (in days) it takes to close all individual income tax enforcement cases. This measure reflects the complete life cycle from return filing to resolution. It will reflect the effect of process enhancements, such as new self-correction capabilities, including Online Account. It supports expedited document matching and enhanced anomaly detection, which will lead to faster issue identification.

The *Repeat Non-Compliance Rate* is a new measure under development. The measure will be used as an indicator in FY 2020. It measures the percentage of individual taxpayers with repeat non-compliance two years after the first tax year for filing, payment, or reporting compliance. This measure supports expedited document matching, enhanced anomaly detection leading to faster issue identification, and Enterprise Case Management. It also promotes improved customer service through expanded access to new self-correction capabilities and improved behavioral analytics. It allows the IRS to better understand and change non-compliant taxpayer behavior.

Time to Start, Time to Resolve, and Repeat Non-Compliance are new measures under development.

Description of FY 2019 Performance - Collection

The Collection program collects delinquent taxes, secures delinquent tax returns through the fair and equitable application of tax laws, and provides education to customers to promote future compliance. The performance goals that the IRS uses to gauge collection program performance are discussed below.

The *Collection Coverage* measure is calculated by taking the total volume of collection work disposed (i.e. completed) divided by total collection work available. In FY 2019, Collection Coverage was 41.3 percent, exceeding the target of 40.1 percent. Collection exceeded its overall disposition target by 3.3 percent, while available inventory grew slightly from the FY 2018 level. For FY 2020, Collection coverage is expected to meet the planned target based on the expected case closures calculated on the FY 2020 work and staffing plan. The IRS will set a target of 39.7 percent for FY 2020 and 38.8 percent in FY 2021.

The *Cost to Collect $100 (in cents)* measure is an existing metric that was not been reported in the budget prior to FY 2021 and will be used as an indicator in FY 2020. This measure is computed as total operating costs divided by gross collections multiplied by 100. The official number is usually released in March after the budget release. The FY 2018 Cost to Collect $100 was 34 cents. For FY 2019, IRS total operating costs were approximately $11.8 billion while gross collections were approximately $3.56 trillion. The FY 2019 Cost to Collect $100 was 33 cents. Operational efficiencies and economic activity contributed to the lower cost to collect.

FY 2021 Changes by Budget Activity

Dollars in thousands

Exam and Collections	FTE	Amount
FY 2020 Enacted (Pre-IAT)	**31,467**	**$4,152,837**
Planned Interappropriation Transfer		($60,884)
FY 2020 Enacted	**31,467**	**$4,091,953**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$172,969**
Pay Annualization (3.1% average pay raise)		29,693
Pay Raise (1.0% average pay raise)		28,959
FERS Contribution Increase		43,001
Non-Pay		5,211
Additional Required Labor Costs		66,105
Efficiencies/Savings	**(404)**	**($47,652)**
Personnel Savings	(404)	(47,652)
Subtotal FY 2021 Changes to Base	**(404)**	**$125,316**
FY 2021 Current Services	**31,063**	**$4,217,269**
Program Increases:		
Implementing the Taxpayer First Act	83	8,617
Subtotal FY 2021 Program Increases	**83**	**$8,617**
Total FY 2021 Request (Before Cap)	**31,147**	**$4,225,886**
Dollar/FTE Change FY 2021 Request over FY 2020 Enacted	(321)	$133,933
Percent Change FY 2021 Request over FY 2020 Enacted	-1.02%	3.27%

2.1.4 – Budget and Performance Report and Plan

Dollars in thousands

Exam and Collections Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources[1]	$4,018,292	$3,945,578	$3,901,041	$3,875,098	$3,907,290	$4,091,953	$4,225,886
Reimbursable Resources[2]	640	456	450	3,289	240	471	495
User Fees[2]		36			42	30	30
Budget Activity Total	**$4,018,932**	**$3,946,070**	**$3,901,491**	**$3,878,387**	**$3,907,572**	**$4,092,454**	**$4,226,411**

[1]The FY 2015 - FY 2019 appropriated resources represents the approved operating plan including any inter-BAC transfers and interappropriation transfers.
[2]The FY 2015 - FY 2019 columns represent realized resources for reimbursables and user fees.

Exam and Collections Measures	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Examination Coverage - Individual (Oe)	0.8%	0.7%	0.6%	0.6%	0.45%	0.5%	0.48%	0.55%
Examination Coverage - Business (Assets > $10 million) (Oe)	3.9%	3.0%	2.5%	2.2%	1.6%	2.2%	1.7%	1.1%
Examination Efficiency - Individual (E)	148	143	121	131	109	122	115	120
Automated Underreporter (AUR) Coverage (E)	2.3%	2.3%	2.2%	2.0%	1.3%	1.6%	1.7%	1.8%
Time to Start Compliance Resolution (E, L)[1]					TBD	N/A	Indicator	Indicator
Time to Resolve Compliance Issue After Filing (E)[1]					TBD	N/A	Indicator	Indicator
Repeat Non-Compliance Rate (Ot)[1]					TBD	N/A	Indicator	Indicator
Collection Coverage - Units (Ot)	46.3%	43.4%	42.2%	41.6%	41.3%	40.1%	39.7%	38.8%
Cost to Collect $100 (E)[1]	$0.35	$0.35	$0.34	$0.34	$0.33	Indicator	Indicator	Indicator

Key: Oe - Outcome Measure, E - Efficiency Measure, L - Strategic Plan Goal, Ot - Output/Workload Measure
[1]New measure added for FY 2019

2E – Regulatory (*$169,841,000 in direct appropriations and an estimated $851,000 from reimbursable programs)*: This budget activity funds the development of published IRS guidance materials; interpretation of tax laws; internal advice to IRS on general non-tax legal issues; enforcement of regulatory rules, laws, and approved business practices; and support for taxpayers in the areas of pre-filing agreements, determination letters, and advance pricing agreements. The activities include:

- *Tax Law Interpretation and Published Guidance* interprets tax law through published guidance, technical advice, and other technical legal services.
- *General Legal Services* provides advice to the IRS on non-tax legal issues, including procurement, personnel, labor relations, equal employment opportunity, fiscal law, tort claims and damages, ethics, and conflict of interest.

- *Rulings and Agreements* applies the tax law to specific taxpayers in the form of pre-filing agreements, determination letters, advance pricing agreements, and other pre-filing determinations and advice.
- *International Regulatory Legal Support* supports Counsel's work in tax law interpretation and rulings and agreements related to international issues.
- *Return Preparer Strategy* provides staffing, training, and direct support associated with the Return Preparer Strategy.
- *Office of Professional Responsibility* identifies, communicates, and enforces *Treasury Circular 230* standards of competence, integrity, and conduct of those who represent taxpayers before the IRS, including attorneys, Certified Public Accountants (CPAs), enrolled agents, enrolled actuaries and appraisers, and other professionals.

Description of FY 2019 Performance

In FY 2019, IRS published 213 items: 147 Priority Guidance Plan (PGP) projects and 66 ministerial rulings. Ministerial projects are publications that only involve ministerial matters (such as applicable federal interest rates and monthly bond factor amounts). They are usually published on an annual basis. Many items published in FY 2019 involved complex and novel issues. For example, six of the published items pertain to a deduction created by the Tax Cuts and Jobs Act allowing owners of pass-through businesses to deduct up to 20 percent of their qualified business income from their tax returns. Another four items addressed the new Opportunity Zone provisions of the Tax Cuts and Jobs Act, which provide preferential tax treatment to investments made in economically-distressed communities. Two items addressed the new global intangible low-taxed income provisions that reduced the incentive for multinationals to shift profits on intangible assets (patents, copyrights, trademarks, etc.) to low tax jurisdictions. The 2019-2020 PGP, published on October 8, 2019 and covering the period, July 2019 through June 2020, lists 202 projects.

In addition to the significant increase in work due to the Tax Cuts and Jobs Act, the IRS undertook new work on return preparers. It established a team to develop a return preparer strategy. This team evaluated the current activities around return preparer compliance, identified gaps and associated risks with current initiatives, and developed recommendations for a comprehensive and coordinated IRS return preparer strategy. The IRS added new language to letters sent to return preparers who are not in tax compliance to clarify that the IRS had previously provided details to the recipient about alleged tax noncompliance. Also, the IRS worked with Treasury Inspector General for Tax Administration's (TIGTA) Office of Investigations to update the referral criteria for return preparers who misrepresent their professional credentials. The IRS currently prepares a quarterly report to track and analyze progress on Compliance

Initiative projects using the Preparer Risk Identification Scoring Model feature of the Return Preparer Database.

Also in FY 2019, the Office of Professional Responsibility (OPR) obtained a new Case Source, Compliance Data Warehouse (CDW). The CDW allows the OPR to independently identify potential cases of practitioner misconduct that are not being referred to the OPR by other business units. The OPR partnered with Criminal Investigation (CI) and the shared cases that met OPR criteria with CI to determine whether potential criminal conduct exists, and CI initially elected to keep 291 cases for further investigation, leaving the OPR with 900 cases. In May 2019, the OPR began the review process, focusing on the remaining cases. The OPR anticipated the cases to be consistently complex and significant, involve multiple tax years and violations, and will provide staff with more challenging cases with less routine fact patterns. This allows OPR to focus resources on a variety of case types to provide broad deterrent effect. The OPR plans to monitor the intake function to refine the queries or case selection as needed and use their triage function to monitor the selection of these cases to ensure that case selection and investigative results are consistent.

FY 2021 Changes by Budget Activity

Dollars in thousands

Regulatory	FTE	Amount
FY 2020 Enacted (Pre-IAT)	**950**	**$168,430**
Planned Interappropriation Transfer		(5,167)
FY 2020 Enacted	**950**	**$163,262**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$6,988**
Pay Annualization (3.1% average pay raise)		1,106
Pay Raise (1.0% average pay raise)		1,078
FERS Contribution Increase		1,536
Non-Pay		412
Additional Required Labor Costs		2,856
Efficiencies/Savings	**(12)**	**($1,798)**
Personnel Savings	(12)	(1,798)
Subtotal FY 2021 Changes to Base	**(12)**	**$5,189**
FY 2021 Current Services	**938**	**$168,452**
Program Increases:		
Implementing the Taxpayer First Act	8	1,389
Subtotal FY 2021 Program Increases	**8**	**$1,389**
Total FY 2021 Request (Before Cap)	**946**	**$169,841**
Dollar/FTE Change FY 2021 Request over FY 2020 Enacted	(4)	$6,578
Percent Change FY 2021 Request over FY 2020 Enacted	-0.44%	4.03%

2.1.5 – Budget and Performance Report and Plan

Dollars in thousands

Regulatory Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources[1]	$147,605	$137,245	$131,662	$170,222	$174,624	$163,262	$169,841
Reimbursable Resources[2]	363	202	160	593	412	811	851
User Fees[2]	18,485	9,233	9,537				
Budget Activity Total	**$166,453**	**$146,680**	**$141,359**	**$170,815**	**$175,036**	**$164,073**	**$170,692**

[1]The FY 2015 - FY 2019 appropriated resources represent the approved operating plan including any inter-BAC transfers and interappropriation transfers.

[2]The FY 2015 - FY 2019 columns represent realized resources for reimbursables and user fees.

Operations Support

Appropriation Description

The Operations Support appropriation provides funding for overall planning, direction, and support for the IRS, including shared service support related to facilities services, rent payments, printing, postage, and security. This appropriation funds headquarters policy and management activities such as corporate support for strategic planning; communications and liaison; finance; human resources; equity, diversity, and inclusion; research and statistics of income; and necessary expenses for information systems and telecommunication support, including development, security, and maintenance of the IRS's information systems.

The Operations Support budget request for FY 2021 is $4,104,689,000 in direct appropriations and 12,140 FTE, excluding the proposed program integrity cap adjustment. This is an increase of $219,689,000, or 5.65 percent, and 170 FTE more than the FY 2020 enacted level of $3,885,000,000 (after transfer) and 11,970 FTE.

2.1 – Budget Adjustments Table

Dollars in thousands

Operations Support Summary of Proposed FY 2021 Request	FTE	Amount
FY 2020 Enacted (Pre-IAT)	**11,970**	**$3,808,500**
Planned Interappropriation Transfer		76,500
FY 2020 Enacted (Pre-IAT)	**11,970**	**$3,885,000**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$130,866**
Pay Annualization (3.1% average pay raise)		13,896
Pay Raise (1% average pay raise)		13,552
FERS Contribution Increase		20,143
Non-Pay		41,840
Additional Required Labor Costs		41,435
Efficiencies/Savings:		**($6,277)**
Increase e-File Savings		(77)
Space Optimization		(6,200)
Subtotal FY 2021 Changes to Base		**$124,589**
FY 2021 Current Services	**11,970**	**$4,009,589**
Program Changes:		
Program Increases		
Implementing the Taxpayer First Act	170	95,100
Subtotal FY 2021 Program Increases	**170**	**$95,100**
Total FY 2021 Budget Request	**12,140**	**$4,104,689**

See footnotes in 1.1 -- Appropriations Detail Table

2.2 – Object Classification (Schedule O) Obligations

Dollars in thousands

Operations Support Object Classification	FY 2019 Actuals	FY 2020 Enacted	FY 2021 Request
11.1 Full-Time Permanent Positions	1,091,508	1,324,130	1,393,126
11.3 Other than Full-Time Permanent Positions	5,064	5,976	6,212
11.5 Other Personnel Compensation	19,569	19,306	28,906
11.8 Special Personal Services Payments	169	38	38
11.9 Personnel Compensation (Total)	**1,116,310**	**1,349,450**	**1,428,282**
12.1 Personnel Benefits	361,284	443,204	475,856
13.0 Benefits to Former Personnel	217	363	369
Total Personnel and Compensation Benefits	**$1,477,811**	**$1,793,017**	**$1,904,507**
21.0 Travel	15,102	16,230	16,937
22.0 Transportation of Things	13,226	13,914	14,222
23.1 Rental Payments to GSA	581,764	579,517	585,262
23.2 Rent Payments to Others	11,265	11,401	11,629
23.3 Communications, Utilities, & Misc	306,213	324,439	331,559
24.0 Printing & Reproduction	17,477	18,730	19,127
25.1 Advisory & Assistance Services	700,752	485,090	560,937
25.2 Other Services	29,313	29,897	32,409
25.3 Purchase of Goods & Services from Govt. Accounts	72,730	71,349	73,151
25.4 Operation & Maintenance of Facilities	187,914	186,801	190,936
25.6 Medical Care	14,266	14,508	14,857
25.7 Operation & Maintenance of Equipment	55,442	57,941	59,205
26.0 Supplies and Materials	8,501	9,751	10,022
31.0 Equipment	330,424	221,292	227,500
32.0 Land and Structures	39,364	50,850	52,151
42.0 Insurance Claims & Indemnities	315	273	278
Total Non-Personnel	**$2,384,068**	**$2,091,983**	**$2,200,182**
New Appropriated Resources	**$3,861,879**	**$3,885,000**	**$4,104,689**
Budget Activities:			
Infrastructure	891,987	881,654	895,071
Shared Services & Support	892,920	1,012,155	1,063,984
Information Services	2,076,972	1,991,191	2,145,634
New Appropriated Resources	**$3,861,879**	**$3,885,000**	**$4,104,689**
FTE	**10,277**	**11,970**	**12,140**

See footnotes in 1.1 -- Appropriations Detail Table

Amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.

2.3 – Appropriation Detail Table

Dollars in thousands

Operations Support Appropriated Resources	FY 2019 Operating Plan		FY 2020 Enacted		FY 2021 Request		Change FY 2020 to FY 2021 Request		% Change FY 2020 to FY 2021 Request	
New Appropriated Resources:	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Infrastructure		891,140		881,654		895,071		13,417		1.52%
Shared Services and Support	4,181	900,287	4,947	1,012,155	5,023	1,063,984	76	51,829	1.54%	5.12%
Information Services	6,096	2,126,973	7,023	1,991,191	7,117	2,145,634	93	154,443	1.32%	7.76%
Subtotal New Appropriated Resources	**10,277**	**$3,918,400**	**11,970**	**$3,885,000**	**12,140**	**$4,104,689**	**169**	**$219,689**	**1.41%**	**5.65%**
Other Resources:										
Reimbursables	90	58,194	54	65,000	57	68,250	3	3,250	5.56%	5.0%
Offsetting Collections - Non Reimbursables										
User Fees		223,398	15	423,995	10	450,000	(5)	36,098	-33.33%	8.51%
Recovery from Prior Years		3,338		8,732		8,732				
Recoveries Paid				13		13				
Unobligated Balances from Prior Years	472	194,976		70,652		57,500		(13,152)		-18.62%
Transfers In/Out										
Resources from Other Accounts										
Subtotal Other Resources	**562**	**$479,906**	**69**	**$568,392**	**67**	**$584,495**	**(2)**	**$26,196**	**-2.90%**	**4.61%**
Total Budgetary Resources	**10,839**	**$4,398,306**	**12,039**	**$4,453,392**	**12,207**	**$4,689,184**	**167**	**$245,885**	**1.39%**	**5.52%**

See footnotes in 1.1--Appropriations Detail Table

2F – Infrastructure *($895,071,000 in direct appropriations and an estimated $784,000 from reimbursable programs)*: This budget activity funds administrative services related to space and housing, rent and space alterations, building services, maintenance, guard services, and non-IT equipment. The program activities include:

- *Building Delegation* oversees and manages the IRS GSA-delegated buildings, including cleaning, maintenance, utilities, protection, administrative, and recurring and one-time repair costs.
- *Rent* provides resources for all IRS rent needs.
- *Space and Housing/Non-IT Equipment* provides management of all IRS building services, maintenance, space alterations, guard services, custodial overtime, utility service needs, and non-IT equipment.
- *Security* covers all physical security costs, including guard services, security equipment and maintenance, countermeasures, Homeland Security Presidential Directive 12 (HSPD-12) and Treasury Enterprise Identity Credential and Access Management (TEICAM).

Description of FY 2019 Performance

The Rentable Square Feet per Person indicator is the amount of rentable square feet the IRS maintains per person requiring space. The IRS continues to reduce its total office space. Through FY 2019, the Rentable Sq. Ft. per Person was 298 compared to 301 in FY 2018. The IRS continued to release excess office space through building closures and consolidations; nearly one million rentable square feet has been released since FY 2017. In FY 2019, the IRS released 449,500 square feet of space, including closing nine buildings, saving $10.6 million. The IRS expanded the number of offices that incorporate hoteling or shared workspace for employees and contractors who do not require full-time space. To achieve more effective space utilization, the IRS incorporated a more detailed account of employees' out-of-office status in its planning to increase workspace sharing and reduce quantity of leased space required. The IRS is also looking to incorporate new hires into existing space, where possible. These and other actions will help limit projected rent cost increases. The IRS plans to use this measure as an indicator for FY 2020.

Security

Security of taxpayer data and providing a secure environment for employees are of utmost importance to the IRS. In FY 2019, the IRS:

- Strengthened internal controls to protect the physical security of IRS facilities against internal and external threats and to safeguard taxpayer information.
- Continued improvements to authentication by deploying phase 2 of the Identity Verify (IDVerify) tool, which assists taxpayers selected by the Taxpayer Protection Program to provide identity and return verification information online rather than by calling a live assistance telephone line or visiting a Taxpayer Assistance Center. As of September 30, 2019, 134,200 eligible taxpayers have logged in and verified their identity since the application launched for the 2019 filing season.
- Continued to make strides in detecting and preventing fraudulent activity in IRS information systems. For example, the IRS adapted its processes to reject fraudulent electronically-filed tax returns and prevent the issuance of millions in fraudulent tax refunds and increased the number of business return identity theft filters. Also, in FY 2019, the IRS detected and mitigated 2,534 phishing and malware sites and identified and responded to 147 cyber incidents, 104 of which involved common threats such as removable media, email, and web-based activity. The IRS also implemented 12,527 content filtering restrictions to mitigate internet content deemed a security risk to IRS information systems.

The IRS worked on several initiatives related to the Security Summit, a collaborative effort between the IRS, state tax administrators, and private-sector tax partners. In FY 2019, the IRS:

- Held its annual Security Summit meeting in December 2018. The Security Summit continues to demonstrate the strength of the public-private partnership to combat identity theft.
- Conducted the fourth National Tax Security Awareness Week, with events across the country to remind taxpayers about the importance of data security and featured a daily series of national news releases and 36 press conferences and partner events.
- Held an annual summer awareness campaign for tax professionals focusing on the "Taxes-Security-Together" Checklist, describing how to protect their tax clients' sensitive tax data. The effort included a six-week series of news releases and continuing education sessions for tax professionals at the five major IRS Nationwide Tax Forums.

FY 2021 Changes by Budget Activity

Dollars in thousands

Infrastructure	FTE	Amount
FY 2020 Enacted (Pre-IAT)		**$881,654**
Planned Interappropriation Transfer		
FY 2020 Enacted		**$881,654**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$17,633**
Pay Annualization (3.1% average pay raise)		
Pay Raise (1.0% average pay raise)		
Non-Pay		17,633
Efficiencies/Savings		**($6,200)**
Space Optimization		(6,200)
Subtotal FY 2021 Changes to Base		**$11,433**
FY 2021 Current Services		**$893,087**
Program Increases:		
Implementing the Taxpayer First Act		1,984
Subtotal FY 2021 Program Increases		**$1,984**
Total FY 2021 Request (Before Cap)		**$895,071**
Dollar/FTE Change FY 2021 Request over FY 2020 Enacted		$13,417
Percent Change FY 2021 Request over FY 2020 Enacted		1.52%

2.1.6 – Budget and Performance Report and Plan

Dollars in thousands

Infrastructure Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources[1]	$833,846	$838,048	$856,655	$870,360	$891,140	$881,654	$895,071
Reimbursable Resources[2]	928	626	634	662	681	746	784
User Fees[2]					999		
Budget Activity Total	**$834,774**	**$838,674**	**$857,289**	**$871,022**	**$892,820**	**$882,400**	**$895,856**

[1]The FY 2015 - FY 2019 appropriated resources represent the approved operating plan including any inter-BAC transfers and interappropriation transfers.

[2]The FY 2015 - FY 2019 columns represent realized resources for reimbursables and user fees.

Infrastructure Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Rentable Square Feet per Person (Ot, L)			297	301	298	Indicator	Indicator	Indicator

Key: Ot - Output/Workload Measure L - Strategic Plan Goal

2G – Shared Services and Support *($1,063,984,000 in direct appropriations, and an estimated $45,514,000 from reimbursable programs):* This budget activity funds policy management, IRS-wide support for research, strategic planning, communications and liaison, finance, human resources, and equity, diversity, and inclusion programs. It also funds printing and postage, business systems planning, security, legal services, and procurement. The program activities include:

- *National Headquarters Management and Administration* directs the management activities of strategic planning, communications and liaison, finance, human resources, equity, diversity and inclusion programs, business systems planning, embedded training, and the Treasury Franchise Fund. It sets policies and goals, provides leadership and direction for the IRS, and builds partner relationships with key stakeholders (Congress, GAO, and OMB). It provides policy guidance for conducting planning and budgeting strategies, conducting analyses of programs and investments to support strategic decision-making, and developing and managing human resources. It also includes official reception and representation expenses.
- *Facilities Management & Security Services* provides facilities and security services to deliver a safe, secure and optimal work environment to IRS employees.
- *Procurement* supports the procurement function of the IRS.
- *Equity, Diversity and Inclusion Field Services* provides staffing, training, and direct support to plan and manage the IRS's Equity, Diversity and Inclusion program.
- *Communications and Liaison* coordinates local government and liaison relationships; handles congressional, state, and national stakeholder relationships and issues; coordinates cross-cutting

issues, including managing audits and legislative implementation; handles national media contacts and local media relationships; and ensures IRS-wide compliance with disclosure and privacy laws.

- *Employee Support Services* plans and manages financial services, including relocation, travel, purchase cards, corporate express, and employee clearances.
- *Treasury Complaint Centers* plan and manage the Treasury Complaint centers.
- *Shared Support not provided by Facilities Management & Security Services* provides resources for shared cross-functional support, such as postage meters, shredders, courier services, and post office boxes.
- *Printing and Postage – Media and Publications* provides operating divisions with printing and postage, including shipping of taxpayer and internal-use materials.
- *Statistics of Income* provides resources for researching annual income, financial, and tax data from tax returns filed by individuals, corporations, and tax-exempt organizations.
- *Research* provides resources for market-based research to identify compliance issues, for conducting tests of treatments to address noncompliance, and for the implementation of successful strategies to address taxpayer noncompliance behavior.
- *Protection of Sensitive Information* manages and oversees the staffing, training, equipment, and direct support for the protection of IRS employees, facilities, and assets, and the protection and proper use of identity information.
- *W&I Business Modernization Support* provides staffing, training, and support for W&I's enterprise-wide business modernization efforts, including re-engineered business processes.

Description of FY 2019 Performance

Through support activities that include management and administration of human resources and research, Operations Support continues to provide shared services to all IRS programs.

Human Capital

The future of the IRS depends on a workplace culture that empowers employees to improve the taxpayer experience and uphold the tax code fairly. In FY 2019, the IRS:

- Helped the IRS business units execute more than 2,400 external hiring actions.
- Implemented the Leadership Engagement Action Plan to enhance workplace morale and retention.
- Fostered a robust IRS knowledge management effort to enhance succession planning and knowledge transfer for employees, which received multiple awards and recognitions.

- Worked to ensure employees were provided training and developmental opportunities to meet their job obligations and career aspirations.
- Implemented a performance management module for executives in the Treasury-wide Integrated Talent Management (ITM) system. The IRS implemented a learning module in early FY 2020 and will implement modules in the future for employee performance management, workforce planning, and succession planning.

Research

The IRS invests in research projects to help its leaders make data and evidence-driven improvements to IRS operations and taxpayer services. In FY 2019, the IRS:

- Updated its *Enterprise Research Plan*, which describes the IRS's most critically important research initiatives.
- Expanded and formalized its data and analytics governance structure overseeing the coordination, decision-making, and alignment of data and analytics initiatives across the IRS.
- Created a Learning Agenda Working Group to implement new requirements from the *Foundations for Evidence-Based Policy Act*. These include determining which policy questions and data are required to build the "evidence" needed for the IRS to make better decisions and policies that meet the changing needs and expectations of taxpayers and members of the tax community who serve taxpayers.
- Developed and deployed a graph analytics database environment supporting nearly 3,300 users across the IRS, including field revenue agents and officers. The IRS is using this graph environment to explore and analyze relationships between taxpayers, businesses, return preparers and personal devices to identify taxpayer noncompliance indicators that support IRS enforcement and identity theft efforts.

FY 2021 Changes by Budget Activity

Dollars in thousands

Shared Services and Support	FTE	Amount
FY 2020 Enacted (Pre-IAT)	**4,947**	**$1,012,154**
Planned Interappropriation Transfer		
FY 2020 Enacted	**4,947**	**$1,012,154**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$40,068**
Pay Annualization (3.1% average pay raise)		5,120
Pay Raise (1.0% average pay raise)		4,993
FERS Contribution Increase		7,553
Non-Pay		7,031
Additional Required Labor Costs		15,371
Subtotal FY 2021 Changes to Base		**$40,068**
FY 2021 Current Services	**4,947**	**$1,052,222**
Program Increases:		
Implementing the Taxpayer First Act	76	11,762
Subtotal FY 2021 Program Increases	**76**	**$11,762**
Total FY 2021 Request (Before Cap)	**5,023**	**$1,063,984**
Dollar/FTE Change FY 2021 Request over FY 2020 Enacted	76	$51,830
Percent Change FY 2021 Request over FY 2020 Enacted	1.54%	5.16%

2.1.7 – Budget and Performance Report and Plan

Dollars in thousands

Shared Services and Support Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources[1]	$1,126,230	$1,090,192	$964,702	$920,283	$900,287	$1,012,155	$1,063,984
Reimbursable Resources[2]	17,126	19,443	19,194	27,995	30,360	43,347	45,514
User Fees[2]	1,768	1,000	1,000	1,000			
Budget Activity Total	**$1,145,124**	**$1,110,635**	**$984,896**	**$949,278**	**$930,647**	**$1,055,502**	**$1,109,498**

[1]The FY 2015 - FY 2019 appropriated resources represent the approved operating plan including any inter-BAC transfers and interappropriation transfers.

[2]The FY 2015 - FY 2019 columns represent realized resources for reimbursables and user fees.

2H – Information Services *($2,145,634,000 in direct appropriations, $21,952,000 in reimbursable resources, and $450,000,000 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 mainframes, servers, personal computers, networks, and a variety of management information systems. The program activities include:

- *Enterprise Program Management Office (EPMO)* provides oversight and project integration into daily IT processes for large-scale development, modernization and enhancement projects. It enables a coordinated, cross-functional project planning, implementation and performance assessment effort aimed at improving IT systems quality, cost and delivery schedule.

- *Security Services* ensures effective security policies and programs to safeguard taxpayer records, IRS employees, facilities, business processes, systems and other resources. The program is responsible for corrective action efforts to establish adequate IRS-wide security, including Security Policy Support and Oversight, Mission Assurance, and Modernization Security.

- *IT Executive Oversight* provides support to the immediate Office of the Chief Information Officer, and the Stakeholder Management (including program oversight). The program provides executive direction for the IT organization, enabling IT to be a customer-focused supplier of IT solutions that is responsive to customer business priorities and meets functional and operational needs effectively.

- *Application Development* performs the analysis, design, development, testing, and implementation of about 85,000 application programs supporting critical tax processing, management information reporting and financial management support systems for the IRS. This program also supports external trading partner data exchanges with federal government agencies, state and local governments, and other third-party entities. The program controls application source code and deploys applications to the production environment.

- *Enterprise Operations* provides efficient and reliable computing services for all IRS business entities and taxpayers including the deployment and maintenance of infrastructure that supports critical tax processing, management information reporting, and financial management support systems for the IRS. It also includes a comprehensive disaster recovery capability to ensure continued operations in the event of a major interruption of service.

- *Enterprise Network* provides telecommunications service delivery to all customer segments, including management of day-to-day operations of the telecommunications environment. This includes the operation of equipment and services to meet business user needs and the execution of routine changes for scheduled and unscheduled modifications to the telecommunications infrastructure and applications. It addresses all phases of engineering, acquisition, implementation, and operation of telecommunications systems and services, including voice, video, and data communications.

- *Enterprise Services* (ES) plans and manages service and delivery methods used across the IT organization, including defining the current and target technology architecture and developing the transition strategy towards the target environment. ES shares in the responsibility that translates enterprise and project objectives into targeted, actionable investments to provide the framework and direction for cohesive, successful modernization across the IT enterprise. ES also provides systems engineering services that promote standards-based, enterprise technology solutions and serves as the enterprise testing authority partnering with customers to improve the quality of IT systems, products and services. Also, ES provides shared infrastructure that leverages reusable engineering design patterns and best practices for standardized, virtual, and secure environments. These environments allow multiple BSM projects to develop, test, deploy, operate, and monitor in a common approach.

- *End User & Network Services* maintains the IRS automated business processes at headquarters and field sites, effectively allowing the IRS to fulfill its mission. The support includes technical systems and applications software support to end users, maintaining legacy operations, local and corporate systems administration activities, email and domain user account maintenance. This activity monitors IRS network and systems administration by utilizing automated management tools. It performs asset management activities, and maintenance of the voice and data infrastructure at the territory offices.

- *Strategy and Planning* provides the management and oversight of investments in IT, demand analysis, project reporting, portfolio management, strategic planning, financial management, acquisition planning, and other IT operational priorities. It also provides expertise for requirements guidance, processes, procedures, and tools that allows for transformation of the IT enterprise.

- *Information Technology Security Certification and Accreditation* provides design and operations of security controls and the technical mechanisms used by the IRS systems and applications as part of the development of the system security plan, system risk assessment, and IT contingency plan. It also supports security testing and evaluation as part of the certification process, including time preparing system documentation, interviewing contractors, and responding to information requests.

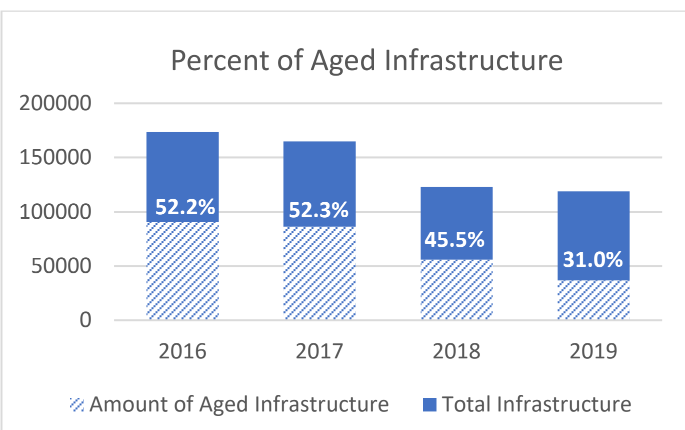
- *Disaster Recovery* supports activities related to Enterprise Disaster Recovery planning, including testing, evaluations, plan development, and technical and business assessments.

- *Infrastructure Currency (IC)* funds the upgrade or replacement of outdated and aged technology solutions related to the IT hardware, software and applications development product portfolio.

- *IT Infrastructure* centralizes the resources achieved through efficiencies in various parts of IT to ensure that replacement of the aging infrastructure is addressed corporately.

Description of FY 2019 Performance

The Percent of Aged Hardware measure shows the quantity of IT hardware in operation past its useful life as a percentage of total hardware in use. The IRS reduced the percentage of aged hardware within the IT environment from 45.5 percent at the end of FY 2018 to 31 percent at the end of FY 2019. This is a reduction of nearly 36,000 aged assets during the fiscal year through efforts such as refreshing employee workstations, upgrading aged server operating systems and related aged hardware, and phasing out old equipment.



For FY 2020 and FY 2021, the IRS will lower the target to 30 percent, as the IRS continues to dedicate funding to reducing the backlog. The IRS will monitor progress against FY 2020 aged hardware replacement targets. The industry standard for aged hardware is in the range of 20 – 25 percent.

FY 2021 Changes by Budget Activity

Dollars in thousands

Information Services	FTE	Amount
FY 2020 Enacted (Pre-IAT)	**7,023**	**$1,914,691**
Planned Interappropriation Transfer		76,500
FY 2020 Enacted	**7,023**	**$1,991,192**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$73,165**
Pay Annualization (3.1% average pay raise)		8,775
Pay Raise (1.0% average pay raise)		8,558
FERS Contribution Increase		12,590
Non-Pay		17,178
Additional Required Labor Costs		26,064
Efficiencies/Savings		**($77)**
Increase e-File Savings		(77)
Subtotal FY 2021 Changes to Base		**$73,088**
FY 2021 Current Services	**7,023**	**$2,064,280**
Program Increases:		
Implementing the Taxpayer First Act	94	81,354
Subtotal FY 2021 Program Increases	**94**	**$81,354**
Total FY 2021 Request (Before Cap)	**7,117**	**$2,145,634**
Dollar/FTE Change FY 2021 Request over FY 2020 Enacted	94	$154,442
Percent Change FY 2021 Request over FY 2020 Enacted	1.34%	7.76%

2.1.8 – Budget and Performance Report and Plan

Dollars in thousands

Information Services Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources[1]	$1,641,360	$1,883,667	$1,950,191	$2,390,357	$2,126,973	$1,991,191	$2,145,634
Reimbursable Resources[2]	24,262	19,660	35,307	40,600	27,153	20,907	21,952
User Fees[2]	373,610	263,250	201,584	204,032	222,399	423,995	450,000
Budget Activity Total	**$2,039,232**	**$2,166,577**	**$2,187,082**	**$2,634,989**	**$2,376,525**	**$2,436,093**	**$2,617,586**

[1]The FY 2015 - FY 2019 appropriated resources represent the approved operating plan including any inter-BAC transfers and interappropriation transfers.

[2]The FY 2015 - FY 2019 columns represent realized resources for reimbursables and user fees.

Information Services Measures	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Percent of Aged Hardware (Ot, L)	56.5%	52.2%	52.3%	45.5%	31.0%	43.8%	30.0%	30.0%

Key: Ot - Output/Workload Measure L - Strategic Plan Goal

Business Systems Modernization

Appropriation Description

The Business Systems Modernization (BSM) appropriation provides resources for the planning and capital asset acquisition of IT to modernize the IRS business systems.

The BSM budget request for FY 2021 is $300,000,000 in direct appropriations and 517 FTE, excluding the proposed program integrity cap adjustment. This amount is an increase of $120,000,000, or 66.7 percent, and 91 FTE more than the FY 2020 enacted level of $180,000,000 and 426 FTE.

2.1 – Budget Adjustments Table

Dollars in thousands

Business Systems Modernization Summary of Proposed FY 2021 Request	FTE	Amount
FY 2020 Enacted (Pre-IAT)	**426**	**$180,000**
Planned Interappropiation Transfer		
FY 2020 Enacted	**426**	**$180,000**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$6,201**
Pay Annualization (3.1% average pay raise)		547
Pay Raise (1% average pay raise)		533
FERS Contribution Increase		989
Non-Pay		2,188
Additional Required Labor Costs		1,944
Subtotal FY 2021 Changes to Base		**$6,201**
FY 2021 Current Services	**426**	**$186,201**
Program Changes:		
Program Increases		
Integrated Modernization Business Plan	91	$113,799
Subtotal FY 2021 Program Increases	**91**	**$113,799**
Total FY 2021 Budget Request	**517**	**$300,000**

See footnotes in 1.1 -- Appropriations Detail Table

2.2 – Object Classification (Schedule O) Obligations

Dollars in thousands

Business Systems Modernization Object Classification	FY 2019 Actuals	FY 2020 Enacted	FY 2021 Request
11.1 Full-Time Permanent Positions	57,564	53,831	64,308
11.3 Other than Full-Time Permanent Positions	543	52	53
11.5 Other Personnel Compensation	575	467	1,052
11.9 Personnel Compensation (Total)	**58,682**	**54,350**	**65,413**
12.1 Personnel Benefits	17,878	16,235	20,262
Total Personnel and Compensation Benefits	**$76,560**	**$70,585**	**$85,675**
21.0 Travel	221	453	664
25.1 Advisory & Assistance Services	46,009	92,415	176,916
25.2 Other Services		17	80
25.3 Purchase of Goods & Services from Govt. Accounts		6	9
25.7 Operation & Maintenance of Equipment	11	1,210	2,406
26.0 Supplies and Materials		17	22
31.0 Equipment	1,652	15,297	34,228
Total Non-Personnel	**$47,893**	**$109,415**	**$214,325**
New Appropriated Resources	**$124,453**	**$180,000**	**$300,000**
Budget Activities:			
IT Investments	124,453	180,000	300,000
New Appropriated Resources	**$124,453**	**$180,000**	**$300,000**
FTE	**445**	**426**	**517**

See footnotes in 1.1 -- Appropriations Detail Table

Amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.

2.3 – Appropriation Detail Table

Dollars in thousands

Business Systems Modernization Appropriated Resources	FY 2019 Operating Plan		FY 2020 Enacted		FY 2021 Request		Change FY 2020 to FY 2021 Request		% Change FY 2020 to FY 2021 Request	
New Appropriated Resources:	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Business Systems Modernization	445	150,000	426	180,000	517	300,000	91	120,000	21.36%	66.67%
Subtotal New Appropriated Resources	**445**	**$150,000**	**426**	**$180,000**	**517**	**$300,000**	**91**	**$120,000**	**21.36%**	**66.67%**
Other Resources:										
User Fees		89,713		102,305				(102,305)		-100.0%
Recovery from Prior Years		1,067		2,577		2,577				
Recoveries Paid				260		260				
Unobligated Balances from Prior Years	15	129,643	15	28,048	15	30,242		2,194		7.82%
Subtotal Other Resources	**15**	**$220,423**	**15**	**$133,190**	**15**	**$33,079**		**($100,111)**		**-75.16%**
Total Budgetary Resources	**460**	**$370,423**	**441**	**$313,190**	**532**	**$333,079**	**91**	**$19,889**	**20.63%**	**6.35%**

See footnotes in 1.1--Appropriations Detail Table

2I – Business Systems Modernization (*$300,000,000 in direct appropriations)*: This budget activity funds the planning and capital asset acquisition of information technology to modernize IRS business systems and processes, including labor and related contractual costs, in support of the IRS mission.

The IRS is implementing its multiyear modernization plan to address the long-term sustainability and affordability of its technological environment, eliminating organizational silos and driving efficiencies and cost savings throughout the enterprise. The plan defines the scope of capabilities, sets timelines and targets, describes milestones, and includes outcome measures for each investment.

Funding for the third year (FY 2021) of the plan is reflected in four pillars (Taxpayer Experience; Core Taxpayer Services and Enforcement; Modernized IRS Operations, and Cybersecurity and Data Protection), and two supporting projects (Architecture Integration and Management and Core Infrastructure).

Taxpayer Experience: $50 million / 124 FTE

Web Applications (WebApps) ($25 million / 88 FTE) – WebApps delivers a secure, unified online experience, accessible through a single online account. It provides taxpayers and business users with accurate account information, transparent explanations, and next steps to resolve tax-related issues, along with full-service payment options. This allows taxpayers to resolve more issues online with fewer direct interactions with the IRS over the telephone and in person. In FY 2021, WebApps will continue to develop the capability for taxpayers to create and submit online installment agreements and make payments directly from their online account. In addition, in FY 2021, Web Apps will develop new Tax Pro capabilities for Power of Attorney and Disclosure Authorization. Tax Pro capabilities will provide taxpayers and tax professionals a digital service channel to establish and manage taxpayer/tax professional authority relationships.

Expected Benefits:

- Enable taxpayers to view payment plan status and determine eligibility for payment plans within online account, which is the first step towards allowing taxpayers to create a payment plan for taxes owed;
- Enable taxpayers to view details for all electronic payments that are pending and scheduled for future dates in their online account;
- Establish, in near real-time, a taxpayer/ tax pro authorization record without the need for manual review; and,
- Enable multi-faceted views to both parties of the taxpayer/tax pro authorized relationship coupled with the ability to revoke/withdraw from the relationship, to allow the parties to proactively manage data access and representational rights as well as potentially mitigate exposure to fraud.

Taxpayer Digital Communications Outbound Notification ($10 million / 18 FTE) – Taxpayer Digital Communications Outbound Notification (TDC-ON) will improve the taxpayer experience with easier, more efficient interactions with the IRS through the development of reliable, user-friendly, secure online services. Funding will be used to develop digital notices and make them available through the online account for taxpayers who prefer that channel over mailed correspondence.

Expected Benefits:

- Increase taxpayer response rate to notices;
- Lower the burden on taxpayers and the IRS for tax compliance and enforcement; and,
- Provide easier, more efficient interactions with the IRS.

Live Assistance ($15 million / 18 FTE) – Live Assistance will improve the taxpayer experience in the IRS contact center environment by providing enhanced capabilities and adding new channels to interact with the IRS. The Live Assistance program will expand Customer Callback capability allowing taxpayers to keep their place in queue without remaining on the phone. The Live Chat capability will allow taxpayers to interact with assistors in a web-based chat session. Other capabilities may include: machine learning and natural language understanding to provide a capability to quickly answer common taxpayer inquiries and improve call routing and agent assist to ensure all IRS assistors are able to deliver enhanced expert service to customers, empowered with improved relevant information for skilled, real-time responses. Funding in FY 2021 will build an enterprise callback solution to support Live Assistance capabilities and expand callback capacity to support the new channels in support of toll-free taxpayer demand.

Expected Benefits:

- Reduce taxpayer burden by providing a call back option for services instead of waiting on the phone for an assistor to become available;
- Modernize the IRS contact center infrastructure and expanded Live Assistance capabilities like call back, live chat, natural language processing and automated chat, machine learning and natural language processing; and
- Enhancing the speed and accuracy of customer experience and allowing faster resolution to taxpayer inquiries.

Core Taxpayer Services and Enforcement: $164 million / 303 FTE

Customer Account Data Engine 2 (CADE2) ($100 million) / 203 FTE) – Since the Individual Master File (IMF) was built almost 60 years ago, the IRS has made additions to legacy base code to reflect annual tax law changes. As a result, the base code of IMF includes embedded business logic written in outdated programming languages that only an extremely small number of IRS personnel understand. Funding will be used to re-engineer the IMF core components of posting, settlement and analysis functions for individual taxpayer accounts by applying modern programming languages to the most complex areas of the Individual Master File.

Expected Benefits:

- Simplify the modernized logic by eliminating obsolete functionality;
- Reduce the burden of ongoing maintenance and routine updates due to tax law changes through a common data model;
- Enable enhanced data accessibility both within the IRS and for taxpayers, while implementing state of the art financial requirements and security controls;

- Support business units to deploy advanced analytical capabilities addressing key issues of compliance, fraud, and identity theft; and
- Complete foundational modernization necessary to enable future technology enhancements to improve the taxpayer experience by enabling real-time processing and digital services updates such as immediate update to balances after payment is made.

Enterprise Case Management ($64 million / 99 FTE) – Enterprise Case Management (ECM) will modernize, upgrade, and consolidate existing case management capabilities. The IRS has more than 60 legacy case management systems built on aging platforms. These legacy systems have limited connectedness to enable the transfer and sharing of case information, resulting in taxpayer and IRS employee frustration as they must often work with multiple offices/systems to work and resolve cases. The ECM platform will have a common cloud infrastructure, automated business functions and services that will allow for transfer of cases across business units. In FYs 2020-2021, ECM expects to deliver its first release, centering on delivering the ECM technical foundation and initial case management capabilities to support modernized business processes. ECM anticipates moving Tax Exempt & Government Entities (TE/GE) as its first business unit.

Expected Benefits:

- Provide taxpayers with better service as ECM will empower employees to resolve cases more rapidly in a simplified technical environment designed to drive efficiency and collaboration.
- Reduce process redundancies to improve transparency and timeliness, and to reduce the risk of systems failure impeding revenue collection.
- Increase process and case management efficiencies by creating one solution for all case types, treatment streams, and operating divisions.
- Increase integration among existing case management programs, migrate legacy system users to a standardized enterprise-wide solution for case management, and reduce fragmentation of both business and IT processes across legacy applications.
- Standardize system design for increased taxpayer information security and shortened development milestones.
- Modernize data collection and retrieval capabilities and processes for faster authorized access to case information.
- Enable retirement of components of legacy case management systems.

Modernized IRS Operations: $30 million / 29 FTE

Robotic Process Automation ($5 million / 6 FTE) – Robotic Process Automation (RPA) is the implementation of smart software designed to perform high-volume, repeatable tasks that are normally labor intensive. The software would be capable of navigating across different IT systems, mimicking the way staff perform certain work functions. These new tools will record the actions an employee takes to complete a computer-based task and then rapidly replicate those actions as many times as necessary, with increased accuracy. This will allow IRS staff to focus on other work.

Expected Benefits:

- Achieve a 10 percent efficiency gain on work processes where robotic process automation is applied;
- Make labor resources available for more complex, value-add activities;
- Increase self-service options for employees;
- Enhance business processes to ensure better accuracy; and
- Enhance speed and accuracy of business process execution results leading to improved taxpayer service.

Application Program Interface (API) ($5 million / 6 FTE) – APIs are a set of protocols, routines, functions and/or commands that programmers use to develop software or facilitate interaction between distinct systems. In response to growing demands to integrate systems internally and externally, the IRS plans to expand the use of APIs. Using modern approaches for exchanging data, the IRS will provide expanded integration and data access to taxpayers and third parties, such as business and government entities using APIs. API is standard reusable services where interfaces built once can be reused for other future development efforts. API will allow the IRS to reduce the complexity within the infrastructure environment, improve management and monitoring, improve security of systems to systems interfaces, versus the current model of creating, managing, and sending stored data extracts.

Expected Benefits:

- Improve data exchange capabilities with growing external demand for IRS data;
- Enable increased innovation;
- Enhance security posture for internal and external data sharing; and
- Reduce complexity.

Cloud Execution ($5 million / 3 FTE) – Enterprise Cloud Program (EnCP) refers to the implementation of the IRS cloud strategy, leveraging a defined roadmap and process to ensure an effective and accelerated transition to the cloud.

Expected Benefits:

- Improve time-to-market;
- Increase operational efficiency and resilience;
- Enable increased innovation; and
- Enhance or maintain appropriate security posture.

NextGen Infrastructure (NGI) ($15 million / 14 FTE) – NGI addresses the infrastructure base (i.e. hardware, software, network resources and services) at the foundation of IRS critical systems. NGI is focused on the identification, evaluation, and selection of new and emerging technologies and services to support a resilient, scalable, and secure infrastructure. Infrastructure improvements are necessary to effectively operate a large-scale hybrid on-premise/cloud environment, support agile software development and delivery practices, and support comprehensive and robust security practices.

Expected Benefits:

- Reduce the infrastructure footprint;
- Increase the speed of provisioning of infrastructure and software;
- Increase system availability and reliability; and
- Improve time-to-delivery of business capabilities.

Cybersecurity and Data Protection: $46 million / 30 FTE

The IRS defends against more than one million cyberattacks daily and has operated strong network perimeter defenses to mitigate threats, detect vulnerabilities, and monitor network security. This investment will fund:

Vulnerability and Threat Management ($20 million / 10 FTE) – The effectiveness of vulnerability and threat management depends on the organization's ability to keep up with current security threats and trends. Investment in this area allows for expanded capabilities and improved execution for the identification and mitigation of vulnerabilities across the disparate, geographically dispersed, IRS technology infrastructure.

Expected Benefits:

- Implement processes to improve the integration of security into the system development lifecycle and automate security testing;
- Proactively identify emerging insider threats using real-time intelligence information;
- Apply use cases to enhance security audit analytics and compliance;
- Enhance data protection through the implementation of encryption for data collection, cleansing, and events management; and
- Reduce risk of data leaks.

Identity & Access Management ($12 million / 11 FTE) – The risk of unauthorized access to tax accounts continues to grow as the IRS focuses its efforts on delivering online tools to taxpayers. The IRS must control information about users on computers, including information that authenticates the identity of a user and information that describes information and actions they are authorized to access and/or perform.

In addition, the IRS must ensure appropriate access to resources. This covers issues such as how users gain an identity, the protection of that identity, and the technologies supporting that protection (e.g., network protocols, digital certificates, passwords, etc.).

Expected Benefits:

- Provide user identity control, privileged access protection, and critical data security;
- Provide security compliance for building access;
- Develop new Digital Identity Risk Assessment components for transactions that will accept Federated Identities; and
- Ensure identification of authorized hardware and software assets to continuously ensure they are properly configured with vulnerabilities mitigated.

Security Operations and Management ($14 million / 9 FTE) – The IRS engages in a collection of associated security activities that maintain the ongoing security posture. It consists of the monitoring, maintenance and management of the security aspects of the IT environment, its people, and its processes.

Expected Benefits:

- Deliver a Next Generation Secure Operations Center (SOC) to increase synergies and enhance rapid response activities;

- Improve incident analysis and forensic investigation through increased capabilities for capturing network activity;
- Restrict network access to only approved users and devices; and
- Protect High Value Assets (HVA) by blocking network access for unauthorized users.

Supporting Projects: $10 million / 31 FTE

Architecture Integration and Management (AIM) ($6 million / 19 FTE) – AIM provides engineering management capabilities essential to delivering a program of BSM's magnitude and complexity. It also delivers IRS systems strategy, architecture, and engineering capabilities for the major modernization projects across all technology platforms; IT infrastructure, business applications, data management, and IT security. The AIM program translates enterprise and project objectives into targeted, actionable investments to provide the framework and direction for cohesive, successful modernization.

Core Infrastructure (CORE) ($4 million / 12 FTE) – Core Infrastructure provides mission-critical services for designing, engineering, testing, and deploying standardized, consolidated, virtual, and secure modernized development and production environments for use by projects in the BSM portfolio.

Note: Effective FY 2021, enterprise-wide costs for Architecture, Integration, and Management and Core Infrastructure will be paid from the Operations Support appropriation. BSM-specific projects receiving services from Core and AIM will continue to be funded from the BSM appropriation.

Description of FY 2019 Performance

The IRS's modernization efforts focus on building and deploying advanced information technology systems, processes, and tools to improve efficiency and productivity. In FY 2019, IRS delivered 19 modernization portfolio milestones at approximately $291 million. IRS also made incremental progress on 27 additional milestones, which will continue to be worked and delivered into FY 2020 and beyond. Achievements for FY 2019 include:

- Completing three scenario-based deliveries for the CADE2 program, which validates the agency's overall approach to modernizing this critical functionality;
- Reduced caller wait times as 77 percent of customers chose the callback option on the IRS Balance Due application;
- Provided quick service as tax chat assistors handled 100k text chats;
- Adopted first steps of using standard technology stacks;

- Implementing the strategy for Next Generation Enterprise Security Audit Trails;
- Delivered a strategy to convert legacy code targeting a scope of 10 million source lines of code;
- Strengthened the agency's fraud detection capabilities through the Return Review Program by protecting $2.08B of revenue from attempted fraud between January and September 2019; and
- Deployed the Procurement Vendor Compliance Bot lead to aggregate time savings of up to 17,625 hours per year.

In FY 2019, the IRS's key accomplishments included three completed Taxpayer Experience milestones:

- WebApps - ID Verify Tool: This tool provides an online option for taxpayers whose return has been selected as a potential identity theft return by the IRS's Taxpayer Protection Program. With the ID Verify Tool, taxpayers can provide additional identity verification information online rather than on the phone or in person. From February 1 through August 29, 2019, over 131,000 taxpayers successfully logged in and more than 111,000 (85 percent) of unique users were able to resolve their account issue online.
- Live Assistance – Callback - External Application - Balance Due: This feature gives taxpayers on the IRS Toll-Free Balance Due line a callback option when calling to discuss or pay a balance due rather than having to wait on the phone for an IRS CSR. When offered, approximately 77 percent of taxpayers chose to receive a call back and over 90 percent of callbacks successfully reconnected the taxpayer with an IRS CSR.
- Live Assistance - Callback - Internal Application - IRS IT Help Desk: This new feature saves staff time by providing a callback option for IRS employees calling the internal help desk for IT assistance with their workplace technology.

The 2020 and 2021 targets, which are 90 percent of major IT investments for both BSM and non-BSM projects, will be within 10 percent of the cost variance and the schedule variance.

Major IT (BSM and Non-BSM) Investments		
Fiscal Year	Percent within +/- 10% Cost Variance	Percent within +/- 10% Schedule Variance
2019	**88.9%**	**88.9%**

Percent of Major IT Investments within +/- 10 percent Cost Variance at the Investment Level: 16 of 18 major investments (88.89 percent) were within the cost variance threshold at the close of the fourth quarter. Shown below are the investments falling short of the cost variance target.

- **Account Management Services (AMS):** The cost underrun was caused by the Account Management Services project redirecting funds from October 2018 to January 2019 to support tax reform and subsequently, required less labor than what was allocated for the July mid-year Release project.
- **Foreign Account Tax Compliance Act (FATCA):** The cost underrun was because the project was ahead of schedule as contractors faced fewer problems than expected.

Percent of Major IT Investments within +/- 10 percent Schedule Variance at the Investment Level: 16 of 18 major investments (88.89 percent) were within the schedule variance threshold at the close of the fourth quarter. Shown below are the investments falling short of the 90 percent schedule variance target.

- **FATCA:** The schedule variance is showing ahead of schedule due to no priority defects which would have required additional time and resources to resolve. Improvements in the quality of Enterprise Life Cycle documentation pre-work activities, and the improved MS4b process to finalize the Cybersecurity Concurrence Memo also aided in the early completion.
- **IRS End User Systems and Services:** The ahead of schedule variance is due to the scanners and workstations refresh projects combining resources from multiple organizations to achieve a faster than projected deployment.

The IRS will continue to closely monitor cost and schedule reporting for investments in FY 2020 and FY 2021 to improve current performance levels for this measure.

FY 2019 - FY 2021 IRS Integrated Modernization Business Plan

Pillar	Business Systems Modernization *Dollars in thousands*	Funding Category[1]	FY 2019 Actual Spend	FY 2020 Funding and Projected Spend	FY 2021 President's Budget Request
	FY 2019 Appropriation / FY 2020 Appropriation / FY 2021 President's Budget		150,000	180,000	300,000
	Carryover balances		133,530	30,000	0
	User Fees		99,000	102,300	0
	Total Funding		**$382,530**	**$312,300**	**$300,000**
		Capital	264,584	222,950	213,201
		Support	544	742	1,123
		Labor	79,745	76,608	85,676
	Subtotal Spend		***344,873***	***300,300***	***300,000***
	Management Reserve		0	12,000	0
	FTE		*459*	*461*	*517*
	Total Spend		**$344,873**	**$312,300**	**$300,000**
Taxpayer Experience	**Web Applications**		**$24,081**	**$25,000**	**$25,000**
	Providing easy access to taxpayer information via digital channels. Funding will drive the IRS transition to digital government and support the long-term vision of migrating services from expensive traditional channels to the internet. To keep pace with the ever changing state of web technology and increasing taxpayer demand for IRS service, the IRS must create and enhance online self-service capabilities for taxpayers, tax practitioners, and internal IRS stakeholders.	Capital	9,210	9,777	9,732
		Support	269	350	395
		Labor	14,602	14,873	14,873
		FTE	*88*	*88*	*88*
	Taxpayer Digital Communications Outbound Notification (TDC-ON)		**$5,360**	**$3,000**	**$10,000**
	Providing digital notices through the secure messaging platform to taxpayers who prefer that channel over mailed correspondence.	Capital	5,269	2,500	6,617
		Support	0	0	150
		Labor	91	500	3,233
		FTE	*1*	*3*	*18*
	Live Assistance		**$5,000**	**$200**	**$15,000**
	Implementation of Call Center technologies to improve the taxpayer experience. This includes both taxpayer-facing capabilities and infrastructure improvement to support the capabilities. Live Assistance capabilities may include callback, live chat, automated chat, natural language processing, etc.	Capital	4,889	0	12,431
		Support	0	0	26
		Labor	111	200	2,543
		FTE	*1*	*1*	*18*
	Taxpayer Experience - Subtotal		**$34,441**	**$28,200**	**$50,000**
	FTE		***90***	***92***	***124***
Core Taxpayer Services and Enforcement	**Customer Account Data Engine (CADE 2)**		**$80,878**	**$100,000**	**$100,000**
	Providing modernized individual tax processing. CADE 2 will continue work on completion of Java code conversion to modernize Individual Master File core components. The modernization: enables enhanced data accessibility across the organization and for online taxpayer services; implements the latest financial requirements and security controls; and, supports business units to deploy advanced analytical capabilities addressing key issues of compliance, fraud, and identity theft.	Capital	57,640	66,188	66,188
		Support	45	72	72
		Labor	23,193	33,740	33,740
		FTE	*133*	*203*	*203*
	Enterprise Case Management		**$59,531**	**$66,200**	**$64,000**
	Providing a modernized case management platform. Working cases more efficiently so taxpayer burden is lessened and employee productivity is increased. ECM is a business-driven transformation program that addresses the need to modernize, upgrade, and consolidate case management systems with similar functionality in the IRS environment. Continuously deliver incremental capabilities and features that allow Business Operating Divisions (BODs) to drive migration of users to the new ECM platform in order to improve taxpayer service. In FY 20/21, ECM expects to deliver its first release, centering on delivering the ECM technical foundation and initial case management capabilities to support modernized business processes. Subsequent releases in FY 2021 and beyond will deliver integration with data sources critical to case management and delivery of additional case management capabilities to users in all Business Operating Divisions.	Capital	46,081	50,000	47,160
		Support	204	200	300
		Labor	13,246	16,000	16,540
		FTE	*76*	*96*	*99*
	Return Review Program		**$34,682**	**$0**	**$0**
	Providing leading-edge technologies to advance the IRS effectiveness in detecting, addressing, and preventing tax refund fraud in protecting U.S. Treasury revenue.	Capital	27,353	0	0
		Support	5	0	0
		Labor	7,324	0	0
		FTE	*41*	*0*	*0*
	Core Taxpayer Services and Enforcement - Subtotal		**$175,091**	**$166,200**	**$164,000**
	FTE		***250***	***300***	***303***

FY 2019 - FY 2021 IRS Integrated Modernization Business Plan (Continued)

Pillar	Business Systems Modernization *Dollars in thousands*	Funding Category[1]	FY 2019 Actual Spend	FY 2020 Funding and Projected Spend	FY 2021 President's Budget Request
Modernized IRS Operations	**Robotics Process Automation**		**$5,121**	**$1,000**	**$5,000**
	Robotic Process Automation (RPA) has emerged as an effective enabling technology to gain efficiencies by automating repetitive, rule-based, manual tasks and mitigating human error risks. Combining RPA with Artificial Intelligence (AI) has further enhanced opportunities to empower organizations to take on more complex processes and gain value through cognitive automation. The goal of the RPA program is to build the capability (i.e.; technology, people, and processes) for IRS to take advantage of these emerging technologies. Toward this goal, IRS is pursuing a multiyear investment plan that would prove the value through execution of strategically selected pilot projects, establish an initial operating capability through FY 2021 and, scale services to provide full enterprise-wide operational capability in FY 2022.	Capital	4,792	500	3,931
		Support	5	0	25
		Labor	324	500	1,044
		FTE	*2*	*3*	*6*
	Application Program Interface (API)		**$0**	**$0**	**$5,000**
	APIs are a set of protocols, routines, functions and/or commands that programmers use to develop software or facilitate interaction between distinct systems. In response to growing demands to integrate systems internally and externally, the IRS plans to expand the use of APIs across its ecosystem.	Capital	0	0	3,904
		Support	0	0	9
		Labor	0	0	1,087
		FTE	*0*	*0*	*6*
	Cloud Execution		**$5,394**	**$2,500**	**$5,000**
	Cloud Execution will result in improved "time to market" agility, increased operational efficiency and resilience, increased innovation, and enhanced or maintained security posture by migrating workload to cloud platforms and services.	Capital	4,998	2,000	4,451
		Support	3	0	5
		Labor	393	500	544
		FTE	*2*	*3*	*3*
	Next Generation Infrastructure		**$9,821**	**$300**	**$15,000**
	A series of packaged initiatives to support a more efficient, scalable, and flexible architecture implemented through advanced IT infrastructure tools and technologies (e.g., Standard Stacks, Enterprise Storage Solution). Implementing the Next Generation Infrastructure initiative encompasses transformation of compute, network, and storage activities—along with DevOps—to automate software delivery and infrastructure changes. IRS will also continue to convert legacy code to modern languages.	Capital	9,315	0	12,442
		Support	3	0	21
		Labor	503	300	2,537
		FTE	*3*	*2*	*14*
	Modernized IRS Operations - Subtotal		**$20,336**	**$3,800**	**$30,000**
	FTE		***6***	***8***	***29***
Cybersecurity and Data Protection	**Vulnerability and Threat Management**		**$21,389**	**$34,400**	**$20,000**
	Enable proactive threat and vulnerability identification using real-time intelligence information and analytics, enhance security testing and process automation, protect sensitive data at rest through encryption, and enhance both application and infrastructure audit capabilities to detect breaches and mitigate internal and external threats effectively.	Capital	21,389	32,765	18,365
		Support	0	50	50
		Labor	0	1,585	1,585
		FTE	*0*	*10*	*10*
	Identity and Access Management		**$18,994**	**$16,000**	**$12,000**
	Prevent compromises to taxpayer and other sensitive data by establishing trusted and streamlined access to information through implementing Identity Access Management, Infrastructure Integrity, and Privilege Management capabilities. Conduct Digital Identity Risk Assessments and provide identity proofing and authentication in compliance with NIST 800-63-3.	Capital	18,994	14,080	10,080
		Support	0	20	20
		Labor	0	1,900	1,900
		FTE	*0*	*11*	*11*
	Security Operations and Management		**$20,970**	**$14,600**	**$14,000**
	Enhance ability to secure taxpayer data and systems through investing in data collection, management, and analysis capabilities to achieve a level of situational awareness that enables us to understand both our current environment and known threats, while accurately predicting and responding to future threats. Block network access for unauthorized users and devices.	Capital	20,970	13,040	12,900
		Support	0	50	50
		Labor	0	1,510	1,050
		FTE	*0*	*9*	*9*
	Cybersecurity and Data Protection - Subtotal		**61,353**	**65,000**	**46,000**
	FTE		***0***	***30***	***30***
Supporting Projects	**Architecture, Integration, and Management** [2]		**$35,639**	**$26,500**	**$6,000**
	Provide system engineering management capabilities, including systems strategy, architecture, and engineering capabilities, across IT Infrastructure, Business Applications, Data Management, and IT Security. Provide portfolio control and management processes and tools, including governance, enterprise lifecycle support, tiered program management, and configuration/change management.	Capital	27,020	23,500	3,000
		Support	10	0	0
		Labor	8,609	3,000	3,000
		FTE	*48*	*19*	*19*
	Core Infrastructure [2]		**$18,013**	**$10,600**	**$4,000**
	Provide shared infrastructure that leverages reusable engineering design patterns and best practices for standardized, virtual, and secure environments. These environments allow multiple BSM projects to develop, test, deploy, operate, and monitor in a common approach.	Capital	6,664	8,600	2,000
		Support	0	0	0
		Labor	11,349	2,000	2,000
		FTE	*65*	*12*	*12*
	Subtotal Supporting Projects		**$53,652**	**$37,100**	**$10,000**
	FTE		**113**	**31**	**31**

[1] Capital Investment funding: capital and contractor labor costs. Support funding: training, travel, supplies costs. Labor funding: IRS employee pay and benefits costs. FTE: FY 2021 Initiative FTEs are costed at 1/2 year hiring, which equates to 0.5 FTEs per position.

[2] Note: Effective FY 2021, enterprise-wide costs for Architecture, Integration, and Management and Core Infrastructure will be paid from the Operations Support appropriation. BSM-specific projects receiving services from Core and AIM will continue to be funded from the BSM appropriation.

FY 2021 Changes by Budget Activity

Dollars in thousands

Business Systems Modernization	FTE	Amount
FY 2020 Enacted (Pre-IAT)	**426**	**$180,000**
Planned Interappropriation Transfer		
FY 2020 Enacted	**426**	**$180,000**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$6,201**
Pay Annualization (3.1% average pay raise)		547
Pay Raise (1.0% average pay raise)		533
FERS Contribution Increase		989
Non-Pay		2,188
Additional Required Labor Costs		1,944
Subtotal FY 2021 Changes to Base		**$6,201**
FY 2021 Current Services	**426**	**$186,201**
Program Increases:		
Integrated Modernization Business Plan	91	113,799
Subtotal FY 2021 Program Increases	**91**	**$113,799**
Total FY 2021 Request (Before Cap)	**517**	**$300,000**
Dollar/FTE Change FY 2021 Request over FY 2020 Enacted	91	$120,000
Percent Change FY 2021 Request over FY 2020 Enacted	21.36%	66.67%

2.1.9 – Budget and Performance Report and Plan

Dollars in thousands

Business Systems Modernization Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources[1]	$107,746	$190,945	$166,263	$110,000	$150,000	$180,000	$300,000
Reimbursable Resources[2]							
User Fees			25,464	77,418	89,713	102,305	
Budget Activity Total	**$107,746**	**$190,945**	**$191,727**	**$187,418**	**$239,713**	**$282,305**	**$300,000**

[1]The FY 2015 - FY 2019 appropriated resources represent the approved operating plan including any inter-BAC transfers and interappropriation transfers.

[2]The FY 2015 - FY 2019 columns represent realized resources for reimbursable resources and user fees.

Business Systems Modernization Measures	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Percent of Major IT Investments within +/- 10% Cost Variance at the Investment Level (E)[1]	73.7%	76.2%	50.0%	72.2%	88.9%	90.0%	90.0%	90.0%
Percent of Major IT Investments within +/- 10% Schedule Variance at the Investment Level (E)[1]	89.5%	85.7%	88.9%	83.3%	88.9%	90.0%	90.0%	90.0%

Key: E - Efficiency Measure

[1] Starting in FY 2015, the measure includes all major investments (BSM and non-BSM).

Section III – Supplemental Information

3.1 – Summary of Capital Investments

Introduction

The IRS information technology organization is a key enabler of efficient and effective tax administration. IT provides critical support as the IRS faces an increasingly complex tax administration environment. IT works to address evolving taxpayer expectations, frequent tax law changes, growing challenges in combating refund fraud and identity theft, workforce shortages, while achieving program and cost efficiencies. Challenges including aging infrastructure, insertion of emerging technologies, and expanding cybersecurity threats, further complicate the IT operating environment.

In July 2019, Congress passed the Taxpayer First Act, a wide-ranging law that touches multiple parts of the IRS and includes provisions that are designed to improve taxpayer service and ensure the IRS continues to enforce the tax laws in a fair, impartial manner. Section 2101 requires the IRS Chief Information Officer to develop and implement a multiyear strategic plan for the IRS's information technology needs and the IRS expects to address the requirements in FY 2020.

In FY 2020, the IRS will publish the IT Strategic Plan, which aligns with the IRS Strategic Plan (FY 2018 - FY 2022), and the requirements of the Taxpayer First Act and the IRS Integrated Modernization Business Plan. It will articulate a vision to strengthen and modernize the IRS IT environment, while supporting business objectives and enhancing taxpayer services. The Capital Investment Strategy outlines the technology initiatives and IT investments undertaken to achieve the IRS's vision of a modern IT organization.

IRS Integrated Modernization Business Plan

The IRS Integrated Modernization Business Plan supports the IRS's mission to help America's taxpayers understand and meet their tax responsibilities, while enforcing tax laws to ensure integrity and fairness for all. The modernization plan establishes a multi-year modernization approach to provide effective, reliable, IT solutions for taxpayer support to fulfill their tax obligations. The April 2019 plan set out four pillars (Taxpayer Experience; Core Taxpayer Services and Enforcement; Modernized IRS Operations, and Cybersecurity and Data Protection) and two supporting projects (Architecture Integration and Management and Core Infrastructure). It includes specific projects with timeframes and deliverables and serves as a guiding document for IRS IT modernization efforts. The IRS will also examine how the Taxpayer First Act requirements will affect IT modernization and will update the plan accordingly.

MODERNIZATION PILLAR	KEY OBJECTIVES	KEY PROGRAMS & INITIATIVES
Taxpayer Experience: Deliver a service experience comparable to private industry	• Help taxpayers resolve issues quickly and efficiently • Empower taxpayers with information about their account, obligations, and payment options • Make services available to customers when they need them • Protect taxpayer information and data	• Web Applications (WebApps) • Taxpayer Digital Communications • Outbound Notifications (TDC—ON) • Live Assistance (Callback)
Core Taxpayer Services & Enforcement: Streamline and integrate IT programs that enable top- quality service	• Integrate tax processing systems to increase the cost effectiveness of operations • Enable real-time processing and increase transparency of returns status • Increase data usability and the use of data analytics to combat fraud	• Customer Account Data Engine (CADE) 2 Transition State 2 (TS2) • CADE 2 Target State • Enterprise Case Management (ECM) • Real-Time Tax Processing (RTTP) • Information Returns Processing
Modernized IRS Operations: Retire and decommission legacy systems in place of more sustainable infrastructure	• Reduce complexity of the technical environment • Leverage data to deliver secure, agile, and efficient applications and services • Strengthen organizational agility through automation and streamlining processes	• Robotics Process Automation (RPA) • Application Programming Interface (API) Management • Cloud Execution • Next Generation Infrastructure • Data Digitization • Universal Data Hub / Analytics Tools/Platform

Cybersecurity & Data Protection: Continue to protect taxpayer data and address emerging threats	• Establish trusted and streamlined access to information through identity and access management technologies • Proactively identify emerging threats and vulnerabilities through the use of real-time intelligence information and analytics • Protect taxpayer data and systems via end-to-end visibility and common platforms	• Vulnerability & Threat Management • Identity & Access Management (IAM) • Security Operations & Management

Figure 4 – IRS Modernization Portfolio and Pillars

A. Taxpayer Experience

- **Web Applications (Web Apps):** These programs and initiatives improve interactions and communications across taxpayers, employers, the IRS, and third parties by providing a broad range of self-service options, establishing secure information exchange options, and building internal capabilities. By enabling authorized third parties and taxpayers to interact digitally with the IRS, the investment will provide a better user experience, achieve significant savings by moving some service interactions to lower cost channels, and deliver consistent data and services through reusable Application Programming Interfaces (APIs). Web Apps will transform the way the IRS does business by delivering a digital service that allows taxpayers to track and receive information they need when they need it.

- **Taxpayer Digital Communications Outbound Notifications (TDC-ON):** The program will improve the user experience through reliable, user-friendly, secure online services. For example, the IRS will develop digital notices through the secure messaging platform that provides communications to taxpayers who prefer that channel over mailed correspondence, including digital chat.

- **Live Assistance – (Callback):** Taxpayers will receive customer callback, engage a redesigned customer voice portal, and experience improved identity verification. Future live assistance enhancements will broaden service channels to include live text chat, virtual assistant capabilities, and video chat assistance.

B. Core Taxpayer Services and Enforcement

- **CADE 2 Transition State 2 (TS2):** The CADE 2 TS 2 environment provides capabilities that will help modernize the taxpayer account processing environment and develop an integrated, near real-time processing environment to support tax returns, information returns, payments, and other transactions, and will allow direct visibility and access to taxpayer account detail on a near real-time basis. A key project supporting CADE 2 TS 2 is the Individual Tax Processing Engine (ITPE) project, which will convert about 200,000 lines of legacy assembly language code to modern software language. This code conversion is a major milestone towards retiring the Individual Master File (IMF). The CADE 2 TS 2 will facilitate voluntary compliance and improve traceability of financial data from core accounting systems to IRS financial statements.

- **Enterprise Case Management (ECM):** This solution provides an IRS-wide solution for streamlining case and workload management processes. The solution digitizes case information, automates work selection, and improves resource alignment.
- **Real-Time Tax Processing (RTTP) (Starts in Phase 2):** The program will deliver independent and near real-time data processing, allowing the IRS to move away from batch processing, view returns dynamically, and understand the status of a return as it is processed. Currently, batch processing prevents a taxpayer from easily adjusting their individual return. Within certain parameters, RTTP will allow amendments to be processed directly, improving the overall taxpayer experience and level of confidence with multi-channel options to enable account access. It also improves at-filing compliance and communication with the IRS.
- **Information Returns System Processing (Starts in Phase 2):** The program consists of a modern intake database and applications that allow for improved document matching to improve intake consistency**.**

C. Modernized IRS Operations

- **Robotics Process Automation (RPA):** Enhancing business process execution, speed, and accuracy through smart software designed to perform high-volume, repeatable tasks.
- **Application Programming Interface (API) Implementation:** The API initiative incorporates efforts to drive internal and external API deployment. For example, authorized third parties will have easier access and a streamlined data exchange with the IRS on behalf of their clients through standard, reusable services and common programming code.
- **Cloud Execution:** Cloud Execution will result in improved "time-to-market" agility, increased operational efficiency and resilience, increased innovation, and an enhanced or maintained security posture by migrating workloads to cloud platforms and services.
- **Next Generation Infrastructure:** Next Generation Infrastructure involves a series of packaged initiatives to support a more efficient, scalable, and flexible architecture implemented through advanced IT infrastructure tools and technologies (e.g., Standard Stacks, Enterprise Storage Solution). Implementing the Next Generation Infrastructure initiative encompasses transformation of computer, network, and storage activities—along with

DevOps—to automate software delivery and infrastructure changes. IRS will also continue to convert legacy code to modern languages.

- **Data Digitization (Starts in Phase 2):** Electronic files will be enhanced, and the intake of paper forms and correspondence will be simplified and streamlined through the integration of scanned data and content management systems. This will improve processing of taxpayer paper submissions and create efficiencies from not having to manually process, transcribe, and store documents.

- **Universal Data Hub / Analytics Tools / Platform (Starts in Phase 2):** The program will support foundational architecture and technology elements that enable business capabilities like real-time processing, error correction, expanded online tools and data analytics capabilities, improved fraud detection, and other anomaly detection capabilities. The program will streamline data availability and will allow for more data-driven business decisions.

D. Cybersecurity and Data Protection

- **Vulnerability & Threat Management:** Enable IRS cybersecurity professionals to monitor servers in order to protect taxpayer data and systems, providing full visibility into endpoints.

- **Identity & Access Management:** Further prevent malicious or unintended access and disclosure of taxpayer and other sensitive data using a common platform for secure authorization and authentication services and encrypting sensitive data at rest as well as in transit.

- **Security Operations & Management:** Enhance the ability to secure taxpayer data and systems through full visibility of hardware and software on the network and enhance incident response and detection of internal threats to data and systems.

FY 2019 Modernization Portfolio Budget

Modernization Pillar	Programs	Planned Annual Budget[1] *($ in Millions)*	Revised Annual Budget[2] *($ in Millions)*	End of Year Actuals[3] *($ in Millions)*
Taxpayer Experience	WebApps[4]	25.00	24.70	24.10
	Taxpayer Digital Communications Outbound Notifications	5.00	5.40	5.40
	Live Assistance	5.00	5.00	5.00
Core Taxpayer Services & Enforcement	CADE2 TS2	85.00	85.00	80.90
	Enterprise Case Management (ECM)[5]	60.00	70.00	59.50
	Return Review Program (RRP)	35.00	35.00	34.70
Modernized IRS Operations	Robotics Process Automation (RPA)	5.00	5.00	5.10
	API Implementation	N/A	N/A	N/A
	Cloud Execution	5.00	5.00	5.40
	Next Generation Infrastructure	10.50	10.50	9.80
Cybersecurity & Data Protection	Vulnerability & Threat Management	19.50	23.10	21.40
	Identity & Access Management	20.00	20.20	19.00
	Security Operations & Management	25.00	21.20	21.00
	Subtotal:	**$300.00**	**$310.00**	**$291.20**
Core Infrastructure[6]		18.30	18.30	18.00
Architecture, Integration, and Management[6]		36.00	36.00	35.60
	Total:	**$354.30**	**$364.30**	**$344.80**

[1] Planned Annual Budget reflects figures as identified in the Business Plan published in April 2019.
[2] Revised Annual Budget reflects IRS adjustments based on FY 2020 appropriations and prioritization decisions.
[3] End of Fiscal Year includes end-of-year adjustments.
[4] IRS realigned $350,000 from WebApps to Taxpayer Digital Communications Outbound Notifications on September 26, 2019 to support critical development work.
[5] IRS increased the budget for Enterprise Case Management from $60 million to $70 million on July 22, 2019.
[6] Core Infrastructure (Core) and Architecture, Integration, and Management (AIM) represent enterprise staffing and planning costs necessary to deliver the Business Plan. Core Infrastructure provides mission-critical services for designing, engineering, testing, and deploying standardized, consolidated, virtual, and secure modernized development and production environments. AIM provides engineering management capabilities essential to delivering complex IT functions, and supports IRS systems strategy, architecture, and engineering capabilities. These costs were not identified in the Business Plan because they are not attributable to specific initiatives, but they were reflected in the FY 2020 President's Budget. For more information on Core and AIM, see page 71 of the FY 2020 Congressional Justification (March 18, 2019).

3.2 – Return on Investment (ROI) for IRS Major Enforcement Programs

The actual cost and actual revenue collected for FY 2013 through FY 2019 for the three major enforcement programs, Examination, Collection, and Automated Underreporter (AUR) are provided below. The activities included in these programs include:

Examination Program conducts examinations of tax returns of individual taxpayers, businesses, and other types of organizations to verify that the tax reported is correct. This includes examinations of individuals, small businesses, self-employed, large corporate businesses, partnerships, international, estate and gift, excise tax and employment tax-exempt organizations, qualified pension benefit plans, and government entities. The examination costs include the cost of the Field Exam, Correspondence Exam, IRS Chief Counsel, and Appeals functions.

Collection Program collects delinquent taxes and secures delinquent tax returns through the appropriate use of enforcement tools, such as lien, levy, seizure of assets, installment agreement, offer in compromise, substitute for return, summons, and IRC section 6020(b) (which allows the IRS to prepare returns if a taxpayer neglects or refuses to file), and provides education to taxpayers to enable future compliance. The cost of the Collection program includes Automated Collection System (ACS), Field Collection, and Payment Compliance/Correspondence Collection.

Automated Underreporter (AUR) Program matches payer information returns (Forms 1099, W-2, etc.) against data reported to the IRS on individual tax returns. The information is verified to identify any discrepancies. If a discrepancy is found, the case is given to a tax examiner for research and analysis. If the tax examiner is unable to resolve the discrepancy, the IRS issues a proposed notice and generates a proposed assessment.

ROI is calculated by dividing revenue by cost. This information provides an indication of the ROI for the three major enforcement programs over time. Enforcement revenue collected in a fiscal year includes tax, interest, and penalties from multiple tax years. Some enforcement activities take more than a year to close and may generate revenue over several years.

In addition, these data reflect the average return on investment for these programs and do not include the indirect effects of IRS enforcement activities on voluntary compliance. Net revenue is maximized only when resources are allocated according to marginal direct and indirect return on investment, but those ratios are much more challenging to estimate than the average ROI. As a result, the IRS will continue to allocate enforcement resources across a range of enforcement activities to ensure taxpayers pay the taxes they owe.

Return on Investment for IRS Major Enforcement Programs

Dollars in Millions

	FY 2015			FY 2016			FY 2017			FY 2018			FY 2019		
Enforcement Program	Cost[1]	Revenue	ROI	Cost[1]	Revenue	ROI	Cost[1]	Revenue	ROI	Cost[1]	Revenue	ROI	Cost[1]	Revenue	ROI
IRS Total	$5,644	$54,203	9.6	$5,592	$54,291	9.7	$5,506	$56,914	10.3	$5,559	$59,366	10.7	$5,418	$57,523	10.6
Examination	3,974	13,320	3.4	3,782	12,023	3.2	3,693	15,102	4.1	3,716	15,017	4.0	3,568	10,877	3.0
Collection	1,419	35,740	25.2	1,576	37,259	23.6	1,600	36,498	22.8	1,635	38,985	23.8	1,625	41,793	25.7
Automated Underreporter (AUR)	251	5,143	20.5	234	5,009	21.4	214	5,314	24.9	208	5,364	25.7	225	4,853	21.6

[1]The cost of the enforcement programs was calculated using budget data from the IRS Integrated Financial System (IFS) and includes direct dollars and FTE from the Enforcement appropriation, Exam and Collections budget activity, and dollars from the Operations Support appropriation prorated using actual FTE realized for each major enforcement program.

3.3 – IRS Performance Measures Table

Performance Measures	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Target	FY2021 Target
Customer Service Representative Level of Service (LOS)[1]	38.1%	53.4%	77.1%	75.9%	65.4%	60.0%	60.0%
Customer Accuracy - Tax Law (Phones)	95.0%	96.4%	96.7%	95.5%	91.6%	92.0%	92.0%
Customer Accuracy - Accounts (Phones)	95.5%	96.1%	96.0%	96.1%	94.3%	94.0%	94.0%
Timeliness of Critical Filing Season Tax Products to the Public[2]	89.0%	92.5%	93.1%	59.6%	92.6%	89.0%	89.0%
Timeliness of Critical TE/GE & Business Tax Products to the Public[2]	92.6%	98.0%	96.7%	100.0%	96.1%	89.0%	89.0%
Percent of Business Returns Processed Electronically	47.0%	50.0%	52.9%	55.6%	57.8%	60.0%	60.0%
Enterprise Self-Assistance Participation Rate[3]	88.7%	89.0%	79.0%	82.0%	85.4%	82.0%	82.0%
Taxpayers Satisfied with the IRS (based on 100-point scale)[4, *]	73	74	74	74	73	Indicator	Indicator
Examination Coverage - Individual	0.8%	0.7%	0.6%	0.6%	0.45%	0.48%	0.55%
Examination Coverage - Business (Assets > $10 million)	3.9%	3.0%	2.5%	2.2%	1.6%	1.7%	1.1%
Examination Efficiency - Individual	148	143	121	131	109	115	120
Automated Underreporter Coverage	2.3%	2.3%	2.2%	2.0%	1.3%	1.7%	1.8%
Time to Start Compliance Resolution[4]					Under Development	Indicator	Indicator
Time to Resolve Compliance Issue After Filing[4]					Under Development	Indicator	Indicator
Repeat Non-Compliance Rate[4]					Under Development	Indicator	Indicator
Collection Coverage (Units)	46.3%	43.4%	42.2%	41.6%	41.3%	39.7%	38.8%
Cost to Collect $100 (in cents)[4]	0.35	0.35	0.34	0.34	0.33	Indicator	Indicator
Criminal Investigations Completed	4,486	3,721	3,089	3,051	2,797	2,700	2,700
Conviction Rate	93.2%	92.1%	91.5%	91.7%	91.2%	92.0%	92.0%
Rentable Square Feet per Person			297	301	298	Indicator	Indicator
Percent of Aged Hardware[5]	56.5%	52.2%	52.3%	45.5%	31.0%	30.0%	30.0%
Percent of Major IT Investments within +/- 10% Cost Variance at the Investment Level[6]	73.7%	76.2%	50.0%	72.2%	88.9%	90.0%	90.0%
Percent of Major IT Investments within +/- 10% Schedule Variance at the Investment Level[6]	89.5%	85.7%	88.9%	83.3%	88.9%	90.0%	90.0%

1 CSR LOS includes telephone lines answered by Accounts Management Customer Service Representatives only. These telephone phone lines service 78% of all telephone traffic.
2 Modified in FY 2019.
3 Starting in FY 2017, the IRS modified the Taxpayer Self Assistance Rate measure (renamed to Enterprise Self-Assistance Participation Rate) to include additional self-service channels including Get Transcript and payment applications such as Direct Pay and Online Payment Agreements. As new self-assistance applications are provided to the public, they will be added to the methodology.
4 New measure added for FY 2019.
5 This is an existing measure added for budget reporting; the measure definition changed in FY 2018, removing certain asset categories (fax machines, low-end printers and scanners) that are no longer being actively refreshed from the calculation to more accurately define the inventory that's reflective of risk to the IT environment.
6 Starting in FY 2015, the measure includes all major investments (BSM and non-BSM).
* Based on the American Customer Satisfaction Index (ACSI) survey; the All Individual Tax Filer score is calculated from separate ACSI Individual Paper Filer and Electronic Filer customer satisfaction index scores, available on an annual basis at the end of January and computed on a 100-point scale.

Budget Level Performance Measure Descriptions	
Customer Service Representative (CSR) Level of Service	The number of toll-free callers that either speak to a Customer Service Representative or receive informational messages divided by the total number of attempted calls.
Customer Accuracy – Tax Law Phones	The percentage of correct answers given by a live assistor on Toll-free tax law inquiries.
Customer Accuracy – Customer Accounts (Phones)	The percentage of correct answers given by a live assistor on Toll-free account inquiries.
Timeliness of Critical Individual Filing Season Tax Products to the Public	The percentage of critical individual filing season tax products (tax forms, schedules, instructions, and publications required by many filers to prepare a complete and accurate tax return) available to the public in a timely fashion.
Timeliness of Critical TE/GE & Business Tax Products to the Public	Percentage of critical business tax products (tax forms, schedules, instructions, and publications used by a large number of TE/GE and Business filers to prepare a complete and accurate return or form) available to the public in a timely fashion.
Percent Business Returns Processed Electronically	The percentage of electronically filed business tax returns divided by the total business returns filed.
Enterprise Self Assistance Participation Rate	The percentage of taxpayer assistance requests resolved using self-assisted automated services.
Taxpayers Satisfied with the IRS	The percentage of taxpayers satisfied with the IRS according to the American Customer Satisfaction Index (ACSI) survey. The All Individual Tax Filer score is calculated from separate ACSI Individual Paper Filer and Electronic Filer Customer Satisfaction Index Scores. Based on a 100-point scale.
Examination Coverage – Individual (1040)	The sum of all individual 1040 returns closed by Small Business/Self Employed (SB/SE), Wage & Investment (W&I), Tax Exempt and Government Entities (TE/GE), and Large Business and International (LB&I) (Field Exam and Correspondence Exam programs) divided by the total individual return filings for the prior calendar year.
Examination Coverage – Business Assets >$10 Million)	The number of LB&I returns (C and S Corporations with assets over $10 million and all partnerships) examined and closed by LB&I during the current fiscal year divided by the number of filings for the preceding calendar year.
Examination Efficiency – Individual (1040)	The sum of all individual 1040 returns closed by SB/SE, W&I, TE/GE, and LB&I (Field Exam and Correspondence Exam programs) divided by the total Full-Time Equivalent (FTE) expended in relation to those individual returns.
Automated Underreporter (AUR) Coverage	A percentage representing the total number of W&I and SB/SE contact closures (a closure resulting from a case where SBSE and W&I made contact) divided by the total return filings for the prior year.
Time to Start Compliance Resolution	The percentage of all individual income tax enforcement cases started within six months of the return posting date.
Time to Resolve Compliance Issue After Filing	The average time it takes to close all individual income tax enforcement cases in days. This is an annual measure based on all cases closed in a fiscal year.
Repeat Non-Compliance Rate	The percentage of individual taxpayers in a fiscal year with additional non-compliance two years after the initial tax year that contains a filing, payment, or reporting compliance issue, compared to total taxpayers
Collection Coverage – Units	The volume of collection work disposed compared to the volume of collection work available.
Cost to Collect $100 (in cents)	The cost of collecting $100 is computed as total operating costs divided by gross collection divided by 100.
Criminal Investigations Completed	The total number of subject criminal investigations completed during the fiscal year, including those that resulted in prosecution recommendations to the Department of Justice as well as those discontinued due to a lack of prosecution potential.

Conviction Rate	The percent of adjudicated criminal cases that result in convictions.
Rentable Square Feet per Person	The amount of Rentable Square Feet the IRS maintains per Personnel requiring space. IRS will use this as an indicator for FY 2018.
Percent of Aged Hardware	This measure shows the quantity of IT hardware in operation past its useful life as a percentage of total hardware in use.
Percent of Major IT Investments within +/- 10% Cost Variance at the Investment Level	Number of major IT investments within +/-10 percent variance between planned total cost and projected/actual cost within a fiscal year divided by the total number of major IT investments in that fiscal year.
Percent of Major IT Investments within +/- 10% Schedule Variance at the Investment Level	Number of major IT investments within +/-10 percent variance between planned days and projected/actual days within a fiscal year divided by the total number of major IT investments in that fiscal year.

3.4 – Summary of FY 2019 Savings Realized

Increase e-File Savings

FY 2019 Actual Savings: -$8,900,000 / -167 FTE

FY 2021 Projected Savings: -$4,684,000 / -85 FTE

The IRS realized savings of 167 FTE and $8.90 million in FY 2019 as a result of increases in electronically filed returns. The number of paper returns received by the IRS decreased by 2.1 million from FY 2018 to FY 2019 while the number of electronically filed returns increased by 4 million over the same period.

Rent

FY 2019 Actual Savings: $0

FY 2021 Projected Savings: -$6,200,000

Rent is one of the IRS's largest operating expenses. The IRS plans to release 243,000 square feet for an estimated $6.2 million in annualized rent savings. Although savings were projected, there were no savings in FY 2019 due to rent increases from lease renewal, delays in space release, and expansion of space needed to accommodate additional hiring.

Section IV – Appendix

4.1 Appropriations Detail Table with Program Integrity Cap Adjustment

In addition to the base appropriations request of $12 billion request, the budget proposes a $400 million discretionary program integrity cap adjustment in FY 2021 to fund new and continuing investments in expanding and improving the effectiveness and efficiency of the IRS's overall tax enforcement program. The budget proposes $280 million for the Enforcement account and $120 million for the Operations Support account. Additional adjustments are provided in future years to fund new initiatives and inflation. These investments will generate $79 billion in new revenue over 10 years and will cost $15 billion, for net revenue of $64 billion over 10 years. This return on investment (ROI) is likely understated because it does not reflect the effect that enhanced enforcement has on deterring non-compliance.

IRS Program Integrity Cap Adjustment FY 2021 – FY 2030

Description	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-2030
Base	$9,059	$9,154	$9,250	$9,348	$9,446	$9,545	$9,646	$9,747	$9,850	$9,953	$94,999
Cap	$400	$828	$1,173	$1,524	$1,879	$1,994	$1,995	$2,005	$2,015	$2,025	$15,838
Total	**$9,459**	**$9,982**	**$10,424**	**$10,872**	**$11,325**	**$11,539**	**$11,641**	**$11,752**	**$11,865**	**$11,979**	**$110,837**
Revenues	**$264**	**$542**	**$3,106**	**$5,158**	**$7,356**	**$9,682**	**$12,005**	**$12,974**	**$13,813**	**$14,495**	**$79,395**
Net Savings	**($136)**	**($286)**	**$1,933**	**$3,634**	**$5,477**	**$7,688**	**$10,011**	**$10,970**	**$11,798**	**$12,469**	**$63,557**

Table compares revenue receipts to budget authority. Outlays over ten years are projected to be $15.385 billion compared to budget authority of $15.838 billion for net savings of $64.010 billion.

Return on Investment (ROI) for FY 2021 Enforcement Investments

Enforcement efforts generate and protect revenue, as well as encourage voluntary compliance for taxpayers who would otherwise seek to avoid meeting their tax obligations under the law. The IRS calculates an ROI for both revenue generating and revenue protecting investments. Generated revenue is from compliance efforts that yield direct, measurable results through enforcement activities such as examination and collection returns. Protected revenue is revenue the IRS protects from being refunded erroneously. It is associated with activities that occur before issuing a taxpayer's refund, including the identification of fraud and questionable returns.

FY 2021 Revenue Generating Investments

The cap adjustment includes $351.5 million in investments for traditional enforcement and strategic revenue programs, such as examinations and collection activities, which are projected to generate more than $4.6 billion in revenue once the investments reach full potential in FY 2023 with an expected total ROI of $9.2 to $1. This request also includes $40.5 million to support strategic revenue producing investments, including increasing investigations related to cybercrimes, virtual currency, refund fraud, and prosecution efforts. While these investments do not have an immediately measurable ROI, they have clear long-term positive revenue effects.

Return on Investment (ROI) for IRS FY 2021 Enforcement Initiatives

Dollars in Millions

	First Year (FY 2021)			Second Year (FY 2022)			Full Performance (FY 2023)		
	Cost	**Revenue**	**ROI**	**Cost**	**Revenue**	**ROI**	**Cost**	**Revenue**	**ROI**
FY 2021 Revenue Producing Enforcement Initiatives	**$351.5**	**$738.3**	**2.1**	**$516.6**	**$3,557.5**	**6.9**	**$504.2**	**$4,654.6**	**9.2**
Cap Adjustment Enforcement Initiatives	**$351.5**	**$738.3**	**2.1**	**$516.6**	**$3,557.5**	**6.9**	**$504.2**	**$4,654.6**	**9.2**
Immediate and Directly Measurable Revenue-Producing Initiatives	**$311.0**	**$738.3**	**2.4**	**$476.1**	**$3,557.5**	**7.5**	**$463.7**	**$4,654.6**	**10.0**
Increase Audit Coverage	140.5	356.4	2.5	218.0	1,328.6	6.1	209.1	1,846.1	8.8
Increase Collection Coverage	170.5	381.9	2.2	258.1	2,228.9	8.6	254.6	2,808.5	11.0
Strategic Revenue-Producing Initiatives *(which do not have immediately measurable ROI, but clear long-term revenue effects)*	**$40.5**	**$0.0**	**0.0**	**$40.5**	**$0.0**	**0.0**	**$40.5**	**$0.0**	**0.0**
Expand Cyber and Virtual Currency Compliance Efforts	40.5	0.0	0.0	40.5	0.0	0.0	40.5	0.0	0.0

FY 2021 Revenue Protecting Investments

The benefits of IRS activities that prevent erroneous refunds are not captured in IRS's ROI calculations above. However, the IRS estimates that investment in these activities should protect $952.7 million in revenue that otherwise would need to be recovered from downstream enforcement actions for an estimated ROI of $14.7 to $1 by FY 2023. These investments also support IRS's Agency Priority Goal on Fraud Prevention, which is part of the Treasury Strategic Plan FY 2018-2022.

FY 2021 Revenue Protecting Enforcement Initiatives

Dollars in Millions

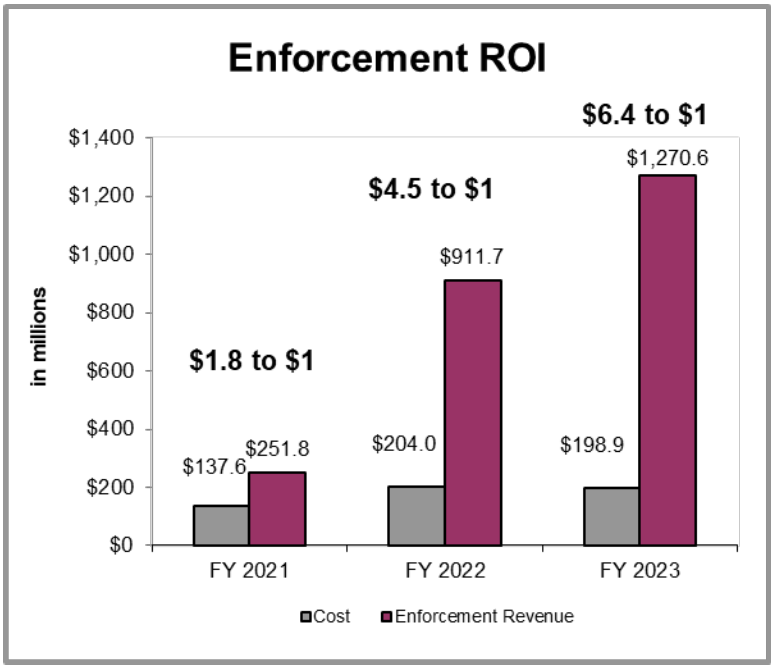
	First Year (FY 2021)			Second Year (FY 2022)			Full Performance (FY 2023)		
	Cost	**Revenue**	**ROI**	**Cost**	**Revenue**	**ROI**	**Cost**	**Revenue**	**ROI**
Revenue Protecting Initiatives *(which protect taxpayer information, prevents identity theft, and results in long-term revenue protection)*	**$48.5**	**$31.6**	**0.7**	**$64.8**	**$703.7**	**10.9**	**$64.7**	**$952.7**	**14.7**
Cap Adjustment Revenue Protecting Initiative	**$48.5**	**$31.6**	**0.7**	**$64.8**	**$703.7**	**10.9**	**$64.7**	**$952.7**	**14.7**
Increase Audit Coverage (revenue-protecting portion)	32.7	31.6	1.0	49.0	703.7	14.4	48.9	952.7	19.5
Expand Coverage in the Tax-Exempt Sector	15.8	0.0	0.0	15.8	0.0	0.0	15.8	0.0	0.0

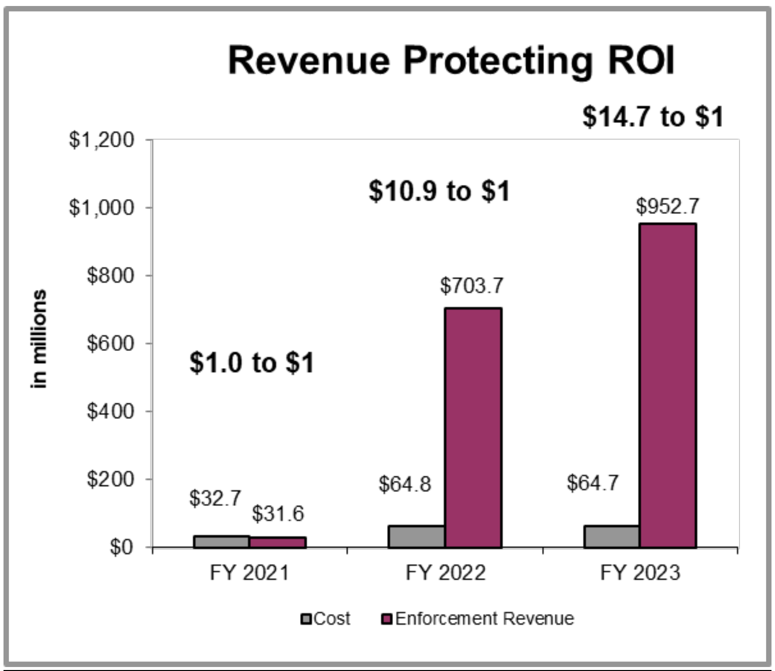
Increase Audit Coverage +$173,180,000 / +1,333 FTE

Position Type/Other Costs	FTE	Positions	$000
Examination Coverage	**437**	**874**	**$68,571**
Tax Technician	110	220	14,828
Revenue Agent	315	630	52,581
Manager and Support Staff	12	24	1,162
Specialty Programs	**44**	**88**	**$8,600**
Tax Examiner	8	16	629
Revenue Agent	28	56	6,105
Attorney	8	16	1,866
Correspondence Examination	**451**	**902**	**$43,669**
Tax Examiner	426	852	41,281
Manager and Support Staff	25	50	2,388
Document Matching	**250**	**500**	**$24,505**
Tax Examiner	200	400	19,640
Support Staff	50	100	4,865
Other Direct Costs	**151**	**302**	**$27,835**
Appeals Officer	83	166	15,272
Paralegal	14	28	1,565
Attorney	30	62	5,983
Support Staff	24	48	5,015
Total	**1,333**	**2,666**	**$173,180**

The cap adjustment includes additional examination employees. The decline in staffing since FY 2010 has led to a decrease in the individual audit coverage rate from 1.1 percent in FY 2010 to 0.45 percent in FY 2019, which increases the risk to the integrity of the nation's voluntary tax compliance system. As audit coverage rates continue to decline, individuals and businesses may decide that the chance of the IRS auditing them is minimal, and take riskier positions on their tax reporting, especially since the IRS's audit coverage decline has been widely reported and is public. The additional resources will fund a broad range of compliance priorities and allow for earlier case assignment and resolution. This investment is expected to produce additional enforcement revenue of $1.3 billion annually (an ROI of $6.4 to $1) once the new hires reach full potential in FY 2023 and protect revenue of $952.7 million (a protected ROI of $14.7 to $1). These resources will help to:

- Improve the individual audit coverage rate by closing more than 41,000 individual field and specialty examination cases and 451,000 pre-refund and post-refund correspondence examination cases; and
- Expand the Automated Underreported (AUR) program to process more than 1,013,000 additional cases (document matching of individuals decreased by 42 percent from FY 2011 to FY 2019).


Enforcement ROI
$6.4 to $1
$4.5 to $1
$1.8 to $1
in millions
$1,400
$1,200
$1,000
$800
$600
$400
$200
$0
$137.6
$251.8
$204.0
$911.7
$198.9
$1,270.6
FY 2021
FY 2022
FY 2023
Cost
Enforcement Revenue


Revenue Protecting ROI
$14.7 to $1
$10.9 to $1
$1.0 to $1
in millions
$1,200
$1,000
$800
$600
$400
$200
$0
$32.7
$31.6
$64.8
$703.7
$64.7
$952.7
FY 2021
FY 2022
FY 2023
Cost
Enforcement Revenue

Other Direct Costs

Dollars in thousands

IRS Activity	Cost	FTE	Positions	Explanation
Appeals	$15,272	83	166	Support examination efforts on key compliance areas focused on improving voluntary compliance and providing a high level of customer service.
Chief Counsel	$7,548	44	88	Provide support for increases in requests for legal advice, litigation assistance, and published guidance on issues raised in audits.
Human Capital Office	$170	1	2	Handle the increase in front-line positions and the expectation that new managerial positions will be created.
SB/SE Operations Support	$2,184	16	32	Support hiring, training, human capital, technology needs, data analytics, and resource requirements for the business unit.
Privacy, Governmental Liaison and Disclosure	$862	7	14	Address the increase in Freedom of Information Act requests as a result of increased compliance activity.
Taxpayer Advocate Service	$507			Ensure the IRS follows appropriate procedures and does not create unnecessary burdens or compromise taxpayers' rights.
Customer Service Representative	$1,292			Support examination efforts by ensuring staffing is available to handle downstream impact in accounts management operations.
Total	**$27,835**	**151**	**302**	

Increase Collection Coverage +$170,506,000 / +1,342 FTE

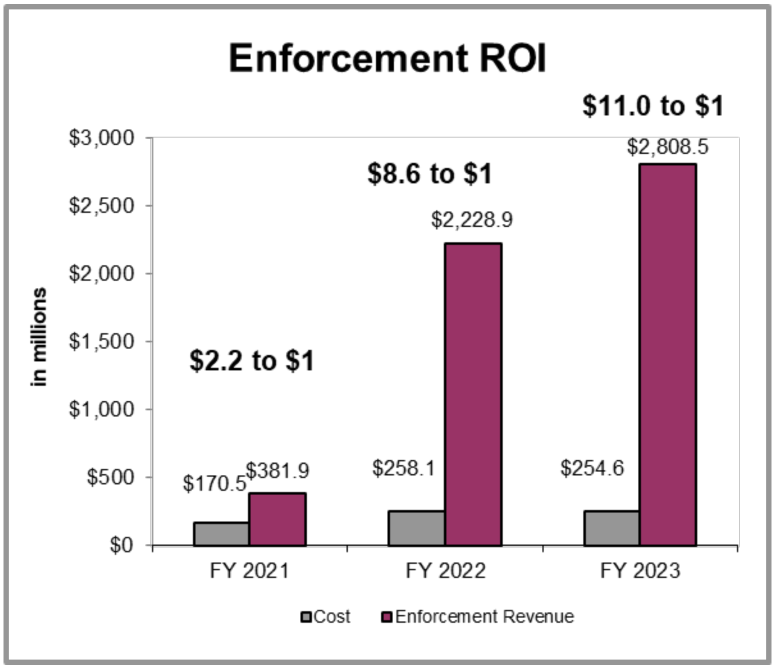
Position Type/Other Costs	FTE	Positions	$000
Field Collection Coverage	**325**	**650**	**$51,500**
Revenue Officer	325	650	51,500
ACS & ACS Support	**555**	**1110**	**$56,265**
Customer Service Representative	437	874	44,724
Tax Examiner	78	156	7,641
Support Staff	40	80	3,900
Correspondence Collection (CSCO)	**166**	**332**	**$16,878**
Tax Examiner	158	316	15,714
Support Staff	8	16	1,164
Specialty Collection	**78**	**156**	**$8,818**
Tax Examiner	68	136	7,423
Manager and Support Staff	10	20	1,395
Other Direct Costs	**218**	**436**	**$37,045**
Attorney	46	92	7,756
Appeals Officer	148	296	24,819
Support Staff	24	48	4,470
Total	**1,342**	**2,684**	**$170,506**

The IRS is requesting additional resources to improve its capacity to work the collection inventory and answer taxpayer phone calls. Increased staffing will address the overall collection coverage rate, which has declined 18 percent from FY 2010 to FY 2019 as millions of collection cases available to work were not disposed of each year due to lack of staffing. This investment is expected to produce additional annual enforcement revenue of $2.8 billion (an ROI of $11 to $1) once the new hires reach full potential in FY 2023. These resources will help the IRS to:

- Provide 650 additional field collection staff to address non-filing and underpayment of taxes in order to handle more than 29,800 additional collection cases. Currently, there are more than one million cases with an aggregate assessed balance of more than $55.4 billion in the queue;

- Provide 874 additional Automated Collection System (ACS) staff to address an additional 422,000 ACS cases, including incoming calls generated by the issuance of levies, delinquent returns, and/or unpaid tax liabilities. Reduced ACS staffing has contributed to a substantial increase in unhandled cases and a 37 percent decline in level of service (LOS) to taxpayers; and

- Expand several Compliance Services Collection Operations (CSCO) programs that address non-filing and underpayment of taxes through the notice process by more than 509,000 notice dispositions and cases. More than 40,000 Offers in Compromise cases will also be closed, thereby enabling taxpayers another option to resolve their tax liability.



Other Direct Costs

Dollars in thousands

IRS Activity	Cost	FTE	Positions	Explanation
Appeals	$24,819	148	296	Support collection efforts and appropriately resolve these cases while providing a high level of customer service.
Chief Counsel	$7,756	46	92	Provide support for increases in requests for legal advice, litigation assistance, and collection due process.
SB/SE Operations Support	$2,184	16	32	Support hiring, training, human capital, technology needs, data analytics, and resource requirements for the business unit.
Accounts Management	$241			Support Collection efforts to address taxpayer communications in Accounts Management.
Privacy, Governmental Liaison and Disclosure	$616	5	10	Address the increase in Freedom of Information Act requests as a result of increased compliance activity.
Human Capital Office	$969	3	6	Handle the increase in front-line positions and the expectation that new managerial positions will be created.
Online Services and Equity, Diversity, and Inclusion	$460			Support service design/delivery for payment product improvements and taxpayer digital communications support. Provide sign language interpreters, special emphasis events, and reasonable accommodation.
Total	**$37,045**	**218**	**436**	

Expand Coverage in the Tax-Exempt Sector +$15,766,000 / +109 FTE

Position Type/Other Costs	FTE	Positions	$000
Expand Protection and Coverage of Small Business and Tax-Exempt Sponsored Plans	**29**	**58**	**$4,295**
Revenue Agent	25	50	3,893
Manager	3	6	257
Support Staff	1	2	146
Address EO Noncompliance with UBI	**47**	**94**	**$6,907**
Revenue Agent	40	80	6,228
Support Staff	3	6	291
Manager	4	8	388
Enhance Up-front Compliance for Applicant for Tax-Exempt Status	**15**	**30**	**$2,090**
Revenue Agent	13	26	1,850
Manager	1	2	144
Support Staff	1	2	96
Increase Voluntary Compliance	**16**	**32**	**$2,091**
Revenue Agent	10	20	1,557
Manager	1	2	97
Research Analyst	1	2	97
Support Staff	4	8	340
Other Direct Costs	**2**	**4**	**$384**
Attorney	1	2	292
Appeals Officer	1	2	92
Total	**109**	**218**	**$15,766**

Funding for this investment will allow the IRS to use a multi-faceted data-driven approach to enhance taxpayer education and compliance that will help protect the tax-exempt status of associated assets and revenue.

This investment supports the following efforts, which will increase taxpayer service and education and improve overall compliance and protection of funds:

- Enhance enforcement coverage of employee retirement plans, including but not limited to those sponsored by small businesses, exempt organizations, and governments, which make up almost half of all retirement plans in the United States;

- Address Exempt Organizations and Tax-Exempt Bond non-compliance to ensure adherence with complex and often confusing tax laws; and

- Increase voluntary compliance using low cost correction opportunities, to enhance taxpayer education and compliance.

Other Direct Costs

Dollars in thousands

IRS Activity	Cost	FTE	Positions	Explanation
Appeals	$92	0.50	1	Support examination efforts on key compliance areas focused on improving voluntary compliance and providing a high level of customer service.
Chief Counsel	$292	1.50	3	Provide support for increases in requests for legal advice, litigation assistance, and collection due process.
Total	**$384**	**2.0**	**4**	

Expand Cyber and Virtual Currency Compliance Efforts +$40,548,000 / +101 FTE

Position Type/Other Costs	FTE	Positions	$000
Expand Cyber and Virtual Currency Compliance	**87**	**174**	**$25,699**
Special Agent	54	108	21,465
Analyst	29	58	3,700
IT Specialist	4	8	534
Operational Technology Environment (OTE)	**6**	**12**	**$13,349**
IT Specialist	6	12	802
Contractual Services			12,547
Other Direct Costs	**8**	**16**	**$1,500**
Criminal Tax Legal Specialist	6	12	1,325
Criminal Tax Admin Specialist	2	4	175
Total	**101**	**202**	**$40,548**

Since 2016, the IRS Criminal Investigation (CI) division has seen a dramatic rise in the use and value of virtual currency, specifically cryptocurrency. With top coins like Bitcoin and Ethereum seeing increases well above 1,200 percent in recent years, this remains a large area of noncompliance and risk to the IRS. Internal statistics indicate that very few individuals filed tax returns showing gains generated from the sale or transfer of cryptocurrency, which indicates a large tax gap in this program area.

This additional funding would support the hiring of 108 special agents to conduct more criminal investigations related to cyber and virtual currency. As a result, about 450 additional criminal investigations are projected to be completed from FY 2023 – FY 2025 once the new hires reach full potential. Additionally, CI estimates that as a result of the additional special agents, CI will identify $197.3 million annually in tax revenues either not reported to the IRS or fraudulently refunded by the IRS.

Funding for this investment will strengthen CI's Refund and Cybercrimes efforts by:

- Enhancing several areas, to include supplementing special agent and investigative support resources, to combat cyber-criminals and develop a core group of subject matter experts in digital assets;
- Allowing further participation in multi-agency cyber taskforces to target large-scale criminal organizations and maximize compliance; and
- Expanding criminal investigations through the analysis of available data (open source intelligence and investigative data) and fund the build-out of CI's cybercrime sections.

Cybercrime continues to exploit stolen taxpayer personally identifiable information (PII) through sophisticated data breaches. This new evolution of cyber identity theft has unleashed new schemes, such as complex intrusions, business email compromises, synthetic identity theft, account takeovers, business/corporate identity theft and a host of dark web exfiltration. This activity undermines the tax system and coupled with the ability to use digital assets in their financial concealment only elevates the difficulty level for law enforcement.

Additional funding and resources dedicated to this area would allow CI to hire special agents with the skills to combat today's cybercriminals. Traditionally, CI focused on agents with accounting skills, but with cybercrime, agents will need a high technical knowledge of computing as well as the understanding of digital assets, such as cryptocurrency. These skills will better assist the agency in identifying, investigating, and mitigating known criminal activities and further assist other business units in addressing compliance.

The ever-evolving threats in this area require new approaches to the detection, investigation and prevention of these crimes. CI is employing its data strategy to approach these issues differently, seeking to identify patterns of non-compliance, focusing on high impact cases and developing predictive methods for new and emerging schemes. Past staffing and hiring plans which focused on special agents as the sole "investigators" need to be augmented with employees who are skilled in the specialized areas of cybercrime, virtual currency and data research/analytics.

CI is authorized to use a wide array of investigative techniques including, but not limited to, electronic surveillance, digital forensics, physical forensics and covert internet surveillance. The operational technology associated with these investigative techniques must be deployed outside the IRS enterprise IT infrastructure. This has resulted in CI supporting dozens of isolated systems and law enforcement applications. In order to increase IT oversight and compliance, CI will centralize these technologies in a new program area referred to as Operational Technology Environment (OTE). OTE will be responsible for deploying and supporting technology-based law enforcement solutions within a separate and secure framework.

If IRS Criminal Investigation successfully expands the Cyber and Digital Assets Compliance Program in FY 2021, Criminal Tax (CT) would place an additional attorney in each of its six CT geographic areas and one attorney in the National Office, to support the build-out of the CI Cybercrime sections. For added client support, CT would strategically place attorneys in each of the major cities where the cyber investigations are more voluminous or active, and where Cybercrime Units (CCUs) are present, such as Washington, DC, New York, Los Angeles, and Miami. The additional attorneys would assist the case agents investigating cybercrimes or cyber-enabled investigations (including crypto currency), and also render advice to CCUs, thereby reducing the tax gap in this area.

Other Direct Costs

Dollars in thousands

IRS Activity	Cost	FTE	Positions	Explanation
Chief Counsel	$1,500	8	16	Support case agents investigating cybercrimes or cyber-enabled investigations (including crypto currency), and render advice to CCUs, thereby reducing the tax gap in this area.
Total	**$1,500**	**8**	**16**	

4.2 – Summary of IRS FY 2021 Request by Business Unit (including the Program Integrity Cap Adjustment)

	Taxpayer Services		Enforcement		Operations Support		BSM		Total	
By Business Unit:	**Dollars**	**% of TS Appropriation**	**Dollars**	**% of ENF Appropriation**	**Dollars**	**% of OS Appropriation**	**Dollars**	**% of BSM Appropriation**	**Dollars**	**% of Total Budget**
Information Technology					2,178,007,836	51.55%	300,000,000	100.0%	2,478,007,836	19.92%
Wage & Investment	2,177,104,640	84.96%	273,490,502	5.11%	241,308,722	5.71%			2,691,903,864	21.64%
Small Business/Self-Employed			2,493,886,566	46.60%					2,493,886,566	20.05%
Facilities Management and Security Services					1,098,144,548	25.99%			1,098,144,548	8.83%
Large Business and International	789,597	0.03%	854,253,606	15.96%	916,981	0.02%			855,960,184	6.88%
Criminal Investigation			671,111,327	12.54%	1,570				671,112,897	5.40%
Chief Counsel	20,697,637	0.81%	394,435,280	7.37%	132,172				415,265,089	3.34%
Human Capital Office					336,009,475	7.95%			336,009,475	2.70%
Tax Exempt & Government Entities	8,230,173	0.32%	247,185,007	4.62%					255,415,180	2.05%
Taxpayer Advocate Service	225,238,163	8.79%			205,647	0.00%			225,443,810	1.81%
Corporate Reserve and Payments	54,606,767	2.13%	50,975,137	0.95%	15,096,828	0.36%			120,678,732	0.97%
Appeals			231,367,479	4.32%					231,367,479	1.86%
Research, Applied Analytics, and Statistics	2,975,974	0.12%	53,453,759	1.00%	58,391,192	1.38%			114,820,925	0.92%
Chief Financial Officer			22,210,453	0.42%	71,583,623	1.69%			93,794,076	0.75%
Privacy, Governmental Liaison and Disclosure	14,944,877	0.58%	2,194,910	0.04%	73,802,239	1.75%			90,942,026	0.73%
Procurement					59,339,230	1.40%			59,339,230	0.48%
Communications & Liaison	17,559,935	0.69%	5,800,577	0.11%	30,368,016	0.72%			53,728,528	0.43%
Online Services	38,920,212	1.52%							38,920,212	0.31%
Return Preparer Office	714,701	0.03%	35,334,393	0.66%	176,926				36,226,020	0.29%
Equity, Diversity & Inclusion					31,270,902	0.74%			31,270,902	0.25%
Front Office[2]	771,324	0.03%	3,977,513	0.07%	25,449,775	0.60%			30,198,612	0.24%
Whistleblower Office			6,877,559	0.13%					6,877,559	0.06%
Office of the Chief Risk Officer					4,500,178	0.11%			4,500,178	0.04%
Office of Professional Responsibility			4,689,072	0.09%					4,689,072	0.04%
Total	**2,562,554,000**		**5,351,243,140**		**4,224,705,860**		**300,000,000**		**12,438,503,000**	

Note: These figures reflect full requirements before taking any proposed reductions (Operations Support Hiring Reduction/Delay, FMSS Physical Infrastructure/Security Reduction/Delay, IT Reduction/Delay).

[2] Includes Commissioner, Chief of Staff, DCOS, DCSE offices, and Project Management Offices for ACA/FATCA and Services & Enforcement.

4.3 – Summary of IRS FY 2021 Identity Theft Budget Request

Bureau: Internal Revenue Service	TAXPAYER SERVICES		ENFORCEMENT		OPERATIONS SUPPORT		BSM		TOTAL	
Summary of FY 2021 Request	$000	FTE	$000	FTE	$000	FTE	$000	FTE	$000	FTE
FY 2020 Enacted	$264,457	118	$237,408	2,401	$8,920	42			$510,786	2,561
Changes to Base:										
Maintaining Current Levels (MCLs)	$10,786		$9,209		$416				$20,411	
Pay Annualization (3.1% average pay raise)	2,049		1,691		65				3,804	
Pay Raise (1.0% average pay raise)	1,998		1,649		63				3,710	
FERS Contribution Increase	3,160		2,639		99				5,898	
Non-Pay	3		385		11				399	
Additional Required Labor Costs	3,577		2,845		178				6,599	
Efficiencies/Savings			($2,747)	(31)					($2,747)	(31)
Personnel Savings			(2,747)	(31)					(2,747)	(31)
Subtotal FY 2021 Changes to Base	$10,786		$6,463	(31)	$416				$17,664	(31)
FY 2021 Current Services	$275,243	118	$243,871	2,370	$9,336	42			$528,450	2,530
Total FY 2021 Request (Before Cap)	$275,243	118	$243,871	2,370	$9,336	42			$528,450	2,530
Dollar/FTE Change FY 2021 Request over FY 2020 Enacted	$10,786		$6,463	(31)	$416				$17,664	(31)
Percent Change FY 2021 Request over FY 2020 Enacted	4.08%		2.72%	-1.28%	4.66%				3.46%	-1.20%

4.4 – Summary of IRS FY 2021 ACA Budget Request

Bureau: Internal Revenue Service	TAXPAYER SERVICES		ENFORCEMENT		OPERATIONS SUPPORT		BSM		TOTAL	
Summary of FY 2021 Request	$000	FTE	$000	FTE	$000	FTE	$000	FTE	$000	FTE
FY 2020 Enacted	$250,885	14	$41,888	328	$33,320	189			$326,093	531
Changes to Base:										
Maintaining Current Levels (MCLs)	$10,193		$1,649		$1,501				$13,343	
Pay Annualization (3.1% average pay raise)	1,944		323		256				2,523	
Pay Raise (1.0% average pay raise)	1,896		315		249				2,460	
FERS Contribution Increase	2,972		480		371				3,823	
Non-Pay	1		3		6				10	
Additional Required Labor Costs	3,380		528		619				4,527	
Efficiencies/Savings			($534)	(4)					($534)	(4)
Personnel Savings			(534)	(4)					(534)	(4)
Subtotal FY 2021 Changes to Base	$10,193		$1,115	(4)	$1,501				$12,809	(4)
FY 2021 Current Services	$261,078	14	$43,003	324	$34,821	189			$338,902	527
Total FY 2021 Request (Before Cap)	$261,078	14	$43,003	324	$34,821	189			$338,902	527
Dollar/FTE Change FY 2021 Request over FY 2020 Enacted	$10,193		$1,115	(4)	$1,501				$12,809	(4)
Percent Change FY 2021 Request over FY 2020 Enacted	4.06%		2.66%	-1.22%	4.50%				3.93%	-0.75%

4.5 – Summary of IRS FY 2021 Cyber Security Budget Request

Bureau: Internal Revenue Service	TAXPAYER SERVICES		ENFORCEMENT		OPERATIONS SUPPORT		BSM		TOTAL	
Summary of FY 2021 Request	$000	FTE	$000	FTE	$000	FTE	$000	FTE	$000	FTE
FY 2020 Enacted	$31,024	67	$31,579	162	$243,571	471	$35,000	30	$341,174	729
Changes to Base:										
Maintaining Current Levels (MCLs)	$1,020		$1,148		$7,094				$9,262	
Pay Annualization (3.1% average pay raise)	93		212		689				994	
Pay Raise (1.0% average pay raise)	91		207		672				969	
FERS Contribution Increase	131		354		1,000				1,485	
Non-Pay	499		84		3,094				3,677	
Additional Required Labor Costs	206		291		1,640				2,137	
Efficiencies/Savings			($351)	(1)					($351)	(1)
Personnel Savings			(351)	(1)					(351)	(1)
Subtotal FY 2021 Changes to Base	$1,020		$797	(1)	$7,094				$8,911	(1)
FY 2021 Current Services	$32,044	67	$32,376	161	$250,665	471	$35,000	30	$350,085	728
Program Increases:										
Integrated Modernization Business Plan							11,000		11,000	
Implementing the Taxpayer First Act										
Subtotal FY 2021 Program Increases							$11,000		$11,000	
Total FY 2021 Request (Before Cap)	$32,044	67	$32,376	161	$250,665	471	$46,000	30	$361,085	728
Dollar/FTE Change FY 2021 Request over FY 2020 Enacted	$1,020		$797	(1)	$7,094		$11,000		$19,911	(1)
Percent Change FY 2021 Request over FY 2020 Enacted	3.29%		2.52%	-0.62%	2.91%				5.84%	-0.14%
Cap Adjustment Program Increases										
Increase Audit Coverage					278				278	
Increase Collection Coverage					273				273	
Expand Coverage in the Tax-Exempt Sector					22				22	
Expand Cyber and Virtual Currency Compliance Efforts					20				20	
Subtotal FY 2021 Cap Adjustment Investments					$593				$593	
Total FY 2021 Request Including Cap Adjustment	$32,044	67	$32,376	161	$251,258	471	$46,000	30	$361,678	728
Dollar/FTE Change FY 2021 Request Including cap over FY 2020 Enacted	$1,020		$797	(1)	$7,687		$11,000		$20,504	(1)
Percent Change FY 2021 Request Including cap over FY 2020 Enacted	3.29%		2.52%	-0.62%	3.16%				6.01%	-0.14%

4.6 – Summary of IRS FY 2021 Budget Request

Bureau: Internal Revenue Service	TAXPAYER SERVICES		ENFORCEMENT		OPERATIONS SUPPORT		BSM		TOTAL	
Summary of FY 2021 Request	$000	FTE	$000	FTE	$000	FTE	$000	FTE	$000	FTE
FY 2020 Enacted (Pre-IAT)	$2,511,554	26,390	$5,010,000	35,388	$3,808,500	11,970	$180,000	426	$11,510,054	74,174
Planned Interappropriation Transfer	24,000	370	(100,500)		76,500					370
FY 2020 Enacted	$2,535,554	26,760	$4,909,500	35,388	$3,885,000	11,970	$180,000	426	$11,510,054	74,544
Changes to Base:										
Maintaining Current Levels (MCLs)	$107,929		$207,089		$130,866		$6,201		$452,085	
Pay Annualization (3.1% average pay raise)	18,078		35,236		13,896		547		67,757	
Pay Raise (1.0% average pay raise)	17,631		34,364		13,552		533		66,080	
FERS Contribution Increase	26,523		52,345		20,143		989		100,000	
Non-Pay	4,058		7,258		41,840		2,188		55,344	
Additional Required Labor Costs	41,639		77,886		41,435		1,944		162,904	
Efficiencies/Savings	($80,929)	(1,082)	($56,589)	(454)	($6,277)				($143,795)	(1,536)
Increase e-File Savings	(4,607)	(85)			(77)				(4,684)	(85)
Space Optimization					(6,200)				(6,200)	
Personnel Savings	(76,322)	(997)	(56,589)	(454)					(132,911)	(1,451)
Subtotal FY 2021 Changes to Base	$27,000	(1,082)	$150,500	(454)	$124,589		$6,201		$308,290	(1,536)
FY 2021 Current Services	$2,562,554	25,678	$5,060,000	34,934	$4,009,589	11,970	$186,201	426	$11,818,344	73,008
Program Increases:										
Integrated Modernization Business Plan							113,799	91	113,799	91
Implementing the Taxpayer First Act			11,260	92	95,100	170			106,360	262
Subtotal FY 2021 Program Increases			$11,260	92	$95,100	170	$113,799	91	$220,159	353
Total FY 2021 Request (Before Cap)	$2,562,554	25,678	$5,071,260	35,026	$4,104,689	12,140	$300,000	517	$12,038,503	73,361
Dollar/FTE Change FY 2021 Request over FY 2020 Enacted	$27,000	(1,082)	$161,760	(362)	$219,689	170	$120,000	91	$528,449	(1,183)
Percent Change FY 2021 Request over FY 2020 Enacted	1.06%	-4.04%	3.29%	-1.02%	5.65%	1.42%	66.67%	21.36%	4.59%	-1.59%
Cap Adjustment Program Increases										
Increase Audit Coverage			123,440	1,325	49,740	8			173,180	1,333
Increase Collection Coverage			119,737	1,334	50,769	8			170,506	1,342
Expand Coverage in the Tax-Exempt Sector			12,102	109	3,664				15,766	109
Expand Cyber and Virtual Currency Compliance Efforts			24,704	101	15,844				40,548	101
Subtotal FY 2021 Cap Adjustment Investments			$279,983	2,869	$120,017	16			$400,000	2,885
Total FY 2021 Request Including Cap Adjustment	$2,562,554	25,678	$5,351,243	37,895	$4,224,706	12,156	$300,000	517	$12,438,503	76,246
Dollar/FTE Change FY 2021 Request Including cap over FY 2020 Enacted	$27,000	(1,082)	$441,743	2,507	$339,706	186	$120,000	91	$928,449	1,702
Percent Change FY 2021 Request Including cap over FY 2020 Enacted	1.06%	-4.04%	9.00%	7.08%	8.74%	1.55%	66.67%	21.36%	8.07%	2.28%

Department of the Treasury
Departmental Offices
Salaries and Expenses

Congressional Budget Justification and Annual Performance Report and Plan

FY 2021

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Section I – Budget Request

A – 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, and manage the U.S. Government's finances and resources effectively.

B – Summary of the Request

The FY 2021 Request proposes increases to help implement programs that bolster U.S. economic growth, promote financial stability, enhance national security, transform government-wide financial stewardship, and achieve operational excellence. Particular focuses of this request are continued expansion of the Office of Cybersecurity and Critical Infrastructure Protection's (OCCIP's)[1] efforts to protect the U.S. financial services sector from cyberattacks and improve resilience of critical infrastructure, continued expansion of the Office of Tax Policy's impact analyses of tax regulations, funding to pay the State Department's increased bill for the Capital Security Cost Share Program, the creation of a maintenance and minor repair budget to support the Treasury-owned facilities, and funding to support the Evidence Act and Office of Minority and Women Inclusion mandates.

In addition to requested increases for the Treasury Departmental Offices (DO) Salaries and Expenses (SE) account, DO anticipates transferring in and executing $15 million from the $20 million request for the Committee on Foreign Investment in the United States (CFIUS) Fund, discussed separately.

1.1 – Appropriations Detail Table

Dollars In Thousands

Appropriated Resources	FY 2019 Operating Plan		FY 2020 Enacted		FY 2021 Request		FY 2020 to FY 2021 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Executive Direction	98	$35,407	106	$36,775	102	$37,714	-3.8%	2.6%
International Affairs and Economic Policy	157	$52,428	180	$52,825	181	$54,367	0.6%	2.9%
Domestic Finance and Tax Policy	210	$72,570	226	$78,153	237	$84,506	4.9%	8.1%
Treasury-wide Management and Programs	99	$39,171	110	$38,279	125	$40,740	13.6%	6.4%
Committee on Foreign Investment in the United States	32	$15,000	81	$22,341	120	$24,146	48.1%	8.1%
Subtotal New Appropriated Resources	**596**	**$214,576**	**703**	**$228,373**	**765**	**$241,473**	**8.8%**	**5.7%**
Other Resources								
Reimbursable	46	$12,432	40	$9,071	40	$9,242	0.0%	1.9%
Transfer from CFIUS Fund	0	$0	0	$15,000	0	$15,000	NA	0.0%
Subtotal Other Resources	**46**	**$12,432**	**40**	**$24,071**	**40**	**$24,242**	**0.0%**	**0.7%**
Total Budgetary Resources	**642**	**$227,008**	**743**	**$252,444**	**805**	**$265,715**	**8.3%**	**5.3%**

Note: FY 2019 FTEs are Actuals
Note: $1.5 million of the Treasury-wide Management and Programs request in 2021 is contingent on enactment of legislation transferring the U.S. Secret Service to the Department of the Treasury.

[1] The Department of the Treasury has recognized the continuing increase in cyber threats and the need to continue enhancing cybersecurity in the financial sector. To reflect these changes, Treasury has refocused and renamed the office from the former "Office of Critical Infrastructure Protection and Compliance Policy" name to the "Office of Cybersecurity and Critical Infrastructure Protection" (OCCIP).

1.2 – Budget Adjustments Table

Dollars in Thousands	FTE	Amount
FY 2020 Enacted	**703**	**$228,373**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	5,472
Pay Annualization (2020 3.1% average pay raise)	0	$1,023
Pay Raise (1% average pay raise)	0	$998
FERS Contribution Increase	0	$1,100
Non-Pay	0	$2,351
Efficiency Savings	0	($1,246)
Subtotal Changes to Base	0	$4,226
FY 2021 Base	**703**	**$232,599**
Program Changes:		
Reinvestments	39	$0
Staffing to Support CFIUS Caseload Growth	39	$0
Program Increases:	23	$8,874
Strengthen Cybersecurity of the Financial Services Sector	8	$3,700
Impact Analyis of Tax Regulations	3	$1,063
Operations and Maintenance (O&M) of Prior-year Enterprise-wide Cybersecurity Investments	0	$333
Attaché Cost Increases from State Department	0	$498
Implementation of Evidence Act of 2018	3	$723
Main Treasury and Freedman's Bank Building Annual Maintenance	0	$550
Increase Office of Minority and Women Inclusion staffing	2	$507
Management and Oversight for US Secret Service	7	$1,500
FY 2021 President's Budget Request	**765**	**$241,473**

Note: $1.5 million of the Treasury-wide Management and Programs request in 2021 is contingent on enactment of legislation transferring the U.S. Secret Service to the Department of the Treasury

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) .... +$5,472,000 / + 0 FTE

Pay Annualization (3.1%) +$1,023,000 / +0 FTE

Funds are requested for annualization of the January 2020 3.1% average pay raise.

Pay Raise (1.0% in 2021) +$998,000 / +0 FTE

Funds are requested for a 1.0% average pay raise in January 2021.

FERS Contribution Increase +$1,100,000 / +0 FTE

Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2021.

Non-Pay +$2,351,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Efficiency Savings .... -$1,246,000 / -0 FTE

Contractual Support -$1,246,000 / -0 FTE

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

Reinvestments.. +$0 / +39 FTE

Staffing to Support CFIUS Caseload Growth +$0 / +39 FTE

Increase in CFIUS staffing to support anticipated program growth. Funding will come from redirecting contract spending.

Program Increases .... +$8,874,000 / +23 FTE

Strengthen the Financial Services Sector's Cybersecurity and Critical Infrastructure Protection +$3,700,000 / +8 FTE

The U.S. financial services sector faces a broad range of cybersecurity vulnerabilities and physical hazards. Adversaries and malicious actors have recently exploited vulnerabilities in the financial sector, leading to major financial industry breaches and disruptions. The potential for damage in the event of a major breach is massive. The scale of transactions of the largest financial systems dwarfs the U.S. GDP. For example, the largest U.S. real-time gross settlement system transmitted over $700 trillion in 2018. Although many U.S. financial institutions are well protected from attack, adversaries and malicious actors continue to grow in technical capability, and their attacks continue to increase in sophistication and severity.

The FY 2021 Request would enable Treasury, the sector-specific agency for financial services critical infrastructure, to help the private sector and regulators shift toward a more proactive posture toward these risks and challenges. This request would reduce risks by allowing Treasury and its partners to identify and address vulnerabilities before they can be exploited. This request builds on FY 2020 initiatives for which Congress provided the Office of Cybersecurity and Critical Infrastructure Protection (OCCIP) a $4.0 million increase. It expands FY 2020 efforts to map critical financial processes, assess and mitigate financial institution-level vulnerabilities, and study new technologies for potential risks to the sector. The FY 2021 Request also proposes funding one additional cyber center liaison to meet the increasing demands from the financial services sector for more information sharing and a new staff member to provide cybersecurity expertise to the CFIUS review process.

Identify, Map, and Prioritize Risks and Vulnerabilities +$3,194,000 / +6 FTE

This initiative will support efforts to identify risks to large financial institutions, key third parties, and the other infrastructures and technologies on which the sector relies (e.g., energy and telecommunications) to pinpoint shared vulnerabilities with potential systemic implications. This would include completion of the first version of comprehensive financial process maps. Through this initiative, Treasury will identify and diagram the infrastructure required to deliver critical financial transactions; automate maintenance of the maps; and implement visualization techniques to further understand cascading effects of cyber events in the sector to mitigate damage to the infrastructure. Additionally, Treasury will use the requested funding to conduct cross-cutting studies of the firms that are critical and how they support key national critical functions. In conjunction with process mapping, this examination will allow Treasury to identify and reduce vulnerabilities to these key financial sector institutions. Finally, Treasury will proactively assess new and emerging technologies in the financial sector to identify vulnerabilities and mitigate any associated risks.

The FY 2021 Request focuses on three ongoing activities:

- *Map critical processes, institutions, and data flows +$1,085,000 / +0 FTE:* OCCIP will work with industry to identify, map, and prioritize vulnerabilities, focusing on 27 key financial sector institutions, critical infrastructure (e.g., electrical grid), and industry processes (e.g., credit card authorization and settlement).
- *Identify, study, and analyze vulnerabilities by engaging key financial institutions +$1,249,000 / +3 FTE:* Identify and mitigate cybersecurity and operational risks and vulnerabilities at key financial institutions. Improve the security and resilience of the sector's cybersecurity to reduce exploitable vulnerabilities.
- *Assess emerging technologies +$860,000 / +3 FTE:* Analyze emerging technologies for their potential security risks to financial sector networks, systems, and processes. Continuously develop and improve OCCIP's knowledge of emerging technologies in order to provide risk reduction advice for the sector.

Mitigate/Avoid Risks +$506,000 / +2 FTE

Treasury/OCCIP plays an important role in the National Cyber Strategy, which the President announced in September 2018. In addition, Treasury partners with the Departments of Energy and Homeland Security (i.e., the "Tri-Sector Council") to mitigate risks from specific threat actors against financial institutions, energy infrastructure, and telecom companies. Treasury's partnerships among sectors and agencies ultimately enable more timely and actionable dissemination of threat and vulnerability information to support risk mitigation. The FY 2021 Request will help prevent the introduction of new vulnerabilities into systems, lower risks to the sector, and reduce recovery costs from incidents. This initiative comprises two ongoing activities:

- *Enhance OCCIP's protection of the financial sector via the Committee on Foreign Investment in the United States (CFIUS) +$233,000 / +1 FTE:* Assist in understanding product and supply chain dependencies and potential risks of transactions under review by CFIUS.
- *Cyber Command Liaison Officer +$273,000 / +1 FTE:* Fund a full-time Liaison Officer at U.S. Cyber Command, which is one of the unified commands of the Department of Defense. This liaison will increase cyber threat information-sharing with financial institutions to provide early indications of malicious activity and cyber vulnerabilities that could harm the sector and the American people.

<u>Impact Analysis of Tax Regulations +$1,063,000 / +3 FTE</u>

One of the Administration's goals is to bring clarity to the complex Internal Revenue Code and to provide useful guidance to taxpayers. Following enactment of the Tax Cuts and Job Act (TCJA) of 2017, pursuant to a Memorandum of Agreement between Treasury and OMB in April 2018, Treasury agreed to create a new framework to accommodate Executive Order (EO) 12866 – Regulatory Planning and Review. The EO requires a review of tax regulations with the objective of providing taxpayers with economic analysis for significant tax regulations while reducing regulatory burdens and providing timely tax guidance for taxpayers. To accomplish this, the Office of Tax Policy (OTP) requests $1.1 million and three FTE to conduct robust regulatory impact analyses of "significant" tax regulations as determined by OMB. Failure to adequately fund this effort will result in fewer regulations available for OMB review and subsequent publication and lead to an increase in taxpayer confusion, lowering compliance with the TCJA.

<u>Operations and Maintenance (O&M) of Prior-year Enterprise-wide Cybersecurity Investments +$333,000 / +0 FTE</u>
Treasury's Cybersecurity Enhancement Account has made a number of key investments over the past two years which have resulted in significant improvements in Treasury's Cross Agency Priority (CAP) scores. From FY 2018 Quarter 2 to FY 2019 Quarter 2, Treasury has seen, met or exceeded six out of 10 federal-wide targets, which represented a 30 percent improvement over the prior year. This request level will sustain those prior year investments, to include operations and maintenance costs for improvements to the Treasury Secure Data Network (TSDN), Treasury's secret network, and advanced monitoring and mitigation capabilities for the Treasury Government Security Operations Center consistent with the National Continuous Diagnostics and Mitigation (CDM) strategy.

<u>Attaché Cost Increases from State Department +$498,000 / +0 FTE</u>
As representatives of the United States' financial diplomacy efforts, attachés possess expertise on financial authorities, financial intelligence, economic policy, sanctions, and anti-money laundering/countering the financing of terrorism. The State Department considers Treasury attachés to be significant force multipliers on the embassy teams in which they operate.

Incremental annual increases in mandatory overseas support costs continue to erode the program office base budget. In FY 2017 and FY 2018, agencies were provided a credit on their State Department Capital Security Cost Share bill to partially mitigate the impact of increases. Reduced payroll cost within non-CFIUS functions of the Office of International Affairs (IA), in addition to the closure of an overseas duty post, allowed IA to absorb the remainder of these cost increases through FY 2019, but this funding will no longer be available to support these costs in FY 2021.

<u>Implementation of Evidence Act of 2018 +$723,000 / +3 FTE</u>
This initiative is to support Treasury-wide data-driven strategic management processes and bolster evidence-building capability in furtherance of the Foundations for Evidence-Based Policymaking Act of 2018. It would fund key investments in personnel to increase DO's analytic capacity and better understand areas of potential risk and investment.

Office of the Chief Data Officer +$472,000 / +2 FTE: P.L. 115-435 (The Evidence Act) requires agencies to designate a Chief Data Officer. This funding request is to stand up an office of the Chief Data Officer to be comprised initially of two positions. The Chief Data Officer's goals are to ensure data is used as a strategic asset, increase use of data in decision-making and evidence-building, and increase coordination of data collection and use.

Treasury Organizational Performance and Evaluation Program +$251,000 / +1 FTE: The Office of Strategic Planning and Performance Improvement (OSPPI) requests one position to better support implementation of the Evidence Act, by dedicating a senior program lead to serve as the Department's Evaluation Officer and Government Performance and Results Modernization Act Program Manager. This investment would enable the Department to build a better evidence base for informing policy and strategy decisions as well as address priority questions identified in the agency learning agenda. A dedicated senior accountable official will enable the Department to build a better evidence-base for informing policy and strategy decisions. This request will also enable dedicating a modest amount of funding to procure evaluation and research support from other agencies or academic institutions to address priority questions identified in the agency learning agenda.

<u>Main Treasury and Freedman's Bank Building Annual Maintenance +$550,000 / +0 FTE</u>
This request represents a portion of the maintenance and minor repair budget of Treasury-owned space, including the Main Treasury (MT) Building and the Freedman's Bank Building (FBB). Treasury is in a unique position from many other Federal agencies in that it owns historic buildings, which require more and complex routine maintenance. The scope supported by this funding represents a broad range of continuous facility needs that include historical preservation; significant water leaks/intrusion; failure of minor electrical components, plumbing components and fixtures, hardware and doors, plaster, and paint; and all small projects that fall below the capital improvements level. While the MT and FBB have been kept functional under limited funding, it has not been sufficient to properly maintain the buildings, resulting in the deferral of important maintenance and repair work. Deferred maintenance results in additional costs and scope to perform the work later.

<u>Increase Office of Minority Women and Inclusion Staffing +$507,000 / +2 FTE</u>
The Office of Minority and Women Inclusion (OMWI) was mandated under Section 342 of the Dodd Frank Act (P.L.111-203). The initiative will expand steps to seek diversity in the workforce at all levels and fair utilization of minority and women-owned businesses in the business activities of the agency. The new staff will support efforts to institute a more transparent and data-driven accountability structure to measure success, review the impact agency policies on minority and women-owned businesses, and inform evidence-based decision-making. This request will also strive to create a more efficient and effective team of diversity and inclusion experts to implement innovative solutions and new technologies that address behavioral and systematic impediments to success.

<u>Management and Oversight for United States Secret Service (USSS) +$1,500,000 / +7 FTE</u>
Contingent upon enactment of authorizing legislation to transfer the United States Secret Service to the Department of the Treasury, an additional $1.5 million will be necessary for expenses of the Departmental Offices related to oversight of the USSS in areas such as IT, human capital, and budget.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2019 Actual Obligations	FY 2020 Estimated Obligations	FY 2021 Estimated Obligations
11.1 - Full-time permanent	88,194	98,184	105,718
11.3 - Other than full-time permanent	1,504	1,760	1,760
11.5 - Other personnel compensation	2,493	2,535	2,535
11.8 - Special personal services payments	1,343	0	0
11.9 - Personnel Compensation (Total)	**93,534**	**102,479**	**110,013**
12.0 - Personnel benefits	27,249	30,599	31,810
Total Personnel and Compensation Benefits	**$120,783**	**$133,078**	**$141,823**
21.0 - Travel and transportation of persons	4,614	2,970	3,174
22.0 - Transportation of things	200	183	190
23.1 - Rental payments to GSA	0	291	346
23.2 - Rental payments to others	1,528	670	699
23.3 - Communications, utilities, and miscellaneous charges	76	174	203
24.0 - Printing and reproduction	0	42	44
25.1 - Advisory and assistance services	12,555	12,945	14,095
25.2 - Other services from non-Federal sources	3,197	5,849	5,960
25.3 - Other goods and services from Federal sources	81,275	84,671	88,801
25.4 - Operation and maintenance of facilities	121	0	0
25.7 - Operation and maintenance of equipment	271	1,417	1,476
26.0 - Supplies and materials	2,551	3,960	4,259
31.0 - Equipment	2,345	2,195	2,145
32.0 - Land and structures	536	4,000	2,500
42.0 - Insurance claims and indemnities	65	0	0
Total Non-Personnel	**$109,334**	**$119,366**	**$123,893**
Total Obligations	**$230,117**	**$252,444**	**$265,715**
Full Time Equivalents (FTE)	**642**	**743**	**805**

Amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.

Note: $1.5 million of the Treasury-wide Management and Programs request in 2021 is contingent on enactment of legislation transferring the U.S. Secret Service to the Department of the Treasury

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY DEPARTMENTAL OFFICES *Federal Funds* SALARIES AND EXPENSES For necessary expenses of the Departmental Offices including operation and maintenance of the Treasury Building and Freedman's Bank Building; hire of passenger motor vehicles; maintenance, repairs, and improvements of, and purchase of commercial insurance policies for, real properties leased or owned overseas, when necessary for the performance of official business; executive direction program activities; international affairs and economic policy activities; domestic finance and tax policy activities, including technical assistance to State, local, and territorial entities; and Treasury-wide management policies and programs activities, *$239,973,000* [$228,373,000]: Provided, That of the amount appropriated under this heading- (1) not to exceed $350,000 is for official reception and representation expenses; (2) not to exceed $258,000 is for unforeseen emergencies of a confidential nature to be allocated and expended under the direction of the Secretary of the Treasury and to be accounted for solely on the Secretary's certificate; and (3) not to exceed $24,000,000 shall remain available until September 30, [2021] *2022*, for- (A) the Treasury-wide Financial Statement Audit and Internal Control Program; (B) information technology modernization requirements; (C) the audit, oversight, and administration of the Gulf Coast Restoration Trust Fund; (D) the development and implementation of programs within the Office of Critical Infrastructure Protection and Compliance Policy, including entering into cooperative agreements; (E) operations and maintenance of facilities; and (F) international operations. *(Department of the Treasury Appropriations Act, 2020.)* *Contingent upon enactment of authorizing legislation to transfer the United States Secret Service to the Department of the Treasury, an additional $1,500,000 for necessary expenses of the Departmental Offices of the Department of the Treasury.*	

E – Legislative Proposals

Transfer the United States Secret Service to the Department of the Treasury

The Budget proposes to transfer the United States Secret Service from the Department of Homeland Security to the Department of the Treasury. The proposed funding will support necessary expenses for the coordination and oversight of the transfer by the Departmental Offices of the Department of the Treasury. For additional information on the transfer proposal, please consult the Department of the Treasury chapters of the Main Budget Volume and the Major Savings and Reform Volume.

"Contingent upon enactment of authorizing legislation to transfer the United States Secret Service to the Department of the Treasury, an additional $1,500,000 for necessary expenses of the Departmental Offices of the Department of the Treasury."

Create a Freedom of Information Act exemption for certain financial sector cybersecurity-related information to increase protection of the U.S. financial services sector.

This proposal would provide Treasury with an appropriately scoped Freedom of Information Act (FOIA) exemption for cybersecurity-related information, in furtherance of the Department's responsibilities to enhance the security and resilience of the financial services sector's critical infrastructure. To identify risks to financial sector critical infrastructure, Treasury relies on private-sector financial organizations to provide a range of cyber threat and vulnerability information. Firms in the sector have not been sharing such information with Treasury due to concerns that their sensitive information will be subject to public disclosure under FOIA. A narrowly-tailored FOIA exemption would enable Treasury to leverage its relationship with the sector to improve information sharing. This proposal would strengthen Treasury's ability to identify risks to financial sector critical infrastructure and enable public and private-sector action to mitigate significant risks.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

Departmental Offices (DO) is Treasury's headquarters bureau. It provides leadership in economic and financial policy, financial intelligence, and general management. Treasury utilizes effective management, policies, and leadership to protect our national security through targeted financial actions, promote the stability of the nation's financial markets, and ensure the government's ability to collect revenue and fund its operations. DO aligns to all Treasury strategic goals and objectives. Specific alignment by budget activity is indicated below.

B – Budget and Performance by Budget Activity

2.1.1 – Executive Direction Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	$35,200	$36,988	$36,980	$32,993	$35,407	$36,775	$37,714
Other Resource	$21,677	$29,632	$22,997	$25,455	$4,863	$1,538	$1,563
Budget Activity Total	**$56,877**	**$66,620**	**$59,977**	**$58,448**	**$40,270**	**$38,313**	**$39,277**
Full-time Equivalents (FTE)	**185**	**201**	**161**	**159**	**113**	**114**	**110**

Note: FY 2015 - FY 2019 Other Resources dollars are actuals. FY 2015 - FY 2019 FTE are actuals.

Executive Direction Budget and Performance

(*$37,714,000 from direct appropriations, $1,563,000 from reimbursable sources*):
The Executive Direction program area provides direction and policy formulation to DO and the rest of Treasury and interacts with Congress and the public on policy matters.

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

2.1.2 – International Affairs and Economic Policy Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	$54,758	$56,886	$57,191	$48,460	$52,428	$52,825	$54,367
Other Resource	$5,896	$14,680	$10,617	$9,795	$2,701	$1,689	$1,735
Budget Activity Total	**$60,654**	**$71,566**	**$67,808**	**$58,255**	**$55,129**	**$54,514**	**$56,102**
Full-time Equivalents (FTE)	**249**	**262**	**253**	**220**	**161**	**182**	**183**

Note: FY 2015 - FY 2019 Other Resources dollars are actuals. FY 2015 - FY 2019 FTE are actuals.

Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
IA - Monitor Quality and Enhance Effectiveness of International Monetary Fund (IMF) Lending Through Review of IMF Country Programs	100	100	100	100	100	100	100	100
IA - Monitor Quality and Enhance Effectiveness of MDB Lending Through Review of MDB Grant and Loan Proposals	100	100	100	100	100	100	100	100
IA - Percentage of MDB Grant and Loan Proposals Containing Satisfactory Frameworks for Results Measurement	93	89	96	97.6	95	95	95	95
OTA - Program Engagement	3.8	3.9	4.0	3.8	3.8	3.6	3.6	3.6

International Affairs and Economic Policy Budget and Performance

($54,367,000 from direct appropriations, $1,735,000 from reimbursable sources):

The offices in this budget activity promote economic growth in the U.S. by producing technical economic analyses for the Secretary and advancing U.S. economic and financial policy priorities around the world.

Office of International Affairs (IA)

This office supports the following strategic objectives for Strategic Goal 1, to boost U.S. economic growth:

- Objective 1.2 – Strong Economic Fundamentals: Spur faster economic growth by right-sizing Treasury and other regulations and advancing domestic economic policies that boost investment, employment, and innovation.
- Objective 1.4 – Free and Fair Trade: Advance a free and fair trade environment for U.S. businesses through successful negotiation of trade agreements and investment policies.

This office supports the following strategic objectives for Strategic Goal 2, to promote financial stability:

- Objective 2.3 – Foreign Technical Assistance: Provide technical assistance to enable foreign partner countries to better raise and manage financial resources and protect their financial sectors.

This office supports the following strategic objectives for Strategic Goal 3, to enhance national security:

- Objective 3.1 – Strategic Threat Disruption: Identify, dismantle, and disrupt priority threats to the U.S. and international financial systems.
- Objective 3.3 – Economic Strength and National Security: Advance American prosperity and security through growth, investment, trade, and expanding the American industrial base while protecting national security.

This office supports the following strategic objective for Strategic Goal 4, to transform government-wide financial stewardship:

- Objective 4.1 – Financial Data Access/Use: Increase the access and use of federal financial data to strengthen government-wide decision-making, transparency, and accountability.

This office supports the following strategic objective for Strategic Goal 5, to achieve operational excellence:

- Objective 5.1 – Workforce Management: Foster a culture of innovation to hire, engage, develop, and optimize a diverse workforce with the competencies necessary to accomplish our mission.

International Affairs

In FY 2019, IA worked to put in place policies that achieve faster U.S. and global growth and higher after-tax wages for American workers. This involved ambitious reforms for trade, energy, financial regulation, infrastructure, and international relations, all of which continue into FY 2020.

Free, fair, and reciprocal trade has been a cornerstone of our economic agenda, and Treasury has worked with our interagency colleagues and trading partners in order to modernize trade for the benefit of all Americans. These values have been reflected in our government's ongoing negotiations with China and in the historic trade deal we recently signed with Japan. The United States-Mexico-Canada Agreement, passed by the U.S. Congress in January 2020, will establish the highest standards ever in a trade agreement to enhance digital trade, protect intellectual property rights, support small and mid-sized businesses, open markets for agricultural products, and spur manufacturing. Treasury is playing a lead role in analyzing the implications for U.S. financial services firms of the United Kingdom's exit from the European Union. In addition, as the lead U.S. agency in negotiating reductions of export finance subsidies, Treasury continues to press China and other major providers of export finance to agree to disciplines on government support, so that U.S. exporters can compete globally on a level playing field. These efforts serve not only to enhance U.S. competitiveness but also move export credit financing to a more market-reflective basis consistent with Congressional mandates.

Treasury works to address the large and persistent global imbalances and unfair currency practices that threaten strong and sustainable U.S. economic growth. Treasury seeks to level the playing field for U.S. businesses through multilateral and bilateral engagements on foreign exchange practices. Treasury does this via multilateral and bilateral activities working through the International Monetary Fund (IMF) and the Group of 20 Nations (G-20). As an example, Treasury continues to press for stronger exchange rate surveillance in the IMF. Treasury continues its close oversight of multilateral development bank (MDB) policies and programs and continues to promote reforms to further enhance their efficiency, effectiveness, and financial discipline.   Recently negotiated reforms – led by the United States - will improve financial management and debt sustainability while increasing the MDBs' focus on infrastructure, women's economic empowerment, and assistance to fragile states.

Treasury promotes economic growth by managing U.S. participation and leveraging U.S. leadership positions in the International Financial Institutions in order to mitigate emerging threats to the U.S. and global economies; support international trade and investment; and reinforce U.S. national security interests in key countries around the world.

International Affairs Description of Performance:

- Monitor Quality and Enhance Effectiveness of IMF Lending through Review of IMF Country Programs: This measure tracks efforts by IA staff to monitor the quality of IMF country programs and ensure the application of appropriately high standards for the use of IMF resources. The target (100 percent) was met in FY 2019. In FY 2020 and FY 2021, IA's target for this measure remains 100 percent.

- Monitor Quality and Enhance Effectiveness of MDB Lending through Timely Review of MDB Grant and Loan Proposals: IA reviews MDB loan and grant proposals to ensure that funded projects meet several key goals, which include supporting long-term U.S. objectives, having a measurable development impact, and being consistent with congressional mandates. The target (100 percent) was met in FY 2019. In FY 2020 and FY 2021, IA aims to continue its review of 100 percent of MDB loan and grant proposals prior to the date of the relevant Executive Board meeting and increase its oversight of projects during implementation.

- Percentage of MDB Grant and Loan Proposals Containing Satisfactory Frameworks for Results Measurement: This measure tracks the percentage of grant and loan project proposals that contain a satisfactory framework for measuring project results (such as outcome indicators, quantifiable and time-bound targets, etc.) This information is measured on an annual basis. In FY 2019, 95 percent of MDB grant and loan project proposals had excellent or satisfactory ratings for the results matrices. The FY 2020 target is 95 percent, and the FY 2021 target is 95 percent.

Office of Technical Assistance

Treasury's Office of Technical Assistance (OTA) complements Treasury's international economic and terrorist financing policy work. Treasury's offices of International Affairs and Terrorism and Financial Intelligence advocate for improvements in economic and terrorist financing policies internationally. OTA helps the governments of developing and transitioning countries build the human and institutional capacity to implement such policy improvements.

Office of Technical Assistance Description of Performance:

- Office of Technical Assistance (OTA) Program Engagement (Traction): Measures the degree to which foreign counterparts are engaging proactively and constructively with OTA advisors, at the working and policy levels. Counterpart engagement is both a key outcome of OTA efforts to structure and execute effective technical assistance projects that support host country ownership as well as the most crucial input to the successful achievement of the intermediate goals and ultimate outcomes described in the project's terms of reference and work plan during the fiscal year – such as passage of law or regulation, an increase in government revenues, an improvement in a government's credit rating, or a reduction in economic crimes. The measure is scored on a 5-point scale and averaged across all projects to provide one overall measure of OTA's performance. In FY 2019, the Traction score was 3.8, exceeding the target of 3.6. In FY 2020 and FY 2021, IA's target for Traction is 3.6.

Office of Economic Policy (EP)
This office supports the following strategic objective for Strategic Goal 1, to boost U.S. economic growth:

- Objective 1.2 – Strong Economic Fundamentals: Spur faster economic growth by right-sizing Treasury and other regulations and advancing domestic economic policies that boost investment, employment, and innovation.

This office supports the following strategic objective for Strategic Goal 3, to enhance national security:

- Objective 3.2 – AML/CFT Framework: Identify and reduce vulnerabilities in the U.S. and international financial system to prevent abuse by illicit actors.

This office supports the following strategic objective for Strategic Goal 5, to achieve operational excellence:

- Objective 5.1 – Workforce Management: Foster a culture of innovation to hire, engage, develop, and optimize a diverse workforce with the competencies necessary to accomplish our mission.

Macroeconomic Analysis
During the past year, EP staff in the Office of Macroeconomic Analysis have closely monitored U.S. economic performance. The office's high-quality analytic updates served as DO's main internal source of information on U.S. macroeconomic developments and informed a wide range of high-level engagements and official publications, including the Bank/Fund and regional development bank meetings, meetings of the G-7 and G-20, the Quarterly Treasury Bulletin, the report to Congress titled, "Foreign Exchange Policies of Major Trading Partners of the U.S.," the Economy Statement for the Treasury Borrowing Advisory Committee, and the U.S. Government's Annual Financial Report.

The office continued to deliver the High-Quality Market Corporate Yield Curve (a set of daily rates issued on a monthly basis) as mandated under the Pension Protection Act and to produce a Treasury Real Coupon-Issue Yield Curve, a companion to the Treasury Nominal Coupon-Issue Yield Curve, in addition to several other yield curves. These yield curve data are used extensively throughout the private sector and executive agencies that administer private and public pension programs and other future payment programs to calculate their annual liabilities. Finally, economists in the Macro office help prepare the economic assumptions used to create the Administration's Budget.

Microeconomic Analysis
The Office of Microeconomic Analysis has been actively engaged in helping the public and policymakers understand important economic policy issues including economic issue briefs covering a wide range of economic topics, including education finance reform, multiemployer pensions, digital assets, and labor market developments. Other activities included:

- Significant contributions to Treasury's September 2019 Housing Reform Plan, which aims to improve the U.S. housing finance system for borrowers while protecting taxpayers;
- Regulatory Impact Analysis for Treasury's Alcohol and Tobacco tax and Trade Bureau on a proposed deregulatory policy change;
- A congressionally-mandated analysis of a potential Committee on Foreign Investment in the United States application fee;
- Analysis of the potential impact on economic growth of the Administration's infrastructure investment proposal; and
- Ongoing coordination and analysis related to the Secretary's role as Managing Trustee of the Social Security and Medicare Trust Funds.

Social Impact Partnerships to Pay for Results Act
Economic Policy is also responsible for implementation and ongoing management of the Social Impact Partnerships to Pay for Results Act (SIPPRA) program. SIPPRA, signed into law on February 9, 2018, appropriated $100 million to fund social impact partnership projects and feasibility studies to prepare for such projects. Program funds may be obligated through February 8, 2028, and not less than fifty percent of funding for social impact partnership projects must be provided for initiatives that directly benefit children. The SIPPRA program aspires to demonstrate a new model of implementing and funding projects designed to solve entrenched societal problems such as homelessness, recidivism among juvenile offenders, and incidences of childhood abuse and neglect.

SIPPRA issued its first Notice of Funding Availability on February 21, 2019 with the expectation of awarding up to $66.29 million in funding for social impact partnership project grants with fifty percent of this funding allocated for initiatives designed to directly benefit children. Twenty-one applications were received and evaluated by Treasury staff and subject matter expert panels. Nine applications were provided to the Commission on Social Impact Partnerships (Commission) for review and funding recommendations to the Secretary of the Treasury (Secretary) and to the Federal Interagency Council on Social Impact Partnerships (Council) for application certification. The Commission, a federal advisory committee comprised of nine private-sector individuals nominated by the President and Congressional leadership, met multiple times in 2019 and made eight funding recommendations to the Secretary. SIPPRA anticipates issuing an additional Notice of Funding Availability for demonstration projects in FY 2022. The Council, which is chaired by OMB and includes representatives from ten federal agencies, was stood up in 2019. The Council is required to certify for each application that (1) the application "contains rigorous, independent data and reliable, evidence-based research methodologies to support the conclusion that the project will yield savings to the State or local government or the Federal Government if the project outcomes are achieved," SIPPRA Section 2056(a)(8); (2) the "project will yield a projected savings to the Federal Government if the project outcomes are achieved," SIPPRA Section 2056(a)(9); (3) the evaluation design proposed as the basis for outcome payments uses "experimental designs using random assignment or other reliable, evidence-based research methodologies . . . that allow for the strongest possible causal inferences when random assignment is not feasible," SIPPRA Section 2055(c); and (4) the applicant and proposed evaluator have "access to Federal administrative data to assist the State or local government and the evaluator in evaluating the performance and outcomes of the project." SIPPRA Section 2056(a)(5); Treasury anticipates awarding grants by mid-calendar year 2020.

2.1.3 – Domestic Finance and Tax Policy Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	$78,589	$84,591	$83,104	$73,804	$72,570	$78,153	$84,506
Other Resource	$40,240	$55,231	$38,650	$42,042	$8,539	$5,844	$5,944
Budget Activity Total	**$118,829**	**$139,822**	**$121,754**	**$115,846**	**$81,109**	**$83,997**	**$90,450**
Full-time Equivalents (FTE)	**364**	**398**	**365**	**311**	**236**	**256**	**267**

Note: FY 2015 - FY 2019 Other Resources dollars are actuals. FY 2015 - FY 2019 FTE are actuals.

Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
DF-Variance Between Estimated and Actual Receipts (Annual Forecast) (%)	2.80	3.10	4.00	2.33	3.14	4.25	4.25	4.25

Domestic Finance and Tax Policy Budget and Performance
($84,506,000 from direct appropriations, $5,944,000 from reimbursable sources):
The Offices of Domestic Finance and Tax Policy monitor policy, legislation, and regulations, and provide advice and assistance to the Secretary about the financial services sector and taxes, as well as financial markets and the regulation of financial institutions. The Office of Tax Policy supports the Administration's efforts in tax reform legislative proposals and regulatory implementation.

Office of Domestic Finance (DF)
This office supports the following strategic objective for Strategic Goal 1, to boost U.S. economic growth:

- Objective 1.2 – Strong Economic Fundamentals: Spur faster economic growth by right-sizing regulations and advancing domestic economic policies that boost investment, employment, and innovation.

This office supports the following strategic objectives for Strategic Goal 2, to promote financial stability:

- Objective 2.1 – Housing Finance Reform: Support housing finance reform to resolve Government-Sponsored Enterprise (GSE) conservatorships and prevent taxpayer bailouts of public and private mortgage finance entities, while promoting consumer choice within the mortgage market.
- Objective 2.4 – Financial Sector Cybersecurity and Critical Infrastructure Protection: Enhance security, improve resiliency, and reduce the risk of significant cybersecurity and

other incidents to the financial sector's critical infrastructure, domestically and internationally.

This office supports the following strategic objectives for Strategic Goal 4, to transform government-wide financial stewardship:

- Objective 4.1 – Financial Data Access and Use: Increase the access and use of federal financial data to strengthen government-wide decision-making, transparency, and accountability.
- Objective 4.2 – Debt Management: Fund the federal government at the least cost over time.
- Objective 4.3 – Federal Financial Performance: Improve federal financial management performance using innovative practices to support effective government.

This office supports the following strategic objective for Strategic Goal 5, to achieve operational excellence:

- Objective 5.1 – Workforce Management: Foster a culture of innovation to hire, engage, develop, and optimize a diverse workforce with the competencies necessary to accomplish our mission.

During FY 2019, DF worked to promote America's long-term economic strength and stability by preserving confidence in the U.S. Treasury securities market, managing federal fiscal operations and the U.S. government's debt, advising state and local governments on their finances, supporting community and economic development, and strengthening financial institutions and markets. DF advanced several key Administration policies, including financial regulatory reform, housing finance reform, and cybersecurity.

Strong Economic Fundamentals
To promote strong economic fundamentals, Treasury continued work to improve the financial regulatory system and strengthen the economy, consistent with the Administration's "Core Principles" for regulating the U.S. financial system. These Core Principles, conveyed in February 2017 under Executive Order 13772, include empowering Americans to make independent financial decisions, preventing taxpayer-funded bailouts, and fostering economic growth. Given the breadth of the financial system and a complex regulatory environment, Treasury divided the review of the financial system into four reports, covering: (1) banks and credit unions; (2) capital markets; (3) asset management and insurance; and (4) non-bank financials, fintech, and innovation.

Treasury published the fourth and final of the four Core Principles reports in July 2018. The reports make numerous recommendations for administrative and statutory reforms, which require action by the regulators and/or Congress. These reforms would, among other things, discourage taxpayer-funded bailouts, promote American companies' competitiveness, and make regulation efficient, effective, and appropriately tailored. As of December 31, 2019, financial regulatory agencies and Congress had acted on or are acting on roughly 60 percent of about 370 recommendations in the Core Principles reports.

During FYs 2020 and 2021, Treasury will continue to evaluate progress and work to support the implementation of the Core Principles recommendations for the U.S. financial system.

Housing Finance Reform

During the 2008 financial crisis, the GSEs (Fannie Mae and Freddie Mac) suffered significant losses because of structural flaws and inadequate oversight. To prevent the GSEs' failure, the federal government placed them in conservatorship, which continues today. Treasury retains significant investments in the GSEs and continues to provide them capital support through the Senior Preferred Stock Purchase Agreements. These capital support agreements provide confidence to the financial markets that the GSEs will fulfill their financial obligations. These agreements have been amended several times since they were executed in 2008, most recently in FY 2019, when Treasury and the GSEs, acting through their conservator, the Federal Housing Finance Agency, agreed to increase the minimum capital reserve each entity is allowed to retain.

In March 2019, the President signed a memorandum on the urgent need to reform the U.S. housing finance system. The memorandum directed Treasury to develop a plan for administrative and legislative reforms to end the GSE conservatorships, facilitate competition in the housing finance market, establish appropriate regulation of the GSEs, and provide for the federal government to be compensated for any support of the secondary housing finance market. In September 2019, Treasury released its Housing Finance Reform Plan. During FY 2020, Treasury is supporting congressional action, and administrative action pending legislation, to implement housing finance reform pursuant to the recommendations in its Plan.

Financial Sector Cybersecurity and Critical Infrastructure Protection

During FY 2019, DF also played an important role in supporting the cybersecurity and protecting critical infrastructure of the financial services sector. Treasury submitted to Congress, as required by law, a report on the risks of cyber threats. Further, the Office of Cybersecurity and Critical Infrastructure Protection (OCCIP) developed and executed twelve exercises, many co-hosted with regional Federal Reserve Banks, involving other government and regional, small to medium-sized private-sector financial institutions. OCCIP also ran its first virtual tabletop exercise with participation from across the country remotely. Shortly afterwards, Treasury documented these results in an after action report for the participants that outlined areas for improvement to reduce vulnerabilities and risks in both the private and public sector. OCCIP will expand the number, type, and target audiences of these exercises in FYs 2020 and 2021.

Also, in Treasury's roles as chair of the Financial and Banking Information Infrastructure Committee and partner with the Financial Services Sector Coordinating Council, OCCIP continued pushing for enhanced voluntary cybersecurity information sharing among the member organizations. This is to minimize the time it takes to discover, contain, and mitigate cyber incidents, whether from malicious or natural causes. These efforts to enhance incident management coordination among the regulators and the private sector will also continue in FYs 2020 and 2021.

Financial Data Access and Use

During FY 2019, Treasury continued its leadership to increase the access to and use of federal financial data to strengthen government-wide decision-making, transparency, and accountability.

Treasury continued to make progress in government-wide implementation of the 2014 *Digital Accountability and Transparency Act* (DATA Act). The DATA Act requires the federal government to provide consistent, reliable, and useful online data about how it spends taxpayer dollars. In April 2018, DF fully transitioned to the new USAspending.gov website by sunsetting the legacy site. The new site allows taxpayers to examine nearly $4 trillion in annual federal spending and see how this money flows to local communities and businesses. In FY 2019, DF reviewed data quality. DF will work with OMB and federal agencies to drive continued improvements in FY 2020 and FY 2021. The data is compiled from federal agencies and published quarterly. In FY 2019, DF also continued to expand the sister site to USAspending.gov—the Data Lab—which provides additional use cases, data visualizations, and analysis with insights into federal spending and trends. Additionally, DF released the new online "Your Guide to America's Finances," which provides an overview of federal spending, revenues, debt, and deficit information.

Debt Management
Another important DF responsibility is managing the U.S. government's debt. The Office of Fiscal Projections (OFP) forecasts the government's cash and debt activity. As discussed below, OFP achieved its performance goal for FY 2019 by ensuring that the variance between its projections of federal government receipts and actual federal receipts was no more than 4.25 percent.

Another DF office, the Office of Debt Management (ODM), seeks to fund the federal government at the least cost to the taxpayer over time by working to maintain predictable issuance of Treasury debt, minimizing the amount of interest the government must pay, and managing debt maturity over time. In FY 2019, Treasury introduced a new product to the Treasury securities market: the 8-week Treasury bill. In FY 2020, Treasury also announced the re-introduction of the 20-year Treasury bond. The goals for these new products are to satisfy investors and help Treasury to meet its goals for debt issuance.

Domestic Finance Description of Performance:

- Variance between estimated and actual receipts (annual forecast) (percent): As part of managing the federal government's central operating account and cash position, OFP forecasts net cash flows (e.g., federal receipts and outlays) 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. A lower variance is better because that indicates a more accurate forecast. The actual variance for FY 2019 was 3.14 percent, which is lower than the 4.25 percent target. Because tax receipts are quite variable from year to year and are very sensitive to changes in macro-economic conditions and legislative changes, accurate forecasts in one year do not necessarily portend accuracy in a subsequent year or period. OFP will maintain its target of 4.25 percent for both FY 2020 and FY 2021.

Office of Tax Policy (OTP)
This office supports the following strategic objectives for Strategic Goal 1, to boost U.S. economic growth:

- Objective 1.1 – Tax Law Implementation: Administer tax law to better enable all taxpayers to meet their obligations, while protecting the integrity of the tax system.

This office supports the following strategic objective for Strategic Goal 5, to achieve operational excellence:

- Objective 5.1 – Workforce Management: Foster a culture of innovation to hire, engage, develop, and optimize a diverse workforce with the competencies necessary to accomplish our mission.

Tax Policy

During FY 2019, the Office of Tax Policy (OTP) worked closely with the IRS in implementing provisions of the Tax Cuts and Jobs Act (TCJA). Together, they published final regulations on a number of TCJA provisions including changes related to the new section 199A pass-through deduction, the 100-percent additional depreciation deduction under section 168(k) and section 170 that preserves the revenue in TCJA related to the imposition of a cap on state and local income tax deductions. Treasury and the IRS also implemented TCJA provisions related to the section 965 one-time repatriation tax and new section 951A regulations dealing with the computation of global intangible low-taxed income, including income by U.S. shareholders of foreign subsidiaries. In addition, OTP and the IRS promulgated proposed regulations and issued sub-regulatory guidance on a number of TCJA provisions, including the Opportunity Zones incentives, the base erosion and anti-abuse tax under section 59A, the foreign-derived intangible income rules of section 250, the disallowed interest deduction rules under section 163(j), and the income timing rules under section 451. The IRS also issued a number of updates to forms and updated the web page on IRS.gov to provide easy and comprehensive access for the public to final regulations, proposed regulations, and sub-regulatory guidance on TCJA provisions as they became available. Since TCJA's passage in November 2017, Treasury has issued nearly 400 items of guidance, including regulations, revenue procedures, revenue rulings and notices related to every section of TCJA.

OTP also provided analysis in support of tax reform implementation, including updated tax withholding tables and inflation-adjusted tax parameters and regulatory impact analyses. The office also estimated the effects of proposed and final tax reform provisions on tax revenue (overall and for specific types of taxpayers), to inform policymakers and to produce the baseline for the Administration's FY 2020 Budget.

OTP continues to provide leadership for the Organisation for Economic Co-operation and Development (OECD), the Inclusive Framework, the Global Forum, and the G20, advocating for the interests of U.S. based businesses. In particular, during FY 2019, OTP played a leading role in developing OECD proposals (Pillar 1 and Pillar 2) intended to change certain aspects of the allocation of international taxing rights in an effort to combat the unilateral tax actions of multiple jurisdictions (e.g., the French digital services tax). As part of this effort, OTP attended and led numerous meetings at the OECD and organized numerous meetings with stakeholders (including with executives of major digital and non-digital companies) to discuss various alternatives. OTP plans to continue this effort in FY 2020.

In FY 2020 – FY 2021, OTP's primary mission will continue to be leading tax reform implementation. This work will include regulatory and sub-regulatory guidance required to implement changes to the law by conducting cost-benefit analyses of many regulatory actions. The resulting Regulatory Impact Analyses (RIA) require detailed work. OTP received funding for FY 2019 to start hiring professionals to work on the RIA and hired seven new staff members. In 2020-2021, OTP hopes to continue the implementation with additional staff and technology funding to conduct the necessary analyses.

2.1.4 – Treasury-wide Management and Programs Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	$39,143	$41,446	$43,365	$40,494	$39,171	$38,279	$40,740
Other Resource	$55,213	$3,339	$4,284	$2,398	$226	0	0
Budget Activity Total	**$94,356**	**$44,785**	**$47,649**	**$42,892**	**$39,397**	**$38,279**	**$40,740**
Full-time Equivalents (FTE)	**171**	**124**	**153**	**147**	**100**	**110**	**125**

Note: FY 2015 - FY 2019 Other Resources dollars are actuals. FY 2015 - FY 2019 FTE are actuals.

Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
EO 13771 - Number of Deregulatory Actions Issued*	N/A	N/A	N/A	4	N/A	I	I	I
EO 13771 - Number of Deregulatory Actions Issued that Address Recommendations by the Regulatory Reform Task Force*	N/A	N/A	N/A	2	N/A	I	I	I
EO 13771 - Number of Deregulatory Actions Issued that Address Recommendations by the Regulatory Reform Task Force to the Agency Head Consistent with Applicable Law*	N/A	N/A	N/A	0	N/A	I	I	I
EO 13771 - Number of Evaluations to Identify Potential Deregulatory Actions That Included Opportunity for Public Input and/or Peer Review*	N/A	N/A	N/A	1	N/A	I	I	I
EO 13771 - Number of Regulatory Actions Issued*	N/A	N/A	N/A	0	N/A	I	I	I
EO 13771 - Total Incremental Cost of All Regulatory Actions and Deregulatory Actions (Including Costs or Cost Savings Carried Over From Previous Fiscal Years)*	N/A	N/A	N/A	$0	N/A	I	I	I
Percent of Procurement Dollars Spent on Small Business	35.11	36.17	35.01	42.63	40.4	38.5	39.0	N/A
Treasury-wide Employee Engagement Index of the FEVS	66	67	68	68	69	69	70	71
Treasury-wide Footprint (Square Footage)	35,439	34,894	34,100	33,766	33,209	33,356	32,895	32,593
Treasury-wide Leaders Lead Index of the Federal Employee Viewpoint Survey (FEVS)	54	55	56	56	58	58	59	60

Note: I – Performance Indicator

*FY 2019 Actuals for these indicators pending review by OMB's Office of Information and Regulatory Affairs

Treasury-wide Management and Programs Budget and Performance
($40,740,000 from direct appropriations):
This budget activity includes offices that are responsible for the internal management and policy of the Department: the Office of the Assistant Secretary for Management; the Office of the Chief Information Officer; the Office of Privacy, Transparency, and Records; the Office of the Senior Procurement Executive; the Office of the Chief Human Capital Officer; the Office of Treasury Operations; the Office of the Deputy Chief Financial Officer; the Office of Civil Rights and Diversity; the Office of Minority and Women Inclusion; the Office of Strategic Planning and Performance Improvement; the Office of Risk Management; and the Office of the Deputy Assistant Secretary for Management and Budget.

This office supports the following strategic objective for Strategic Goal 2, to promote financial stability:
- Objective 2.4 – Financial Sector Critical Infrastructure and Cybersecurity: Enhance security, improve resiliency, and reduce the risk of significant cybersecurity and other incidents to the financial sector's critical infrastructure, domestically and internationally.

This office leads the following strategic objectives for Strategic Goal 5, to achieve operational excellence:
- Objective 5.1 – Workforce Management: Foster a culture of innovation to hire, engage, develop, and optimize a diverse workforce with the competencies necessary to accomplish our mission.
- Objective 5.2 – Treasury Infrastructure: Better enable mission delivery by improving the reliability, security, and resiliency of Treasury's infrastructure.
- Objective 5.3 – Customer Value: Enhance the experience of interacting with Treasury by providing high quality products and services and by delivering excellent customer service.

Treasury-Wide Management and Program Description of Performance:
- EO 13771: FY 2019 Actuals for these indicators pending review by OMB's Office of Information and Regulatory Affairs
- Percentage of Procurement Dollars Spent on Small Business: Based on preliminary data in FY 2019, Treasury met and exceeded all small business prime contracting goals. However, Treasury may not meet all small business subcontracting goals. The Small Business Administration (SBA) is expected to calculate the data in March 2020. All Treasury bureaus were included in the goaling report, with no exclusions. The FY 2019 overall small business goal was set for 38.5 percent, and Treasury currently exceeds the goal at 40.4 percent. The FY 2020 small business goal is set at 39 percent. One overarching challenge in FY 2019 was that Treasury must follow OMB's directive to utilize Category Management principles and Best-in-Class (BIC) contracts to leverage use of existing government-wide contracting vehicles: there are not enough small business firms included in category management/BIC contract solutions. With a Treasury BIC goal of 35 percent utilization, Treasury Office of Small and Disadvantaged Business Utilization issued a Category Management and BIC Small Business Utilization policy which is believed to have enhanced the overall small business goal achievement. Particularly noteworthy is that Treasury far exceeded the contracting goals for the following socioeconomic groups:
    - Small and Disadvantaged Business – goal five percent, achieved 11.85 percent;

  - Women Owned Small Business – goal five percent, achieved 11.42 percent;
  - Historically Underutilized Business zone – goal three percent, achieved 3.44 percent; and
  - Service Disabled Veteran Owned Small Business – goal three percent, achieved 4.29 percent.
- Treasury-wide "Employee Engagement" Index of Federal Employee Viewpoint Survey (FEVS): Treasury's strategy focused on improving employee engagement in a number of areas to create an opportunity to improve the effectiveness of our workforce while improving our ranking among other federal agencies. Treasury's scores for the Engagement Index increased from 68 percent to 69 percent in FY 2019. Treasury's engagement score exceeded the government-wide average and the average score for very large agencies by one percent. Targets are 70 percent for FY 2020 and 71 percent for FY 2021.
- Treasury-wide Footprint (Square Footage): This goal measures the total square footage occupied by Treasury's owned and leased buildings. To reduce the Department's real property footprint and maximize the use of existing real property assets, the Department maximized space utilization by undertaking space realignments, consolidations, and improved work station standards. GSA is still in the process of certifying the FY 2019 square footage inventories. Several fourth quarter space reductions were not reflected within GSA's end of fiscal year square footage numbers. The Department is currently working with GSA to establish the Q4 space release effective dates. Once these dates have been mutually agreed upon, Treasury should be on target to meet the FY 2019 target of 33,356 square feet. The Department will continue targeting metropolitan areas with multiple posts of duty sites to pursue consolidation opportunities or space reductions where it makes business and financial sense. It should be noted that several Treasury programs focused on economic expansion and national security, including CFIUS, OCCIP and the Office of Terrorism and Financial Intelligence (TFI), will be experiencing considerable growth in investments and personnel. As a result, Treasury's out-year facilities projects are expected to reflect these changes, including the possible expansion of real property holdings in certain geographic areas.
- Treasury-wide "Leaders Lead" Index of Federal Employee Viewpoint Survey (FEVS): Treasury also set the goal to increase the "Leaders Lead" index above FY 2018 results. Treasury's score for the Leaders Lead Index increased from 56 percent in FY 2018 to 58 percent in FY 2019. Treasury's score in FY 2019 exceeded the government-wide average and the average score for very large agencies by one percent. Targets are 59 percent for FY 2020 and 60 percent for FY 2021.

Office of the Chief Human Capital Officer
In FY 2018, Treasury published a strategic plan for 2018-2022 that continued the Department's focus on operational excellence by including a specific goal on workforce management. The Office of the Deputy Assistant Secretary for Human Resources and Chief Human Capital Officer (DASHR-CHCO), based on annual Human Capital Review feedback from the Office of Personnel Management and Office of Management and Budget, is confident that the Treasury human capital strategy is appropriately aligned to Treasury's overall strategic priorities. For FY 2020, the Treasury CHCO issued the following goals: enhance integration of human capital management practices with front-line mission requirements, identify and mitigate risks associated with human capital management, improve the customer experience with HR services,

more actively manage and coordinate HR information technology investments, and further maturing Treasury's human capital evaluation system.

Treasury's human capital community is also providing direct support for priority Administration initiatives including the 21st Century Workforce driver under the President's Management Agenda, especially in the areas of reskilling and upskilling. These are critical needs in light of IRS processing center consolidations and closures, IRS IT modernization, the Bureau of Engraving and Printing's planned move to a new production facility, and the Ten Year Vision for the Future of Federal Financial Management. In addition, during FY 2019 DASHR-CHCO continued its effort to support the expansion of the Office of Terrorism and Financial Intelligence as well as the Committee on Foreign Investment in the United States.

Two key drivers of continual improvement in strategic human capital management are updating governance under the Human Capital Advisory Council (HCAC) and reorganizing DASHR-CHCO. These actions are designed to improve the value and impact of interactions between DASHR-CHCO, Treasury bureaus, and external stakeholders. Treasury's CHCO and the Director of the Office of Civil Rights and Diversity Co-Chair the HCAC and updated its charter during FY 2019. They concurrently established the goal of chartering six subsidiary bodies during FY 2020, including the HR IT Executive Steering Committee, the HR Policy Council, the Executive Diversity and Inclusion Committee, the Learning Leaders Council, the Workforce and Succession Planning Council, and Treasury's Certified Strategic Partners. These groups are responsible for staff work and Treasury-wide coordination of their portfolios, taking direction from the HCAC and raising issues of mutual interest for decision by the HCAC membership. The CHCO initiated the DASHR-CHCO reorganization in January 2019 and completed all necessary personnel actions to establish and staff new organizational units that better align with OPM's Human Capital Business Reference Model and also recognize the emergence of workforce data analysis as a key capability for the agency.

Specific initiatives undertaken in support of the FY20 goals will include the following:

- Continuing strategic workforce planning conversations between bureau Human Resources Officers and owners of Treasury and bureau strategic objectives;
- Staging a coordinated rollout of multi-modal training across Treasury in the key competencies of data literacy, digital transformation, front-line supervision, and leadership at all levels (self, team, organization);
- Conducting an workforce planning occupational study for the IT workforce to validate competency models, assess current competency levels, identify skills gaps, and develop mitigation plans;
- Streamlining and digitizing new employee orientation and improving the pre-appointment experience for individuals selected as members of Treasury's Senior Executive Service.
- Successfully implementing specific recommendations from OPM's 2019 assessment of Treasury's human capital evaluation system to achieve a higher level of maturity in the 2020 assessment.

Finally, Treasury will continue implementation of an enterprise Integrated Talent Management (ITM) system. In FY 2019, Treasury achieved a full transition to the learning management module, placing all Treasury employees in a single enterprise-wide platform for online employee development. Treasury also brought all Senior Executive Service performance plans into ITM, and three bureaus implemented GS performance management in ITM. During FY 2020, bureaus will continue phasing in the ITM performance management module and begin working to utilize talent management modules. When fully deployed, the ITM system will provide employees a single, modern system for learning, performance, and career planning; give leadership a consolidated view of the Department's human capital landscape; and consolidate 24 stand-alone legacy systems into a single, cloud-based system.

Office of Civil Rights and Diversity (OCRD)
In FY 2020, OCRD will work with Treasury bureaus to either update or establish Diversity and Inclusion (D&I) and Equal Employment Opportunity (EEO) Strategic Plans (FY 2021-2025), which map to both the Treasury Strategic Plan and the Human Capital Plan. OCRD will continue the audits of bureaus' EEO, D&I, and External Civil Rights Programs in FY 2020. These audits will critically look at bureaus' D&I and EEO programs to determine any areas where bureaus need a sharper focus and to find and recreate "best practices." EEO offices worked on Human Capital engagement teams to improve inclusion scores – this will also be a continuing focus in FY 2020 and FY 2021. While scores for "Fairness" continue to be a concern, efforts have been made to introduce "Unconscious Bias" training in the workforce and at all management levels to help make leaders aware of biases and to learn to put aside such biases when making employment decisions.

In FY 2019, OCRD developed and distributed sexual harassment prevention training to the workforce in DO, and shared the training with bureaus. Additionally, this office continued to work with the Treasury Executive Institute to develop programming for executives and senior level staff in the areas of diversity and inclusion. OCRD also offered Civility Training to increase the number of trainers in Treasury bureaus. This was the catalyst to establish the Department's Training Cadre with the goal of offering additional training classes in FY 2020 and FY 2021. EEO complaints were adjudicated effectively with the Department improving in meeting EEOC regulatory timeframes both in issuance of decisions and days to investigate complaint. Both benchmarks exceeded Treasury's prior years timeliness rate. To better manage case processing, OCRD plans on upgrading Treasury's EEO case management system in FY 2021, and will start the acquisition process in FY 2020. In FY 2019, disability hiring met three out of four benchmark targets, and emphasis was placed on improving veterans hiring, with the acquisition in FY 2019 of a resume data base for use in hiring veterans. The Department started to pilot this program in FY 2019 and if successful, intends to explore expanding it to the larger disability community in FY 2020. In FY 2019, OCRD procured a Reasonable Accommodation Management System, to better manage reasonable accommodation requests, which is an identified risk. The goal is to have the system fully operational and accessible to bureaus in FY 2020.

In FY 2019 considerable progress was made in improving OCRD's external civil rights program policies and guidance and efforts will continue in FY 2020. OCRD will continue to lead the efforts of the DO financial assistance programs to implement the compliance requirements in the recently issued Treasury civil rights regulations. The effort will include a review of grant making procedures with the goal of introducing compliance measures into existing processes.

Office of the Deputy Chief Financial Officer
For FY 2019, the Department received its twentieth consecutive unmodified audit opinion on its Treasury-wide financial statements. Treasury anticipates unmodified audit opinions for the consolidated audits to be conducted for FY 2020 and FY 2021. Overall, the Department has made strong progress in enhancing its internal control environment and remains committed to ensuring high standards of integrity and transparency in reporting its financial performance.

Office of Small and Disadvantaged Business Utilization (OSDBU)
Based on preliminary data for FY 2019, Treasury is on track to meet and exceed all small business prime contracting goals. The consistent "A" score is a testament to the hard work and professionalism of the procurement and acquisition teams across Treasury's bureaus and the serious commitment to utilizing small businesses that emanates from Treasury's leadership. To comply with Section 15 (k), Small Business Act, the Department focused on small business prime and subcontracting goal achievements and monitoring small business pre-award and post-award functions.

In FY 2019, per FAR Part 19.201, OSDBU successfully executed Small Business Programs Compliance and Surveillance Reviews on six Bureaus, which have procurement authority and make awards to small businesses. The results of the surveillance reviews will provide for a comprehensive small business acquisition transformation strategy that will include acquisition workforce teaching and training across the Department. Overall, the Department has made progress in enhancing its small business programs and remains committed to ensuring high standards of small business program compliance. Central to the surveillance review strategy is early acquisition planning and broad stakeholder participation.

In FY 2019, Treasury OSDBU reviewed 350 acquisition actions valued at over $250,000 not set-aside for small business and rejected 23 of these actions due to inadequate market research. After the rejections, small business opportunities were found for all 23 actions. Of the 327 actions, 101 required subcontracting plan review (over $700,000) and monitoring of the subcontracting goals addressed in the plan. Together with the Small Business Administration Procurement Center Representative, the OSDBU approved the subcontracting plans and these became part of the resultant contract.

In FY 2020, OSDBU will conduct their annual Small Business Program Compliance and Surveillance Reviews on each Bureaus that has procurement authority in conjunction with the Office of the Procurement Executive. The purpose of the review is to ascertain whether Bureaus are implementing their corrective action plans from previous years, and to ensure they are following small business procurement laws, regulations, and policies as they pertain to small business set-asides, bundling and consolidation, and 8(a) Business Development contract awards. A small business program health summary will be submitted to the Deputy Secretary by October 2020.

Office of the Senior Procurement Executive (OPE)
In FY 2019, Treasury continued a comprehensive acquisition transformation strategy designed to facilitate innovation, strategic management, efficiency, and effective mission outcomes in compliance with the President's Management Agenda. Central to the strategy is early planning

and broad stakeholder participation as well as accelerated transition to strategic acquisition vehicles. In FY 2020 and FY 2021, Treasury will continue to focus on exploring the use of automated solutions to improve the acquisition process.

In FY 2019, Treasury continued successful execution of its Major Acquisition Program (MAP) reviews in which primary and senior stakeholders (to include procurement, customer, program management, and legal representatives) jointly and periodically review procurement strategy and progress for critical acquisitions. These reviews provided a forum for development of effective acquisition strategies; early identification and resolution of problems; and sharing of experience and expertise among various stakeholder personnel. FY 2019 reviews mainly focused on pre-award actions and were designed to facilitate successful award of critical contracts. In FY 2019, Treasury reviewed 30 acquisitions, valued at $7.5 billion. Reviews included 15 IT acquisitions valued at $3.2 billion. OPE, in collaboration with Office of Strategic Planning and Performance Improvement (OSPPI), also performed non-IT major acquisition portfolio reviews with the Bureau of Engraving and Printing (BEP) and the United States Mint in support of the Department’s Program Management Improvement and Accountability Act (PMIAA) implementation efforts. Through these portfolio reviews, OPE was able to develop a better understanding of which non-IT major acquisitions supported the Department’s strategic objectives. In FY 2020, the Department will transition from pre-award MAP reviews to more robust Acquisition Management Reviews (AMR). An expected outcome of the AMR is to help ensure successful contract performance strategically aligns with mission outcomes by expanding emphasis on the acquisition lifecycle from the time a contracting office receives a complete acquisition package through contract performance, closeout and final payment.

From FY 2016 to FY 2019, Treasury increased the percentage of Spend Under Management (SUM) from 47.3 percent to 62.7 percent and increased the percentage of Best In Class (BIC) spend from 12.8 percent to 41.3 percent. Treasury has achieved both savings and efficiencies through aggregating requirements and leveraging its purchasing power via enterprise-level management of common spend categories. By fully utilizing category management, Treasury seeks to save the Federal Government money through smarter purchasing and greater collaboration across stakeholder organizations and to achieve greater efficiency with fewer resources. The Treasury strategy for FY 2019 and FY 2020 continues the Department’s transition to the Office of Management and Budget’s preferred contract vehicles, reducing the need to establish department level contracts and freeing associated resources for focus on other acquisition priorities. Treasury continues to make significant progress by widely adopting category management principles and actively pursuing opportunities to manage spend more effectively across the Department.

2.1.5 – Committee on Foreign Investment in the United States Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	$2,310	$2,589	$3,736	$6,000	$15,000	$22,341	$24,146
CFIUS Fund Transfers	0	0	0	0	0	$15,000	$15,000
Budget Activity Total	**$2,310**	**$2,589**	**$3,736**	**$6,000**	**$15,000**	**$37,341**	**$39,146**
Full-time Equivalents (FTE)	**14**	**15**	**23**	**26**	**32**	**81**	**120**

Note: FY 2015 - FY 2019 Other Resources dollars are actuals. FY 2015 - FY 2019 FTE are actuals.
Note: CFIUS Budget activity was established in FY 2020 PB. Prior year enacted levels are based on an approximation of funding and have been subtracted from IA/EP & ED budget activities.

Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Timely Review of CFIUS Casse	100	100	100	100	100	100	100	100
Number of notices reviewed by CFIUS	NA	NA	NA	NA	NA	NA	I	I
Number of notices that proceed to investigation by CFIUS	NA	NA	NA	NA	NA	NA	I	I

Key: I – Indicator

Committee on Foreign Investment in the United States Budget and Performance
($24,146,000 from direct appropriations, and $15,000,000 from fund transfers):
The Committee on Foreign Investment in the United States is an interagency committee authorized to review certain transactions involving foreign investment in the United States to determine the effect of such transactions on the national security of the United States. In FY 2019 CFIUS took significant steps toward full implementation of the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA). At the beginning of FY 2019, the Committee established a pilot program to cover certain investments in critical technologies related to specific industries. At the end of FY 2019, Treasury published draft FIRRMA regulations to implement the remainder of the statute, for public notice and comment. In January 2020, Treasury issued final regulations to implement FIRRMA, which become effective on February 13, 2020. Treasury has also made substantial progress on various administrative aspects of implementation, including with regard to staffing, information technology systems and infrastructure, and facility build-out. In recognition of the strategic importance of FIRRMA implementation to national security Treasury is including this as an Agency Priority Goal. Successful implementation of FIRRMA will ensure that identified national security risks arising from certain foreign investments—including from some types of investments and transactions that previously fell outside of CFIUS' jurisdiction—are addressed in an effective manner.

<u>Timely Review of CFIUS Cases</u>: This measure tracks compliance with statutory deadlines for completing national security reviews of transactions notified to the CFIUS to ensure that the CFIUS process is timely and efficient. The target (100 percent) was met in CY 2019. IA's target for this measure in CY 2020 and CY 2021 is 100 percent.

C – Changes in Performance Measures

Performance Measure or Indicator	Proposed Change and Justification
1. Number of notices that are reviewed by the Committee on Foreign Investment in the United States per calendar year (indicator).	This indicator measures the number of notices reviewed by CFIUS as a result of updated regulations under FIRRMA.
2. Number of notices that proceed beyond the initial review to a subsequent investigation. CFIUS generally investigates cases that require more resource-intensive analysis and/or corrective action (indicator).	This indicator measures the number of investigations conducted by CFIUS as a result of updated regulations under FIRRMA.

D – Evidence-Building Activity

International Affairs

International Affairs' policy analysis and recommendations to senior government leaders leverage economic, financial, and market data in addition to other social, political, and intelligence information available publically and through U.S. Government sources. Similar sources of evidence and data are used in the production of congressionally mandated reports, such as the semi-annual foreign exchange report to Congress.

The Office of Technical Assistance is leading Treasury's Monitoring and Evaluation (M&E) efforts under the Foreign Aid Transparency and Accountability Act of 2016. In 2019, OTA took steps towards full implementation of FATAA including: development of M&E instructions, the hiring of two new M&E specialists, development of a LogFrame template and associated instructions, initiation of the procurement process for contracting independent evaluation services, and socialization of M&E efforts with programmatic teams, including identifying the benefits of increased opportunities for program learning. Further support for these efforts is requested in Treasury's International Programs Congressional Justification for Appropriations.

Throughout FY 2019, Treasury's Office of Investment Security drafted regulations to implement the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA). The Office relied on evidence from a range of sources to shape and effectively scope the final regulations, which were published in January 2020. This includes aggregated data on transactions covered under a "pilot program" that expanded the scope of transactions subject to review by CFIUS to certain non-controlling investments involving foreign persons and certain critical technologies. Treasury also benefited from hundreds of individual comments it received on proposed versions of the regulations that it published in September 2019. The final regulations update multiple provisions in response to a considered analysis of pilot program data and the public comments.

Once the final FIRRMA regulations become effective on February 13, 2020, Treasury will collect and regularly analyze data on covered transactions that are reviewed by CFIUS and monitor the broader national security and investment landscapes to ensure that the final regulations are effectively addressing national security concerns. As a result of these activities, Treasury may, if necessary, periodically amend the regulations or provide additional information to assist the public with compliance.

In FY 2020, Treasury will begin use of a new, electronic case management system that will support this effort and better enable future evidence-building and program evaluation-related activities.

Economic Policy

Economic Policy serves as a data-driven policy office within the DO with a specific focus on supporting decision making processes. Over the past year, EP has reinforced Treasury initiatives by providing economic analysis on a wide variety of public policy. Through the office's use of research-based studies, both explorative and focused, the economic team delivered micro and macro level recommendations to Treasury offices. Those recommendations included issues related to cryptocurrency, pension reform, tax policy, Social Security and Medicare, long term care insurance, financial innovation, industry concentration, monetary policy, and financial analysis, among others.

Domestic Finance

Financial Sector Cybersecurity and Critical Infrastructure Protection

At the beginning of FY 2020, OCCIP successfully participated in the Treasury Department's "health check-up" pilot of selected programs and projects critical to the success of Treasury's FY 2019 strategic objectives. The pilot allowed Treasury to assess the management health of its selected programs and projects. The pilot is also pursuant to the *Program Management Improvement Accountability Act (PMIAA)* (P.L. 114-264). OCCIP received an initial evaluation of its program effectiveness, and received high-range scores in its ability to plan for risks/contingencies and for its resource needs. In FY 2020 and FY 2021, OCCIP will continue to inform and strengthen its program goals by developing and implementing a pilot analysis of critical third parties in the financial services sector. The pilot will allow Treasury to identify risks associated with critical third parties and enable Treasury to prioritize information sharing and risk management initiatives to mitigate third party risks to critical financial services infrastructure. Additionally, in FY 2021, OCCIP will study and analyze vulnerabilities in key financial institutions to identify and mitigate cybersecurity and operational risks, and to further inform and strengthen Treasury's ability to improve the security and resiliency of the financial services sector.

Tax Policy

The Office of Tax Policy's Office of Tax Analysis (OTA) is a division consisting of 55 PhD economists and statisticians who are dedicated to developing models of taxpayer behavior based upon the IRS' Compliance Data Warehouse (CDW). OTA economists develop and manage hundreds of models annually. The analytics inform policy for the administration and OTA is the premier organization for tax analysis.

Under Section 6103 of the Internal Revenue Code, OTA economists have permission to access IRS data that are only available to certain IRS and Treasury employees. This database is the most comprehensive relevant data available regarding tax policy research.

Treasury-wide Management

The Office of Strategic Planning and Performance Improvement (OSPPI), through its internal consulting program, conducts program evaluations and other analysis to help leadership make informed decisions about program goals and operations. OSPPI's works with Treasury bureaus to use process and performance data to identify and implement operational improvements. OSPPI, in partnership with Management and Budget, also leads the Department's quarterly performance reviews, which use data and other evidence to identify strategic issues, problem-solve, and decide on actions to take to achieve goals.

OSPPI also leads implementation of Title I of the Evidence Act, which concerns setting research priorities and coordinating the Department's evidence-building activities. Immediately after the law was enacted, Treasury leveraged the department-wide Strategic Objective Annual Review (SOAR) that OSPPI leads to collaboratively identify a preliminary set of research questions. Treasury also began working with Treasury's Federally Funded Research Development Center (MITRE Corporation) to identify existing research efforts that align to this nascent learning agenda, both from their paid work and independent research efforts. Early in FY 2020, Treasury and MITRE formalized a strategic research team to better align MITRE's independent research efforts with Treasury's research priorities. This team will include representatives from Treasury offices and bureaus who have key research equities to better coordinate research efforts across Treasury, including IRS, Fiscal Service, the Office of Economic Policy, and the Office of Performance Budgeting. OSPPI also organized an inaugural research event to socialize Evidence Act requirements, outline Treasury's implementation approach, and raise awareness of existing Treasury research capabilities.

Treasury is taking the following approach to implementing the evidence-building requirements in Title I of the Evidence Act:

- Treasury will use the SOAR as a primary means of gathering relevant policy questions to create an "enterprise learning agenda." In the 2019 SOAR, Treasury leaders cleared 1-3 policy questions for each of the Department's 17 strategic objectives.
- Treasury will engage with MITRE as the agency's Federally Funded Research Development Center to align MITRE's annual research budget more closely with Treasury's research priorities.

OSPPI's next steps for 2020, in partnership with key stakeholders, include:

- Lead the Treasury/MITRE strategic research coordination team to identify shared research priorities and the means to pursue them.
- Work closely with IRS to integrate their research activities into Treasury's overall plans.
- Leverage the 2020 SOAR to create Treasury's initial learning agenda and evaluation plan.
- Identify low-cost ways to build evidence to address the research questions (e.g., developing and sharing literature reviews for each question).
- Conduct an evidence-building capacity assessment and determine a public comment process for Treasury's learning agenda as required by OMB.

Treasury also began developing a data governance framework approximately a year prior to the enactment of the Evidence Act, pursuant to Title II requirements. At that time the Treasury Deputy Chief Financial Officer began a Data Governance and Analytics project designed to identify a data governance structure, develop standards, and increase the department's analytic capabilities through infrastructure and visualization improvements. After enactment of the Evidence Act, the Executive Steering Committee, which already included the Deputy Chief Financial Officer, the Chief Information Officer, and OSPPI, was expanded to include Treasury's designated Statistical Official and the Deputy Assistant Secretary for Privacy, Transparency, and Records. Currently, this group is developing recommendations for the mission and goals of the Data Governance Body, along with recommendations for initial broader membership of the Data Governance Body.

Section III – Additional Information

A – Summary of Capital Investments

A summary of capital investment resources, including major information technology and non-technology investments can be found at:
https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx

Department of the Treasury Cybersecurity Enhancement Account

Congressional Budget Justification and Annual Performance Report and Plan

FY 2021

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A – Mission Statement
Bolster the Department's cybersecurity posture.

B – Summary of the Request
The Department's strategic plan guides program and budget decisions for the Cybersecurity Enhancement Account (CEA). The FY 2021 Budget Request supports Treasury's FY 2018-2022 Strategic Goal: Achieve Operational Excellence.

To more proactively and strategically protect Treasury systems against cybersecurity threats, the FY 2021 budget requests $18.0 million for the CEA. Trillions of dollars are accounted for and processed by the Department of the Treasury's information technology (IT) systems, and therefore, they are a constant target for sophisticated threat actors. The CEA account identifies and supports Department-wide investments for critical IT improvements, including the systems identified as High Value Assets (HVAs). Furthermore, the centralization of funds allows Treasury to more nimbly respond in the event of a cybersecurity incident as well as leverage enterprise-wide services and capabilities across the Department.

By managing CEA centrally, Treasury elevates the importance of such initiatives and provides Treasury leadership, OMB, and Congress with better transparency into cybersecurity activities across the Department. Enhanced transparency also improves Department-wide coordination of cybersecurity efforts and improves the Department's response and recovery capabilities. With high-level support, the program provides a platform to enhance efficiency, communication, transparency, and accountability around the mission.

Over the past year, Treasury has recognized the utility of the National Institute of Standards and Technology's (NIST) Cybersecurity Framework. In order to better align the CEA account with NIST's push for a Government-wide Cybersecurity risk framework, the FY 2021 President's Budget reflects initiatives organized around the NIST Framework Core. While in previous budget submissions CEA included initiatives organized around specific investments (e.g., High Value Assets), the FY 2021 President's Budget is instead organized around common cybersecurity activities and outcomes that are gaining use industry-wide: Identify, Protect, Detect, Respond, and Recover. Treasury's goal in making this methodology shift going forward is to provide better clarity into the strategic focus of the Department's cybersecurity investments, align with accepted industry standards, guidelines, and practices and allow Treasury to track more effectively against government-wide reporting requirements.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2019 Operating Plan		FY 2020 Enacted		FY 2021 Request		FY 2020 to FY 2021 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Cybersecurity Enhancement Account	12	$25,208	11	$18,000	6	$18,000	-45.5%	0.0%
Total Budgetary Resources	**12**	**$25,208**	**11**	**$18,000**	**6**	**$18,000**	**-45.5%**	**0.0%**

Note: FTE = Full-time Equivalent employment

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2020 Enacted	**11**	**$18,000**
Changes to Base:		
Non-Recurring Costs	(11)	($18,000)
Subtotal Changes to Base	(11)	($18,000)
FY 2021 Current Services	**0**	**$0**
Program Changes:		
Program Increases:	6	$18,000
Identify the Business Context, Resources & Cybersecurity Risk	1	$5,083
Protect the Delivery of Critical Infrastructure Services	3	$8,008
Detect Cybersecurity Events	1	$550
Respond to Detected Cybersecurity Incidents	1	$3,359
Recover by Maintaining Resilience and Restoration Plans	0	$1,000
FY 2021 President's Budget Request	**6**	**$18,000**

C – Budget Increases and Decreases Description

Non-Recurring Costs .... -$18,000,000 / -11 FTE

FY 2020 Non-Recurring Investments -$18,000,000 / -11 FTE

This amount represents non-recurring initial investments.

Program Increases .... +$18,000,000 / +6 FTE

Identify the Business Context, Resources & Cybersecurity Risk +$5,083,000 / +1 FTE

Goal: Develop an organizational understanding to manage cybersecurity risk to systems, people, assets, data, and capabilities.

Cybersecurity Risk Model, +$1,291,000

The Cybersecurity Risk Model initiative will define and implement a risk model for assessing and quantifying risk. This includes defining risk criteria and developing a risk quantification tool. The Cybersecurity Risk Model initiative will identify, quantify, access, prioritize, and report on Enterprise Cyber Risks found across the Treasury Department. The Cybersecurity Risk Model will also quantify and prioritize Enterprise Cyber risk. This will allow the Department to prioritize mitigation of risks associated with cyber attacks based on their likelihood of occurrence. Treasury's implementation of the Cybersecurity Risk Model will also help meet mandated requirements set by OMB, NIST and DHS. This project aligns with the *Improving HVA Cybersecurity* initiative from the FY 2020 Budget.

Risk Management Dashboard, +$1,291,000

The end-state of the initiative will provide access to risk data and the ability to analyze such data from multiple sources. Without this central dashboard, data from the System Detection Analysis & Risk Reporting (S-DARR) tool, Treasury FISMA Inventory Management System (TFIMS), HVA data, and the CDM dashboard cannot be easily digested, making assessing risks more time consuming and inaccurate. The Risk Management Dashboard will deliver an enterprise risk analysis and scoring capability allowing personnel to manage risks through clear, centralized rankings. This investment will reduce the manual workload required to separately assess the Department's risk profile and allow Treasury's cybersecurity staff to see an accurate, current picture of cybersecurity risk and vulnerability vectors. This insight and improved understanding of the Department's risk posture will further Treasury's ability to continue to make critical IT decisions and cybersecurity investments with the proper risk vectors in mind going forward. This project aligns with the *Proactive Cyber Risk and Threat Identification* initiative from the FY 2020 Budget.

Risk Management Framework (RMF) Automation Tool, +$2,501,000
The Risk Management Framework Automation Tool automates a broad range of services for comprehensive integrated risk management practices and replace the outdated Treasury FISMA Information Management System (TFIMS). Automation would include controls scorecard measurement, dashboard reporting, and the generation of Risk Management Framework (RMF) System Assessment and Accreditation (SA&A) artifacts. As an example, an average SA&A artifact is over 400 pages long. The RMF will provide an integrated suite of ongoing authorization capabilities to streamline the process of creating, maintaining, and reviewing SA&A artifacts. Across Treasury, there are over 1,600 Federal employees who have responsibilities with respect to preparation of SA&A artifacts, and who could see reductions in their Cybersecurity-related tasks of up to 10 percent. Based on a conservative reduction of 5 percent, a total possible estimated person-hour workload reduction would still exceed 25,000 hours. This project aligns with the *Proactive Cyber Risk and Threat Identification* initiative from the FY 2020 Budget.

<u>Protect the Delivery of Critical Infrastructure Services +$8,008,000 / +3 FTE</u>
Goal: Develop and implement appropriate safeguards to ensure delivery of critical services.

High Value Asset (HVA) Security Enhancements, +$3,205,000
This request supports additional investment for HVA management per the Department of Homeland Security's (DHS) Binding Operational Directive (BOD) 18-02, which coordinated DHS's approach to securing the federal government's High Value Assets (HVAs) from cybersecurity threats. The HVA Program establishes a governance framework for Departmental HVAs in accordance with federal mandates. DHS performs a select few Risk and Vulnerability (RVA) Assessments for Treasury. However, Treasury HVAs face constraints that impede a full inventory: DHS is not available to support additional assessments, and multiple Treasury sites cannot conduct off-hours assessments as required due to system sensitivity and criticality. Treasury has elected to perform discretionary RVAs and Security Architecture Reviews (SAR) where DHS HVA RVAs are not feasible. This initiative provides support for those additional assessments. These assessments will be compliant with OMB, DHS, and National Institute of Standards and Technology requirements and standards. Capabilities implemented to date include the implementation of HVA governance framework, which includes the annual recurring requirement for the identification of Treasury HVAs, and the execution of additional RVAs and SARs. This next phase falls under the Recover NIST CSF category—for more information please refer to the Recover section below. The next phase of capabilities includes the development and implementation of an HVA risk management framework, RVA and SAR evaluation methodology, the execution of RVAs and SARs across the department, as well as the remediation of assessment findings where the risks involved pose vulnerabilities to the enterprise. This will allow for the mitigation of enterprise level cyber risk discovered through

the RVA/SAR assessments and/or other Enterprise Risk Management Activities and provide better visibility of Treasury's current cyber posture. This project aligns with the *Improving HVA Cybersecurity* initiative from the FY 2020 Budget.

Data Centric Security and Encryption, +$281,000
Over the past several years, technological advancements have made many emergent technologies a reality. This has changed the landscape of cybersecurity. Likewise, advancements in artificial intelligence, social engineering, and quantum computing over the next several years could require upgrades to traditional defenses and methods. For example, the increases in computational power from practical quantum computing at scale would have a significant impact on several cryptographic algorithms currently in wide use. This initiative would analyze IT advancements and the evolving threat environment as it pertains specifically to the Treasury Department. It would seek to understand how new technological advancements may impact Treasury's systems (specifically Treasury HVAs) and work to develop strategies to safeguard the data entrusted to the Department. This initiative would provide resources to develop strategies and take steps to address emerging threats that are not imminent today in order to push protections closer to the data, consistent with the concept of Zero Trust that was recommended by the House Committee on Oversight and Reform following the Office of Personnel Management breach. This project aligns with the *Enhancements to Cybersecurity Infrastructure* initiative from the FY 2020 Budget.

Treasury Identity Enterprise Services (TIES), +$1,074,000
TIES is an identity management system that provides enterprise-class services for centrally managing employee and contractor identities/user accounts, credentials and access to systems at the Department level. Centralizing these functions allows Treasury to consolidate duplicative identity management processes, provides the potential for increased usage of automation tools across the Department, and improves Treasury's ability to audit and report on cybersecurity posture. Decentralized identity solutions housed across Bureaus have created data silos, non-standardized processes, and inconsistent identity management capabilities that lack efficiency and necessary support for automated provisioning. Altogether, the lack of a centralized identity solution increases Treasury's vulnerability to security threats across the landscape and hinders Treasury's ability to achieve overall cost savings in identity management. The tools and services provided by Continuous Diagnostics and Mitigation (CDM) Phase 2 provide Treasury with an opportunity to implement TIES. This further aligns Treasury identity management with OMB M-19-17. This project aligns with the *Enhancements to Cybersecurity Infrastructure* initiative from the FY 2020 Budget.

Centralized Key Management Services (CKMS), +$865,000
This initiative will design, procure, and implement a centralized Treasury-wide key management service. The Department shares sensitive data across networks and multiple bureaus, and is using encryption to mitigate risk to data at rest and in transit. In order to be truly effective at mitigating risk, encryption must be paired with strong cryptographic key management. Utilizing a centralized key management service will allow Treasury to bring all facets of crypto key management, including hardware, software, and processes into one location. This is increasingly important as the number of encryption keys continue to grow based on updated encryption requirements, as outlined in Cybersecurity Information Sharing Act of 2015. In addition to

tracking new keys, Treasury also needs to continue to track updates to existing keys. Key rotation reduces the time a potentially compromised key is active. Coupled together, newly encrypted platforms and ongoing key rotations for existing encryption services result in an exponentially growing volume of encryption keys. Keeping up with this volume would call for unsustainable amounts of manpower to maintain synchronicity across multiple bureau sites. A centralized key management service would be agnostic to hosting provider and allow Treasury's bureaus to centrally manage encryption keys, as well as automate and quickly revoke keys in case of compromise. This will contribute to an increase in the number of keys inventoried and managed while reducing availability failures as a result of expiring certificates/keys. This project aligns with the *Enhancements to Cybersecurity Infrastructure* initiative from the FY 2020 Budget.

Cloud Access Security Broker (CASB), +$2,583,000
The Treasury Department, in accordance with various government-wide initiatives and industry practices, is migrating many of its internal systems to cloud-based systems using Platform as a Service (PaaS) and Software as a Service (SaaS). Treasury utilizes dozens of cloud environments. Every new cloud solution creates an aperture between our on-premise solutions and these dozen cloud services through which a bad actor can enter and disrupt Treasury's mission. A Cloud Access Security Broker (CASB) will sit between Treasury Bureaus and cloud service providers to enforce security, compliance, and governance policies for and between the dozens of cloud applications used by Treasury. The CASB will allow Treasury to extend the security controls of our on-premises infrastructure to the cloud. Manually governing each of these solutions separately would require a time-consuming implementation. Implementing a CASB is critical for Treasury to efficiently adopt cloud services in a secure fashion. If this initiative is not funded, Treasury will struggle to implement appropriate security controls in a cost effective and reliable fashion. Lack of a CASB will slow Treasury's adoption of cloud, bringing security and mission risk to the Department and its Bureaus. This project aligns with the *Enhancements to Cybersecurity Infrastructure* initiative from the FY 2020 Budget.

<u>Detect Cybersecurity Events +$550,000 / +1 FTE</u>
Goal: Develop and implement appropriate activities to identify the occurrence of a cybersecurity event.

Cybersecurity Threat Hunting Analysis, +$550,000
Cyber threat hunting is an active cyber defense activity using data collected by Treasury, in contrast to traditional threat management measures which investigate after warning of a threat. The Government Security Operations Center (GSOC) collects a rich set of Treasury data from which to perform cyber threat identification. These datasets, however, provide only a subjective, narrow view from which to fully understand specific cyber threat activities and nation state cyber threat actors. This investment provides Treasury with access to commercial sources to supply the indicators and toolsets Treasury needs to identify malicious behavior within its datasets. Providing GSOC analysts with additional tools and a larger set of data via intelligence feeds would significantly enhance insight and understanding of cyber threat actors' command and control, infrastructure, and capabilities. The commercial industry offers a variety of data in a variety of formats that cover the spectrum of cyber threat intelligence. This includes registration information for domains and IP addresses that could be malicious and passive DNS data collected around the globe. Integrating a fuller, more comprehensive dataset into the daily analytic cyber threat hunt process would increase situational awareness and cyber threat

preparedness while enabling earlier threat detection to defend the Treasury enterprise. This project aligns with the *Enhanced Incident Response and Recovery Capabilities* initiative from the FY 2020 Budget.

Respond to Detected Cybersecurity Incidents +$3,359,000 / +1 FTE
Goal: Develop and implement appropriate activities to take action regarding a detected cybersecurity incident.

Enhanced Treasury Cyber/Fraud Management Capabilities, +$3,359,000
While the Department has robust incident management protocols in place on a per information system basis, Treasury's cross-system and inter-Bureau incident management needs to be better equipped to handle the interconnectivity and interdependence of the modern IT environment. This initiative drives the Department's ability to manage incidents related to cybersecurity and fraud by creating a cross-functional incident response team housed at the GSOC to improve inter-Bureau communication and systems integration to enable the team to quickly and efficiently respond to incidents. With Treasury's increased profile and role in the National Security apparatus, understanding linkages between systems and being able to quickly identify and combat cybersecurity threats is increasingly important. Differences in security posture within and outside of Treasury increase vulnerability of Treasury High Value Assets (HVAs) across the enterprise. The Cyber/Fraud Fusion Incident Response will provide the ability to support analysis and triage of cybersecurity and fraud incidents with the goals of increasing detection, reducing potential dwell time between the detection and containment, and reducing the overall impact of an incident to the Treasury. Every minute of delay means more data exfiltrated or destroyed, and improving incident response capability can mitigate and reduce overall impact to the Treasury mission. If this initiative is not funded, Treasury will continue to lack the necessary process and tools to manage incidents that cross-cut multiple Bureaus and information systems despite the ever-increasing sophistication, frequency, impact and brazenness of global cyber threats. This project aligns with the *Enhanced Incident Response and Recovery Capabilities* initiative from the FY 2020 Budget.

Recover by Maintaining Resilience and Restoration Plans +$1,000,000 / +0 FTE
Goal: Develop and implement appropriate activities to maintain plans for resilience and to restore any capabilities or services that were impaired due to a cybersecurity incident.

HVA Security Enhancements, +$1,000,000
As noted in the HVA Security Enhancements initiative, the next phase of capabilities includes the remediation of assessment findings where the risks involved pose vulnerabilities to the enterprise. This will allow for the mitigation of enterprise level cyber risk discovered through the RVA/SAR assessments and/or other Enterprise Risk Management Activities and provide better visibility of Treasury's current cyber posture. This project aligns with the *Improving HVA Cybersecurity* initiative from the FY 2020 Budget.

1.3 Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2019 Actual Obligations	FY 2020 Estimated Obligations	FY 2021 Estimated Obligations
11.1 - Full-time permanent	1,736	1,909	1,235
11.5 - Other personnel compensation	28	0	0
11.9 - Personnel Compensation (Total)	**1,764**	**1,909**	**1,235**
12.0 - Personnel benefits	552	570	369
Total Personnel and Compensation Benefits	**$2,316**	**$2,480**	**$1,604**
21.0 - Travel and transportation of persons	1	0	0
23.3 - Communications, utilities, and miscellaneous charges	0	82	1,343
25.1 - Advisory and assistance services	25,671	10,307	14,039
25.2 - Other services from non-Federal sources	3	0	1,033
25.3 - Other goods and services from Federal sources	973	1,034	738
25.7 - Operation and maintenance of equipment	1,783	9,627	2,660
26.0 - Supplies and materials	10	0	0
31.0 - Equipment	1,838	276	3,438
32.0 - Land and structures	0	147	0
Total Non-Personnel	**$30,279**	**$21,473**	**$23,251**
Total Obligations	**$32,595**	**$23,953**	**$24,855**

Full-time Equivalents (FTE)	**12**	**11**	**6**

Amounts Reflect obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY DEPARTMENTAL OFFICES CYBERSECURITY ENHANCEMENT ACCOUNT (INCLUDING TRANSFER OF FUNDS) For salaries and expenses for enhanced cybersecurity for systems operated by the Department of the Treasury, $18,000,000, to remain available until September 30, [2022] *2023*: Provided, That such funds shall supplement and not supplant any other amounts made available to the Treasury offices and bureaus for cybersecurity: Provided further, That of the total amount made available under this heading $1,000,000 shall be available for administrative expenses for the Treasury Chief Information Officer to provide oversight of the investments made under this heading: Provided further, That such funds shall supplement and not supplant any other amounts made available to the Treasury Chief Information Officer. *(Department of the Treasury Appropriations Act, 2020.)*	*None*

E – Legislative Proposals

The Cybersecurity Enhancement Account has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

The projects have the common purpose of strengthening the security of Treasury's IT assets and supports the following strategic objective for Strategic Goal 5, to achieve operational excellence:

- Objective 5.2 – Treasury Infrastructure: Better enable mission delivery by improving the reliability, security, and resiliency of Treasury's infrastructure.

B – Budget and Performance by Budget Activity

2.1.1 Cybersecurity Enhancement Account Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	0	0	$47,743	$24,000	$25,208	$18,000	$18,000
Budget Activity Total	**0**	**0**	**$47,743**	**$24,000**	**$25,208**	**$18,000**	**$18,000**
Full-time Equivalents (FTE)	**0**	**0**	**1**	**8**	**12**	**11**	**6**

Note: The FY 2015 – 2019 appropriated resources represents the approved operating plan. FY 2015 - FY 2019 FTE are actuals.

2.1.2 Cybersecurity Enhancement Account Resources and Measures

Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Number of Major Incidents	N/A	N/A	N/A	0	0	2	2	0
Number of Reported Incidents	N/A	N/A	N/A	225	152	280	280	150
Percentage of Tier I High Value Assets (HVA) where Risk and Vulnerability Assessment (RVA) or Security Architecture Review (SAR) are Completed on Time	N/A	N/A	N/A	100%	100%	100%	100%	100%
Percentage of High and/or Critical Findings from RVAs or SARs on Tier I HVAs that are closed by the end of the FY	N/A	N/A	N/A	N/A	57%	55%	65%	75%
Risk Management Assessment Overall Rating	N/A	N/A	N/A	68%	68%	60%	70%	DISC
% of Cross-Agency Priority (CAP) Cybersecurity Key Performance Indicators (KPIs) that Treasury meets/exceeds OMB performance targets	N/A	N/A	N/A	60%	60%	B	B	80%

Key: DISC – Discontinued; B – Baseline

Cybersecurity Enhancement Account (CEA) Budget and Performance
($18,000,000 from direct appropriations):
The purpose of CEA is to strategically mitigate cybersecurity risks through a centralized program with Department-wide impact. Due to the increasing volume and sophistication of cyberattacks, Treasury leadership has prioritized cybersecurity and supports the centralization of department-wide cybersecurity initiatives through the CEA account and budget activity. Current bureau-level cybersecurity spending remains in the base budgets of each bureau.

<u>Number of Major Incidents</u>: The number of major incidents, as defined in OMB M-19-02, reported by Treasury to Congress in a given fiscal year. This is a measure of how effective Treasury's collective defenses are at mitigating the most damaging security threats. The FY 2020 performance target of two major incidents reported will be met through increased training, implementation of technology, interagency collaboration and customer feedback.

<u>Number of Reported Incidents</u>: Each fiscal year, Treasury tracks the number of cybersecurity incidents reported to the United States Computer Emergency Readiness Team (US-CERT). This measures the effectiveness of Treasury's defenses at mitigating security threats and indicates how often Treasury is being targeted by malicious actors. If the number of reported incidents rises while the number of major incidents remains steady or declines, it indicates an effective cybersecurity program. The incidence of intrusion events at Treasury has not remained constant over time, and our projections must be used as a baseline measure. As reflected in the *Actual* value column, there was a reduction in incidents to 159 for FY 2019 in comparison to those projected by Treasury. The target goal of 280 for FY 2019 was chosen as an increase in recognized incidents of up to 25 percent from FY 2018 actuals, applying the same criteria, within the FY 2019 timeframe was expected. In order to allow time to increase preventative measures effectiveness, it was decided that the FY 2020 target should remain flat from FY 2019 numbers.

In FY 2019, Treasury had a greater ability to do more thorough analysis prior to declaring an incident. This drove some of the decreases in reported incidents. Natural variation in actual results also played a role in the variation from FY 2018 to FY 2019. As such, the FY 2021 target has been decreased to be in line with FY 2019 actuals.

<u>Percentage of High and/or Critical Findings from Risk and Vulnerability Assessment (RVAs) or Security Architecture Review (SARs) on Tier I High Value Assets (HVAs) that are closed by the end of the Fiscal Year (FY)</u>. This is a measure of how Treasury addresses the vulnerabilities and potentially-exploitable weaknesses of its most important systems, based on its recurring HVA review and assessment process. In the past three years, Treasury's CEA performance targets were based upon the percentage of HVA system assessments/reviews that were conducted in a timely manner. Treasury has consistently recorded a 100 percent completion rate, even though it faced increasing challenges over the mid- and long-term period. Treasury will now focus on steps to address findings resulting from these assessments. This focus will assure that the proper Plans of Action and Milestones (POAMs) are both in place for all reviewed systems and that the POAMs have been acted upon in a timely manner. The investment will focus on remediation of vulnerabilities, as well as increased review and reporting on corrective actions to resolve all findings and recommendations discerned during the assessment process.

Cross-Agency Priority (CAP) Cybersecurity Key Performance Indicator (KPI) Targets Met: The President's Management Agenda identifies CAP Goals to target those areas where multiple agencies must collaborate to effect change. The Cybersecurity KPIs for FY 2018-2020 focus on capabilities that the Office of Management and Budget (OMB) has determined will, when implemented appropriately, provide the most effective improvements to cybersecurity across the federal enterprise. OMB established the initial Cybersecurity CAP KPIs for FY 2018-2020 in April 2018. In December 2018, OMB revised the CAP KPIs, eliminating several component measures that had been factored into the performance goals in FY 2018. As a result of these changes, Treasury met the same number of KPI targets at the end of FY 2019 as it had met in FY 2018. Improvement is anticipated in FY 2021 due to maturing cybersecurity enhancement investments made in prior years. The FY 2021 target Risk Management Rating of 80 percent will be met through mitigation of known vulnerabilities and deployment of additional cyber capabilities.

C – Changes in Performance Measures

The following are proposed changes in performance measures from the previous year President's Budget.

Performance Measure or Indicator	Proposed Change and Justification
1. Replace "*Risk Management Assessment (RMA) Overall Rating*" with CAP KPI targets met (substitution)	While RMA was a focus of senior leadership in FY 2018, it has since been supplanted by the Cross-Agency Priority (CAP) Cybersecurity Key Performance Indicators (KPIs). The Cyber CAP KPIs leverage the CIO FISMA reporting metrics much as the RMA does, focusing on a smaller number of high-priority capabilities.
2. Replace "*% of Tier I HVAs where RVAs or SARs are completed on time*" with "*% of High and/or Critical Findings from RVAs or SARs on Tier I HVAs that are closed by the end of the FY*" (substitution)	The percentage of RVAs and SARs completed on a timely basis for Treasury's HVAs had consistently reached a level of 100 percent based on previous investment. This percentage left no room for continued improvement. The HVA investment will now evolve and refocus on making systemic improvements based on remediation and corrective actions taken to address assessment findings and vulnerabilities once they are identified.

D – Evidence-Building Activity

CEA initiatives result from the ongoing analysis and review of current risk posture (threat, configuration, and operational data). This is accomplished through proactive RVAs and SARs, which generate data to inform leadership where critical remediation is required and to identify opportunities to leverage shared services to solve common problems across the Department. Metrics surrounding detection, attack vectors, depth into our defenses, and containment inform operational decisions on capabilities and configurations for the defensive and analytical capabilities in the Department's cybersecurity infrastructure. The CEA is also critical to systematize and automate the collection of cybersecurity operational data, increasing its accuracy and accelerating its availability so that resources and organizational capacity can be directed in a timely and efficient manner. Improvements in these foundational capabilities will improve Treasury's ability to use data to refine the operational decision-making process.

Section III – Additional Information

A – Summary of Capital Investments
Capital investments that support CEA are included in the Departmental Offices plan.

A summary of capital investment resources, including major information technology and non-technology investments can be found at:
https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx.
The website also contains a digital copy of this document.

Department of the Treasury Treasury Capital Investments and Modernization Fund

Congressional Budget Justification and Annual Performance Report and Plan

FY 2021

Table of Contents

Section I – Budget Request

A – Mission Statement

Improve infrastructure, modernize business processes, and increase efficiency through technology and capital investments that support the missions of Treasury bureaus and programs.

B – Summary of the Request

In this Budget, Treasury is proposing two structural changes to the account currently established as the Department-wide Systems and Capital Investments Program (DSCIP): change the name of the account to Treasury Capital Investments and Modernization Fund (TCIMF) from DSCIP, and include new transfer authority to leverage existing funding and introduce further flexibility that will help Treasury to continuously modernize information technology infrastructure across the Department. These changes will allow for Treasury bureaus to invest in IT projects that advance their mission and align to Departmental Chief Information Office priorities.

Treasury owns and operates two historic office buildings in downtown Washington, D.C. – the Main Treasury Building (MT) and the Freedman's Bank Building (FBB). In FY 2016, Treasury conducted an internal assessment of both buildings and found a range of needs that include immediate safety/health risks, capital renewal to address systematic and mechanical failure, and building modernization. In FY 2017, an external architectural and engineering firm validated the estimated $98.7 million in remaining costs from that report. In addition to validating the identified repair needs, the report identified additional repairs and cyclic needs over the next 20 years. The Department plans to continue to work through these accumulated needs over time.

The bulk of the FY 2021 request of $13.5 million addresses MT and FBB repair and restoration. The TCIMF investments support the Treasury strategic goal/objective 5.2 "Achieve Operational Excellence/Treasury Infrastructure: Better enable mission delivery by improving the reliability, security, and resiliency of Treasury's infrastructure."

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2019 Operating Plan		FY 2020 Enacted		FY 2021 Request		FY 2020 to FY 2021 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Treasury Capital Investments and Modernization Fund (TCIMF)	-	$4,000	-	$6,118	-	$13,500	NA	121%
Subtotal New Appropriated Resources	**-**	**$4,000**	**-**	**$6,118**	**-**	**$13,500**	**NA**	**121%**
IT Modernization (Transferred Resources)	-	-	-	-	-	TBD	NA	NA
Subtotal Transferred Resources	**-**	**-**	**-**	**-**	**-**	**TBD**	**NA**	**NA**
Total Budgetary Resources	**-**	**$4,000**	**-**	**$6,118**	**-**	**$13,500**	**NA**	**121%**

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2020 Enacted	**0**	**$6,118**
Change to Base:		
Non-Recurring Costs	0	($6,118)
FBB Domestic Water Line Repair	0	($1,500)
FBB Repair and Restoration	0	($1,500)
MT Repair and Restoration	0	($3,118)
Subtotal Changes to Base	0	($6,118)
FY 2021 Current Services	**0**	**$0**
Program Changes:		
Program Increases:	0	$13,500
Treasury Technology Business Management Tool	0	$1,534
FBB Restroom Renovation Phase 2	0	$1,500
FBB/MT Lifecycle Replacement of Building Interior	0	$4,278
MT Masonry, Windows, and Restroom Renovations	0	$6,188
FY 2021 President's Budget Request	**0**	**$13,500**

C – Budget Increases and Decreases Description

Treasury Technology Business Management (TBM) Tool +$1,534,000 / +0 FTE

This proposal provides resources for a Treasury-wide centralized cloud-based TBM tool to include automated data extraction from the individual bureau financial systems, the modeling and allocation of cost elements to IT services and consumption by business units, and reporting through data visualization and benchmarking capabilities. This will enable Treasury to migrate to the TBM reporting structure across the agency and replace the legacy Capital Planning and Investment Control reporting tool and processes. It will also serve as a foundation for future IT budget formulation and execution processes and management of Treasury enterprise services.

FBB Restroom Renovation Phase 2 +$1,500,000 / +0 FTE

Phase 1 funding is being used to make the restrooms on the second through fourth floors code compliant. The requested Phase 2 funding will address the basement level restrooms along with the first and sixth floors. Additional future funding will be needed to address the fifth floor and complete all of the FBB restrooms. At the completion of this effort, all restrooms will be code compliant and meet the requirements of the Americans with Disabilities Act.

FBB/MT Lifecycle Replacement of Building Interior $4,278,000 / +0 FTE

The MT is past due for cyclic carpeting, painting, and plaster repair in public corridors and interior office space, and the FBB is past due for cyclic carpeting and painting in public corridors and interior office space. Sections of the MT will be repainted, re-carpeted, and plaster repaired starting with the oldest, most damaged sections and/or concurrent with planned renovations. Sections of the FBB will be repainted and re-carpeted on an ongoing basis or concurrent with planned renovations. The last comprehensive refresh for the buildings' interiors was completed between 2001 and 2006, which outpaces a typical refresh cycle of three to seven years for paint and seven to ten years for carpet. Plaster damage occurs as a result of natural settling and vibrations, water intrusion from rain or damaged piping. These funds will allow Treasury to begin a scheduled, reoccurring cycle of renewal and repair.

MT Masonry, Windows, and Restroom Renovations +$6,188,000 / +0 FTE
The funding will provide for the second phase of the MT exterior renovation. Work items include: 1) repairing failed masonry joints to protect from moisture penetration, cleaning the stone surfaces, and repairing damaged stone; and 2) repairing or replacing window frames suffering varying degrees of damage after years of weather exposure. Failure to complete this work will result in the current staining becoming more difficult to remove, requiring a higher level of cleaning, and an increase in joint failures and window frames that will expose more of the interior to moisture infiltration. Each of these is continuation from earlier work. Phase one of the masonry repair is in the FY 2020 President's Budget ($3.118 million) and phase one of the windows was funded in FY 2015 ($1.225 million).

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2019 Actual Obligations	FY 2020 Estimated Obligations	FY 2021 Estimated Obligations
25.1 - Advisory and assistance services	419	0	0
25.4 - Operation and maintenance of facilities	0	4,204	0
31.0 - Equipment	0	0	1,534
32.0 - Land and structures	3,142	3,118	8,800
Total Non-Personnel	**$3,561**	**$7,322**	**$10,334**
Total Obligations	**$3,561**	**$7,322**	**$10,334**
Full-time Equivalents (FTE)	**0**	**0**	**0**

Amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY [Department-wide Systems and Capital Investments Program] *Treasury Capital Investments and Modernization Fund*	
For development and acquisition of [automatic data processing] *information technology* equipment, software, and services and for repairs and renovations to buildings owned by the Department of the Treasury, [$6,118,000]*$13,500,000*, to remain available until September 30, *[2022]2025*: Provided, That [these funds shall] *any funds available under this heading may* 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] *all* transfer authority *under this heading* 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"]. *(Department of the Treasury Appropriations Act, 2020.)*	Treasury is proposing to change the name of the account to the Treasury Capital Investments and Modernization Fund (TCIMF) and include new transfer authority to leverage existing funding and introduce further flexibility that will allow Treasury to continuously modernize information technology infrastructure across the Department. See the Treasury administrative provisions section 125 for the proposed transfer authority.

E – Legislative Proposals

The budget proposes transfer authority for this account (see section 125 in the Treasury administrative provisions).

Section II – Annual Performance Plan and Report

A – Strategic Alignment

The TCIMF account provides a mechanism for Treasury to fund capital investments that have complex contracts with projects that span several fiscal years. Through the TCIMF, and its predecessor the DSCIP account, the Treasury has been able to develop a Treasury-wide human resources information technology solution as well as fund the continual repair and restoration of the Main Treasury Building and the FBB.

TCIMF projects support the following strategic objective for Strategic Goal 5, to achieve operational excellence:

Objective 5.2 – Treasury Infrastructure: Better enable mission delivery by improving the reliability, security, and resiliency of Treasury's infrastructure.

B – Budget and Performance by Budget Activity

2.1 – TCIMF Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	$2,725	$5,000	$3,000	$4,426	$4,000	$6,118	$13,500
IT Modernization (Transferred Resources)	0	0	0	0	0	0	TBD
Budget Activity Total	**$2,725**	**$5,000**	**$3,000**	**$4,426**	**$4,000**	**$6,118**	**$13,500**
Full-time Equivalents (FTE)	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Treasury Capital Investments and Modernization Fund Budget and Performance
($13,500,000 from direct appropriations):
TCIMF enables the Department to make investments in capital improvements that support the missions of Treasury bureaus and programs.

Treasury Building - Repairs and Renovations
MT and the FBB are owned by the Department and are Departmental Offices' capital investments. MT is the oldest departmental building and the third oldest federally occupied building in Washington, preceded only by the Capitol and the White House. The age and historical significance of the buildings, considered by some to be national treasures, create special conditions that do not exist in many other Federal office facilities. Continual upkeep, with close attention to historic preservation, is necessary in order to continue occupying these buildings. The FY 2021 request addresses MT and FBB repair and restoration.

Over the past decade, Treasury has made a concerted effort to improve the MT and FBB building envelope, including its moisture, air and thermal control functions. These are the features that provide for an energy efficient, comfortable, and sustainable building. A lack of these controls can result in a myriad of issues that include progressive degradation of the indoor air quality environment, extensive interior damage, waste associated with costly repairs, decreased energy efficiency, unhappy customers, and decreased worker productivity. Treasury Operations has strategically focused on restoring the health of the building envelope (shell), in an effort to correct the deteriorating building structure and infrastructure through the TCIMF fund. Components of the Main Treasury building that have been repaired, replaced, or funded/planned include new roofs (FY 2019/2021), repair and cleaning of exterior masonry (FY 2020/2022), and repairs to 40% of the windows (FY 2015/2017). The Freedman's Bank Building components that have been repaired, replaced or funded/planned include new roofs (FY 2017/2019), repair and cleaning of exterior masonry (FY 2019/2021 & FY 2020/2022), and replacement of all windows (FY 2009/2011). Funding and completion of these items represent significant progress towards the preservation of the two buildings, maintaining a safe and healthy workplace, and reducing the need for making interior repairs. The funding requested in the FY 2021 TCIMF account would make have a substantial beneficial impact on the continuing effort to harden Treasury's outer shell by finishing the repair and cleaning of the exterior masonry of the two buildings.

Treasury IT Infrastructure Modernization

In addition to the building and repairs, the proposed TCIMF fund transfer authority provides a backstop for Treasury to continue to modernize its IT Infrastructure while making the most efficient use of limited resources available to Treasury (see Treasury administrative provisions section 125 for the proposed transfer authority). The fund would help unify bureaus, including IRS, around a centralized Department vision, with each individual bureau aligning its modernization plan to the Department-wide plan. The added flexibility of the TCIMF transfer authority allows Treasury to pursue long-term, proactive investments that optimize efficiency and benefits to taxpayers. In addition to persistent major focus areas such as mandatory software and hardware upgrades, Treasury plans to use the TCIMF to become compliant with other important recent pieces of legislation. One Department-wide example would be centered around modernization efforts associated with the 21st Century IDEA Act (Public Law 115-336) passed in 2018. Treasury has developed an inventory of 77 websites, services and forms that require modernization in order to comply with Act requirements which included several bureau home pages in addition to a variety of important bureau websites. Treasury plans to utilize the TCIMF authority to prioritize key investments across the enterprise associated with the 21st Century IDEA Act, allowing the Department to take a unified approach to modernizing its digital service footprint and improving the public's digital experience. This plan aligns with Treasury's Strategic Objectives to enable mission delivery by improving the reliability, security, and resiliency of Treasury's infrastructure (Objective 5.2) as well as enhance the experience of interacting with Treasury by delivering high quality products and services (Objective 5.3).

Section III – Additional Information

A – Summary of Capital Investments

A summary of capital investment resources, including major information technology and non-technology investments can be found at:
https://home.treasury.gov/about/budget-financial-reporting-planning-and-performance/budget-requestannual-performance-plan-and-reports/summary-of-capital-investments
This website also contains a digital copy of this document.

Department of the Treasury Office of Terrorism and Financial Intelligence

Congressional Budget Justification and Annual Performance Report and Plan

FY 2021

Table of Contents

Section I – Budget Request

A – Mission Statement
Strengthen national security by using targeted financial measures to combat threats and protect the integrity of the financial system.

B – Summary of the Request
The Department of the Treasury's (Treasury) strategic plan guides program and budget decisions for the Office of Terrorism and Financial Intelligence (TFI). The FY 2021 Budget Request supports two of Treasury's FY 2018-2022 Strategic Goals: Enhance National Security and Achieve Operational Excellence.

TFI requests $172.751 million, which is a $3.039 million increase from the FY 2020 enacted level. TFI requests these additional resources to continue to invest in its people as well as infrastructure, systems, and automated tools, thereby ensuring that TFI remains agile, innovative, and strategic in responding to the most pressing U.S. national security concerns. The budget prioritizes funding for Treasury's targeted financial tools that protect the U.S. and international financial system from abuse, as well as countering the financial networks that support terrorists, weapons proliferators, organized transnational crime, rogue regimes, and other threats.

TFI's economic authorities continue to play an increasingly central role in countering some of the nation's most critical security threats. This Administration and Congress rely upon TFI to deploy non-kinetic tools at a rapid pace to proactively implement U.S. policy towards North Korea, Iran, Russia, Islamic State of Iraq and Syria (ISIS) and other terrorist organizations, Venezuela, human rights abusers and corrupt actors, narcotics traffickers, and other malign and destabilizing actors. As reliance upon TFI's authorities has grown, the corresponding growth in personnel across TFI and increased demand placed upon secure systems requires additional investment in mission support areas. TFI's infrastructure investments have been developed with careful consideration of the personnel increase request with the intent of developing and maintaining a collaboration network that facilitates our operational and policy goals.

1.1 – Appropriations Detail Table
Dollars in Thousands

Appropriated Resources	FY 2019 Operating Plan		FY 2020 Enacted		FY 2021 Request		FY 2020 to FY 2021 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Terrorism and Financial Intelligence	440	$159,000	526	$169,712	575	$172,751	9.3%	1.8%
Subtotal New Appropriated Resources	**440**	**$159,000**	**526**	**$169,712**	**575**	**$172,751**	**9.3%**	**1.8%**
Other Resources								
Reimbursable	40	$8,000	41	$8,000	41	$8,000	0.0%	0.0%
Subtotal Other Resources	**40**	**$8,000**	**41**	**$8,000**	**41**	**$8,000**	**0.0%**	**0.0%**
Total Budgetary Resources	**480**	**$167,000**	**567**	**$177,712**	**616**	**$180,751**	**8.6%**	**1.7%**

Note: FTE = Full-time Equivalent employment

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2020 Enacted	**526**	**$169,712**
Changes to Base:		
Maintaining Current Levels (MCLs):	-	3,983
Pay Annualization (2020 3.1% average pay raise)	-	$757
Pay Raise (1.0% average pay raise)	-	$738
FERS Contribution Increase	-	$800
Non-Pay	-	$1,688
Non-Recurring Costs	-	($2,539)
Efficiency Savings	-	($2,716)
Other Adjustments:	30	$0
FTE Adjustment	30	$0
Subtotal Changes to Base	30	($1,272)
FY 2021 Current Services	**556**	**$168,440**
Program Changes:		
Program Increases	19	$4,311
TFI-Wide Centralized Data Platform Infrastructure Support	-	$602
Western Hemisphere/Human Rights Sanctions	3	$657
Cyber Analysts and Data Scientists	9	$1,583
Virtual Currency Investigators	4	$812
Foreign Asset Control Staffing	3	$657
FY 2021 President's Budget Request	**575**	**$172,751**

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) .... +$3,983,000 / +0 FTE

Pay Annualization (3.1%) +$757,000 / +0 FTE

Funds are requested for annualization of the January 2020 3.1% average pay raise.

Pay Raise (1.0% in 2021) +$738,000 / +0 FTE

Funds are requested for a 1.0% average pay raise in January 2021.

FERS Contribution Increase +$800,000 / +0 FTE

Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2021.

Non-Pay +$1,688,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Non-Recurring Costs .... -$2,539,000 / -0 FTE

Non-Recur of IT Infrastructure Investments -$2,539,000 / -0 FTE

One-time costs of the FY 2020 IT Infrastructure Investment initiative will non-recur.

Efficiency Savings ....-$2,716,000 / -0 FTE

TFI Contractual Support -$2,716,000 / +0 FTE

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

Other Adjustments...+$0 / +30 FTE

FTE Adjustment +$0 / +30 FTE

The FY 2021 Budget reflects a +30 FTE technical adjustment from the FY 2020 Enacted Budget. This technical adjustment reflects increased efforts at TFI to hire and on-board new staff as provided for in prior year budget requests.

Program Increases ....+$4,311,000 / + 19 FTE

TFI-Wide Centralized Data Platform Infrastructure Support +$602,000 / +0 FTE

To best utilize the volumes of data currently available to TFI staff and positively leverage technology to expand the efficiency of TFI's limited personnel resources, TFI is establishing a data analytics program and staff, an overarching governing body (in close coordination with CIO), and an operational enterprise tool capable of fusing TFI's disparate data streams for Treasury Foreign Intelligence Network (TFIN) desktop analysis by TFI staff.

Western Hemisphere/Human Rights Sanctions +$657,000 / +3 FTE

Administration and Congressional actions during the past 18 months in the Western Hemisphere require significant sanctions implementation efforts by the Licensing, Policy, and Regulatory Affairs teams, including: designing sanctions implementation architecture proposals for Treasury and interagency leadership, implementing new regulatory frameworks through general licenses (over 30 issued in the Venezuela program alone), publishing regulations, and public guidance such as frequently asked questions, and processing an onslaught of new licensing requests to authorize activity that may be otherwise prohibited but is in U.S. foreign policy interests.

Cyber Analysts and Data Scientists +$1,583,000 / +9 FTE

The Office of Intelligence and Analysis (OIA) requests five cyber intelligence research specialists and one visual analyst to meet the increased demand from Treasury senior policymakers and Domestic Finance/Office of Cybersecurity and Critical Infrastructure Protection for intelligence support and analysis to counter the intensification of cyber-enabled threats to the U.S. financial services sector (FSS) and US national security interests more broadly. The analysts would focus on support to improve the sharing of cyber threat intelligence to the FSS, provide the Office of Foreign Assets Control (OFAC) intelligence support on targeting financial networks of malicious cyber actors, and provide tactical intelligence support to TFI cryptocurrency initiatives. OIA also requests three data scientists to analyze large tranches of data and to build assessments from that analysis. Data scientists are skilled in statistical analysis and trained specially to perform this type of work, which is critical to using Treasury's own data to answer analytic questions and inform policymakers.

Virtual Currency Investigators +$812,000 / +4 FTE

Among the new and emerging threats to the use of sanctions as a tool for national security is the rapid development of virtual currencies as a mechanism to move value across borders while skirting the formal financial system that OFAC relies on as the implementing mechanism for its authorities. Presently, OFAC has a single investigator focused on the illicit use of virtual currency, and this investigator is often pulled away from purely investigative duties in order to share virtual currency expertise across TFI, since this area is of high concern but also an uncommon area of technical competency. Meanwhile, investigators across most sanctions programs are reporting increasing exposure to the use of virtual currencies by the targets of their investigations. Additional virtual currency investigators will allow investigations involving cryptocurrency across all of OFAC's sanctions programs to be able to exploit this investigative arena.

Foreign Asset Control Staffing +$657,000 / +3 FTE

The requested Senior Enforcement Officers will provide essential investigative and legal knowledge to OFAC's enforcement process, deliberative memoranda, and final agency charging documents. These personnel will be responsible for working closely with Enforcement's investigators to coordinate the final phase of public enforcement actions through the OFAC Front Office (Director and Deputy Director) and handle all negotiations, meetings, and interactions with subject persons thereafter. These personnel will handle such matters for all U.S. economic and trade sanctions programs, and will reduce the workload and burden placed on other offices (e.g., the Office of Chief Counsel, OFAC).

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2019 Actual Obligations	FY 2020 Estimated Obligations	FY 2021 Estimated Obligations
11.1 - Full-time permanent	57,132	69,145	76,035
11.3 - Other than full-time permanent	601	556	556
11.5 - Other personnel compensation	1,381	1,078	1,078
11.9 - Personnel Compensation (Total)	**59,114**	**70,779**	**77,669**
12.0 - Personnel benefits	18,307	22,637	24,084
Total Personnel and Compensation Benefits	**$77,421**	**$93,416**	**$101,753**
21.0 - Travel and transportation of persons	2,434	3,969	3,665
22.0 - Transportation of things	98	0	2
23.2 - Rental payments to others	177	0	4
23.3 - Communications, utilities, and miscellaneous charges	15	67	712
24.0 - Printing and reproduction	19	0	0
25.1 - Advisory and assistance services	21,505	25,717	21,514
25.2 - Other services from non-Federal sources	1,718	533	2,121
25.3 - Other goods and services from Federal sources	44,695	47,680	45,900
25.4 - Operation and maintenance of facilities	9	0	0
25.7 - Operation and maintenance of equipment	328	399	538
25.8 - Subsistence and support of persons	5	0	0
26.0 - Supplies and materials	2,672	2,321	2,197
31.0 - Equipment	5,965	3,540	1,989
32.0 - Land and structures	4,322	70	356
Total Non-Personnel	**$83,962**	**$84,296**	**$78,998**
Total Obligations	**$161,383**	**$177,712**	**$180,751**

Full-time Equivalents (FTE)	**480**	**567**	**616**

Amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY OFFICE OF TERRORISM AND FINANCIAL INTELLIGENCE *Federal Funds* SALARIES AND EXPENSES For the necessary expenses of the Office of Terrorism and Financial Intelligence to safeguard the financial system against illicit use and to combat rogue nations, terrorist facilitators, weapons of mass destruction proliferators, human rights abusers, money launderers, drug kingpins, and other national security threats, [$169,712,000] *$172,751,000*, of which not less than $3,000,000 shall be available for addressing human rights violations and corruption, including activities authorized by the Global Magnitsky Human Rights Accountability Act (22 U.S.C. 2656 note): Provided, That of the amounts appropriated under this heading, up to $10,000,000 shall remain available until September 30, [2021] *2022*. *(Department of the Treasury Appropriations Act, 2020.)*	

E – Legislative Proposals

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

Section II – Annual Performance Plan and Report

A – Strategic Alignment

TFI programs support the following Department of the Treasury's Strategic Plan for FY 2018-2022. Strategic objectives for Strategic Goal 3, to enhance national security:

- Objective 3.1 – Strategic Threat Disruption: Identify, dismantle, and disrupt priority threats to the U.S. and international financial system.
- Objective 3.2 – AML/CFT Framework: Identify and reduce vulnerabilities in the U.S. and international financial system to prevent abuse by illicit actors.
- Objective 3.3 – Economic Strength and National Security: Advance American prosperity and security through growth, investment, trade, and expanding the American industrial base while protecting national security.

TFI programs support the following strategic objectives for Strategic Goal 5, to achieve operational excellence:

- Objective 5.1 – Workforce Management: Foster a culture of innovation to hire, engage, develop, and optimize a diverse workforce with the competencies necessary to accomplish our mission**.**
- Objective 5.2 – Treasury Infrastructure: Better enable mission delivery by improving the reliability, security, and resiliency of Treasury's infrastructure.

B – Budget and Performance by Budget Activity

2.1.1 – Terrorism and Financial Intelligence Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	$112,500	$117,000	$123,000	$141,778	$159,000	$169,712	$172,751
Other Resources	$6,966	$6,329	$6,491	$8,626	$7,756	$8,000	$8,000
Budget Activity Total	**$119,466**	**$123,329**	**$129,491**	**$150,404**	**$166,756**	**$177,712**	**$180,751**
Full-time Equivalents (FTE)	**385**	**414**	**428**	**444**	**480**	**567**	**616**

*Note: FY 2015 - FY 2019 Other Resources dollars are actuals. FY 2015 - FY 2019 FTE are actuals.

Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Target	FY 2021 Target
New or Modifications to Existing Sanctions Programs	N/A	N/A	5	5	7	I	DISC
Number of Designation Actions	N/A	N/A	867	1431	1120	I	DISC
Analytic Intelligence Support	N/A	N/A	385	523	637	I	DISC
Review and Support of Foreign AML/CFT Laws and Regulations	N/A	N/A	49	64	81	I	DISC

N/A: Not available; DISC: Discontinued; I: Indicator

New measures are being introduced in FY 2020. Refer to Section C for justification.

Description of TFI's Performance:
As described more fully above, TFI has strategically and tactically deployed all available economic tools and authorities to disrupt and counter key national security challenges. TFI focuses its resources on those actions that are most likely to create the greatest impact towards a stated program objective. Therefore, the number of actions taken cannot serve as a single determination of effectiveness, complexity, or level of resources required to complete the action. For instance, as TFI takes action against larger entities or individuals that are integrated into and impact global supply chains, the level of resources and complexity of planning for the action increases substantially. For each action, resources are required to monitor collateral impacts, issue required licenses, engage with the public to answer questions, participate in bilateral and multilateral exchanges to ensure international support for actions, meet reporting requirements in a timely manner, monitor for potential evasion, and execute all required regulatory changes, among other things. Workload indicators tracked in FY 2019 were the following:

- New or Modifications to Existing Sanctions Programs: This indicator measures new actions or expansion of existing sanction programs, and the data is collected by OFAC. The measure reflects an increase in workload requirements as any new country programs or expansion in scope of existing programs are by and large in addition to current workload and not in lieu of already existing work, and therefore, cumulative. Conversely, ongoing program requirements are much less frequently removed. The creation or modification of sanctions programs requires a significant upfront dedication of policy, program, legal, and regulatory resources to ensure proper coordination and documentation of the changes.
- Number of Designation Actions: This indicator measures number of actions taken to impose sanctions, and is collected by OFAC. It is important to note that for "Program-Specific Designations" may not always represent a true reflection of TFI's extensive efforts across programs or toward a particular program. From FY 2017 to FY 2018, TFI activity increased across a number of high priority programs. However, the FY 2018 numbers do not reflect the approximately 700 Iran sanctions that were implemented on November 5, 2018, in conjunction with the full snapback of sanctions following the President's withdrawal of the United States from the JCPOA. Though these sanctions technically occurred in FY 2019, the preparation for the tranche was exceedingly complex and required several lines of effort over the last several months of FY 2018.
- Analytical Intelligence Support: TFI includes both formal analytical intelligence briefings as well as final analytical intelligence products that were published. The significant increase from FY 2017 to FY 2018 represents increased demand as well as a higher prioritization on production. In FY 2021 this indicator will be replaced with an expanded indicator that includes the vast array of OIA products, including number of IIRs published and the number of finished intelligence pieces published.
- Review of Foreign AML/CFT Law and Regulations: This measure tracks/includes participation in Financial Action Task Force (FATF) mutual evaluations (ME), which are peer evaluations of countries' levels of effectiveness and implementation of the FATF anti-money laundering and countering the financing of terrorism (AML/CFT) Standards. The data is collected from the Office of Terrorist Financing and Financial Crimes (TFFC). Participation in MEs usually requires several extended on-site visits in country, extensive analysis of a country's AML/CFT system, and follow-up meetings to provide in-depth analyses and ratings. Additionally, the metric includes reviews and comments on reports produced by the nine FATF-style Regional Bodies; and, work assessing and reviewing

countries as part of the International Cooperation Review Group, which oversees the FATF process that identifies and reviews jurisdictions with strategic AML/CFT deficiencies that may pose a risk to the international financial system and closely monitors their progress. Finally, this metric includes strategic support to certain high priority bilateral partners in an effort to enhance their AML/CFT laws, regulations, and structures. This effort may include, but is not limited to, bi-lateral and multi-lateral meetings, foreign travel, and reviewing draft legislation.

TFI proposes to create a number of new indicators and measures for FY 2021 which will be reflected in the FY 2022 Budget. Among these are regulatory documents published in the Federal Register within four months of publication of an Executive order or Congressional mandate during the fiscal year; the number of roundtables with private sector on Money Laundering/Terrorist Finance threats, vulnerabilities, and risk; the number of overseas/domestic engagements with foreign officials by TFFC officials; the timeliness of response to de-confliction requests received from law enforcement; the number of security clearances processed by OIA's Office of Security Programs (OSP); and the percent of customer satisfaction with OIA products. See Section C for changes in performance measures and indicators.

Terrorism and Financial Intelligence Budget and Performance
($172,751,000 from direct appropriations, $8,000,000 from reimbursable resources):
TFI serves a distinct role in enhancing national security by deploying Treasury's tools and authorities to protect the U.S. and international system from abuse and by combating rogue regimes, terrorist facilitators, weapons proliferators, money launderers, drug kingpins, human rights abusers, cyber criminals and other illicit finance and national security threats. TFI does this by strategically applying the policy, law enforcement, intelligence, and regulatory tools, and authorities of its components in a calibrated manner to achieve maximum impact. In FY 2019, TFI successfully applied its diverse targeted financial measures, including financial sanctions and regulatory tools that address major national security challenges. These challenges include North Korea, Iran, Russia, Syria, Venezuela, ISIS, al-Qai'da, Hizballah, human rights violators and others. In an effort to identify, disrupt, and dismantle these threats, TFI was able to deny revenue sources to these illicit actors and organizations.

North Korea
In the past year, TFI has supported the Administration's goal to achieve the final, fully verified denuclearization of North Korea by maintaining pressure on North Korea's finances and economy, thereby stemming the flow of illicit revenue to its weapons program which continues to pose a threat to global security. TFI deploys a variety of financial tools and authorities to curb the North Korean threat, including sanctions; measures for anti-money laundering and countering the financing of terrorism (AML/CFT); regulatory actions under Section 311 of the United and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act); foreign engagement; and private sector partnerships; among other actions.

In 2019, TFI targeted illicit actors serving as gateways for North Korea to access the international financial system. This includes targeted DPRK illicit efforts aimed at schemes used to evade U.S. and UN sanctions, launder funds, and finance the regime's weapons of mass destruction and ballistic missile programs.

Overall, in FY 2019, TFI has sanctioned more than 20 individuals, entities, and vessels related to North Korea. This economic pressure campaign has created the conditions to bring the U.S. and North Korea to the negotiating table to finally achieve fully verifiable denuclearization with the hope of bringing peace to the Korean peninsula.

Iran

Treasury continues to play a leading role in the implementation of the Administration's Iran policy. Treasury's actions have disrupted the Iranian regime's ability to fund its broad range of malign activities, including supporting its proxies Hizballah and Hamas. Following the Administration's decision to fully re-imposed the nuclear-related sanctions that had been lifted or waived under the Joint Comprehensive Plan of Action (JCPOA), in November 2018, Treasury took the largest single-day action by sanctioning over 700 individuals, entities, aircraft, and vessels. Treasury followed that up through a variety of targeted financial measures that disrupt funding sources such as oil, its primary source of funds, as well as other areas such as banking, petrochemicals, shipping, and metals. Treasury re-imposed U.S. sanctions on the Iranian regime and has continued to apply pressure to reduce Iran's capacity to continue its support for terrorism, human rights abuses, ballistic missile proliferation, destabilizing activities, and support of militant groups. Sanctions have included designations of the then-Governor of the Central Bank of Iran for conspiring with the Islamic Revolutionary Guard Corps-Qods Force (IRGC-QF) to conceal the movement of millions of dollars to enrich and support Hizballah; individuals and entities supporting Mahan Air, an airline previously designated for its support to terrorism, and a currency exchange network that was funneling millions of dollars to the IRGC-QF.

Of note, in September 2019, Treasury designated the Central Bank of Iran, National Development Fund, and Etemad Tejarate Pars Co. under its counterterrorism authority for its support of Hizballah and IRGC-Qods Force. In addition, as of the end of FY 2019, TFI has issued sanctions on 450 individuals and entities for a range of activities related to terrorism, proliferation, and human rights abuses, and to thwart Iran's exploitation of the global financial system. In addition to sanctions, TFI continues to deploy other tools to achieve maximum pressure on Iran to hold Iran accountable for its destabilizing activities. For example, TFI recently issued advisories to financial institutions detailing Iran's efforts to deceive legitimate businesses, including through the use of front and shell companies, to fund its malign activities. Likewise, Treasury officials have traveled the world, meeting with officials in dozens of countries to warn them of Iran's illicit activities and garner their support for our pressure campaign.

Russia

TFI has also undertaken a comprehensive and strategic financial pressure campaign to counter the scale and sophistication of Russia's malign activities. TFI has strategically deployed tools to maximize financial pressure on the Kremlin while minimizing unintended consequences within the international financial system. These efforts have included a robust sanctions program, enforcement actions, foreign engagement, and private sector partnerships to deter their illicit activity. During FY 2019, the Administration sanctioned 58new individuals or entities, including 18 designated under Ukraine/Russia-related sanctions under the Countering America's Adversaries Through Sanctions Act. TFI sanctioned powerful Russian oligarchs and many of the companies they own or control.

Counter-Terrorism

TFI's financial tools are also making an impact in the fight to combat terrorism, to include ISIS, al-Qai'da, Hizballah, Hamas, the Taliban and others. The Office of Terrorist Financing and Financial Crimes (TFTC), introduced in FY 2017, was created to disrupt the financing of terror through the sharing of intelligence and coordinated actions between the U.S. and six Gulf country partners—Saudi Arabia, Bahrain, Qatar, Kuwait, Oman, and the United Arab Emirates—as well as through capacity building. In FY 2019, TFTC conducted two rounds of multilateral designations. These designations were put into place to expose and disrupt Taliban actors and their Iranian sponsors that seek to undermine the security of the Afghan Government and to additionally disrupt an Iranian-backed terrorist group by designating the senior leadership of Lebanese Hizballah. Additionally, TFI led discussions and training sessions with Gulf partners on regional terrorist financing issues.

Beyond coordinated sanction actions, TFI continued targeting Hizballah and its supporters, including leadership, operatives, facilitators, financiers, investors, and key global procurement networks. In FY 2019, TFI conducted 33 Hizballah-related sanction designations, and saw more designations in calendar year 2019 by the Departments of State and the Treasury than in any single prior year.

Venezuela

The U.S. along with other international partners have applied unprecedented financial pressure on the Maduro regime in Venezuela in light of the actions and policies of the Government of Venezuela, including serious abuses of human rights and fundamental freedoms; the deepening humanitarian crisis in Venezuela; establishment of an illegitimate Constituent Assembly; rampant public corruption; and ongoing repression and persecution of, and violence toward, the political opposition. Specifically, Treasury has designated over 200 individuals and entities pursuant to its sanctions authorities, including state-owned oil company, PDVSA, and former President Maduro and members of his inner circle, cutting them off from the U.S. financial system. TFI will continue to impose financial constraints on those responsible for Venezuela's severe decline and the illicit financial networks used to mask their wealth.

Human Rights

TFI has also applied our tools and authorities to combat corruption and human rights abuses through the *Global Magnitsky Human Rights Accountability Act*. In FY 2019 under this program, TFI has sanctioned approximately 30 individuals and entities for serious human rights abuse and/or corruption. Consistent with the growing human rights-related workload and Congress's focus on these areas, TFI will continue to take action against human rights and corruption related targets around the globe, including implementing sanctions under *Global Magnitsky* and other authorities, and will continue to assess the impact of these activities on TFI's mission.

Financial Action Task Force (FATF)
TFI has also focused on improving systemic enhancements to the global financial system, including Treasury's assumption of the presidency of the Financial Action Task Force (FATF), the AML/CFT standard setting body, from July 2018 through June 2019. TFI set three priorities during its term:

- Clarifying how the FATF standards on regulation and supervision apply to virtual currency service providers to mitigate the use of virtual currencies by illicit actors;
- Maintaining the FATF's emphasis on combating terrorist financing; and
- Enhancing FATF's work on preventing the financing of the proliferation of weapons of mass destruction.

During FY 2019, Treasury participated in FATF peer review processes of ten countries. These comprehensive AML/CFT assessments evaluate countries against the FATF standards for both technical compliance and effective implementation. FATF also clarified how its standards apply to virtual asset service providers, which include virtual currency exchangers and administrators.

TFI led the FATF to adopt new standards that require countries around the world to regulate and supervise virtual currency providers for AML/CFT. TFI also led U.S. efforts to issue guidance on how countries can effectively regulate and supervise virtual currency providers. Additionally, TFI, through the Office of Terrorist Financing and Financial Crimes (TFFC), worked with the United Nations to incorporate into international law the FATF standard that countries prohibit any funds to terrorists and/or terrorist organizations even without any link to a specific terrorist act.

In FY 2019, TFI led FATF to foster improved information-sharing between governments and between financial institutions to put both in a better position to detect, deter, and disrupt illicit finance, one effort among many that will continue into FY 2020 and beyond.

Under the U.S. Presidency of the FATF, two key U.S. allies became full members of the FATF. In addition, due in part to TFI leadership, the FATF under the U.S. Presidency agreed to impose countermeasures on Iran for the first time in three years.

Throughout FY 2020 and FY 2021, TFI will focus heavily on strategically deploying its tools and authorities for maximum impact against national security and foreign policy challenges, as well as addressing risks to and vulnerabilities within the U.S. and international financial system. TFI will continue to focus on applying targeted financial measures against North Korea, Iran, Russia, and Venezuela, in addition to identifying, disrupting, and dismantling terrorist organizations, drug kingpins, transnational criminal organizations, and other threats to the U.S. and our international partners.

Terrorism and Financial Intelligence Offices Supporting the AML/CFT Mission
This budget request supports three of the four components within TFI that exercise AML/CFT authorities and responsibilities. The fourth component, Financial Crimes Enforcement Network, reports directly to the Under Secretary for TFI but is budgeted separately as a bureau within the Treasury.

Office of Terrorist Financing and Financial Crimes (TFFC)

TFFC is responsible for formulating and coordinating comprehensive strategies to target national security and foreign policy threats and safeguard the U.S. and international financial systems from abuse. In performing its mission, TFFC works across TFI, as well as interagency and law enforcement, to ensure that Treasury's tools are strategically applied and calibrated for maximum impact against global threats such as North Korea, Iran, Venezuela, Russia, ISIS and Hizballah, among others. TFFC also leads the development of AML/CFT regulatory and outreach initiatives and collaborates with Federal law enforcement on financial crime methodology analysis. Domestically, TFFC performs a critical role in working with key stakeholders to increase the security of our financial systems, leading public-private sector dialogues, financial experts meetings, and other strategic initiatives to identify and address potential vulnerabilities. TFFC also serves as the primary interlocutor with international partners whether on a bilateral basis or in multi-lateral fora to enhance information sharing, advance systemic reforms, synchronize targeted actions, and increase pressure on other countries to address specific illicit finance concerns in line with U.S. national security priorities. TFFC serves as the head of the U.S. Delegation to the Financial Action Task Force, the international body that sets standards and promotes effective implementation of AML/CFT legal, regulatory and operational measures that protect the integrity of the international financial system. The United States held the FATF Presidency from June 2018-June 2019, and TFFC's Assistant Secretary served in that role. Throughout this time period, he and his staff spent months determining FATF priorities, working with member countries, and organizing the week long FATF plenary, which took place in Orlando, FL in June 2019. TFFC is also leading Treasury's efforts to operationalize the Terrorist Financing Targeting Center.

Office of Intelligence and Analysis (OIA)

As one of 17 members of the U.S. Intelligence Community (IC), OIA is responsible for informing Treasury decisions with timely, relevant, and accurate intelligence and analysis of financial networks and illicit actors. It supports this mission by: producing all-source intelligence analysis that identifies threats to and vulnerabilities within the international financial system; driving and delivering intelligence that meets the needs of Treasury decision makers; and providing the security infrastructure to protect Treasury's physical and information security apparatus. OIA's efforts inform and support the Department's ability to address illicit finance and national security threats, including Iran, North Korea, Russia, ISIS, al-Qaida, and illicit cyber actors. OIA works with the Office of the Director of National Intelligence and other IC agencies to help ensure the Department's intelligence needs are met. OIA's security office ensures that all necessary Treasury personnel are properly trained to safeguard information systems and infrastructure. OIA's security office also maintains counterintelligence and insider threat programs designed to deter, detect, and mitigate foreign intelligence and insider threats to Treasury.

Office of Foreign Assets Control (OFAC)

OFAC administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against over 40 targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy, or economy of the United States. OFAC acts under Presidential national emergency powers, as well as authority granted by specific legislation, to impose controls on transactions and freeze assets under U.S. jurisdiction. Many of the sanctions are based on United Nations and other international mandates, are multilateral in scope, and involve close cooperation with allied governments. OFAC vigorously enforces the sanctions programs it administers, and conducts civil enforcement investigations against U.S. and non-U.S. individuals and entities who threaten the integrity of its sanctions programs. OFAC's enforcement actions and activities – including civil monetary penalties, non-public disruptive intervention, and public outreach – illuminate evasion schemes and enlist the private sector in its sanctions efforts. Additionally, OFAC administers a licensing program through which it reviews and then authorizes or denies requests to conduct certain transactions or activities that would otherwise be prohibited. OFAC is continually evaluating and adjusting its sanctions programs to ensure that it is prohibiting illicit activity, while allowing activity that is consistent with or advances U.S. national security and foreign policy.

C – Changes in Performance Measures

In 2019 new measures and indicators were determined by a working group between Treasury and TFI to effectively measure the growing workload of TFI and better align with enhanced reporting across Treasury bureaus and offices. These will be reflected in the FY 2022 Budget tables.

Performance Measure or Indicator	Proposed Change and Justification	Indicator/ Measure
1. Number of new sanctions programs modified by EO or Congressional mandate during the fiscal year	This indicator measures new actions or expansion of existing sanction programs. The creation of sanctions programs requires a significant upfront dedication of policy, legal, and regulatory resources to ensure proper coordination and documentation of the changes. Previously TFI reported New or Modificaitons to Existing Sanctions programs but the indicator has been spilt and refined to better capture TFI workload. The data is collected by OFAC.	Indicator
2. Number of sanctions programs modified by EO or Congressional mandate during the fiscal year	This indicator measures actions or expansion of existing sanction programs. The modification of sanctions programs requires a significant upfront dedication of policy, legal, and regulatory resources to ensure proper coordination and documentation of the changes. Previously TFI reported New or Modifications to	Indicator

	Existing Sanctions programs but the indicator has been spilt and refined to better capture TFI workload. The data is collected by OFAC.	
3. Regulatory documents published in the Federal Register within four months of publication of an Executive order or Congressional mandate during the fiscal year (Target 75%)	This measure ensures that OFAC publishes regulatory documents related to sanctions in a timely manner. The preparation for regulatory documents can be complex and include several lines of effort across OFAC. The data is collected by OFAC.	Performance Measure
4. Designations and identifications released on time to the public without errors (Target 90%)	This performance measure captures the number of actions taken to impose sanctions without errors. The preparation for each action is exceedingly complex and requires several lines of effort. In 2020 Congressional Justification (CJ) TFI reported the indicator number of designation actions but now is performance measure with a target. Designations released on time and without errors strengthens effectiveness of US sanction programs. The data is collected from OFAC.	Performance Measure
5. Conduct outreach events for the other US government agencies, the public, the business sector, and foreign government per calendar year (Target 60 events)	For TFI to be successful in their mission involvement and buy-in with the private sector and government officials is necessary. This performance measure tracks the amount of outreach events conducted by TFI.	Performance Measure

6. Participation in FATF international mutual evaluations and follow up reports)	FATF Mutual Evaluations are peer evaluations of countries' levels of effectiveness and implementation of the FATF AML/CFT Standards. Additionally, the metric includes reviews and comments on reports produced by the nine FSRBs; and, work assessing and reviewing countries as part of the ICRG. Participation on mutual evaluations usually requires several extended on-site visits in country, extensive analysis of a country's AML/CFT system. Previously TFI reported Review and Support of Foreign AML/CFT laws and regulations in the CJ. The modified indicator includes FATF ME and follow-up reports which better represents TFI workload. The data is collected from TFFC.	Indicator
7. Number of roundtables with private sector on ML/TF threats, vulnerabilities, and risk	This indicator measures the number of roundtables with the private sector TFFC conducts. Roundtables contribute to the success of TFI mission since private sector buy-in support compliance. The data is collected by TFFC.	Indicator
8. # of overseas/domestic engagements with foreign officials by TFFC officials	TFFC is tasked with the majority of the outreach and engagement with private sector and foreign officials. This indicator tracks the number of engagement with foreign officials. The data is collected by TFFC.	Indicator
9. Respond to de-confliction requests received from law enforcement (target: TBD)	OFAC is tasked with providing a timely response to law enforcement agencies regarding conflicts in law enforcement information.The data is collected by OFAC.	Performance Measure

10. Number of security clearances processed	This indicator reports the number of security clearances processed by OIA's Office of Security Programs (OSP). The data is collected by OIA.	Indicator
11. Number of analytic products published (includes Number of IIRs published, Number of finished intelligence pieces published)	This indicator includes both formal analytical intelligence briefings and final analytical intelligence products that were published. In the 2020 CJ for TFI, OIA reported Analytical Intelligence Support published but the indicator has been modified to include the vast array of OIA products. The data is collected from OIA.	Indicator
12. Percent Customer Satisfaction with OIA products (performance measure)	OIA products are rated by customers using a survey. The rating help OIA improve the quality of products and customer support. The information is collected from OIA.	Performance measure

D – Evidence-Building Activity

TFI is an organization of 800+ people in five independent, but complimentary offices that work together using its tools and authorities, including sanctions, to enhance national security. This is done by applying policy analysis, law enforcement information, intelligence analysis, and regulatory tools in understanding and addressing threats such as rogue regimes, terrorist organizations, human rights abusers, drug traffickers, money launders, proliferators of weapons of mass destruction (WMDs) and more. Analytics and other information—regulatory reporting, foreign government information, and record keeping rules— inform our approach to policy implementation, diplomatic engagement, and sanctions and designation targets and more. Similar sources of analytics and data are also used to ensure that the domestic and international financial systems are protected from abuse by illicit actors.

Section III – Additional Information

A – Summary of Capital Investments

A summary of capital investment resources, including major information technology and non-technology investments can be found at:
http://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx
This website also contains a digital copy of this document.

Department of the Treasury Committee on Foreign Investment in the United States Activities

Congressional Budget Justification and Annual Performance Report and Plan

FY 2021

Table of Contents

Section I – Budget Request

A – Mission Statement
Review certain transactions involving foreign investment in the United States to determine the effect of such transactions on the national security of the United States and to address any identified national security risks.

B – Summary of the Request
The Committee on Foreign Investment in the United States (CFIUS) was established in 1975 under Executive Order 11858 to monitor the impact of foreign investment in the United States, and to coordinate and implement federal policy on such investment. CFIUS is composed of nine voting member agencies, some of which have multiple subcomponents. CFIUS' unique design leverages the skills, subject matter expertise, and integrated analysis of Committee members and other relevant agencies. CFIUS voting members include:

- Department of the Treasury
- Department of Commerce
- Department of Defense
- Department of Energy
- Department of Homeland Security
- Department of Justice
- Department of State
- Office of Science Technology and Policy
- Office of the United States Trade Representative

As both Chair and member of CFIUS, Treasury is responsible for leading CFIUS in establishing policies, issuing regulations, implementing processes and functions, and managing its daily operations. Treasury participates in every aspect of CFIUS, including reviews and investigations, policy and international relations, mitigation monitoring and enforcement, non-notified transaction analysis, legal support, and national security threat assessments. The Office of International Affairs (IA) is responsible for case management and coordination and representing the Committee to parties that file notices. The Office of General Counsel (OGC) provides legal support to IA and is responsible for certain analyses conducted on each notice filed with CFIUS.

The Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA) strengthens CFIUS to better address national security concerns arising from some types of investments and transactions that were previously outside of its jurisdiction. Additionally, FIRRMA modernizes CFIUS' processes to better enable timely and effective reviews of covered transactions. FIRRMA also establishes the CFIUS Fund (the Fund), to be administered by the chairperson (the Secretary of the Treasury), to accept appropriated funds for these expanded responsibilities and functions, and to collect filing fees.

In recent years, CFIUS' caseload has increased in volume and complexity. CFIUS reviewed 229 cases in calendar year (CY) 2018 compared to 93 in CY 2010. Transactions generally have also become more complex, which had contributed to an increasing rate of investigations. CFIUS generally investigates cases that require more resource-intensive analysis and/or corrective action. In CY 2018, CFIUS investigated approximately 69 percent of cases compared to 38 percent in CY 2010. The FY 2021 budget requests resources necessary to implement FIRRMA and handle an anticipated workload of 1,000 cases per year.

The Administration requests $20 million for the Fund in upfront appropriations that will be offset by up to $20 million in offsetting collections from filing fees, which will be established in forthcoming regulations. To fund capital investments and staff to support Committee activities, $15 million is proposed for transfer to Treasury. The remaining $5 million will be available for transfer to other CFIUS agencies to facilitate, for example, interagency connectivity with Treasury's information technology (IT) and case management systems, as well as address emerging needs.

1.1 – Appropriations Detail

Dollars in Thousands

Appropriated Resources	FY 2019 Operating Plan		FY 2020 Enacted		FY 2021 Request		FY 2020 to FY 2021 % Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources								
Treasury CFIUS Activities	0	$0	0	$15,000	0	$15,000	NA	0.0%
Other Member CFIUS Activities	0	$0	0	$5,000	0	$5,000	NA	0.0%
New Appropriated Resources - Member Agencies								
Treasury Departmental Offices S&E	32	$15,000	81	$22,341	120	$24,146	48.1%	8.1%
Subtotal New Appropriated Resources	**32**	**$15,000**	**81**	**$42,341**	**120**	**$44,146**	**48.1%**	**4.3%**
Other Resources								
Anticipated User Fees - CFIUS Fund				($10,000)		($20,000)	NA	100.0%
Subtotal Other Resources	**0**	**$0**	**0**	**($10,000)**	**0**	**($20,000)**	**NA**	**100.0%**
Total Budgetary Resources	**32**	**$15,000**	**81**	**$32,341**	**120**	**$24,146**	**48.1%**	**-25.3%**

Note: Treasury Departmental Offices S&E values and requests are reflected here for illustrative purposes. Those resources are being requested for the Departmental Offices S&E Account.
Note: Treasury CFIUS Activities total $39 million - $15 million transferred from the CFIUS Fund and $20 million requested for the Departmental Offices S&E Account.

1.2.1 – CFIUS Fund Budget Adjustments

The total request for Treasury is $39 million, with requested funding increases shown in the two Budget Adjustment tables below. The first table shows the CFIUS Fund only. The second table includes both the CFIUS Fund and Treasury CFIUS resources provided in the Departmental Offices Salary and Expenses account.

Dollars in Thousands

	FTE	Amount
FY 2020 Enacted	**0**	**$20,000**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$0
Non-Recurring Costs	0	$0
Subtotal Changes to Base	0	$0
FY 2021 Current Services	**0**	**$20,000**
Program Changes:		
Anticipated User Fees - CFIUS Fund	0	($20,000)
FY 2021 President's Budget Request	**0**	**$0**

1.2.2 – Departmental Offices Budget Adjustments

Dollars in Thousands

	FTE	Amount
FY 2020 Enacted	**81**	**$22,341**
Transfer in from CFIUS Fund		**$15,000**
Subtotal, FY 2020 CFIUS funding	**81**	**$37,341**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$263
Pay Annualization (2020 3.1% average pay raise)	0	$73
Pay Raise (1.0% average pay raise)	0	$70
FERS Contribution Increase	0	$120
Non-Recurring Costs	0	($4,867)
Subtotal Changes to Base	0	($4,604)
FY 2021 Current Services	**81**	**$32,737**
Program Changes:		
Program Increases:	39	$6,409
Staffing to Support CFIUS Caseload Growth	39	$6,409
FY 2021 President's Budget Request	**120**	**$39,146**

Note: Table reflects Departmental Offices anticipated CFIUS funding. Does not reflect additional $5 million in funding for other agencies for a total of $44.146 million indicated previously in 1.1 table.

C – Budget Increases and Decreases Description

Offsetting User Fees -$20,000,000 / -0 FTE

Treasury and IA anticipate collection of filing fees that will be credited to the Fund as offsetting collections.

Transfer in from CFIUS Fund +$15,000,000 / +0 FTE

The CFIUS Fund anticipates to transfer $15.0 million dollars to the DO Salaries and Expenses account to provide for Treasury DO CFIUS activities.

Maintaining Current Levels (MCLs) ....+$263,000 / +0 FTE

Pay Annualization (3.1%) +$73,000 / +0 FTE

Funds are requested for annualization of the January 2020 3.1% average pay raise.

Pay Raise (1.0% in 2021) +$70,000 / +0 FTE

Funds are requested for a 1.0% average pay raise in January 2021.

FERS Contribution Increase +$120,000 / +0 FTE

Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2021.

Non-Recurring Costs ....-$4,867,000 / -0 FTE

Case Management System -$3,189,000 / -0 FTE

IA expects to complete the final phase of development for the CFIUS Case Management System in FY 2021. This non-recur encompasses a portion of this funding.

Secure Spaces -$1,678,000 / -0 FTE
CFIUS anticipates having completed the majority of anticipated facility buildout by FY 2021.

Program Increases ....+$6,409,000 / +39 FTE
Staffing to Support Caseload Growth +$6,409,000 / +39 FTE
Increase in CFIUS staffing to continue in light of anticipated program growth.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2019 Actual Obligations	FY 2020 Estimated Obligations	FY 2021 Estimated Obligations
11.1 - Full-time permanent	0	0	0
11.9 - Personnel Compensation (Total)	**0**	**0**	**0**
12.0 - Personnel benefits	0	0	0
Total Personnel and Compensation Benefits	**$0**	**$0**	**$0**
94.0 - Financial Transfers	0	20,000	20,000
Total Non-Personnel	**$0**	**$20,000**	**$20,000**
Total Obligations	**$0**	**$20,000**	**$20,000**
Full-time Equivalents (FTE)	**0**	**0**	**0**

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY DEPARTMENTAL OFFICES *Federal Funds* COMMITTEE ON FOREIGN INVESTMENT IN THE UNITED STATES FUND	
(Including transfer of funds) For necessary expenses of the Committee on Foreign Investment in the United States, $20,000,000, to remain available until expended: Provided, That the chairperson of the Committee may transfer such amounts to any department or agency represented on the Committee (including the Department of the Treasury) subject to advance notification to the Committees on Appropriations of the House of Representatives and the Senate: Provided further, That amounts so transferred shall remain available until expended for expenses of implementing section 721 of the Defense Production Act of 1950, as amended (50 U.S.C. 4565), and shall be available in addition to any other funds available to any department or agency: Provided further, That fees authorized by section 721(p) of such Act shall be credited to this appropriation as offsetting collections: Provided further, That the total amount appropriated under this heading from the general fund shall be reduced as such offsetting collections are received during fiscal year [2020] *2021*, so as to result in a total appropriation from the general fund estimated at not more than [$10,000,000] *$0. (Department of the Treasury Appropriations Act, 2020.)*	This account was created by the Foreign Investment Risk Review Modernization Act of 2018.

E – Legislative Proposals

CFIUS has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

Treasury's CFIUS activities support the following strategic objective for Strategic Goal 3, to enhance national security:

- Objective 3.3 – Economic Strength and National Security: Advance American prosperity and security through growth, investment, trade, and expanding the American industrial base while protecting national security.

In recognition of the strategic importance of FIRRMA implementation to national security Treasury is including this as an Agency Priority Goal. Successful implementation of FIRRMA will ensure that identified national security risks arising from certain foreign investments—including from some types of investments and transactions that previously fell outside of CFIUS' jurisdiction—are addressed in an effective manner.

B – Budget and Performance by Budget Activity

2.1.1 – Treasury CFIUS Activities Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Treasury CFIUS Activities	0	0	0	0	0	$15,000	$15,000
Budget Activity Total	**0**	**0**	**0**	**0**	**0**	**$15,000**	**$15,000**
Full-time Equivalents (FTE)	**0**	**0**	**0**	**0**	**0**	**0**	**0**

2.1.2 – Other Member CFIUS Activities Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Other Member CFIUS Activities	0	0	0	0	0	$5,000	$5,000
Budget Activity Total	**0**	**0**	**0**	**0**	**0**	**$5,000**	**$5,000**
Full-time Equivalents (FTE)	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Timely Review of CFIUS Casse	100	100	100	100	100	100	100	100
Number of notices reviewed by CFIUS	NA	NA	NA	NA	NA	NA	I	I
Number of notices that proceed to investigation by CFIUS	NA	NA	NA	NA	NA	NA	I	I

Key: DISC - Discontinued; B - Baseline; I - Indicator; NA - Not Applicable

Note: Prior to FY 2018, CFIUS was reflected in the International Affairs Program Resources section of the Departmental Offices Salaries and Expenses Account.

Committee on Foreign Investment in the United States Budget and Performance
($20,000,000 from direct appropriations):
In FY 2019 CFIUS took significant steps toward full implementation of the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA). At the beginning of FY 2019, the Committee established a pilot program to cover certain investments in critical technologies related to specific industries. At the end of FY 2019, Treasury published proposed FIRRMA regulations to implement the remainder of the statute, for public notice and comment. In January 2020, Treasury issued final regulations to implement FIRRMA, which become effective on February 13, 2020. Treasury has also made substantial progress on various administrative aspects of implementation, including with regard to staffing, information technology systems and infrastructure, and facility build-out.

Timely Review of CFIUS Cases: This measure tracks compliance with statutory deadlines for completing national security reviews of transactions notified to the CFIUS to ensure that the CFIUS process is timely and efficient. The target (100 percent) was met in CY 2019. IA's target for this measure in CY 2020 and CY 2021 is 100 percent.

C – Changes in Performance Measures

Performance Measure or Indicator	Proposed Change and Justification
1. Number of notices that are reviewed by the Committee on Foreign Investment in the United States per calendar year (indicator).	This indicator measures the number of notices reviewed by CFIUS as a result of updated regulations under FIRRMA.
2. Number of notices that proceed beyond the initial review to a subsequent investigation. CFIUS generally investigates cases that require more resource-intensive analysis and/or corrective action (indicator).	This indicator measures the number of investigations conducted by CFIUS as a result of updated regulations under FIRRMA.

D – Evidence-Building Activity
Throughout FY 2019, Treasury's Office of Investment Security drafted regulations to implement the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA). The Office relied on evidence from a range of sources to shape and effectively scope the final regulations, which were published in January 2020. This includes aggregated data on transactions covered under a "pilot program" that expanded the scope of transactions subject to review by CFIUS to certain non-controlling investments involving foreign persons and certain critical technologies. Treasury also benefited from hundreds of individual comments it received on proposed versions of the regulations that it published in September 2019. The final regulations update multiple provisions in response to a considered analysis of pilot program data and the public comments.

Once the final FIRRMA regulations become effective on February 13, 2020, Treasury will collect and regularly analyze data on covered transactions that are reviewed by CFIUS and monitor the broader national security and investment landscapes to ensure that the final regulations are effectively addressing national security concerns. As a result of these activities, Treasury may, if necessary, periodically amend the regulations or provide additional information to assist the public with compliance.

In FY 2020, Treasury will begin use of a new, electronic case management system that will support this effort and better enable future evidence-building and program evaluation-related activities.

Section III – Additional Information

A – Summary of Capital Investments

A summary of capital investment resources, including major information technology and non-technology investments related to CFIUS can be found with other DO IT investments at: https://home.treasury.gov/about/budget-financial-reporting-planning-and-performance/budget-requestannual-performance-plan-and-reports/summary-of-capital-investments. This website also contains a digital copy of this document.

Department of the Treasury
Office of Inspector General

Congressional Budget Justification and Annual Performance Plan and Report

FY 2021

Table of Contents

Section I – Budget Request

A – Mission Statement

To promote the integrity, efficiency, and effectiveness in programs and operations within the Department of the Treasury and across OIG's jurisdictional boundaries.

B – Summary of the Request

The FY 2021 request for $39,335,000 for the OIG will be used to fund audit, investigative, and mission support activities to meet the requirements of the Inspector General Act of 1978, as amended, and other statutes including, but not limited to: the Cybersecurity Act of 2015; Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank); Federal Information Security Modernization Act of 2014 (FISMA); Federal Information Technology Acquisition Reform Act; Government Management Reform Act; Improper Payments Elimination and Recovery Act of 2010 (IPERA); Government Charge Card Abuse Prevention Act of 2012; 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). Specific mandates include: (1) audits of the Department's financial statements (2) audits or evaluations of the Department's information systems security program and practices as required by FISMA, (3) assessments of the Department's cyber security information sharing, (4) audits of improper payments and recoveries under IPERA, (5) risk assessments and audits of charge card programs, (6) material loss reviews of failed insured depositary institutions regulated by the Office of the Comptroller of the Currency (OCC), and (7) data quality audits of spending data submitted by the Department to USASpending.gov.

The OIG will also conduct audits of the Department's highest risk programs and operations, and respond to stakeholder requests for specific work, including: (1) operating in an uncertain environment, (2) cyber threats, (3) Bank Secrecy Act, anti-money laundering, and anti-terrorist financing enforcement, (4) efforts to promote spending transparency and to prevent and detect improper payments, and (5) information technology acquisition and project management.

Within its jurisdictional boundaries, the OIG also conducts audit of the highest risk programs and operations of Gulf Coast Ecosystem Restoration Council (Council) established under RESTORE. The highest risk programs and operations identified as the Council's management and performance challenge include: (1) Federal statutory and regulatory compliance and (2) grant and interagency agreement compliance monitoring.

The OIG will continue its investigative work to prevent, detect, and investigate complaints of fraud, waste, and abuse impacting Treasury programs and operations. This includes the detection and prevention or deterrence of employee misconduct and fraud.

Through the audit and investigative functions, the OIG supports Treasury's FY 2018 – 2022 Strategic Plan. The goals are: Goal 1: Boost U.S. Economic Growth; Goal 2: Promote Financial Stability; Goal 3: Enhance National Security; Goal 4: Transform Government-wide Financial Stewardship; and Goal 5: Achieve Operational Excellence. In support of Treasury's Strategic Plan, the OIG established the following strategic goals:

- Promote the integrity, efficiency, and effectiveness of programs and operations across Treasury OIG's jurisdictional boundaries through audits and investigations
- Proactively support and strengthen the ability of programs across Treasury OIG's jurisdictional boundaries to identify challenges and manage risks
- Fully and currently inform stakeholders of Treasury OIG findings, recommendations, investigative results, and priorities
- Enhance, support, and sustain a workforce and strengthen internal operations to achieve the Treasury OIG mission, vision, and strategic goals

The Budget includes language that would allow, contingent upon enactment of authorizing legislation to transfer the United States Secret Service to Treasury, the Secretary of Homeland Security to transfer amounts from the Department of Homeland Security Office of Inspector General to support the Treasury OIG's oversight of the Secret Service.

Office of Inspector General's FY 2021 Budget Request

In accordance with the requirements of Section 6(f) (1) of the Inspector General Act of 1978, as amended, the Treasury Inspector General submits the following information relating to the OIG's requested budget for FY 2021:

- The aggregate budget request for the operations of the OIG is $48,335,000 comprised of $39,335,000 from direct appropriations, and $9,000,000 from reimbursable collections;
- The portion of this amount needed for OIG training is $650,000; and
- The portion of this amount estimated in support the Council of Inspectors General on Integrity and Efficiency (CIGIE) is $92,500.

The amount requested for training satisfies all OIG training needs for FY 2021.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2019 Operating Plan		FY 2020 Enacted		FY 2021 Request		FY 2020 to FY 2021 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Audit	128	$28,524	128	$30,524	136	$29,524	3.0%	1.1%
Investigations	39	$8,520	39	$10,520	44	$9,811	3.3%	1.8%
Subtotal New Appropriated Resources	**154**	**$37,044**	**167**	**$41,044**	**180**	**$39,335**	**7.70%**	**-4.1%**
Other Resources								
Reimbursable	0	$6,000	0	$9,000	0	$9,000	0.0%	100.0%
Subtotal Other Resources	**0**	**$6,000**	**0**	**$9,000**	**0**	**$9,000**	**0.0%**	**100.0%**
Total Budgetary Resources	**154**	**$43,044**	**167**	**$50,044**	**180**	**$48,335**	**7.70%**	**-3.4%**

Note: FTE = Full-time Equivalent Employment

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2020 Enacted	**167**	**$41,044**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$982
Pay Annualization (2020 3.1% average pay raise)	0	$237
Pay-Raise (1% average pay raise)	0	$231
FERS Contribution Increase	0	$304
Non-Pay	0	$210
Other Adjustments:	13	$0
Workforce FTE Adjustment	13	$0
Subtotal Changes to Base	13	$982
FY 2021 Current Services	**180**	**$42,026**
Program Changes:		
Program Decreases	-	($2,691)
Reduction in Contracts and Absorption of Rent Increases	-	($2,691)
FY 2021 President's Budget Request	**180**	**$39,335**

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs)...+$982,000 / +0 FTE

<u>Pay Annualization (3.1%) +$237,000 / +0 FTE</u>

Funds are requested for annualization of the January 2020 3.1% average pay raise.

<u>Pay Raise (1.0% in 2021) +$231,000 / +0 FTE</u>

Funds are requested for a 1.0% average pay raise in January 2021.

<u>FERS Contribution Increase +$304,000 / +0 FTE</u>

Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2021.

Non-Pay +$210,000 / +0 FTE
Funds are requested for inflation adjustments in non-labor expenses such as GSA rent adjustments, postage, supplies and equipment.

Other Adjustments ....+$0 / +13 FTE
Workforce FTE Adjustment +0 / +13 FTE
This adjustment is required to right-size the workforce to the funded FTE level.

Program Decreases …..-$2,691,000 / -0 FTE
Reduction in Contracts and Absorption of Rent Increase -$2,691,000 / -0 FTE
Program decrease in contracts and to accommodate increased administrative costs, including rent.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2019 Actual Obligations	FY 2020 Estimated Obligations	FY 2021 Estimated Obligations
11.1 - Full-time permanent	18,989	22,000	20,000
11.3 - Other than full-time permanent	0	10	10
11.5 - Other personnel compensation	1,000	400	900
11.9 - Personnel Compensation (Total)	**19,989**	**22,410**	**20,910**
12.0 - Personnel benefits	6,986	8,000	7,291
13.0 - Benefits for former personnel	0	15	15
Total Personnel and Compensation Benefits	**$26,975**	**$30,425**	**$28,216**
21.0 - Travel and transportation of persons	968	700	700
23.1 - Rental payments to GSA	3,903	4,106	4,306
23.3 - Communications, utilities, and miscellaneous charges	0	900	900
24.0 - Printing and reproduction	0	10	10
25.2 - Other services from non-Federal sources	2,200	2,100	2,300
25.3 - Other goods and services from Federal sources	2,200	2,200	2,300
25.6 - Medical care	0	75	75
25.7 - Operation and maintenance of equipment	0	58	58
26.0 - Supplies and materials	0	200	200
31.0 – Equipment	1,960	250	250
91.0 - Unvouchered	0	20	20
43.0 - Interest and dividends	0	0	0
Total Non-Personnel	**$10,831**	**$10,619**	**$11,119**
Total Obligations	**$37,806**	**$41,044**	**$39,335**
Full-time Equivalents (FTE)	**154**	**167**	**180**

Amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY OFFICE OF INSPECTOR GENERAL *Federal Funds* SALARIES AND EXPENSES For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, [$41,044,000]*$39,335,000*, 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, [2021]*2022*, 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. *(Department of the Treasury Appropriations Act, 2020.)*	

E – Legislative Proposals

The OIG has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment
Through the audit and investigative functions, the OIG supports the Department of the Treasury's Strategic Plan for FY 2018-2022 including all objectives under the following goals:

- Goal 1: Boost U.S. Economic Growth
- Goal 2: Promote Financial Stability
- Goal 3: Enhance National Security
- Goal 4: Transform Government-wide Financial Stewardship
- Goal 5: Achieve Operational Excellence

The FY 2021 requested resources will enable the OIG to perform audits and investigations of Treasury programs and operations under its jurisdiction, except for those of the Internal Revenue Service (IRS) and the Troubled Asset Relief Program (TARP), and to keep the Secretary of the Treasury and Congress fully informed of problems, deficiencies, and the need for corrective action. By statute, the OIG also performs oversight of the Gulf Coast Ecosystem Restoration Council, an independent Federal entity.

Major challenges and risks for Treasury:
Operating in an Uncertain Environment
This challenge addresses the external factors and future uncertainties that affect the Department's programs and operations. Among the most notable are the proposed changes included in the Office of Management and Budget's (OMB) comprehensive "Government–wide Reform Plan and Reorganization Recommendations" (Government–wide Reform Plan) to reorganize the Executive Branch. Tackling OMB's proposed reformations and other critical matters at hand could be more challenging as Senate confirmed leadership positions and other key senior level positions within the Department remain vacant. Overall, human capital management remains a high risk area as the lengthy security clearance process has hampered the recruitment of cybersecurity personnel and other mission critical positions dealing with programs and materials of the highest sensitivity.

As another complicating factor, Treasury must operate in the repeated cycle of budget and debt ceiling stopgaps. While the debt ceiling has been lifted, through July 31, 2021, it is only temporary. The OIG will assess the Department's ability to meet new mandates and manage challenges and risks to its programs and operations.

Cyber Threats
Treasury has maintained steady progress in addressing the continual and on-going challenges that the Federal Government and private sector face, including the threat of ransomware and difficulty obtaining cybersecurity personnel. 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. Attempted cyber-attacks against Federal agencies, including Treasury, and financial institutions continue to increase in frequency and severity, in addition to continuously evolving. There are risks that Treasury's systems and resources already in use, including critical infrastructure, contain components from sources that have yet to be designated as threats.

The Department will need to monitor developments in this area closely and plan for the possibility that its current supply chain may no longer be available in the near future.

In addition to its own networks and systems, the Department must be cognizant of, and mitigate, the risks posed by attacks made against other agencies and Treasury contractors and subcontractors. Furthermore, effective public-private coordination continues to be required to address the cyber threat 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.

As an ongoing challenge, Treasury will need to balance cybersecurity demands while modernizing and maintaining information technology (IT) systems. To this end, Treasury must ensure that cyber security is fully integrated its IT investment decisions. OIG conducts audits of Treasury's information systems and operations. As part of these audits, OIG conducts penetration tests of selected Treasury bureaus and offices to determine whether sufficient protections exist to prevent and detect unauthorized access to Treasury networks and systems.

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

Identifying, disrupting, and dismantling the financial networks that support rogue regimes, terrorist organizations, transnational criminal organizations, and other threats to the national security of the United States and our allies continues to be challenging as the Office of Terrorism and Financial Intelligence's (TFI) role to counter these financial networks and threats has grown because its economic authorities are key tools to carry out U.S. policy. Effective coordination and collaboration and TFI's ability to effectively gather and analyze intelligence information requires a stable cadre of experienced staff. The security clearance process has significantly impacted Treasury's human capital management and is a systemic issue government-wide. Stability, experienced leadership, and coordination within TFI is imperative to enhance information gathering and intelligence analysis and increase efficiency.

Data security and information sharing are challenges for the Financial Crimes Enforcement Network (FinCEN), which has experienced unauthorized disclosures of Bank Secrecy Act information. The challenge for FinCEN is to ensure the Bank Secrecy Act data remain secure in order to maintain the confidence of the financial sector while meeting the access needs of law enforcement, regulatory, and intelligence partners.

Given the criticality of Treasury's mission, its role to carry out U.S. policy, and resource constraints, the OIG continues to consider anti-money laundering and combating terrorist financing programs and operations as inherently high-risk. Through OIG's ongoing audits and reviews, the OIG monitors this high-risk area closely.

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

Given the broad implications and critical roles assigned to Treasury by the *Digital Accountability and Transparency Act of 2014* (DATA Act), it is considered an ongoing management challenge. The DATA Act requires the Federal Government to provide consistent, reliable, and useful online data about how it spends taxpayer dollars. Given the Department's role in the Government-wide implementation of the DATA Act, Treasury OIG has provided continuous oversight since enactment of the law. While there have been successes to date, there is still much to do. Concurrent with the work performed by the OIG, the office leads a multi-agency IG community DATA Act Working Group and provides educational oversight ensuring the IG community is carrying out responsibilities under the DATA Act. Reliable and transparent data is critical to the Department ongoing implementation of government-wide reforms for making data accessible and useful for decision-making as authorized by the *Foundations for Evidence-Based Policymaking Act of 2018* (Evidence Act). The OIG will monitor the Department's progress in this area.

The OIG also continues to identify and analyze the risks of improper payments and reviews the controls and safeguards put in place by Treasury to prevent and recover such payments as set forth in the *Improper Payment Elimination and Recovery Act of 2010* (IPERA).

Information Technology Acquisition and Project Management

Government-wide implementation of the *Federal Information Technology Acquisition Reform Act* (FITARA) continues to be an ongoing challenge. FITARA expanded the involvement of Chief Information Officers of Federal agencies in IT decision making, including annual and multi-year planning, programming, budgeting, execution, reporting, management, governance, and oversight functions. Among FITARA specific requirements, the areas that Treasury needs most improvement were enhanced transparency and risk management and improved cybersecurity. Since February 2015, the Government Accountability Office has included the management of IT acquisitions and operations on its high-risk list as cost overruns and schedule delays impact mission related outcomes government-wide. The OIG monitors the Department's progress to fully implement FITARA requirements and management of IT projects.

Non-IT related acquisitions also require attention to ensure timely delivery and minimize cost overruns for achieving cost savings. In this regard, the OIG plans audit oversight of the Bureau of Engraving and Printing's large construction project of a new facility to ensure continuity of operations of the bureau.

Major challenges and risks for the Gulf Coast Ecosystem Restoration Council (Council)

Federal Statutory and Regulatory Compliance

The Council must ensure that activities and projects funded by the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act) meet all environmental laws and regulations at the Federal and State level, and must also ensure its compliance with applicable laws and regulations as a Federal entity. The Council is challenged to follow Federal statutory and regulatory compliance requirements related to the DATA Act, IPERA, and the Evidence Act. The Council still faces challenges in meeting these Federal statutory and regulatory compliance stemming from the need for a reliable grants management system among other things. With the uncertainty of a successful transition to a new grants management system expected to be completed in fiscal year 2020, the Council's ability to comply with new as well as existing Federal requirements may be in question. The OIG will continue to focus audits on the Council's continued implementation and compliance with key Federal mandates.

Grant and Interagency Agreement Compliance Monitoring
Given the increase in grants and interagency agreements, the OIG continues to emphasize the necessity to monitor projects and award recipients of RESTORE Act funds. This challenge is further impacted by the Council's transition to a new grants management system during fiscal year 2020. The OIG audits will focus on the Council's monitoring controls in place to ensure projects' and recipients' comply with grant and agency agreements and funds are used as intended.

In the Investigations operational area, OIG has established eight priorities for FY 2020:
Criminal and Serious Employee Misconduct
The OIG Office of Investigation's highest priority is investigating 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. Several Treasury bureaus and offices have additional rules and regulations relating to ethical standards for their own employees, and OIG also investigates complaints of alleged violations of these rules and regulations.

Fraud Involving Contracts, Grants, Guarantees, and Funds
The OIG Office of Investigations conducts investigations into 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. The Office of Investigations receives complaints alleging criminal or other misconduct from employees, contractors, members of the public, and the Congress.

Financial Programs and Operations Crime
Investigations relating to Treasury financial programs and operations that involve Treasury bureaus issuing licenses, providing benefits, and exercising oversight of U.S. financial institutions; frauds involving improper Federal payments such as those involving stolen, counterfeit, altered or fraudulently obtained Treasury checks and ACH payments; frauds involving improper Federal payments such as those involving Treasury checks and the *Check Forgery Insurance Fund*; crimes involving the improperly-redirected benefits of federal government payees; and false claims of any kind that seek Federal payments, including federal income tax refunds, Social Security benefits, and Department of Veterans' Affairs. These matters require prompt attention to protect the public and the integrity of the department.

Threats Against Treasury Employees and Facilities
Investigative efforts into threats against Treasury employees and facilities are critical in ensuring safety for the Department. These matters require prompt attention and coordination with federal, state, and local authorities in order to protect those involved.

Cyber Threats against Treasury Systems and Cyber Enabled Financial Crimes Fraud

The OIG conducts investigations into Cyber intrusions of Treasury systems, the illicit removal of Treasury protected information from Treasury systems and Cyber enabled criminal activity impacting Treasury programs and operations, such as Business Email Compromise, Personal Email Compromise and other schemes.

Treasury Employee and Bureau Impersonation Scams

Investigations relating to scammers who represent themselves as Treasury employees in order to defraud the citizens of the U.S. and other countries by the impersonation of Treasury employees and/or the fraudulent use of the Treasury and Bureau seals. This is a problem that has significantly increased in the last few years. These matters require prompt attention to protect the public and the integrity of the Department.

Investigating Fraud Related to Persons Representing Themselves as "Sovereign Citizens" Submitting Fictitious Financial Instruments to Treasury, Financial Institutions, and Private Companies

The OIG conducts investigations into criminal activity associated with individuals who attempt to scam the Treasury, financial institutions, private companies, and citizens by submitting fictitious financial instruments purporting to be issued by or drawn on the Treasury or other counterfeit documents to perpetrate a variety of fraud schemes. These matters have become more prevalent and require prompt coordination with Federal, State, and local authorities to protect the targets of the scams.

Identifying and Investigating Fraud Related to the RESTORE Act

The RESTORE Act commits 80 percent of all administrative and civil penalties related to the Deepwater Horizon spill to the Gulf Coast Restoration Trust Fund. It also outlines a structure for using the funds to restore and protect the natural resources, ecosystems, fisheries, marine and wildlife habitats, beaches, coastal wetlands, and economy of the Gulf Coast region. As such, the act assigns Treasury several roles in administering the Trust Fund, including authorizing the Inspector General to investigate projects, programs, and activities funded under the act.

B – Budget and Performance by Budget Activity
2.1.1 – Audit Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	$24,947	$27,653	$26,014	$24,413	$25,699	$30,525	$29,524
Reimbursable	$8,525	$7,299	$6,726	$6,116	$6,236	$9,000	$9,000
Budget Activity Total	**$33,472**	**$34,952**	**$32,740**	**$30,529**	**$31,935**	**$39,525**	**$38,524**
Full-time Equivalents (FTE)	**135**	**137**	**115**	**119**	**128**	**128**	**136**

Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Number of Completed Audit Products	75	86	90	91	79	74	82	74
Percent of Statutory Audits Completed by the Required Date	100	100	100	100	100	100	100	100

The FY 2015 - FY 2019 appropriated resources represents the approved operating plan. The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

Audit Budget and Performance

($29,524,000 from direct appropriations, and $9,000,000 from reimbursable resources):
The Office of Audit conducts audits intended to ensure the accountability of resources, protect information, and provide recommendations for improving the integrity, economy, efficiency, effectiveness, of programs and operations within the Department and across OIG's jurisdictional boundaries, which include those of the Council. The requested funding for FY 2021 is necessary to perform mandated work (including audits/assessments of financial statements, information systems security program and practices, cyber security information sharing, improper payments and recoveries, charge card programs. material loss reviews of failed insured depository institutions regulated by the OCC, and data quality audits of spending data), and to maintain an appropriate level of oversight of programs and operations consistent with the OIG's responsibilities under the Inspector General Act of 1978, amended. In FY 2021, OIG will also continue to provide oversight of Treasury's government-wide role and responsibilities under the DATA Act. Reimbursable funding agreements support financial statement audits of Treasury and oversight of the Small Business Lending Fund. Reimbursable funding agreements also support Treasury financial audits for which Treasury OIG is the lead office in selecting and overseeing contractor selection.

Description of Performance

The Office plans to complete 82 audit products in FY 2020, and 74 in FY 2021. The number of audit products was reduced beginning in FY 2019 due to decreased staffing to cover increased administrative costs (rent). In FY 2019, the Office of Audit completed 79 audit products, and met all statutory audit timelines. Audit products included audit reports, evaluation reports, the Inspector General's Semi-Annual Reports to Congress, and the Inspector General's annual memoranda to the Secretary of the Treasury and the designated Chairperson of the Gulf Coast

Ecosystem Restoration Council, on the most significant management and performance challenges facing the Department and Gulf Coast Ecosystem Restoration Council, respectively.

Audit products can also include responses to specific information requests by the Congress. By completing independent and timely assessments of programs and operations across its jurisdiction, the Office of Audit supports the OIG's mission of promoting integrity, efficiency, effectiveness of those programs and operations. The recommendations for improvement in programs and operations noted through OIG's assessments directly support both the Treasury Department and the Gulf Coast Ecosystem Restoration Council in achieving their strategic goals and meeting their respective missions.

2.1.2 – Investigations Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	$6,237	$6,913	$7,164	$11,512	$11,345	$10,519	$9,811
Budget Activity Total	**$6,237**	**$6,913**	**$7,164**	**$11,512**	**$11,345**	**$10,519**	**$9,811**
Full-time Equivalents (FTE)	**33**	**33**	**43**	**42**	**39**	**39**	**44**

Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Percentage of All Cases Closed During Fiscal Year That Were Referred for Criminal/Civil/Administrative Action.	87	84	84	98	80	74	80	80

The FY 2015 - FY 2019 appropriated resources represents the approved operating plan. The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

Investigations Budget and Performance

($9,811,000 from direct appropriations):

The Office of Investigations prevents, detects, and investigates complaints of fraud, waste, and abuse impacting Treasury programs and operations. This includes the detection and prevention or deterrence of employee misconduct and fraud, or related financial crimes within or directed against Treasury. The Office of Investigations 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 almost $4 billion in Treasury-related contracts, there is an increased risk of contract fraud across all Treasury bureaus and programs. OI initiated a program of providing integrity briefs to contract personnel notifying them of the responsibilities to report fraud, waste, and abuse within U.S. Treasury contracts and programs. OI works with the U.S. Department of Justice to prosecute False Claims Acts in federal court to recover funds through civil penalties. Additionally, OI conducts criminal investigations to prosecute contracts engaging in fraudulent activity, such as kickbacks, product substitution, bid manipulation, and many other types of contract fraud. OI continues to work allegations directly impacting the American Reinvestment and Recovery Act and the Gulf Coast Restoration Trust Fund.

OI directs investigative efforts toward those that subvert bank examination processes, and/or perpetrate fraud impacting the Bank Secrecy Act oversight responsibilities of Treasury bureaus, subsequently defrauding the nation's financial infrastructure and eroding the public's trust.

In addition to the grant programs listed above, the Office of Investigations has seen a noted increase in fraud impacting other significant Treasury programs and operations, including leaks of Treasury information, as well as fraud impacting the Treasury payment processing service operated by the Bureau of Fiscal Service. The Office of Investigations remains committed to investigating benefit, improper payment and other monetary fraud associated with the programs and operations of the Treasury Department.

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

Description of Performance

In FY 2019 the Office of Investigations met the Investigative Performance Measure target (Target – 80 percent; Actual – 80 percent), opened 63 new investigations and closed 119 investigations. The OIG also referred 10 investigations that substantiated administrative violations against a Treasury employee to the appropriate regulated bureau for action. In addition, the OIG referred 81 investigations for criminal prosecution and 3 investigations involving 13 entities for civil prosecution. In FY 2019 the Office of Investigations charged and/or indicted 19 subjects. Ongoing investigations resulted in 32 subjects sentenced which resulted in fines, seizures, restitution, penalties and settlements of more than $29.5 million.

The Office of Investigations continues to support frequent congressional inquiries, sensitive investigative requests from the Council of the Inspectors General on Integrity and Efficiency, and annual peer reviews of other Offices of Inspector General, thus ensuring a high level of professionalism within the Inspector General community.

The Investigative Performance Measure is a percentage of all cases closed by the Office of Investigations during the fiscal year referred to Department Bureaus for administrative action or for criminal or civil prosecution by Federal or local prosecutors. The goal for Office of Investigations is that at least 80 percent of closed cases meet the aforementioned criteria. Meeting or exceeding this goal demonstrates that the Office of Investigations is responsive to allegations and complaints referred to the office and when these referrals require investigation, the cases are timely, thoroughly and accurately reported to assist the Department in maintaining the integrity of its programs and operations, subsequently ferreting out fraud, waste, and abuse. The office is working to meet or exceed this measure in both FY 2020 and FY 2021.

With the publication of the Treasury Strategic Plan for FY 2018-2022, OIG will work this year to baseline its performance against the new strategic objectives. This could result in changes to performance measures in the FY 2021 budget.

C – Changes in Performance Measures

OIG has no changes in performance measures.

D – Use of Evidence and Evaluation
The OIG will be adding a data analysis function to its audits in order to use data to assess risk and feed decisions about programs requiring further evaluation within Treasury. The auditors within the Office of Audit will use this information to assess individual programs and to assess risk on a Treasury-wide level.

Section III – Additional Information

A – Summary of Capital Investments
The OIG has no capital investments. Capital investments that support the OIG are included in the Departmental Offices plan.

A summary of capital investment resources, including major information technology and non-technology investments can be found at: https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx

Department of the Treasury
Office of the Special Inspector General for TARP (SIGTARP)

Congressional Budget Justification and Annual Performance Plan and Report

FY 2021

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Section I – Budget Request

A – Mission Statement
The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) is a federal law enforcement agency and an independent audit watchdog that targets financial institution crime, and other fraud, waste, and abuse related to TARP. Protecting Americans, taxpayer dollars, and TARP programs drives SIGTARP's mission.

B – Summary of the Request
The Fiscal Year (FY) 2021 Budget proposes $17,500,000, a 20 percent reduction from the FY 2020 level. The proposed Budget is intended to fund the Congressionally mandated independent oversight of TARP through SIGTARP criminal investigations and audits. TARP spending continues because TARP foreclosure prevention programs, the Making Home Affordable (MHA) and the Hardest Hit Fund (HHF) programs continue. Banks, mortgage servicers, state agencies, thousands of contractors and other recipients have already received over $30 billion via these programs. SIGTARP's investigations and audits stop fraud, waste, and abuse of the $30 billion spent, and recover lost dollars for the Government and other victims. The more than $3.5 billion in future TARP spending will add to SIGTARP's existing and planned investigations and audits.

Special Inspector General's Comments
Pursuant to section 6(f)(3)(E) of the *Inspector General Act of 1978*, as amended, as applied through the *Emergency Economic Stabilization Act of 2008*, I have concluded that the President's FY 2021 Budget request of $17.5 million would substantially inhibit the Special Inspector General from performing the duties of the office. I independently proposed an appropriation of $19 million (an additional $1.5 million) for FY 2021, as the level needed to support SIGTARP's Congressionally mandated mission to conduct oversight of TARP, while also reflecting an orderly and responsible step down towards TARP's sunset of March 2024. I respectfully request that Congress consider this level, which is a 14 percent reduction from the FY 2020 enacted level; a 17 percent reduction from the FY 2019 enacted level; a 44 percent reduction from the FY 2018 enacted level; and a 54 percent reduction from the FY 2017 enacted level.

The President's Budget request would substantially inhibit our oversight because it will require a larger reduction in staffing and mission support levels than I have determined is necessary to fulfill the mission. The President's Budget request is a 49 percent reduction from the FY 2018 enacted level, even though the same TARP programs are open as in FY 2018 with significant activity, spending more than $1 billion each year – spending that should be accompanied by SIGTARP's oversight.

In FY 2019 alone, TARP programs had significant operations and spent more than $1.7 billion. Of this amount, Treasury paid $1.12 billion in TARP dollars to 74 financial institutions in MHA, including, for example, $290 million to Ocwen Financial, $155 million to SPS, $132 million to Wells Fargo, $101 million to JP Morgan Chase, $59 million to Bank of America, $129 million to Nationstar, $19 million to Citigroup, and $5 million to CIT Bank.

As more TARP dollars are spent in MHA and HHF, SIGTARP's investigations and audits over that spending increases. Every TARP dollar spent is another dollar potentially subject to fraud, waste and abuse, increasing the need for investigations and audits. Treasury has already paid more than $20 billion in MHA. Additionally, through FY 2024, Treasury is obligated or committed to pay $2.8 billion to banks and non-bank mortgage servicers in MHA to modify these residential mortgages. For example, Treasury is obligated or committed to pay in the future $675 million to Ocwen Financial, $359 million to Wells Fargo, $218 million to JP Morgan Chase, $152 million to Bank of America, $338 million to Select Portfolio Servicing, $340 million to Nationstar, $69 million to CitiMortgage, and $22 million to CIT Bank/One West Bank. In the Hardest Hit Fund, 19 state agencies have received more than $9 billion in TARP funds from Treasury, and have another nearly $800 million in state agency bank accounts ready to be spent through December 2021.

When left unchecked, fraud, waste, and abuse in these programs can have a devastating impact on those the program are intended to help. HAMP continues today with nearly 800,000 people in all 50 states receiving mortgage modifications to make their payments affordable and sustainable. The billions of TARP dollars that Treasury will pay financial institutions in the future are not automatic, but instead require the banks and other servicers to comply with the law and rules of the program for those homeowners – decisions and actions that require oversight and law enforcement.

There are 40 HHF programs still open to applicants, plus open programs that continue to spend TARP dollars related to existing homeowners, many of which are unemployed or underemployed, and other participants. This year, there were more TARP-funded demolitions of blighted houses than any other year, and 58 percent of all new first-time homebuyers receiving HHF down payment assistance occurred in the last year. Just this past year, more than 29,000 new borrowers came into the program. State agencies told SIGTARP that they expect an additional 8,000 demolitions in the future. After those discussions, Treasury approved an additional 450 demolitions in Ohio. These programs have important goals for communities, goals that would be hurt by fraud, waste, and abuse.

SIGTARP has demonstrated that it is a solid investment for taxpayers, as SIGTARP's work has led to cumulative recoveries for the government and other victims of $11 billion – a 31 time cumulative return on investment (ROI) from our annual budgets.

This ranks SIGTARP as having the third highest ROI out of 18 OIGs reviewed by the Brookings Institution Center for Effective Public Management in its analysis of how cutting the budget of positive-revenue OIGs costs the government money and contributes to the federal deficit.[1]

We appreciate Congress's strong support for our budget each year.

[1] Hudak, J. Wallack, G. (2015). *Brookings Institution Center for Effective Public Management,* Website: https://www.brookings.edu/wp-content/uploads/2016/06/CEPMHudakWallackOIG.pdf.

In FY 2019:

- **$900 million was recovered as a result of SIGTARP's law enforcement work, representing a 39 times annual return on investment from our $23 million budget.**
- SIGTARP investigations resulted in criminal charges against 13 defendants, four arrests, criminal convictions of 18 defendants, courts sentencing 28 defendants to prison, federal enforcement activity against three corporations/organizations, and 26 referrals to prosecutors.
- SIGTARP auditors questioned more than $848,000 in costs, including more than $411,000 that state agencies in HHF spent on travel and conference costs that violated Federal cost regulations, some of which also constituted waste. For example:
  - ➢ The North Carolina agency spent $130,000 on annual housing counselor conferences including paying $2,500 to a guest speaker who lectured on "Motivation by Chocolate." Also, before homeowners received a single dollar from HHF, housing counselors were treated to an evening reception featuring a carved beef station staffed by a uniform chef, cake bites and strawberry shortcake martinis.
  - ➢ After the Ohio agency decided to close the HHF program to new homeowner applications, it deviated from past practices to hold housing counselor conferences at zoos.
  - ➢ Two top Florida officials charged TARP more than a dozen conferences each, often at luxury hotels, beaches and other resort destinations, despite the fact that the state agency was one of the most underperforming state agencies in HHF, providing assistance to only 20percent of applicants, the lowest of any state.
  - ➢ Officials from some state agencies attending an annual meeting with Treasury in Washington, D.C. charged TARP for luxury hotels, while other state agencies attending the same meeting stayed at hotels at or near the GSA rate. Two senior Ohio agency officials stayed at the W hotel paying $315-$423 per night, while a junior Ohio official on the same trip stayed at a hotel with the rate of $170 per night.

- SIGTARP has open investigations into financial institutions participating in MHA and receiving TARP dollars. SIGTARP has referred some of these investigations to the Department of Justice, and SIGTARP continues to work these cases with the U.S. Department of Justice (DOJ).
- SIGTARP continued to obtain convictions and sentencings of defendants who defrauded nearly 30,000 homeowners with false promises of entry into HAMP, including some who claimed affiliation with the government, and preyed on the elderly, and other vulnerable Americans. Already, 93 of these scammers were sentenced to prison as a result of SIGTARP's investigations.
- SIGTARP's investigations resulted in the conviction and prison sentencing of the Detroit city official in charge of contracts for HHF's blight demolition program, the conviction for bribery of an official from one of the largest demolition contractors in the HHF program in Detroit, and the indictment of a land bank official in the HHF program in Ohio on one count of conspiracy to commit bribery and honest services fraud, three counts of honest services wire fraud and one count of bribery.
- SIGTARP's investigations resulted in DOJ resolving a false claim act action against the sole contractor in HHF blight demolition in Fort Wayne, Indiana for filling the demolition sites with construction debris rather than clean fill dirt, and falsely billing the HHF program as if it had used clean fill dirt.

- SIGTARP's investigations have also resulted in criminal charges and arrests this year for homeowners defrauding HHF.
- SIGTARP's audits have focused on the costly and harmful risks of asbestos and lead exposure, illegal dumping, and contaminated dirt.
- SIGTARP's recent audit warned Treasury about a lack of fraud controls that led to more than $437,000 in payments to California homeowners who lost eligibility but continued receiving TARP payments for years.

SIGTARP is grateful for the support of Congress. We will continue to deliver investigative and audit results, and a high return on investment. In every year since FY 2016, recoveries from SIGTARP's work have far exceeded our annual appropriations. Investing in SIGTARP is one of the most effective and efficient ways to protect the Government. The Government will receive far more than our budget in recovered dollars lost to fraud, in addition to cost savings. Our work ensures that TARP dollars are used as Congress intended, and that the government does not pay more for TARP than is necessary.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2019 Operating Plan		FY 2020 Enacted		FY 2021 Request		FY 2020 to FY 2021 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Investigatons	87	$19,550	75	$18,920	72	$15,050	-4.0%	-20.5%
Audit	9	$3,450	10	$3,080	8	$2,450	-20.0%	-20.5%
Subtotal New Appropriated Resources	**96**	**$23,000**	**85**	**$22,000**	**80**	**$17,500**	**-5.9%**	**-20.5%**
Other Resources								
Unobligated Balances from Prior Years	0	$16,912	0	$14,642	0	$14,000	NA	-4.4%
Subtotal Other Resources	**0**	**$16,912**	**0**	**$14,642**	**0**	**$14,000**	**NA**	**-4.4%**
Total Budgetary Resources	**96**	**$39,912**	**85**	**$36,642**	**80**	**$31,500**	**-5.9%**	**-14.0%**

FY 2019 Other Resources and Full-time Equivalents (FTE) reflect actuals.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2020 Enacted	**85**	**$22,000**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$510
Pay Annualization (2020 3.1% average pay raise)	0	$117
Pay Raise (1.0% average pay raise)	0	$115
FERS Contribution Increase	0	$141
Non-Pay	0	$137
Subtotal Changes to Base	0	$510
FY 2021 Current Services	**85**	**$22,510**
Program Changes:		
Program Decreases	(5)	($5,010)
Staff Reduction	(5)	($344)
Efficiency Savings	0	($946)
Realignment from Annual to No-Year	0	($3,720)
FY 2021 President's Budget Request	**80**	**$17,500**

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) ....+$510,000 / +0 FTE

Pay Annualization (3.1%) +$117,000 / +0 FTE:
Funds are requested for annualization of the January 2020 3.1% average pay raise.

Pay Raise (1.0% in 2021) +$115,000 / +0 FTE:
Funds are requested for a 1.0% average pay raise in January 2021.

FERS Contribution Increase +$141,000 / +0 FTE
Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2021.

Non-Pay +$137,000 / +0 FTE
Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Program Decreases ....-$5,010,000 / -5 FTE

Staff Reduction -$344,000 / -5 FTE
Reduction in SIGTARP staff levels to 80 FTE.

Efficiency Savings -$946,000/ -0 FTE
SIGTARP will seek to reduce non-personnel costs.

Realignment from Annual to No-Year -$3,720,000/ -0 FTE
SIGTARP will fund a portion of its operations from its no-year account.
SIGTARP actively reduces costs and its footprint, while creating an appropriately sized, skilled and structured workforce.

- In the last two years, SIGTARP cut its footprint by 47 percent in cost and square footage. In FY 2018, SIGTARP eliminated 50 percent of its headquarters annual rent expenses. In FY 2019, SIGTARP eliminated 100 percent of its San Francisco annual rent expense.
- Beginning in FY 2020, SIGTARP is reducing its New York annual rent expense by 43 percent.
- SIGTARP reduced fleet-related expenses by 40 percent since FY 2014.
- In FY 2021, over $3 million of the proposed budget (23 percent) will be spent on goods and services from the government, more that 95 percent of which will be paid to Treasury.
- SIGTARP has eliminated management layers and is structuring the workforce in such a way to create maximum flexibility as the agency's sunset approaches.
- SIGTARP drives efficiencies through innovative processes and the use of technology, including through data mining.
- SIGTARP coordinates with other law enforcement agencies and Inspectors General, leveraging its unique position and expertise by forming law enforcement and other partnerships to create operational efficiencies and realize cost savings.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2019 Actual Obligations	FY 2020 Estimated Obligations	FY 2021 Estimated Obligations
11.1 - Full-time permanent	10,573	9,315	9,128
11.3 - Other than full-time permanent	1,907	1,472	1,384
11.5 - Other personnel compensation	1,034	989	930
11.9 - Personnel Compensation (Total)	**13,514**	**11,776**	**11,442**
12.0 - Personnel benefits	3,915	3,385	3,383
Total Personnel and Compensation Benefits	**$17,429**	**$15,161**	**$14,825**
21.0 - Travel and transportation of persons	261	250	250
23.1 - Rental payments to GSA	138	110	59
23.3 - Communications, utilities, and miscellaneous charges	34	29	20
25.1 - Advisory and assistance services	708	500	200
25.2 - Other services from non-Federal sources	20	20	15
25.3 - Other goods and services from Federal sources	6,692	5,729	1,956
25.6 - Medical care	50	40	30
25.7 - Operation and maintenance of equipment	38	20	15
26.0 - Supplies and materials	138	131	125
31.0 - Equipment	19	10	5
Total Non-Personnel	**$8,098**	**$6,839**	**$2,675**
Total Obligations	**$25,527**	**$22,000**	**$17,500**
Full-time Equivalents (FTE)	**96**	**85**	**80**

Amounts reflect obligations of annually appropriated resources, does not include unobligated balances from prior years ($17M in FY 2019 and estimated $14M in FYs 2020 and 2021).

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY **SPECIAL INSPECTOR GENERAL FOR THE TROUBLED ASSET RELIEF PROGRAM** *Federal funds* 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), [$22,000,000] $*17,500,000. (Department of the Treasury Appropriations Act, 2020.)*	

E – Legislative Proposals
PPIP Funds

The *Public-Private Investment Program (PPIP) Improvement and Oversight Act of 2009* (12 U.S.C. § 5231a) provided $15 million in no-year appropriations to SIGTARP for the purpose of providing oversight to PPIP and the Term Asset-Backed Securities Loan Facility. SIGTARP does not plan PPIP or TALF activity in FY 2020 and FY 2021. SIGTARP is requesting that these PPIP funds be made available to also support SIGTARP's oversight of ongoing TARP programs. This proposed language is identical to that included in the FY 2018 enacted appropriation.

Proposed Language
Section 124

Notwithstanding paragraph (2) of section 402(c) of the Helping Families Save their Homes Act of 2009, in utilizing funds made available by paragraph (1) of section 402(c) of such Act, the Special Inspector General for the Troubled Asset Relief Program shall prioritize the performance of audits or investigations of any program that is funded in whole or in part by funds appropriated under the Emergency Economic Stabilization Act of 2008, to the extent that such priority is consistent with other aspects of the mission of the Special Inspector General.

Section II – Annual Performance Plan and Report

A – Strategic Alignment
The Investigation Division budget supports SIGTARP's priority of law enforcement of crimes and civil violations of the law related to TARP, and the Audit Division budget activity supports SIGTARP as the independent watchdog over TARP dollars and programs.

SIGTARP's activities and goals of justice, impact, innovation, and stewardship support and complement Treasury's FY 2018 – 2022 Strategic Plan goals: (1) boost U.S. economic growth by investigating anti-competitive practices; (2) promote financial stability; (3) enhance national security by investigating money laundering; (4) transform government-wide financial stewardship; and (5) achieve operational excellence.

All of SIGTARP's work aligns with Treasury's strategic goal to promote financial stability given that all TARP programs are designed to promote financial stability. Fraud, waste, and abuse erode that goal. All of SIGTARP's planned work for FY 2021 also aligns with Treasury's Strategic Plan goal (4) "Transform Government-wide Financial Stewardship" by winding down sunsetting programs responsibility and funding the government at the least cost over time. Fraud, waste, and abuse are costly for taxpayers. SIGTARP's efficiency and high return on investment also aligns with Treasury's strategic goal to achieve operational excellence

SIGTARP's audit and investigative goals and priorities are driven by independently-identified TARP threats and findings of fraud, waste, and abuse. SIGTARP's goals through 2023 are:
- *Justice* - protect Americans through law enforcement's fight against TARP-related crime;
- *Impact* - assess, understand, and counter the most serious risks, threats, and challenges to TARP;
- *Innovation* - expand the use of technology, virtual information sharing, and data analytics to increase the expedited identification of TARP-related crime, fraud, waste and abuse; and
- *Stewardship* - ensure TARP programs and oversight proceed responsibly and transparently.

Justice: As a law enforcement office with 85 percent of its resources focused on criminal investigations, SIGTARP strives to bring justice, accountability, and deterrence in the fight against TARP-related crimes, including major financial crimes and money laundering. This past year SIGTARP continued to support prosecutions of defendants SIGTARP investigated. SIGTARP's cumulative law enforcement record includes 430 defendants charged with crimes, and law enforcement actions against 24 corporations/organizations. SIGTARP achieved justice when, in FY 2019, 4 defendants were arrested, 13 defendants were indicted or criminally charged by information, 18 defendants were convicted, and courts sentenced to prison 28 defendants. For example, in FY 2019, courts sentenced four defendants for their part in a wide-ranging investigation into narcotics trafficking and international money laundering that included money laundering at a TARP bank. SIGTARP has one of the highest conviction rates in the federal government, a DOJ conviction rate of 97 percent, achieving operational excellence. *Alignment: Treasury Goals (1), (2), (3), (4), and (5).*

Impact: SIGTARP analyzes risks from the most serious and imminent threats to TARP. SIGTARP prioritizes its resources and conducts confidential investigations to combat serious threats, the largest of which SIGTARP believes is potential wrongdoing by the more than 130 financial institutions that continue to receive billions of TARP dollars in the MHA program, including some of the nation's largest. Criminal and civil violations of the law by these financial institutions directly lead to foreclosures of homeowners.

SIGTARP's investigations into corruption into the HHF blight demolition program impact competition in, and the integrity of, this federally funded program. In FY 2019, SIGTARP's investigations resulted in the conviction and prison sentencing of the Detroit city official in charge of contracts for HHF's blight demolition program. SIGTARP's investigations also resulted in the conviction for bribery of an official from one of the largest demolition contractors in the HHF program in Detroit. SIGTARP's investigations also resulted in the indictment of a land bank official in the HHF program in Ohio on one count of conspiracy to commit bribery and honest services fraud, three counts of honest services wire fraud and one count of bribery. SIGTARP achieves operational excellence by leveraging task forces and other partnerships to reduce the number of personnel assigned to each case. *Alignment: Treasury Goals (1), (2), (4), and (5)*.

Innovation: SIGTARP achieved an unparalleled record of criminal charges against more than 100 bankers through innovation. SIGTARP developed an intelligence-based method to find crime in banks proactively without waiting for a whistleblower. SIGTARP is deploying similar techniques to find crime proactively in the housing, foreclosure, and demolition industries. By expanding the use of technology, virtual information sharing using central repositories of information, and data analytics, SIGTARP can expedite its identification of crime, fraud, waste, and abuse in MHA and HHF. *Alignment: Treasury Goals (2), (4) and (5).*

Stewardship: SIGTARP stands as the independent watchdog for Americans, ensuring that TARP programs operate and spend responsibly. In FY 2019, SIGTARP auditors uncovered that state agencies in the Hardest Hit Fund had spent more than $411,000 on travel and conference costs that violated federal cost regulations. SIGTARP also uncovered more than $437,000 in HHF mortgage assistance to California homeowners who had lost eligibility for the program.

SIGTARP also acts as a good steward of taxpayer dollars. SIGTARP reduces its operating budget each year. Additionally, SIGTARP seeks to recover dollars lost to fraud, waste, and abuse for taxpayers and other victims. Every year, recoveries far exceed SIGTARP's budget. FY 2019 recoveries were $899.2 million, a 39x annual ROI from its $23 million appropriation. SIGTARP has achieved a 31x lifetime ROI. *Alignment: Treasury Goals (4) and (5).*

B – Budget and Performance by Budget Activity
2.1.1 – Investigations Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	$27,295	$32,478	$32,103	$28,855	$19,550	$18,920	$15,050
Other Resources	$6,354	$376	$82	$1,311	$14,412	$12,392	$11,750
Budget Activity Total	**$33,649**	**$32,854**	**$32,185**	**$30,166**	**$33,962**	**$31,312**	**$26,800**
Full-time Equivalents (FTE)	**115**	**103**	**114**	**106**	**87**	**75**	**72**

Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Percentage of Cases Accepted for Consideration by Civil or Criminal Authorities Resulting in a Positive Final Outcome	N/A	77	81	79	77	70	60	35
Percentage of Cases Presented to Civil or Criminal Authorities within Eight Months of Being Opened	N/A	80	80	85	75	70	50	25
Precentage of Cases That are Joint Agency/Task Force Investigations	70	71	75	78	76	70	70	70

The FY 2015 - FY 2019 appropriated resources represents the approved operating plan. The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

Investigations Budget and Performance

($15,050,000 from discretionary appropriations, $11,750,000 from other resources)

SIGTARP exceeded all metric targets in FY 2019. The “Percentage of Cases Accepted for Consideration by Civil or Criminal Authorities Resulting in a Positive Final Outcome” in FY 2019 was 77 percent, which exceeded the target of 70 percent. Typically, the positive final outcome is indictment and criminal conviction of individual defendants. Appropriate case selection and effective field performance continue to increase the number of cases resulting in convictions. SIGTARP’s rate of conviction for cases prosecuted by DOJ is 97 percent, one of the highest in federal law enforcement. This is a strong indicator of investigative quality. As an investigative agency, SIGTARP must depend on DOJ’s ability to accept its cases for prosecution and to move such cases through the courts. SIGTARP will continue to coordinate with the U.S. Attorney Offices and DOJ’s Criminal and Civil Divisions on prosecutorial priorities and on the appropriate movement of pipeline investigations to ensure a positive final outcome.

The “Percentage of Cases Presented to Civil or Criminal Authorities within Eight Months of the Case Being Opened” was 75 percent, which exceeded the target of 70 percent. The “Percentage of Cases that are Joint Agency/Task Force Investigations” with other law enforcement agencies was 76 percent, which exceeded the target of 70 percent. Both of these measures recognize that as SIGTARP reduces spending and staffing, it must act with efficiency, in its investigative timeline, and in leveraging other law enforcement partnerships for resources.

2.1.2 – Audit Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	$6,824	$7,618	$7,530	$5,092	$3,450	$3,080	$2,450
Other Resources	$1,069	$99	0	$231	0	0	0
Budget Activity Total	**$7,893**	**$7,717**	**$7,530**	**$5,323**	**$3,450**	**$3,080**	**$2,450**
Full-time Equivalents (FTE)	**35**	**34**	**27**	**25**	**9**	**10**	**8**

Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Number of Completed Audit Products Identifying Waist, Abuse, Mismanagement, Inefficienceis, or Referrals to Investigations Division (units)	N/A	N/A	N/A	6	4	3	2	2

The FY 2015 - FY 2019 appropriated resources represents the approved operating plan. The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

Audit Budget and Performance

($2,450,000 from discretionary appropriations, $2,250,000 from other resources)

SIGTARP exceeded its FY 2019 audit performance target of three for the "Number of Completed Audit Products Identifying Waste, Abuse, Mismanagement, Inefficiencies, or Referrals to Investigations Division," with four products. SIGTARP auditors questioned more than $860,000 in costs. In one audit, SIGTARP auditors uncovered more than $411,000 that state agencies in HHF spent on travel and conference costs that violated federal cost regulations, some of which also constituted waste. In another evaluation, SIGTARP made recommendations to mitigate the risk of asbestos and lead exposure in the HHF blight program. In another letter, SIGTARP recommended fraud controls after SIGTARP learned that homeowners received more than $437,000 in Hardest Hit Fund mortgage assistance after becoming ineligible for the program. SIGTARP auditors also made a referral to SIGTARP's Investigations Division.

D– Evidence-Building Activity

In FY 2019, SIGTARP engaged in the following evidence-building activities:

- Linked spending to program outputs by analyzing SIGTARP's annual return on investment (31 x for FY 2019) by comparing actual dollars recovered annually ($899 million in FY 2019) compared to appropriations ($23 million in FY 2019);
- Determined short term and long term questions about how SIGTARP's audits encourage Hardest Hit Fund grant-like recipients to implement practices to support stronger performance, efficiency, and to prevent fraud, waste, and abuse;
- Determined short term and long term questions about the factors that positively lead to prosecutions of SIGTARP investigations;
- Engaged stakeholder state agencies in the Hardest Hit Fund to learn how their demographic and economic forecasts have changed the demand for HHF dollars, and have shifted the dollars from one HHF subprogram to others with higher demand;
- Engaged stakeholder Treasury to determine status of TARP programs and to understand its oversight and management of TARP;
- Engaged stakeholders at DOJ, U.S. Attorney's offices, the Securities Exchange Commission, and state and local prosecutors to discuss their priorities and requirements for prosecution or civil charges;

- Engaged the public through efforts to increase public contacts to SIGTARP's hotline;
- Undertook data analysis related to TARP recipients blight demolition program partners and contractors in the Hardest Hit Fund to inform SIGTARP's efforts in prioritizing SIGTARP resources;
- Undertook data analysis of homeowner data in the HAMP program to inform SIGTARP's investigative efforts; and
- Undertook program evaluation of the Hardest Hit Fund blight demolition program in South Carolina in FY 2019, and began program evaluation of the program in Detroit, Michigan in FY 2019, which will continue in FY 2020.

Section III – Additional Information

A – Summary of Capital Investments

SIGTARP has no capital investments. Capital investments that support SIGTARP are included in the Departmental Offices' plan. A summary of capital investments, including major information technology and non-technology investments, can be accessed at: https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx.

Department of the Treasury
Treasury Inspector General for Tax Administration

Congressional Budget Justification and Annual Performance Plan and Report

FY 2021

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Section I – Budget Request

A – Mission Statement

Provide quality professional audit, investigative, and inspection and evaluation services that promote integrity, economy, and efficiency in the administration of the Nation's tax system.

B – Summary of the Request

The Treasury Inspector General for Tax Administration's (TIGTA) Fiscal Year (FY) 2021 budget request of $171,350,000 represents an increase of 1 percent above its FY 2020 enacted level. Funding TIGTA's FY 2021 budget request will enable TIGTA to conduct critical audit, investigative, and inspection and evaluation services to protect the integrity of the Nation's system of tax administration. In accordance with the requirements of Section 6(f)(1) of the Inspector General Act of 1978 (as amended),[1] TIGTA submits the following information related to its FY 2021 budget request:

- The aggregate budget request for TIGTA operations is $171,350,000;
- The portion of the request needed for TIGTA training is $1,800,000; and
- The portion of the request needed to support the Council of the Inspectors General on Integrity and Efficiency is $565,455.

1.1 – Appropriations Detail

Dollars in Thousands

Treasury Inspector General for Tax Administration	FY 2019 Operating Plan		FY 2020 Enacted		FY 2021 Request		FY 2020 to FY 2021 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Audit	308	$66,260	333	$66,260	333	$66,667	0.0%	0.6%
Investigations	428	$103,990	467	$103,990	467	$104,683	0.0%	0.7%
Subtotal New Appropriated Resources	**736**	**$170,250**	**800**	**$170,250**	**800**	**$171,350**	**0.0%**	**0.6%**
Other Resources								
Reimbursable	2	$798	2	$500	2	$500	0.0%	0.0%
Recoveries from Prior Years	0	$2,141	0	$0	0	$0	NA	NA
Unobligated Balances from Prior Years	0	$5,000	0	$5,000	0	$5,000	NA	0.0%
Subtotal Other Resources	**2**	**$7,939**	**2**	**$5,500**	**2**	**$5,500**	**0.0%**	**0.0%**
Total Budgetary Resources	**738**	**178,189**	**802**	**$175,750**	**802**	**$176,850**	**0.0%**	**0.6%**

Note: FY 2019 Other Resources and Full-time Equivalents (FTE) reflect actuals.

[1] 5 U.S.C. app. 3 § 6(f)(1).

1.2 – Budget Adjustments

Dollars in Thousands

	FTE	Amount
FY 2020 Enacted	**800**	**$170,250**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$4,354
Pay Annualization (2020 3.1% average pay raise)	0	$1,048
Pay Raise (1.0% average pay raise)	0	$1,022
FERS Contribution Increase	0	$1,582
Non-Pay	0	$702
Subtotal Changes to Base	0	$4,354
FY 2021 Current Services	**800**	**$174,604**
Program Changes:		
Program Decreases	0	($3,254)
Operating Cost Reduction	0	($3,254)
Subtotal FY 2021 Program Changes	**0**	**($3,254)**
FY 2021 President's Budget Request	**800**	**$171,350**

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs)...+$4,354,000 / +0 FTE

Pay Annualization (3.1%) +$1,048,000 / +0 FTE

Funds are requested for annualization of the January 2020 3.1% average pay raise.

Pay Raise (1.0% in FY 2021) +$1,022,000 / +0 FTE

Funds are requested for a 1.0% average pay raise in January 2021.

FERS Contribution Increase +$1,582,000 / +0 FTE

Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2021.

Non-Pay +$702,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Program Decreases..-$3,254,000 / -0 FTE

Operating Cost Reduction -$3,254,000 / -0 FTE

TIGTA will reduce program levels in order to meet its FY 2021 budget request. Reaching this target without impacting the quality of TIGTA’s programs will require balancing mission requirements and workload.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Treasury Inspector General for Tax Administration Object Classification	FY 2019 Actual Obligations	FY 2020 Estimated Obligations	FY 2021 Estimated Obligations
11.1 - Full-time permanent	86,030	87,948	89,964
11.3 - Other than full-time permanent	428	404	416
11.5 - Other personnel compensation	8,566	9,121	9,466
11.9 - Personnel Compensation (Total)	**95,024**	**97,473**	**99,846**
12.0 - Personnel benefits	37,268	38,189	39,468
Total Personnel and Compensation Benefits	**$132,292**	**$135,662**	**$139,314**
21.0 - Travel and transportation of persons	4,310	4,100	3,886
22.0 - Transportation of things	21	47	45
23.1 - Rental payments to GSA	9,567	9,400	8,682
23.2 - Rental payments to others	163	170	154
23.3 - Communications, utilities, and miscellaneous charges	783	825	750
24.0 - Printing and reproduction	2	8	8
25.1 - Advisory and assistance services	2,958	2,752	2,668
25.2 - Other services from non-Federal sources	1,029	849	750
25.3 - Other goods and services from Federal sources	10,764	10,514	9,581
25.4 - Operation and maintenance of facilities	2	24	24
25.7 - Operation and maintenance of equipment	1,843	1,577	1,457
26.0 - Supplies and materials	690	700	834
31.0 - Equipment	5,693	3,962	3,555
42.0 - Insurance claims and indemnities	0	4	4
91.0 - Unvouchered	222	156	139
Total Non-Personnel	**$38,047**	**$35,088**	**$32,536**
Total Obligations	**$170,339**	**$170,750**	**$171,850**
Full-time Equivalents (FTE)	**736**	**800**	**800**

Amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION *Federal Funds* 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; [$170,250,000]*$171,350,000*, of which $5,000,000 shall remain available until September 30, [2021]*2022*; 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. *(Department of the Treasury Appropriations Act, 2020.)*	

E – Legislative Proposals

TIGTA has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

TIGTA, an independent office within the Department of the Treasury (Treasury), was established by Congress under the Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 (RRA 98).[2] It provides oversight of IRS activities by conducting independent audits, investigations, and inspections and evaluations necessary to prevent and detect waste, fraud, and abuse in IRS programs and operations. TIGTA conducts audits of IRS operations and makes recommendations designed to improve the administration of the Federal tax system. TIGTA also conducts administrative and criminal investigations into allegations of waste, fraud, and abuse while helping to ensure that the IRS protects and secures taxpayer data. TIGTA also has the unique responsibility of protecting the IRS and its employees.

TIGTA's budgetary activities align its vision and goals with the Treasury FY 2018 – FY 2022 Strategic Plan, including objectives under the following goals:

- Goal 1: Boost U.S. Economic Growth;
- Goal 4: Transform Government-wide Financial Stewardship; and
- Goal 5: Achieve Operational Excellence.

TIGTA's Strategic Goals:

- Promote the economy, efficiency, and effectiveness of tax administration;
- Protect the integrity of tax administration from internal and external threats; and
- Sustain an inclusive work environment where employees are valued.

Goal 1: Boost U.S. Economic Growth

Objective 1.1 – Tax Law Implementation: Administer tax law to better enable all taxpayers to meet their obligations, while protecting the integrity of the tax system.

TIGTA supports this strategic objective through its oversight of Treasury's efforts to implement tax law changes enacted in the Tax Cuts and Jobs Act of 2017 (TCJA), which will continue to present challenges for the IRS. For example, the Taxpayer First Act, enacted on July 1, 2019, requires the IRS to propose an organizational redesign with the goals of improving efficiency, modernizing systems and business processes, and finding ways to better serve taxpayers. The TCJA also made substantial changes to the tax code that affect individuals, businesses, and tax-exempt organizations.

In addition, the IRS must administer other tax law provisions such as those in the Protecting Americans from Tax Hikes Act of 2015 (PATH). The PATH contains program integrity provisions intended to reduce fraudulent and improper Earned Income Tax Credit, Child Tax Credit, Additional Child Tax Credit, and American Opportunity Tax Credit payments. TIGTA continues to assess the IRS's efforts to implement these provisions and future tax legislation.

[2] Pub. L. No. 105-206, 112 Stat. 685.

Goal 4: Transform Government-wide Financial Stewardship
Objective 4.1 – Financial Data Access/Use: Increase the access and use of Federal financial data to strengthen Government-wide decision making, transparency, and accountability.

TIGTA supports Treasury's Digital Accountability and Transparency Act efforts by implementing the related policies and requirements. Many of TIGTA's audits include recommendations that, when implemented, would result in cost savings, increased or protected revenue, or more efficient use of resources. Additionally, TIGTA develops advanced analytics and innovative approaches to help prevent and detect the flow of dollars fraudulently obtained by criminals or IRS employees. TIGTA provides the IRS with the investigative coverage and information necessary to mitigate domestic and foreign threats against its employees, facilities, and data systems.

Goal 5: Achieve Operational Excellence
Objectives 5.1 – 5.3 Workforce Management, Treasury Infrastructure, and Customer Value.

TIGTA endeavors to hire and develop a workforce with the skills and competencies necessary to accomplish its mission to provide quality professional audit, investigative, and inspection and evaluation services related to the administration of the Nation's tax system. TIGTA mitigates security risks affecting taxpayer data, tax systems, and IRS employees. It effectively improves customer value by protecting the IRS and its employees and responding to attempts to impersonate the IRS for fraudulent purposes. TIGTA prioritizes acquisition and application of human and financial resources to enhance its ability to detect and protect against cyberattacks. Additionally, TIGTA collaborates with the IRS to share intelligence and expertise to thwart cyber threats.

B – Budget and Performance by Budget Activity
2.1.1 – Audit Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Enacted	FY 2016 Enacted	FY 2017 Enacted	FY 2018 Enacted	FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	$61,572	$65,100	$66,020	$66,020	$66,260	$66,260	$66,667
Reimbursable Resources	$382	$60	0	0	0	0	0
Unobligated Balances Brought Forward	$1,808	$1,780	$1,524	$1,674	$1,945	$1,945	$1,945
Budget Activity Total	**$63,762**	**$66,940**	**$67,544**	**$67,694**	**$68,205**	**$68,205**	**$68,612**
Full-time Equivalents (FTE)	**316**	**329**	**333**	**318**	**304**	**333**	**333**

The FY 2015 - FY 2019 appropriated resources represents the approved operating plan. The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Percentage of Audit Products Delivered When Promised to Stakeholders	80	75	79	81	84	68	70	70
Percentage of Recommendations Made That Have Been Implemented	92	97	92	85	83	85	85	85

Audit Budget and Performance
($66,667,000 from direct appropriations):
TIGTA's Office of Audit (OA) strives to promote the economy, efficiency, and effectiveness of tax administration. TIGTA provides recommendations to improve IRS systems and operations and to ensure the fair and equitable treatment of taxpayers. TIGTA's comprehensive and independent performance and financial audits of the IRS's programs and operations primarily address statutorily mandated reviews and high-risk challenges the IRS faces.

The IRS's implementation of audit recommendations results in:
- Cost savings;
- Increased or protected revenue;
- Protection of taxpayers' rights and entitlements; and
- More efficient use of resources.

In FY 2019, OA issued 97 final audit reports and other products, that:
- Addressed a variety of high-risk issues, such as identity theft detection and prevention, security of taxpayer data, tax compliance, tax law changes, fraudulent claims and improper payments, tax systems and online services.
- Reported potential financial benefits totaling approximately $28.1 billion, including
    - Increased and/or protected revenue in the amount of $27.7 billion; and
    - Cost savings of $362.5 million.
- Affected approximately 1.7 million taxpayer accounts; and
- Returned an estimated $434 for every dollar invested in TIGTA's audit program.

Description of Performance
TIGTA uses two performance measures to gauge the success of its audit program:
- Percentage of Audit Products Delivered to Stakeholders When Promised - TIGTA's products will have a more significant impact if they are delivered when needed to support congressional and IRS decision making.

  To determine whether products are timely, TIGTA tracks the percentage of products that are delivered on or before the date promised (contract date). At the end of FY 2019, the actual Percentage of Audit Products Delivered When Promised to Stakeholders was 84 percent, which exceeded the full-year target of 68 percent. TIGTA exceeded this target as a result of ongoing supervisory monitoring of the execution of audits to ensure timely delivery of audit products to stakeholders.

- Percentage of Recommendations Made That Have Been Implemented - This measure assesses TIGTA's effect on improving the IRS's accountability, operations, and services.

  To determine when a recommendation is implemented, TIGTA uses the Department of the Treasury's Joint Audit Management Enterprise System to track the percentage of four-year-old recommendations that have been implemented, rather than the results of the activities during the fiscal year in which the recommendations are made. At the end of FY 2019, the actual Percentage of Recommendations Made That Have Been Implemented was 83 percent, which did not meet the full-year target of 85 percent. TIGTA did not meet this target partly due to IRS funding constraints, which delayed recommendation implementations. TIGTA is currently working with the IRS to prioritize these unimplemented recommendations.

For FY 2021, the target for Percentage of Audit Products Delivered When Promised to Stakeholders will remain at 70 percent. The target for Percentage of Recommendations Made That Have Been Implemented will also remain at 85 percent. TIGTA believes that these targets are best attained through effective monitoring of ongoing audit work and essential communication with the IRS regarding findings and the most appropriate recommendations for corrective action. Consequently, TIGTA's OA will continue to accentuate the importance of these processes with IRS leadership.

2.1.2 – Investigations Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Enacted	FY 2016 Enacted	FY 2017 Enacted	FY 2018 Enacted	FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	$96,638	$102,175	$103,614	$103,614	$103,990	$103,990	$104,683
Reimbursable Resources	$429	$475	$357	$414	$798	$500	$500
Unobligated Balances Brought Forward	$3,192	$3,220	$2,392	$2,626	$3,055	$3,055	$3,055
Budget Activity Total	**$100,259**	**$105,870**	**$106,363**	**$106,654**	**$107,843**	**$107,545**	**$108,238**
Full-time Equivalents (FTE)	**442**	**460**	**469**	**448**	**429**	**469**	**469**

The FY 2015 - FY 2019 appropriated resources represents the approved operating plan. The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Percentage of Closed Investigations Resulting in a Criminal, Administrative, or Law Enforcement Action	93	90	90	89	91	79	81	85

Investigations Budget and Performance

($104,683,000 from direct appropriations, $500,000 from reimbursable sources):
TIGTA is statutorily mandated to protect the integrity of Federal tax administration. TIGTA accomplishes this mission through the investigative work conducted by the Office of Investigations (OI). Through its investigative programs, OI protects the integrity of the IRS and its ability to collect revenue owed to the Federal Government by investigating violations of criminal and civil law that adversely impact Federal tax administration, as well as administrative misconduct by IRS employees, both of which undermine the integrity of the Nation's voluntary tax system.

TIGTA's OI accomplishes its mission through the hard work of its employees, whose efforts are guided by a performance model that focuses on three primary areas of investigative responsibility:

- Employee integrity;
- Employee and infrastructure security; and
- External attempts to corrupt tax administration.

The performance model uses a ratio of those investigations that have the greatest impact on IRS operations or the protection of Federal tax administration to the total number of investigations conducted. These performance measures guide OI's activities and help to demonstrate the value of TIGTA's investigative accomplishments to its external stakeholders.

Using investigative activities from FY 2018 and FY 2019 as a baseline, OI projects to receive approximately 9,500 complaints, open 2,500 investigations, close 2,400 investigations, and obtain approximately 135 criminal prosecutions for FY 2021. FY 2021 activity may actually be higher due to the impact of the month-long Government shutdown on FY 2019 operations. TIGTA's FY 2019 statistics were slightly lower than the FY 2018 numbers, thus bringing the averages slightly lower.

With respect to the primary areas of investigation, OI expects employee integrity investigations to remain constant at the 1,100 referrals estimated for FY 2021. Examples of TIGTA investigations into employee misconduct during FY 2019 include a former IRS special agent who was sentenced to 51 months' imprisonment for corrupt interference with the IRS, filing false tax returns, theft of Government funds, and destruction or falsification of records. In another case, a former IRS employee was sentenced to 52 months' imprisonment, followed by 36 months' supervised release, for stealing a taxpayer's identity.[3]

Second, TIGTA has a statutory responsibility to identify, investigate, and respond to threats against IRS personnel and physical infrastructure. During FY 2019, TIGTA's response to incidents of employee and infrastructure security increased by 86 with the backdrop of the Federal Government shutdown. With the media focused on the IRS and its policies and tax law revisions, TIGTA expects these types of investigations to remain at least constant; however, they are more likely to increase through FY 2021. Based on FY 2018 and FY 2019 activity, TIGTA estimates the need to respond to approximately 1,500 threat incidents in FY 2021. From FY 2011 through FY 2019, TIGTA has processed more than 18,768 threat-related complaints and investigated more than 9,290 threats against IRS employees. One example of these types of investigations in FY 2019 involved a man who was convicted for forcibly assaulting an unarmed IRS revenue officer by pointing a shotgun at him and threatening to shoot him.

Last, TIGTA investigates criminal activity originating outside the IRS, such as impersonation of an IRS employee, attempted bribery of IRS employees, international cybercrime and identity theft, and procurement fraud. Since 2015, abuses of the IRS Electronic Filing Personal Identification Number and Data Retrieval Tool for the Federal Student Loan process have increased the number of victimized taxpayers to over 800,000. The Taxpayer First Act of 2019, signed into law on July 1, 2019, focuses primarily on mandating the IRS to expand digital services such as these in the future. This will unavoidably raise the IRS risk portfolio, and generate additional work for TIGTA's OI, over and above the current workload as cyber criminals seek to exploit these new services.

Investigations into telephonic IRS impersonations is another high visibility area. Between October 2013 and September 2019, more than 2.5 million Americans have reportedly received unsolicited telephone calls from individuals who claimed to be IRS agents. The caller, using a fake name, provides a "badge number" and claims the victim owes taxes and is criminally liable for the amount owed. The victim is threatened that if he or she fails to pay the tax immediately, the victim will be arrested, a suit will be filed, or some other form of adverse action will be taken. More than 15,778 victims have reported that they had collectively paid upwards of $79.7

[3] The facts in the summarized cases on this page come from court documents of the respective jurisdictions.

million to the scammers. By the end of FY 2019, TIGTA investigations resulted in 154 individuals charged in Federal court. As a result, reports of this activity to TIGTA have reduced from a high of 180,000 reports in September 2016, to just over 1,600 in September 2019. Although this demonstrates that significant results can be obtained by forward-leaning investigations, it also illustrates that this activity will not likely cease as long as the scammers can identify potential victims.

In FY 2019, OI's total protection of dollars and financial accomplishments as a result of investigative activities was $24.2 million. Additionally, TIGTA's investigative efforts resulted in more than $10.8 million in court-ordered fines, penalties, and restitution.

<u>*Description of Performance*</u>
TIGTA's OI has adopted performance measures that identify the percentage of results derived from investigative activities that most accurately align with the strategic goals of the organization and provide the greatest impact on the protection of the integrity of Federal tax administration. At the end of FY 2019, the Percentage of Closed Investigations Resulting in a Criminal, Administrative, or Law Enforcement Action was 91 percent, which exceeded the full-year target of 79 percent. The Office of Investigations exceeded the FY 2019 performance measure as a result of the hard work of experienced executives, managers, and special agents. With the FY 2021 budget request, TIGTA will continue to maintain its special agents' skills and abilities in order to be able to respond to its mission requirements.

For FY 2021, OI's performance target will increase to 85 percent for Percentage of Closed Investigations Resulting in a Criminal, Administrative, or Law Enforcement Action. OI will continue to provide the IRS with the investigative coverage and information necessary to improve the integrity of IRS operations and mitigate threats against its employees, facilities, and data infrastructure. In addition, OI will maintain highly trained personnel available to address the significant vulnerabilities of taxpayer and IRS data and effectively combat compromises of IRS computer systems in the expanding digital environment of Federal tax administration, all of which contribute to maintaining the public's confidence in the safe, fair, and effective administration of the Federal tax system. Through its investigative programs, OI will continue to protect the IRS's ability to process approximately 253 million tax returns, collect more than $3.5 trillion in tax revenue, and issue more than $464 billion in refunds for the Federal Government.[4]

Funding for TIGTA allows its oversight efforts to continue, and for each dollar invested over the five-year period covering FY 2015 – FY 2019, TIGTA has produced an average annual return of $107 (Figure 1).

Inspections and Evaluations
TIGTA's Office of Inspections and Evaluations (I&E) identifies opportunities for improvement in IRS and TIGTA programs by performing inspections and

[4] IRS, *Management's Discussion & Analysis, Fiscal Year 2018*.

evaluations that report timely, useful, and reliable information to decision makers and stakeholders. This function has two primary product lines: inspections and evaluations.

Inspections are intended to:

- Provide factual and analytical information;
- Monitor compliance;
- Measure performance;
- Assess the effectiveness and efficiency of programs and operations;
- Share best practices; and
- Inquire into allegation of waste, fraud, abuse, and mismanagement.

Evaluations are intended to:

- Provide in-depth reviews of specific management issues, policies, or programs;
- Address Government-wide or multi-agency issues; and
- Develop recommendations to streamline operations, enhance data quality, and minimize inefficient and ineffective procedures.

In FY 2019, I&E produced eight external reports, which included reviews of:

- Physical Security Controls (four different locations);
- Follow-up Reports (on Offer in Compromise and I&E Recommendations);
- IRS Virtual Delivery Strategy; and
- 1099-Misc Accuracy of Information Reporting.

C – Changes in Performance Measures

TIGTA has no changes in performance measures.

D – Evidence-Building Activity

The Foundations for Evidence-Based Policymaking Act of 2018[5] emphasizes collaboration to advance data and evidence-building function in the Federal Government by statutorily mandating Federal evidence-building activities, open government data, confidential information protection, and statistical efficiency.

TIGTA supports Treasury's efforts to use data and evidence for decisionmaking about program operations, policy, and regulations. TIGTA supports these efforts through data-driven decisionmaking when selecting which audits and investigations to pursue that have the most significant impact on tax revenue, taxpayer behavior, the integrity of the IRS, and the efficiency of agency operations.

OA prepares its Audit Plan addressing the highest priority risk areas for tax administration. The plan addresses:

- Taxpayer impact;
- Stakeholders' concerns;
- Size of the program; and
- Program changes.

[5] Pub. L. No. 115-435, 132 Stat. 5529.

OA is scheduled to conduct several key audits in FY 2020: Compliance Efforts for the Tax Cuts and Jobs Act Section 965 Repatriation Tax; Security Over Internet Accessible Computer Resources; and Using John Doe Summons Data to Ensure Cryptocurrency Tax Compliance.

OI allocates its resources based on a performance model that assesses which investigations have the greatest impact on IRS operations and tax administration, and considers the following in its selection of investigations:

- Value of the IRS assets and resources protected;
- Volume of taxpayer information (personally identifiable information) affected;
- Value of the cyber infrastructure and the sensitivity of affected data; and
- Monetary losses incurred due to embezzlement, bribery, impersonation, and stolen funds.

Section III – Additional Information

A – Summary of Capital Investments
Technology Investments – TIGTA has no major information technology investments.
A summary of capital investments, including major information technology and non-technology investments, can be accessed at:
https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx

Law Enforcement Vehicles – TIGTA leases its vehicles through the General Services Administration. However, TIGTA maintains ownership of six surveillance and communications vehicles that will remain part of TIGTA's capital asset strategy to support TIGTA's investigative and law enforcement activities. TIGTA communications vehicles also are used in support of its Continuity of Operations (COOP) Plan. The COOP provides a mechanism for the organization to recover fully operational capability following a critical incident, including the capability to communicate during a local or national emergency.

Department of the Treasury
Community Development Financial Institutions Fund

Congressional Budget Justification and Annual Performance Plan and Report

FY 2021

Table of Contents

Section I – Budget Request

A – Mission Statement
To expand economic opportunity for underserved people and communities by supporting the growth and capacity of a national network of community development lenders, investors and financial service providers.

B – Summary of the Request
The Community Development Financial Intuitions Fund (CDFI Fund) requests the following for the CDFI Fund for FY 2021:

- $14 million in administrative funding to support:
  - Management of the CDFI Bond Guarantee Program (BG Program) and the New Markets Tax Credit Program (NMTC Program); and
  - Ongoing certification and compliance monitoring for all programs, including the Bank Enterprise Award Program (BEA Program), CDFI Program, Native American CDFI Assistance Program (NACA Program) and Healthy Food Financing Initiative (HFFI).
- The Budget eliminates funding for the CDFI Fund's five discretionary grant and direct loan programs (i.e. the CDFI Program, the BEA Program, the NACA Program, HFFI and the SDL Program) and includes a proposal to eliminate new funding for Capital Magnet Fund (CMF). The CDFI industry has matured, and these institutions should have access to private capital needed to build capacity, extend credit, and provide financial services to the communities they serve.
- The Budget proposes to extend the CDFI BG Program through December 31, 2021, which offers CDFIs low-cost, long-term financing at no cost to taxpayers.
  - The BG Program provides CDFIs access to capital by providing guarantees of bonds issued by Qualified Issuers. CDFIs invest the bond proceeds into our nation's most distressed communities. CDFIs benefit by accessing long-term credit at below-market interest rates. The BG Program incentivizes and empowers CDFIs to execute large-scale projects, including the development of charter schools, commercial real estate, rental housing, senior living, daycare or healthcare centers, small businesses, and rural infrastructure, among others. The program requires no credit subsidy.
  - The BG Program was originally authorized in the Small Business Jobs Act of 2010 (P.L. 111–240) for a period of four years to provide a source of long-term capital in low-income and underserved communities. The Administration is implementing significant administrative reforms to the Bond Guarantee Program. To increase taxpayer protections, the program will change its collateral and cash requirements. The CDFI Fund will also pursue additional risk mitigation strategies and streamlining of administrative processes such as new liquidity premiums, escrow procedures and a designated bonding authority.
  - The Budget proposes an annual commitment authority of $300 million and legislative changes to eliminate the relending account, as it is currently not utilized and redundant.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2019 Operating Plan		FY 2020 Enacted		FY 2021 Request		FY 2020 to FY 2021 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Community Development Financial Institutions Program	0	$160,000	0	$165,500	0	$0	NA	-100.0%
Bank Enterprise Award Program	0	$25,000	0	$25,000	0	$0	NA	-100.0%
Native American CDFI Assistance Program	0	$16,000	0	$16,000	0	$0	NA	-100.0%
Administration	67	$27,000	76	$28,500	39	$14,000	-48.7%	-50.9%
Healthy Food Financing Initiative	0	$22,000	0	$22,000	0	$0	NA	-100.0%
Small Dollar Loan Program	0	$0	0	$5,000	0	$0	NA	-100.0%
Subtotal New Appropriated Resources	**67**	**$250,000**	**76**	**$262,000**	**39**	**$14,000**	**-48.7%**	**-94.7%**
Other Resources								
User Fees	0	$880	0	$1,000	0	$1,200	NA	20.0%
Recoveries from Prior Years	0	$364	0	$500	0	$500	NA	0.0%
Unobligated Balances from Prior Years	0	$32,542	0	$194,145	0	$8,000	NA	-95.9%
Subtotal Other Resources	**0**	**$33,786**	**0**	**$195,645**	**0**	**$9,700**	**NA**	**-95.0%**
Total Budgetary Resources	**67**	**$283,786**	**76**	**$457,645**	**39**	**$23,700**	**-48.7%**	**-94.8%**

FY 2019 Other Resources and Full-time Equivalents (FTE) reflect actuals.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2019 Actual Obligations	FY 2020 Estimated Obligations	FY 2021 Estimated Obligations
11.1 - Full-time permanent	8,706	10,068	4,584
11.9 - Personnel Compensation (Total)	**8,706**	**10,068**	**4,584**
12.0 - Personnel benefits	2,778	2,672	2,050
Total Personnel and Compensation Benefits	**$11,484**	**$12,740**	**$6,634**
21.0 - Travel and transportation of persons	57	124	14
24.0 - Printing and reproduction	50	15	1
25.1 - Advisory and assistance services	9,900	2,331	0
25.2 - Other services from non-Federal sources	18	132	15
25.3 - Other goods and services from Federal sources	6,991	8,524	5,352
25.7 - Operation and maintenance of equipment	972	1,000	2,960
26.0 - Supplies and materials	34	30	5
31.0 - Equipment	9	7,000	0
41.0 - Grants, subsidies, and contributions	66,247	428,000	0
Total Non-Personnel	**$84,278**	**$447,156**	**$8.347**
Total Obligations	**$95,762**	**$459,896**	**$14,981**
Full-time Equivalents (FTE)	**67**	**76**	**39**

Amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY Community Development Financial Institutions Fund *Federal Funds* SALARIES AND EXPENSES To carry out the Riegle Community Development and Regulatory Improvement Act of 1994 (subtitle A of title I of Public Law 103-325), including services authorized by section 3109 of title 5, United States Code, but at rates for individuals not to exceed the per diem rate equivalent to the rate for EX-III, [$262,000,000. Of the amount appropriated under this heading-] [(1) not less than $165,500,000, 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, 2021, for financial assistance and technical assistance under subparagraphs (A) and (B) of section 108(a)(1), respectively, of Public Law 103-325 (12 U.S.C. 4707(a)(1)(A) and (B)), of which up to $1,600,000 may be available for training and outreach under section 109 of Public Law 103-325 (12 U.S.C. 4708), of which up to $2,397,500 may be used for the cost of direct loans, of which up to $4,000,000, notwithstanding subsection (d) of section 108 of Public Law 103-325 (12 U.S.C. 4707 (d)), may be available to provide financial assistance, technical assistance, training, and outreach to community development financial institutions to expand investments that benefit individuals with disabilities, and of which not less than $2,000,000 shall be for the Economic Mobility Corps to be operated in conjunction with the Corporation for National and Community Service, pursuant to 42 U.S.C. 12571: *Provided*, That the cost of direct and guaranteed loans, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed $25,000,000: *Provided further*, That of the funds provided under this paragraph, excluding those made to community development financial institutions to expand investments that benefit individuals with disabilities and those made to community development financial institutions that serve populations living in persistent poverty counties, the CDFI Fund shall prioritize Financial Assistance awards to organizations that invest and	The Budget is proposing the elimination of CDFI appropriated programs, while maintaining $14M for administration and oversight of existing grants.

lend in high-poverty areas: *Provided further*, That for purposes of this section, the term "high-poverty area" means any census tract with a poverty rate of at least 20 percent as measured by the 2011-2015 5-year data series available from the American Community Survey of the Bureau of the Census for all States and Puerto Rico or with a poverty rate of at least 20 percent as measured by the 2010 Island Areas Decennial Census data for any other territory or possession of the United States;] [(2) not less than $16,000,000, notwithstanding section 108(e) of Public Law 103-325 (12 U.S.C. 4707(e)), is available until September 30, 2021, for financial assistance, technical assistance, training, and outreach programs designed to benefit Native American, Native Hawaiian, and Alaska Native communities and provided primarily through qualified community development lender organizations with experience and expertise in community development banking and lending in Indian country, Native American organizations, tribes and tribal organizations, and other suitable providers;] [(3) not less than $25,000,000 is available until September 30, 2021, 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, 2021, for a Healthy Food Financing Initiative to provide financial assistance, technical assistance, training, and outreach to community development financial institutions for the purpose of offering affordable financing and technical assistance to expand the availability of healthy food options in distressed communities;] [(5) not less than $5,000,000 is available until September 30, 2021, to provide grants for loan loss reserve funds and to provide technical assistance for small dollar loan programs under section 122 of Public Law 103-325 (12 U.S.C. 4719): *Provided*, That sections 108(d) and 122(b)(2) of such Public Law shall not apply to the provision of such grants and technical assistance;] [(6) up to $28,500,000 is available until September 30, 2020,] *$14,000,000,* 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 development of tools to better assess and inform CDFI	

investment performance, and up to $300,000 is for administrative expenses to carry out the direct loan program; and] [(7) during fiscal year 2020] *Provided, that during fiscal year 2021,* 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 *further*, That commitments to guarantee bonds and notes under such section 114A shall not exceed [$500,000,000]*$300,000,000*: Provided further, That such section 114A shall remain in effect until December 31, [2020]*2021*[: *Provided further*, That of the funds awarded under this heading, not less than 10 percent shall be used for awards that support investments that serve populations living in persistent poverty counties: *Provided further*, That for the purposes of this paragraph and paragraph (1) the term "persistent poverty counties" means any county, including county equivalent areas in Puerto Rico, that has had 20 percent or more of its population living in poverty over the past 30 years, as measured by the 1990 and 2000 decennial censuses and the 2011-2015 5-year data series available from the American Community Survey of the Bureau of the Census or any other territory or possession of the United States that has had 20 percent or more of its population living in poverty over the past 30 years, as measured by the 1990, 2000 and 2010 Island Areas Decennial Censuses, or equivalent data, of the Bureau of the Census]. *(Department of the Treasury Appropriations Act, 2020.)*	

E – Legislative Proposals

The Budget proposes to extend the BG Program's authorization, with an annual guarantee level not to exceed $300 million, and requests an extension of the BG Program through December 31, 2021. The Budget also proposes to eliminate the relending account, as it is currently not utilized and redundant. The BG Program will continue to operate at no budgetary cost for new issuances. The Budget also requests elimination of new allocations into the Capital Magnet Fund.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

The CDFI Fund's mission is to expand economic opportunity for underserved people and communities by supporting the growth and capacity of a national network of community development lenders, investors, and financial service providers. The CDFI Fund supports the following the Department of the Treasury's FY 2018-2022 strategic goals:

• Goal 1: Boost U.S. Economic Growth
  - Objective 1.2 - Strong Economic Fundamentals

• Goal 4: Transform Government-wide Financial Stewardship
  - Objective 4.1 - Financial Data Access and Use

The CDFI Fund's award recipients provide loans, investments, business counseling, basic banking services, and financial literacy training in some of the most distressed communities in the nation. These are the communities where job opportunities remain stagnant and that otherwise lack access to more mainstream forms of capital – the places in the United States that are not progressing economically as other parts of our economy have improved. CDFI Fund award recipients use their awards to increase access to capital and help to improve the quality of life and the local economy in these communities.

The FY 2021 Budget will advance these goals by allowing the CDFI Fund to administer and fully staff the CDFI Fund's programs that are authorized by Congress but do not require appropriated funds to make awards, i.e., the NMTC Program and BG Program. In addition, the CDFI Fund will continue to conduct ongoing program compliance for prior-year award recipients for all programs.

The budget request is also intended to cover the cost to administer certification of CDFIs, as required by the Riegle Act, as well as Community Development Entities, as required by the NMTC Program. CDFI certification is a prerequisite for eligibility for the CDFI Program, the NACA Program, the BG Program and the Capital Magnet Fund (CMF), as well as other federal programs outside of the CDFI Fund.

B – Budget and Performance by Budget Activity

2.1.1 – Administration Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	$23,100	$23,600	$26,000	$27,000	$27,000	$28,500	$14,000
Budget Activity Total	**$23,100**	**$23,600**	**$26,000**	**$26,713**	**$27,000**	**$28,500**	**$14,000**
Full-time Equivalents (FTE)	**76**	**77**	**74**	**66**	**67**	**76**	**39**

The FY 2015 - FY 2019 appropriated resources represents the approved operating plan. The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents.

Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
ALL Award Cycle Time (Months)	8.3	7.6	6.3	5.8	6.4	6.5	6.5	6.5
ALL - Time to Initial Disbursement (#Months)	N/A	B	7.5	7	N/A*	4.5	4.5	4.5
ALL - Number of Affordable Housing Units Developed or Produced	27,004	35,251	27,443	34,083	61,000	21,500	21,500	21,500

The FY 2019 results for this measure will be tabulated after 4.5 months have elapsed from the end of FY 2019

2A - Administration

($14,000,000 from direct appropriations):
This encompasses the CDFI Fund's operational support and management activities for each of its ongoing award programs. It includes, among other activities, developing notices of award availability and application materials; reviewing and evaluating certification and award applications; selecting awardees; finalizing the terms of award agreements; making disbursements; collecting and evaluating performance data; monitoring awardees' compliance; and award closeout processes.

Description of Performance:
The CDFI Fund's three administrative performance measures focus on organization-wide efficiency. They measure how quickly awards are made and funds are disbursed, and the creation of affordable housing units across all CDFI Fund programs. Note that targets are set for these FY2021 administrative measures because the results reflect prior year activities reported in the fiscal year.

- The All Cycle Time measures the average time from the date when applications are received to the date of award announcement (calculated in months as an average across all programs). The Award Cycle Time in FY 2019 was 6.4 months, thereby meeting the target of 6.5 months. This achievement reflects improved efficiency in making awards, which is largely a function of the implementation of the Awards Management and Information system (AMIS). FY 2020 and FY 2021 Targets will be maintained at 6.5 months to reflect the improved efficiencies in the award making processes.
- The Time to Initial Disbursement indicates in months how quickly the CDFI Fund completes award agreements and makes the first disbursement of funds or issues tax credits. The FY 2019 results for this measure will be tabulated after 4.5 months have elapsed from the end of FY 2019. The results are not yet available.
- The Number of Affordable Housing Units Developed or Produced metric measures the number of affordable housing units developed or produced as a result of CDFI Fund awards as

reported by CDFI Program, NMTC Program, and CMF awardees and allocation recipients. The FY 2019 actual result of 61,011 affordable housing units was well above the target of 21,500 affordable housing units, largely due to large CDFI Program investments in over 47,500 affordable home ownership units. Despite this result, the FY 2021 target was set to 21,500 units to reflect a potential decrease in program funding which may reduce projected outcomes for program investments.

2.1.2 – Community Development Financial Institutions Program Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	$152,400	$153,423	$161,500	$160,000	$160,000	$165,500	$0
Budget Activity Total	**$152,400**	**$153,423**	**$161,500**	**$160,000**	**$160,000**	**$165,500**	**$0**

The FY 2015 - FY 2019 appropriated resources represents the approved operating plan.

Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
CDFI - Percentage of Loans & Investments Originated in Eligible Distressed or Underserved Communities by Dollar Amount of Loans (Annual %)	80.1	80.9	81.2	73.7	75.6	60	60	N/A
CDFI - Percentage of Loans & Investments Originated in Eligible Distressed or Underserved Communities by Number of Loans	80.5	81.5	83	72.1	78.5	60	60	N/A

2B – Community Development Financial Institutions Program

($0 from direct appropriations):

The CDFI Program makes Financial Assistance (FA) awards to CDFIs that have comprehensive business plans for creating community development impact and that demonstrate the ability to leverage private sector sources of financing, as well as Technical Assistance (TA) grants to CDFIs and entities proposing to become CDFIs. CDFIs use FA awards to further goals such as:

- Economic development (job creation, business development, and commercial real estate development);
- Affordable housing (rental housing and homeownership); and
- Financial services (provision of basic banking services and financial literacy training to underserved people and communities).

For the FY 2019 CDFI Program round, the CDFI Fund awarded $132 million in Financial Assistance to 261 organizations. The CDFI Fund also awarded $18.2 million in Persistent Poverty Counties-Financial Assistance (PPC-FA) to 125 CDFIs specifically to serve Persistent Poverty Counties nationwide. In addition, the CDFI Fund awarded $22 million in HFFI-Financial Assistance to 14 CDFIs, as well as $3 million in Disability Funds-Financial Assistance awards to 16 CDFIs to help finance projects and services to assist individuals with disabilities. A total of 60 organization were also awarded more than $7.2 million in Technical Assistance.

Description of Performance:

The CDFI Program has two measures: (1) the percentage of loans and investments originated in eligible distressed communities or made to underserved populations, as measured against the *total dollar amount of loans originated* by awardees; and (2) the percentage of loans and investments originated in eligible distressed communities or to underserved populations, as measured against *the total number of loans originated* by awardees.

Certification criteria require that all certified CDFIs originate at least 60.0 percent of their loans and investments in eligible distressed census tracts or to underserved populations. The target is set at a level that allows CDFIs to balance their mission to serve distressed communities and underserved populations with their safety and soundness considerations.

In FY 2019, the CDFI Program surpassed the 60.0 percent threshold for the percentage of both the dollar amount (75.6 percent) and the number of CDFI loans (78.5 percent) made to eligible distressed communities and underserved populations. No target is set for the FY 2021 measures because no appropriation is proposed for the CDFI Program for this fiscal year.

2.1.3 – New Markets Tax Credit Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	$0	$0	$0	$0	$0	$0	$0
Budget Activity Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
NMTC - Percentage of Loans and Investments That Went Into Severely Distressed Communities	75.2	74.5	77.5	73.6	80	75	75	N/A

2C – New Markets Tax Credit Program

($0 from direct appropriations):

The NMTC Program stimulates capital investment in low-income communities nationwide by permitting individual and corporate taxpayers to receive a non-refundable tax credit against federal income taxes for making equity investments in vehicles known as Community Development Entities (CDEs). CDEs that receive the tax credit allocation authority under the program are domestic corporations or partnerships that provide loans, investments, or financial counseling in low-income urban and rural communities.

On December 20, 2019, legislation was enacted extending allocation authority of the NMTC Program for one year through calendar year (CY) 2020 at $5 billion.

Description of Performance:

In FY 2019, the CDFI Fund awarded $3.5 billion in calendar year 2018 New Markets Tax Credit Program (NMTC Program) allocation authority to 73 organizations out of a pool of 214 applicants that requested $14.8 billion in NMTC allocations.

In FY 2019, CDEs reported that 80 percent of NMTC investments were made in severely-distressed communities, well above the target of 75 percent. The expectation is that the NMTC investments performance report for FY2020 will meet or exceed the 75 percent target. Due to the expiration of the extension of the allocation authority at the end of calendar year 2020, no target has been set for FY 2021.

2.1.4 – Bank Enterprise Award Program Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	$18,000	$19,000	$23,000	$25,000	$25,000	$25,000	$0
Budget Activity Total	**$18,000**	**$19,000**	**$23,000**	**$25,000**	**$25,000**	**$25,000**	**$0**

The FY 2015 - FY 2019 appropriated resources represents the approved operating plan.

Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
BEA - Increase in Community Development Activities Over Prior Year For All BEA Program Applicants ($ million)	460	539	522	646	429	500	500	N/A

2D – Bank Enterprise Award Program

($0 from direct appropriations):

The Bank Enterprise Award (BEA) Program provides monetary awards to regulated banks and thrifts for increasing their investments in CDFIs through grants, stock purchases, loans, deposits, and other forms of financial and technical assistance, and for increasing their lending, investment, and service activities in economically-distressed communities where at least 30 percent of residents have incomes less than the national poverty level and where the unemployment rate is at least 1.5 times the national unemployment rate.

<u>*Description of Performance:*</u>

The BEA Program measures applicants' increase in qualified community development activities over the prior year. In FY 2019, the CDFI Fund announced awards under both the FY 2018 and FY 2019 rounds of the BEA Program. A total of $25 million was awarded to 119 organization under the FY 2018 round in December 2018 and then $25.2 million was awarded to 113 organizations under the FY 2019 round in September 2019.

BEA Program results for FY2019 was $429 million in qualified community development activities, which is below the target of $500 million. The target was not met due to delays in opening the round. No target is set for the FY 2021 measure because no appropriation is proposed for the BEA Program for this fiscal year.

2.1.5 – Native American CDFI Assistance Program Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	$15,000	$15,500	$15,500	$16,000	$16,000	$16,000	$0
Budget Activity Total	**$15,000**	**$15,500**	**$15,500**	**$16,000**	**$16,000**	**$16,000**	**$0**

The FY 2015 - FY 2019 appropriated resources represents the approved operating plan.

Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
NACA - Percentage of NACA Loans and Investments in Native Areas ($ Amount of Loans)	65	48.4	42.6	84.9	78	50	50	N/A
NACA - Percentage of NACA Loans and Investments in Native Areas (# of Loans)	95.9	94.9	94.5	94.4	86	50	50	N/A

2E – Native American CDFI Assistance Program

($0 from direct appropriations):

Through the NACA Program, the CDFI Fund assists entities in overcoming barriers that prevent access to credit, capital, and financial services in American Indian, Alaska Native, and Native Hawaiian communities. The NACA Program makes monetary awards to increase the number and capacity of existing or new Native CDFIs (i.e., CDFIs that serve Native communities). In addition, the NACA Program provides training to help strengthen and develop Native CDFIs. Native CDFIs lend where other mainstream financial institutions do not and serve the poorest individuals, families, and businesses in Native communities.

For the FY 2019 round of the NACA Program, the CDFI Fund awarded $12 million in Financial Assistance to 23 organizations in 11 states. In addition, 11 organizations received $1.5 million in PPC-FA awards. More than $1.9 million in Technical Assistance was also awarded to 13 organizations.

Description of Performance:

The two measures of performance for the NACA Program are: (1) the percentage of the number of loans, and (2) the dollar amount of loans, made in tribal lands (based on Federal Designations of Tribal Areas) or to Native people. In accordance with their Financial Assistance agreements, NACA awardees are required to originate 50 percent or more of their loans and investments in Native areas or to Native populations. This threshold is set to allow the awardees to balance their mission of serving Native areas and populations with safety and soundness considerations.

In FY 2019, NACA recipients reported outcome data for their 2018 activities, which showed that 78 percent of loans by dollar amount and 86 percent of the number of loans originated were in Native Areas or to Native borrowers. No target is set for the FY 2021 measures because no appropriation is proposed for the NACA Program for this fiscal year.

2.1.6 – Healthy Food Financing Initiative Detail Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	$22,000	$22,000	$22,000	$22,000	$22,000	$22,000	$0
Budget Activity Total	**$22,000**	**$22,000**	**$22,000**	**$22,000**	**$22,000**	**$22,000**	**$0**

The FY 2015 - FY 2019 appropriated resources represents the approved operating plan.

Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
HFFI - Retail Outlets Created/Preserved	35	19	24	20	20	23	20	N/A

2F – Healthy Food Financing Initiative

($0 from direct appropriations):

The HFFI aims to eliminate "food deserts" – low-income urban and rural areas in the United States with limited access to affordable and nutritious food – by financing interventions that expand the supply of, and demand for, nutritious foods. The objectives include increasing the distribution of agricultural products, developing and equipping grocery stores, and strengthening producer-to-consumer relationships.

Through the HFFI, the CDFI Fund provides awards to Certified CDFIs to help address the need for healthy food in underserved and low-income communities. These organizations use federal grants, below market-rate loans, loan guarantees, and tax credits to attract private sector financing for projects that increase access to healthy food options.

Description of Performance:

The primary HFFI performance measure is the number of healthy food retail stores created and maintained in low-income areas that have been identified through detailed census tract analysis as having limited access to healthy food options. In FY 2019, the number of HFFI Retail outlets created was 23, thereby exceeding the target of 20 new retail outlets for FY 2019. No target is set for the FY 2021 measures because no appropriation is proposed for the HFFI Program for this fiscal year.

2.1.7 – Small Dollar Loan Program Resources and Measures

Dollars in Thousands

Resource Level	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	$5,000	$0
Budget Activity Total	**$5,000**	**$0**

2G - Small Dollar Loan Program

($0 from direct appropriations):

Authorized by Section 1206 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203), the Small Dollar Loan Program provides Financial Assistance, in the form of grants for loan loss reserves, and Technical Assistance to enable CDFIs to establish and maintain small dollar loan programs. This funding helps allow CDFIs provide consumers access to mainstream financial institutions and combat high-cost small dollar lending.

Description of Performance:
No target has been set because this is a new program.

2.1.8 – Capital Magnet Fund Program Resource Detail

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
GSE Distribution	N/A	$100,292	$119,413	$144,917	$131,884	$162,000	$0
Budget Activity Total	**N/A**	**$100,292**	**$119,413**	**$144,917**	**$131,884**	**$162,000**	**$0**
FTE	**0**	**0**	**4**	**4**	**3**	**6**	**3***

The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents.
*FY 2021 will require FTE for compliance monitoring.

2H – Capital Magnet Fund Program

($0 from direct appropriations):
The CMF Program authorized by the Housing and Economic Recovery Act of 2008 (P.L. 110-289), establishes recurrent funding of the CMF through allocations from the Government-Sponsored Enterprises (GSEs) Fannie Mae and Freddie Mac. Through CMF, the CDFI Fund provides grants to CDFIs and qualified non-profit housing organizations to finance affordable housing, community service facilities, and economic development. Award recipients can use funds to create financing tools such as loan loss reserves, revolving loan funds, risk-sharing loans, and loan guarantees. The Budget proposes to eliminate new funding for CMF.

Description of Performance:
The primary performance measures of the CMF are the number of affordable housing units for which CMF funding was a source of financing, and the degree to which private funding sources were leveraged by CMF financing. Data on affordable housing units are included in performance table 2.1.1.

Based on award recipients' projections, the FY 2018 round of the CMF will leverage an estimated $5.5 billion in public and private investment. The award recipients plan to develop more than 25,000 affordable housing units, including nearly 23,000 rental units and more than 2,000 homeownership units. Of these:

- 95 percent of all housing units will be developed for low-income families (80 percent of the area median income or below).
- 94 percent of the homeownership units will be developed for low-income families (80 percent of the area median income or below).
- 57 percent of the rental units will be developed for very low-income and extremely low-income families (50 percent of the area median income or below).

2.1.9 – CDFI Bond Guarantee Program Resource Detail

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Obligations	$327,000	$265,000	$245,000	$150,000	$100,000	$500,000	$300,000
Loan Limitation Obligation Authority	$750,000	$750,000	$500,000	$500,000	$500,000	$500,000	$300,000

2.1.10 – Financing Accounts Non-Budgetary Summary

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Obligations	$327,000	$265,000	$245,000	$150,000	$100,000	$500,000	$300,000
Collections*	$2,966	$9,377	$19,789	$34,337	$51,493	$59,791	$63,667

*Includes the principal and interest repayments and a 10 basis point fee for administrative expenses pursuant to Section 1134 of the *Small Business Jobs Act of 2010*. These amounts assume a zero subsidy rate with bond loan disbursement of $438 million and $452 million in FY 2020 and FY 2021, respectively.

2I. – CDFI Bond Guarantee Program Budget and Performance

Through the BG Program, Treasury provides a 100 percent guarantee of bonds (including principal, interest, and call premiums) issued by Qualified Issuers. Bonds issued through the program support CDFI lending and investment activity in underserved communities by providing a source of long-term capital. Qualified Issuers use bond proceeds to finance loans to eligible CDFIs for community and economic development purposes.

Since the inception of the program, the total amount of bonds guaranteed is $1.592 billion. A total of 25 Eligible CDFIs and three Qualified Issuers participate in the BG Program. Upon the closing of each bond, the eligible CDFIs have five years to lend or disburse the bond proceeds.

The table below provides the year-to-date (FYE) and proposed disbursement for the top eight asset classes:

FY2019 BGP Proposed and Disbursed Funds (Cumulative)

Assets Classes	Disbursements ($Millions)	Disbursements (%)	Proposed Disbursements ($Millions)	Proposed Disbursements (%)
Charter Schools	$288.50	26.84%	$440.00	29.49%
Rental Housing	$297.90	27.72%	$360.60	24.17%
Commercial Real Estate	$192.70	17.93%	$267.80	17.95%
Financing Entity	$107.10	9.97%	$132.30	8.87%
Healthcare Facilities	$78.60	7.31%	$104.20	6.98%
Not-For-Profits	$50.00	4.65%	$80.20	5.38%
Small Business	$30.70	2.86%	$37.80	2.53%
Senior Living and Long Term Care Facilities	$17.60	1.64%	$44.00	2.95%
Daycare Centers	$11.60	1.08%	$25.10	1.68%
Total	**$1,074.70**	**100.00%**	**$1,492.00**	**100.00%**

C – Changes in Performance Measures
With the publication of Treasury's Strategic Plan for FY 2018-2022, the CDFI Fund will work this year to baseline the performance for the new strategic objectives. The CDFI Fund has had discussions with the Office of Strategic Planning and Performance Improvement (OSPPI) about changes to performance measures in FY 2021.

D – Evidence - Building Activity

Development of the Assessment and Risk Management Framework

During FY 2019, the CDFI Fund continued its development of the CDFI Program Assessment and Risk Management Framework (ARM Framework), which began in FY 2015. The ARM Framework is a suite of six tools that the CDFI Fund will use to assess the financial and programmatic risk of CDFI Program applicants and award recipients, enhance data-driven decision-making, and mitigate post-award compliance and reporting risks. The full suite of tools will be implemented by the end of FY 2020 and will support the needs of multiple CDFI Fund business units.

Section III – Additional Information

A – Summary of Capital Investments
As part of its FY 2021 capital investment strategy, the CDFI Fund plans to spend approximately $3.20 million for operations and maintenance of its Information Technology (IT). The CDFI Fund has no major IT investments, nor any capital investments other than IT.

Non-Major IT Investments:
For FY 2021, the CDFI Fund has identified two non-major IT investments: Awards Management Information System (AMIS) and the CDFI Fund public website. AMIS is an enterprise-wide commercial, cloud-based solution that supports CDFI Fund certification, tax credit allocation, bond guarantee, and grant programs. The CDFI Fund programs were fully deployed in AMIS in September 2018. The CDFI Fund public website, another cloud-based solution, provides access to general information about the CDFI Fund and is used to ensure the public can obtain information and guidance regarding CDFI Fund programs. For FY 2021, the CDFI Fund plans to provide Operations and Maintenance (O&M) support for these two IT investments.

A summary of capital investments, including major information technology and non-technology investments, can be accessed at:
https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx.

Department of the Treasury
Financial Crimes Enforcement Network

Congressional Budget Justification and Annual Performance Plan and Report

FY 2021

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Section I – Budget Request

A – Mission Statement
To safeguard the financial system from illicit use, combat money laundering, and promote national security through the strategic use of financial authorities and the collection, analysis, and dissemination of financial intelligence.

B – Summary of the Request
The FY 2021 President's Budget requests additional resources totaling $963,000 and provides $2,300,000 for two critical program areas and program decreases totaling $2,864,000. Specifically, FinCEN will enhance its national security capacity, which includes continuous expansion of its efforts to combat cybercrime and cryptocurrency threats and strengthening the inspection and training efforts to ensure the proper stewardship and on-going protection of sensitive national security information.

FinCEN is a bureau in the U.S. Department of the Treasury. The Director of FinCEN reports to the Under Secretary for Terrorism and Financial Intelligence (TFI). 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 164 partner countries;
- Receiving millions of new financial reports each year;
- Securing and maintaining a database of over 300 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.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2019 Operating Plan		FY 2020 Enacted		FY 2021 Request		FY 2020 to FY 2021 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
BSA Administration and Analysis	271	$117,800	300	$126,000	345	$126,963	15.0%	0.8%
Subtotal New Appropriated Resources	**271**	**$117,800**	**300**	**$126,000**	**345**	**$126,963**	**15.0%**	**0.8%**
Other Resources								
Reimbursable	2	$1,771	1	$3,000	1	$3,000	NA	0.0%
Recoveries from Prior Years	0	$34	0	$500	0	$500	NA	0.0%
Unobligated Balances from Prior Years	0	$37,967	0	$27,000	0	$28,000	NA	3.7%
Subtotal Other Resources	**2**	**$39,772**	**1**	**$30,500**	**1**	**$31,500**	**0.0%**	**3.3%**
Total Budgetary Resources	**273**	**$157,572**	**301**	**$156,500**	**346**	**$158,463**	**15.0%**	**1.3%**

FY 2019 Other Resources and Full-time Equivalents (FTE) reflect actuals.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2020 Enacted	**300**	**$126,000**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$2,827
Pay Annualization (3.1% average pay raise)	0	$380
Pay Raise (1.0% average pay raise)	0	$390
FERS Contribution Increase	0	$524
Non-Pay	0	$1,533
Non-Recurring Costs	0	($1,300)
TBML Risk Assessment	0	($1,300)
Other Adjustments:	37	$0
Technical FTE Adjustment	37	$0
Subtotal Changes to Base	37	$1,527
FY 2021 Current Services	**337**	**$127,527**
Program Changes:		
Program Decreases	0	($2,864)
Programmatic Contract and Equipment Reductions	0	($2,864)
Program Increases:	8	$2,300
Bolstering BSA Data Protection	5	$1,481
Building Out FinCEN's Virtual Currency and Cyber Threat Mitigation Program	3	$819
FY 2021 President's Budget Request	**345**	**$126,963**

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) ....+$2,827,000 / +0 FTE

Pay Annualization (3.1%) +$380,000 / +0 FTE*:*

Funds are requested for annualization of the January 2020 3.1% average pay raise.

Pay Raise (1.0% in 2021) +$390,000 / +0 FTE

Funds are requested for a 1.0% average pay raise in January 2021.

FERS Contribution Increase +$524,000 / +0 FTE
Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2021.

Non-Pay +$1,533,000 / +0 FTE
Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Non-Recurring Costs…………………………………………………..-$1,300,000 / -0 FTE
TBML Risk Assessment -$1,300,000 / -0 FTE
Completion of Trade-Based Money Laundering (TBML) risk assessment.

Other Adjustments…………………………………………………………+$0 / +37 FTE
Technical FTE Adjustment +$0 / +37 FTE
This adjustment reflects FTEs in FinCEN's multi-year hiring plan, which is beginning implementation in FY 2020.

Program Decreases ....-$2,864,000 / -0 FTE
Programmatic Contract and Equipment Reductions -$2,864,000 / -0 FTE
This reduction will be taken through evaluation of potential decreases or changes in proposed acquisitions of contractual services and equipment. FinCEN will evaluate contracts during the renewal process to absorb this reduction.

Program Increases ....+$2,300,000 / +8 FTE
Bolstering BSA Data Protection +$1,481,000 / +5 FTE
This funding will allow FinCEN to support an enhancement in BSA data inspections and training efforts. In order to bolster the ability to protect BSA data collected, FinCEN will strengthen its inspections program to include internal, external, and bulk data usage; enhance its proactive engagement for preventative measures; and increase education and training efforts for the over 460 federal, state, and local agencies across the country with whom FinCEN maintains data access Memoranda of Understanding (MOUs) and their over 12,700 authorized users.

Safeguarding the BSA database from misuse is a critical obligation, and FinCEN needs to make on-site inspections of its MOU holders a priority. With additional funding, FinCEN will move to a primarily on-site inspection posture to enhance our visibility into individual agencies' compliance with the obligations set forth in their MOUs. This effort is very much in furtherance of FinCEN's obligation to safeguard the BSA database from misuse and will allow FinCEN to increase the number of routine on-site inspections performed.

In addition to expanding FinCEN's capabilities to inspect data access activities, there is also a need to increase the training and outreach initiatives. From FY 2014 to FY 2018 there was an 18 percent increase in BSA data access MOUs, and FinCEN expects this percentage to steadily increase annually. Furthermore, FinCEN receives on average 120 access requests per year. As we anticipate an increase in MOUs in the future commensurate with historical growth patterns, there is a need for more training resources to cover BSA data security and proper use of BSA data for the corresponding increase in users. In order for FinCEN to keep up with the increasing needs of our stakeholders, we must be readily available to conduct substantive outreach and provide comprehensive financial analysis training. Better understanding of complex financial schemes translates into better use of BSA data, which encourages more responsible behavior when accessing the data. It will also increase FinCEN's ability to provide on-going, substantive training and outreach to our law enforcement partners on myriad issues of national security importance in an effort to increase their awareness and enhance their traditional methods of utilizing the BSA to investigate illicit finance. As investigators become more adept at manipulating BSA data, more sophisticated cases of criminal wrongdoing will be brought to justice. Additionally, more meaningful feedback provided to regulated institutions that are subject to BSA reporting requirements ultimately lends to better reporting by the institutions themselves.

Increased access to BSA data creates increased risk of improper use of the data, including unauthorized disclosures. Training addresses this knowledge gap for stakeholders and assists them in effectively manipulating the BSA data to properly support their investigations. This effort also assists FinCEN in maintaining a close and continual working relationship with its broad universe of stakeholders. These additional resources will allow FinCEN to ensure all of its users are fulfilling their responsibility to properly use and protect BSA data.

Building Out FinCEN's Virtual Currency and Cyber Threat Mitigation Program +$819,000 / +3 FTE

These funds will allow for international capacity building to ensure that accessibility of critical information exists for investigations that include an international component. The utilization of software tools will allow FinCEN to double the number of virtual currencies analyses, corroborate findings, and increase big data analytics capability, allowing for automated analytics and visualization of financial and cyber data. The program enhancement strengthens direct support for law enforcement cases to 130 cases per year, the development of 37 strategic intelligence products, and the provision of 50 training sessions per year.

The FY 2021 funds will also allow FinCEN to respond to an increasing number of law enforcement requests for operational support regarding domestic and global cyber-enabled financial crimes, including efforts into the use of virtual currency to facilitate such crimes. This will enable FinCEN to conduct intelligence and law-enforcement driven responses to international and domestic financial threat incidents. The enhancement will also assist FinCEN's ongoing efforts to recover funds stolen by cyber means in fraud and virtual currency exchange thefts. Based on metrics developed by law enforcement partners, FinCEN estimates that it will be able to recover approximately 60 percent of funds stolen domestically and maintain its current international recovery rate at 50 percent.

Lastly, the funding will directly support FinCEN's coordination with other international jurisdictions as they advance their efforts to establish their own capabilities to address virtual currency and cyber threats through training and capacity building, analytical development, and information sharing initiatives.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2019 Actual Obligations	FY 2020 Estimated Obligations	FY 2021 Estimated Obligations
11.1 - Full-time permanent	35,696	41,247	47,434
11.3 - Other than full-time permanent	101	150	150
11.5 - Other personnel compensation	770	822	845
11.9 - Personnel Compensation (Total)	**36,567**	**42,219**	**48,429**
12.0 - Personnel benefits	11,352	12,374	14,231
Total Personnel and Compensation Benefits	**$47,919**	**$54,593**	**$62,660**
21.0 - Travel and transportation of persons	658	767	816
22.0 - Transportation of things	2	0	0
23.1 - Rental payments to GSA	4,193	4,913	4,971
23.2 - Rental payments to others	49	50	51
23.3 - Communications, utilities, and miscellaneous charges	1,703	2,100	2,137
24.0 - Printing and reproduction	62	62	65
25.1 - Advisory and assistance services	1,517	1,500	1,552
25.2 - Other services from non-Federal sources	48,930	44,285	35,478
25.3 - Other goods and services from Federal sources	13,531	7,903	10,143
25.6 - Medical care	186	200	226
25.7 - Operation and maintenance of equipment	9,210	9,100	9,497
26.0 - Supplies and materials	251	270	278
31.0 - Equipment	1,635	1,765	1,928
Total Non-Personnel	**$81,927**	**$72,915**	**$67,142**
Total Obligations	**$129,846**	**$127,508**	**$129,802**

Full-time Equivalents (FTE)	**273**	**301**	**346**

Amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY BUREAU NAME *Federal Funds* 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 $12,000 for official reception and representation expenses; and for assistance to Federal law enforcement agencies, with or without reimbursement, [$126,000,000]*$126,963,000*, of which not to exceed $34,335,000 shall remain available until September 30, [2022]*2023*. *(Department of the Treasury Appropriations Act, 2020.)*	

E – Legislative Proposals

FinCEN has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

FinCEN supports the Treasury Strategic Goal 3: Enhance National Security and Goal 5: Achieve Operational Excellence. In Strategic Goal 3, FinCEN supports the following Treasury Strategic Objectives: 3.1 Strategic Threat Disruption – Identify, disrupt, and dismantle priority threats to the U.S. and international financial system and Treasury Strategic Objective 3.2 Anti-Money Laundering/Combating Financing of Terrorism Framework – Identify and reduce vulnerabilities in the U.S. and international financial system to prevent abuse by illicit actors.

In FY 2019, FinCEN had several noteworthy accomplishments highlighted below:

- **Expand Supervision over Non-bank Financial Institutions**
  - Piloted a project to collect virtual currency sector data for identifying activity of illicit concern.
  - Successfully completed a pilot for identifying compliance risk among entities registered as money services businesses (MSBs) with FinCEN. The pilot used BSA data to risk-rate MSBs. FinCEN intends to expand this pilot to other sectors, and is currently in preliminary stages with casinos and Residential Mortgage Lenders and Originators (RMLOs).

- **Modernize, Streamline, and Simplify Regulatory Authorities**
  - Provided interpretive guidance to the regulated industry consolidating FinCEN regulations related to MSBs, explaining how they apply to convertible virtual currency (CVC) business models.
  - With the Federal Banking Agencies (FBAs), issued three joint statements on 1) sharing BSA resources; 2) encouraging innovative approaches to meeting Bank Secrecy Act/Anti-Money Laundering (BSA/AML) compliance obligations; and 3) emphasizing the risk-focused approach to examinations of banks' BSA/AML compliance programs.
  - Created an AML Effectiveness Working Group in the BSA Advisory Group (BSAAG) to develop recommendations to enhance the AML regime by focusing on strategic AML priorities and realigning AML compliance practices to more effectively deter criminal activity.

- **Enhance Systems and Analytical Capabilities**
  - FinCEN also transitioned the final three BSA reports (Foreign Bank Account, Designation of Exempt Person, Cash over 10K Received in Trade/Business) to the Extensible Mark-Up Language (XML) industry format for electronic filing.

- **Expand Special Measures Efforts**
  - Issued special collections requests to dozens of financial institutions related to a range of illicit finance concerns including the Democratic People's Republic of North Korea (DPRK), Iran, Venezuela, Third Party Money Launders, Transnational Organized Crime, and other illicit activity. FinCEN expects to receive in the order of

    - 50 million records in response to these requests, which will help to identify future 311 targets and further map out broad illicit financial activity.
    - In coordination with interagency partners, FinCEN expanded the use of its 311 authorities by investigating cases of drug trafficking and illicit financial activity in Venezuela and elsewhere in Latin America, proliferation of weapons of mass destruction in Asia, and other illicit activity in the Middle East and sub-Saharan Africa.

- **Financial Intelligence**
    - Increased support to cyber-related investigations, publishing more than 76 products ranging from Intelligence Assessments, Situation Reports, Investigative Memorandums, Flash Reports, and Spontaneous Disclosures, including a joint publication with law enforcement partners and a public product on Business Email Compromise (BEC).
    - Provided financial analyses supporting law enforcement efforts to combat fentanyl/opioid trafficking and Hizballah-related narcotics money laundering, and provided briefings and training to law enforcement on detecting and countering opioid trafficking.
    - Produced over 300 intelligence analyses or trend updates on threat actors, including transnational security threats (terrorism financing, Venezuela, Iran, and DPRK).

- **Expand Threat and Information Sharing**
    - Hosted four FinCEN Exchange events to enhance information sharing with financial institutions and provide them with important information regarding priority issues.
    - Completed three Egmont Information Exchange Working Group projects, producing two important Bulletins and a Report: a BEC Bulletin that was published for the public, a Human Trafficking Bulletin that was disseminated to Egmont members, and an Egmont Counter Terrorist Financing Project Report on lone actors and small cells.
    - Launched a pilot of the Rapid Response Program focusing on domestic wire transfers related to BEC.

FinCEN's FY 2020 and FY 2021 Priorities include:

- Enhance efforts to identify and disrupt threats to financial system by increased tactical and strategic BSA-focused analytical products on terrorism, cyber and emerging technology threats;
- Improve BSA framework through execution of priority initiatives with Federal Banking Agency, Bank Secrecy Act Advisory Group, BSA Value Project, and the Innovation Initiative;
- Increase its international information sharing efforts with members of the Egmont Group of Financial Intelligence Units (FIU);
- Continue to expand its investigative efforts with respect to foreign jurisdictions, financial institutions and classes of transactions of primary money laundering concern;
- Partner with Functional Regulators to implement AML examination through an effective results-driven approach and participate in four examinations of covered financial institutions;

- Bolster BSA Data Protection to enhance ability to protect BSA data collected through enhancements to BSA data inspections and training efforts.

B – Budget and Performance by Budget Activity

2.1.1 – BSA Administration and Analysis Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	$112,000	$112,979	$115,003	$115,003	$117,800	$126,000	$126,963
Reimbursable Resources	$515	$1,721	$2,526	$2,198	$1,771	$3,000	$3,000
Budget Activity Total	**$112,515**	**$114,700**	**$117,529**	**$117,201**	**$119,571**	**$129,000**	**$129,963**
Full-time Equivalents (FTE)	**276**	**279**	**275**	**281**	**273**	**301**	**346**

The FY 2015 - FY 2019 appropriated resources represents the approved operating plan. The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents and reimbursables.

Workload Output/Activity	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Estimate	FY 2020 Estimate	FY 2021 Estimate
Number of SARs filed	2,118,092	2,316,550	2,401,896	2,537,225	2,698,841	2,689,459	2,850,826	3,021,876
Number of total BSA reports filed	19,147,588	19,244,824	19,322,891	20,393,947	20,755,285	20,801,826	21,217,862	21,642,220
Number of BSA users	10,166	10,833	11,452	11,739	12,801	12,326	12,942	13,589

Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Percentage of Domestic Law Enforcement and Foreign FIUs who Assert Analytic Products Used Led to Detection and Deterrence of Illicit Activity	B	95%	92%	95%	92%	95%	90%	90%
Percentage of Domestic Law Enforcement and Regulators Who Assert Queried BSA Data Led to Detection and Deterrence of Illicit Activity	81%	83%	86%	85%	92%	86%	88%	89%
Percentage of Users Satisfied with FinCEN Information Sharing Systems	78%	80%	87%	86%	89%	84%	84%	85%

Key: B - Baseline

BSA Administration and Analysis Budget and Performance
($126,963,000 from direct appropriations, $3,000,000 from reimbursable sources):
Description of Performance:
The continued increase in valuable BSA data demands the continued expansion of analysis capability and supporting technology to utilize this data to its full capacity. The increases in BSA data and the demand for this data informed the requested program changes.

FinCEN conducts three annual surveys of the BSA database and information sharing systems' users on the utility and value of FinCEN's information, analysis, and systems. The results provide valuable feedback on FinCEN's performance safeguarding the financial system from illicit use, combatting money laundering, and promoting national security.

First, FinCEN measures the percentage of domestic law enforcement and foreign FIUs who assert that the analytic products they used led to detection and deterrence of illicit activity. This performance measure tracks what the analytics products are intended to do, i.e., be useful to a wide range of customers and have impact, such as identifying new leads or providing previously unknown information. In FY 2019, 92 percent found the analytic products and research had impact on the investigations, narrowly missing the target of 95 percent. Even though the target was narrowly missed, FinCEN was able to achieve this high level of performance by continuously evaluating and enhancing the processes that FinCEN uses to ensure that intelligence products meet the demands of its domestic and international stakeholders. The increased outreach and feedback to and from FinCEN's users of its intelligence products resulted in introducing new types of intelligence products which focused on high-profile actors and illicit finance networks. These and other products also leverage new data obtained through FinCEN's unique authorities, making the analyses in these products more timely, informative and actionable. The FY 2020 and FY 2021 targets are set at 90 percent. Due to the number and increasing sophistication of domestic and international threats to the financial system, FinCEN believes that 90 percent is indicative of satisfactory level of success.

Second, FinCEN monitors the percentage of domestic law enforcement and regulators who assert that queried BSA data led to the detection and deterrence of illicit activity. The survey looks at the value of FinCEN data, such as whether the data provided unknown information; supplemented or expanded known information; verified information; helped identify new leads; opened a new investigation or examination; supported an existing investigation or examination; or, provided information for an investigative or examination report. In FY 2019, FinCEN surpassed its target of 86 percent with 92 percent asserting that queried BSA data led to the detection and deterrence of illicit activity. FinCEN achieved this performance by increasing its FinCEN Portal and Query training efforts. FinCEN will continue to increase its training efforts to provide the FinCEN Portal and FinCEN Query user community with the information they need to successfully enhance their investigative efforts. In FY 2020, the target is set at 88 percent and in FY 2021 at 89 percent.

Finally, FinCEN tracks the percentage of users satisfied with FinCEN information sharing systems. This measure is based on survey responses and represents user satisfaction with the BSA E-Filing System, FinCEN Query, and the Egmont Secure Web. FinCEN collects and maintains BSA reports filed by financial institutions and other filers. In turn, FinCEN provides authorized users (including Treasury and TFI) access to a query system containing 14 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 information sharing system allows authorized persons to more readily access BSA information and better enable them to conduct investigations more efficiently and effectively. In FY 2019, FinCEN exceeded its target of 84 percent with 89 percent of the users satisfied with the information sharing systems. FinCEN attributes this performance to the increased satisfaction with the value of BSA information in FinCEN Query, as well as improved system stability. FinCEN is currently undergoing a technical refresh of the FinCEN Portal and FinCEN Query applications, which will be implemented in mid FY 2020. As such, FinCEN will keep the target at 84 percent due to the learning curve associated with these changes. FinCEN expects the target to slightly increase to 85 percent in FY 2021.

C – Changes in Performance Measures
FinCEN has no changes in performance measures.

D – Evidence-Building Activity
The BSA Value Project will provide FinCEN with a methodology and initial calculation of the value of BSA reporting. The Project information and final results will (1) inform and help measure the potential impact of proposed regulatory reform actions, including regulatory or compliance changes; (2) establish a greater public understanding of how BSA reporting is used; (3) support the development of more targeted feedback to financial institutions on the use and value of their reporting; (4) identify additional measures or actions that FinCEN and other stakeholders can take to improve the tracking and calculation of BSA reporting value; and (5) identify actions that can enhance the underlying value and use of BSA reporting. The Project informs internal FinCEN actions/deliberations as well as external stakeholders (law enforcement, regulators, and others). The Project specifically informs the work of the Bank Secrecy Act Advisory Group on regulatory reform initiatives.

FinCEN also conducts research for its advisories. The advisory support analysis for the Advisory on Traffic of Fentanyl and Other Synthetic Opioids and the Advisory on Public Corruption in Venezuela are examples of this research. The research analyzed BSA and other data to produce intelligence reporting on illicit opioid trafficking and Venezuelan government corruption. The research supported the development of FinCEN Advisories, assisted financial institutions in formulating or enhancing AML processes, and supported other agency activities. This information assisted financial institutions, Treasury components and law enforcement in identifying money laundering typologies, proactively targeting certain geographical areas, developing or enforcing economic sanctions against targeted entities and individuals, and enhancing FinCEN’s collaboration with senior officials in Treasury, the Department of Justice, and the White House National Security Council on national security issues.

Section III – Additional Information

A – Summary of Capital Investments

As the administrator of the BSA, FinCEN receives valuable information reported and collected under BSA requirements, which totaled approximately 20.8 million filings in FY 2019. To successfully fulfill its mission, FinCEN relies on secure, advanced information technology (IT) to manage the collection, processing, storage, and dissemination of BSA information that contributes to the soundness and confidence in America's financial system.

FinCEN's IT strategy takes into account the growing need for financial institutions to meet obligations as efficiently as possible, while ensuring that FinCEN and law enforcement agencies receive accurate, timely, and reliable BSA information to track money trails, identify money laundering, and unravel terrorist financing networks. FinCEN's IT strategy focuses on the critical need to improve the quality and accessibility of its data and increase responsiveness to stakeholders by maintaining and building upon flexible and innovative technical solutions. The entire lifecycle cost of the BSA IT Modernization investment, which includes the year the investment started (2010) through BY+4 (2025), is $422.658 million (including FTE) and the FY 2021 cost is projected at $25.951 million (including FTE).

A summary of capital investments, including major information technology and non-technology investments, can be accessed at:
https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx.

Department of the Treasury Alcohol and Tobacco Tax and Trade Bureau

Congressional Budget Justification and Annual Performance Plan and Report

FY 2021

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Section I – Budget Request

A – Mission Statement
To collect the taxes on alcohol, tobacco, firearms, and ammunition; protect the consumer by ensuring the integrity of alcohol products; ensure only qualified businesses enter the alcohol and tobacco industries; and prevent unfair and unlawful market activity for alcohol and tobacco products.

B – Summary of the Request
Supporting the nation's economic vitality is at the core of the work performed by the Alcohol and Tobacco Tax and Trade Bureau (TTB). The bureau's role in permitting, regulating, and taxing the alcohol, tobacco, and firearms industries facilitates a compliant and fair marketplace for those engaged in the manufacture and trade of these commodities, and ensures that the Federal government has the resources needed to fund national priorities. In FY 2019, TTB collected nearly $20 billion in excise taxes from the alcohol, tobacco, firearms, and ammunition industries.

As the most efficient means of tax administration, facilitating voluntary compliance will remain a priority for TTB in FY 2021. To this end, TTB will make critical IT investments to modernize TTB's tax system with the aim of increasing electronic submissions, improving timely filings, and supporting taxpayer compliance. Further, in FY 2021, TTB will enhance its guidance related to Federal alcohol, tobacco, firearms, and ammunition laws and regulations, and pursue opportunities to streamline regulations and requirements to reduce compliance burden. These strategies support the President's Management Agenda and are critical for TTB to mitigate potential performance impacts as TTB continues to prioritize its enforcement of the Craft Beverage Modernization and Tax Reform provisions of P.L. 115-97, recently extended through December 31, 2020. In the first two years of enactment, Federal revenues have declined, with the full impact not yet known. TTB expects that administration and enforcement will continue to pose significant challenges, particularly given the multitude of tax rates and complexity of verifying their appropriate application, and will continue to coordinate with CBP to engage in data-driven enforcement with regard to imported products.

Alcohol and tobacco diversion remain long-term tax enforcement challenges given the high profits to be gained from illegal activity, the relative ease of diversion, and the substantial revenue loss that it represents. Failure to address illicit trade not only deprives governments of revenue, but also gives non-compliant actors an unfair competitive advantage over their lawful counterparts. To improve tax enforcement outcomes, and promote a more efficient Federal government, the Administration is proposing the consolidation of Federal alcohol and tobacco tax enforcement authorities within the Department of the Treasury, including transferring jurisdiction for the Contraband Cigarette Trafficking Act (CCTA) from the Department of Justice's (DOJ) Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) to TTB. The FY 2021 request supports an initial investment of $1.5 million in start-up funding for TTB to initiate the transfer and begin to implement this enforcement program. Upon transfer of CCTA authority, and once fully resourced, TTB expects that its current enforcement model, which uses a data-driven approach and relies on teams of agents, auditors, and investigators, as well as state and local law enforcement partners, will provide positive returns in terms of increased revenue and reduced criminal activity.

As demand for TTB services has grown in line with the expanding alcohol industries, TTB has responded through updated burden-reducing policies, improved systems, and streamlined processes to support the timely turnaround of applications for new and existing wineries, breweries, and distilleries. Delays can cause financial hardships for these businesses and create a barrier to compliant commerce. In FY 2021, TTB will continue to focus on providing timely service to businesses seeking permit, label, and formula approvals. At the FY 2021 funding level, TTB will prioritize improvements to its permitting and labeling online filing systems as part of its IT modernization strategy to develop an integrated online experience for all tax and regulatory transactions with TTB, resulting in improved usability across the bureau's online platforms. As part of these improvements, TTB will also continue to focus on providing clear and consistent industry guidance to facilitate the submission of compliant filings.

1.1 – Appropriations Detail Table

Dollars in Thousands

	FY 2019		FY 2020		FY 2021		FY 2020 to FY 2021	
Appropriated Resources	Operating Plan 1/		Enacted		Request		% Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Collect the Revenue	209	$58,856	220	$57,513	228	$62,086	3.6%	8.0%
Protect the Public	253	$60,744	262	$62,087	260	$63,751	-0.8%	2.7%
Subtotal New Appropriated Resources	**462**	**$119,600**	**482**	**$119,600**	**488**	**$125,837**	**1.2%**	**5.2%**
Other Resources								
Unobligated Balances from Prior Years 2/	23	$5,079	20	$4,601	20	$3,908	0.0%	-15.1%
Transfers In/Out 3/	0	$597	0	$0	0	$0	NA	NA
Offsetting Collections and Reimbursables 4/	10	$6,239	10	$7,437	10	$7,437	0.0%	0.0%
Subtotal Other Resources	**33**	**$11,915**	**30**	**$12,038**	**30**	**$11,345**	**0.0%**	**-5.8%**
Total Budgetary Resources	**495**	**131,515**	**512**	**$131,638**	**518**	**$137,182**	**1.2%**	**4.2%**

Note: FY 2019 Other Resources and Full-time Equivalents (FTE) reflect actuals.

1/ FY 2019 New Appropriated Resources by Budget Activity reflect levels appropriated in P.L. 116-6, the Consolidated Appropriations Act of 2019. FY 2019 FTE and Other Resources are Actual Obligations. For further details on the execution of these resources see the 2021 Budget Appendix chapter for the Department of the Treasury.

2/ Includes carryover of prior two-year set aside funding for trade practice enforcement and recoveries of 50 percent in unobligated balances from prior one-year funding.

3/ Transfer from TEOAF Secretary's Enforcement Fund.

4/ Includes reimbursements from the Treasury Executive Office of Asset Forfeiture (TEOAF) Mandatory Fund and Community Development Financial Institutions Fund (CDFI), and offsetting collections from Puerto Rico Cover-Over Program.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2020 Enacted	**502**	**$119,600**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$2,748
Pay Annualization (2020 3.1% pay raise)	0	$590
Pay-Raise (1.0% average pay raise)	0	$575
FERS Contribution Increase	0	$714
Non-Pay	0	$869
Other Adjustments:	6	$900
Annualization of FY 2020 Hiring	6	$900
Subtotal Changes to Base	6	$3,648
FY 2021 Current Services	**508**	**$123,248**
Program Changes:		
Program Decreases	(6)	($1,500)
Enforcement to Maintain a Level Playing Field	(6)	($1,500)
Program Increases:	6	$4,089
MyTTB IT System Modernization	0	$2,589
Consolidation of Federal Alcohol & Tobacco Tax Jurisdiction	6	$1,500
FY 2021 President's Budget Request	**508**	**$125,837**

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) ....+$2,748,000 / +0 FTE

Pay Annualization (3.1%) +$590,000 / +0 FTE

Funds are requested for annualization of the January 2020 3.1% average pay raise.

Pay-Raise (1.0% in 2021) +$575,000 / +0 FTE

Funds are requested for a 1.0% average pay raise in January 2021.

FERS Contribution Increase +$714,000 / +0 FTE

Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2021.

Non-Pay +$869,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Other Adjustments ………………..+$900,000 / +6 FTE

Annualization of FY 2020 Hiring +$900,000 / +6 FTE

This adjustment reflects the annualization of new hires brought onboard during the second half of FY 2020.

Program Decreases ....-$1,500,000 / -6 FTE

Enforcement to Maintain a Level Playing Field -$1,500,000 / -6 FTE

TTB will reduce its investigators and support staff dedicated to the Trade Practice Enforcement program. TTB enforcement addresses unlawful trade practices in the marketplace and ensures a level playing field for U.S. alcohol manufacturers and distributors. With two-year set aside funding provided in fiscal years 2017-2020, TTB added staffing to increase its capacity for trade practice investigations from approximately one each year to approximately 50 active cases annually. At the FY 2021 funding level, TTB will maintain fewer active cases and continue its process of evaluating and prioritizing the highest risk revenue and trade practice cases as part of its annual enforcement planning process.

Program Increases ....+$4,089,000 / +6 FTE

MyTTB IT System Modernization +$2,589,000 / +0 FTE

TTB will continue to invest in IT system modernization to transform the online experience for TTB industry members. The desired end-state, known as MyTTB, will provide an integrated and personalized online system to help industry members navigate the process of doing business with TTB. This initiative would transform the industry member experience with TTB incrementally, developing and delivering functional modules in phases to provide a seamless and consistent experience across all permitting, tax, and labeling interactions with TTB. MyTTB would also facilitate improved data integration across TTB programs and systems, enabling TTB to better detect noncompliance and fraud, validate application data, automate workflows, and increase data-driven decision making.

Consolidation of Federal Alcohol & Tobacco Tax Jurisdiction +$1,500,000 / +6 FTE

TTB requests start-up funding to support the Administration's proposal to consolidate Federal alcohol and tobacco tax jurisdiction within the Department of the Treasury and TTB. This initial investment will enable TTB to begin hiring the necessary additional enforcement personnel to conduct the complex, multi-state investigations associated with contraband cigarette smuggling. The requested funding level supports 6 FTE, which will allow TTB to begin hiring auditors, investigators, and other program staff. Further, TTB will hire criminal enforcement agents under an expansion of its existing interagency agreement with the IRS. This initial investment would also enable TTB to initiate any needed rulemaking and guidance, as well as support initial research into system requirements and data analytics to improve enforcement targeting. During this transition period, and at the proposed staffing level, TTB will also expand its outreach to state law enforcement partners and work closely with DOJ on the transfer and continuation of existing cases.

1.3 Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2019 Actual Obligations	FY 2020 Estimated Obligations	FY 2021 Estimated Obligations
11.1 - Full-time permanent	53,475	57,092	60,195
11.5 - Other personnel compensation	910	941	941
11.5 - Overtime	671	650	639
11.8 - Special personal services payments	0	0	0
11.9 - Personnel Compensation (Total)	**55,056**	**58,683**	**61,775**
12.0 - Personnel benefits	17,695	20,225	21,988
13.0 - Benefits for former personnel	18	5	5
Total Personnel and Compensation Benefits	**$72,769**	**$78,913**	**$83,768**
21.0 - Travel and transportation of persons	2,065	2,058	1,919
22.0 - Transportation of things	28	30	30
23.1 - Rental payments to GSA	4,098	4,293	4,342
23.2 - Rental payments to others	8	0	0
23.3 - Communications, utilities, and miscellaneous charges	841	1,175	1,193
24.0 - Printing and reproduction	210	315	315
25.1 - Advisory and assistance services	15,630	14,198	13,845
25.2 - Other services from non-Federal sources	14,989	12,877	13,540
25.3 - Other goods and services from Federal sources	9,153	8,750	8,882
25.4 - Operation and maintenance of facilities	22	22	22
25.7 - Operation and maintenance of equipment	3,265	2,515	2,565
26.0 - Supplies and materials	381	350	352
31.0 - Equipment	3,126	1,795	1,872
32.0 - Land and structures	193	152	0
Total Non-Personnel	**$54,009**	**$48,530**	**$48,877**
Total Obligations 1/	**$126,778**	**$127,443**	**$132,645**
Total Full-time Equivalents (FTE) 2/	**495**	**512**	**518**

1/ FY 2019 reflect actual obligations totaling $126.8 million, of which $120.6 million was from direct resources (new appropriations, carryover from prior years, and a TEOAF transfer) and $6.2 million was from reimbursable resources/offsetting collections. FY 2020 reflects anticipated obligations totaling $127.4 million, of which $120.5 million is from direct resources (new appropriations and carryover from prior years) and $6.9 million is from reimbursable resources/offsetting collections. FY 2021 reflects anticipated obligations totaling $132.6 million, of which $125.7 million is from direct resources (new appropriations and carryover from prior years) and $6.9 million is from reimbursable resources/offsetting collections.

2/ FY 2019 FTE reflects actual total FTE of 495, of which 485 FTE was from direct resources and 10 FTE was from reimbursable resources/offsetting collections. FY 2020 reflects anticipated total FTE of 512, of which 502 FTE is anticipated from direct resources and 10 FTE is anticipated from reimbursable resources/offsetting collections. FY 2021 reflects anticipated total FTE of 518, of which 508 FTE is anticipated from direct resources and 10 FTE is anticipated from reimbursable resources/offsetting collections.

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY 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, [$119,600,000] *$125,837,000*; *of which $5,000,000 shall remain available until September 30, 2022,* of which not to exceed $6,000 for official reception and representation expenses; and of which not to exceed $50,000 shall be available for cooperative research and development programs for laboratory services; and provision of laboratory assistance to State and local agencies with or without reimbursement [: 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: *Provided further*, That of the amount appropriated under this heading, $5,000,000, to remain available until September 30, 2021, shall be for the costs associated with enforcement of the trade practice provisions of the Federal Alcohol Administration Act (27 U.S.C. 201 et seq.)]. *(Department of the Treasury Appropriations Act, 2020.)*	

E – Legislative Proposals

Government Reform Initiative - Consolidation of Federal Alcohol & Tobacco Tax Jurisdiction

The Administration proposes to transfer primary jurisdiction over Federal tobacco and alcohol anti-smuggling laws from the Department of Justice and the Bureau of Alcohol, Tobacco, Firearms and Explosives to the Department of the Treasury and TTB. Under the proposal, TTB would be responsible for the administration and enforcement of the Jenkins Act of 1949 (as amended by the Prevent All Cigarette Trafficking Act of 2009), 15 U.S.C. Chapter 10A, the Contraband Cigarette Trafficking Act of 1978, 18 U.S.C. Chapter 114, and the criminal statutes involving Liquor Trafficking, 18 U.S.C. Chapter 59. Specific statutory language to effect the transfer and facilitate Federal enforcement against tobacco smuggling has been developed in consultation with the Secretary of the Treasury and with the Attorney General.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

TTB is responsible for administering and enforcing the sections of the Internal Revenue Code of 1986 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 for the protection of U.S. consumers. In essence, TTB administers its jurisdiction according to five strategic goals that support economic growth and stability: 1) Tax Compliance; 2) Cross-Border Tax Risk; 3) Business Qualification; 4) Labeling Modernization; and 5) Training Revitalization. TTB's strategic goal of Training Revitalization directly contributes to Treasury's Strategic Goal 5 (Achieve Operational Excellence) through Strategic Objective 5.1 (Workforce Management) and underpins TTB's performance across all of its goals and objectives.

TTB's strategic goals to improve Tax Compliance and address Cross-Border Tax Risk ensure that the Federal government has the resources needed to fund national priorities and support Treasury's Strategic Goal 1 (Boost U.S. Economic Growth) and Strategic Objective 1.1 (Tax Law Implementation) to administer tax laws to better enable all taxpayers to meet their obligations while protecting the integrity of the tax system. The FY 2021 funding level continues the investment in a multi-year IT system modernization effort, leveraging technology to improve mission outcomes as called for by the President's Management Agenda. The industries TTB regulates have grown significantly in recent years, which present workload and enforcement challenges, particularly in light of recent tax reform legislation. Funding is required to address outdated tax and regulatory systems to support efficient filing and processing as well as facilitate data analytics to timely detect fraud, tax evasion, and critical compliance issues that undermine a level playing field.

Additionally, in support of effective tax administration, the Administration is proposing the consolidation of Federal alcohol and tobacco tax jurisdiction within the Department of the Treasury to improve mission alignment and focus and, in turn, create tax enforcement efficiencies. This proposal calls for the transfer of enforcement authority for the CCTA and the Prevent All Cigarette Trafficking (PACT) Act from DOJ to Treasury. These Federal statutes were intended, among other things, to protect state and local governments from revenue losses from interstate cigarette smuggling as well as stop criminal organizations from profiting by smuggling cigarettes across state borders from low-tax states to high-tax states. ATF, which currently has primary jurisdiction for CCTA and PACT Act enforcement, has estimated that the sale of contraband cigarettes costs Federal, state, and local governments close to $5 billion a year in revenue. The FY 2021 funding request represents the initial investment required to begin the transfer of these authorities, including preliminary hiring and contract actions to support investigations, as well as required rulemaking, IT, and data analytics efforts to effectively implement the program and generate leads for future investigations. The full program costs will be higher and will be addressed in future budgets. When fully implemented, TTB anticipates that the consolidation of CCTA and PACT Act enforcement with TTB's existing tobacco enforcement authorities will result in increased Federal and state tobacco excise tax revenues.

These investments will require tradeoffs across TTB's enforcement programs. TTB conducts trade practice enforcement in the alcohol beverage marketplace in support of the Treasury's Strategic Goal 1 (Boost U.S. Economic Growth) and Strategic Objective 1.4 (Free and Fair Trade) to advance a free and fair trade environment for U.S. businesses. At the FY 2021 funding level, TTB will rebalance enforcement priorities to sustain an enforcement presence to deter prohibited trade practice activities while establishing a CCTA enforcement program, including the timely and effective transition of CCTA cases from ATF to TTB.

TTB's strategic goals to enhance Business Qualification and implement Labeling Modernization ensure that lawful U.S. alcohol businesses are competitive and thriving in the global marketplace and support the Treasury's Strategic Goal 1 (Boost U.S. Economic Growth) and Strategic Objective 1.3 (Trusted Currency and Services) to deliver trusted currency and services that enable citizens and businesses to participate in the economy. Timely service remains a priority for TTB and the businesses it regulates. As the demand for TTB services from these businesses continues to rise, and within the FY 2021 resources, TTB will aim to sustain improved service times for permit, label, and formula approvals. TTB will combine IT system modernization efforts with streamlined application requirements and enhanced guidance to achieve its performance goals for customer service. These strategies will help TTB maintain timely service by increasing the number of first-time approvals and reducing delays caused by extensive back-and-forth with industry members to correct initial applications containing errors.

B – Budget and Performance by Budget Activity
2.1.1 – Collect the Revenue Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	$52,721	$52,785	$53,560	$53,560	$58,856	$57,513	$62,086
Unobligated Balances from Prior Years	$109	$170	$125	$112	$214	$125	$125
Transfers In/Out	$0	$0	$197	$902	$597	$0	$0
Offsetting Collections and Reimbursables	$3,681	$3,143	$3,217	$3,923	$3,573	$4,176	$4,176
Collect the Revenue Total	**$56,511**	**$56,098**	**$57,099**	**$58,497**	**$63,240**	**$61,814**	**$66,387**
FTE Total (Direct and Reimbursable)	**223**	**234**	**223**	**212**	**213**	**224**	**232**

The FY 2015 - FY 2019 appropriated resources represents the approved operating plan. The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Amount of Revenue Collected Per Program Dollar	437	414	406	369	339	N/A	N/A	N/A
Percent of Voluntary Compliance from Large Taxpayers in Filing Tax Returns/Payments Timely (by filing) 1/	88	87	85	85	DISC	N/A	DISC	DISC
Percent of Voluntary Compliance from Large Taxpayers in Filing Tax Returns/Payments Timely (by taxpayer) 1/	-	-	60	69	69	95	95	95
Percent of Voluntary Compliance from Large Taxpayers in Filing Operational Reports Timely (by taxpayer) 1/	-	-	66	74	76	95	95	95
Percent of Electronically Filed Tax Returns - Pay.gov 2/	33	33	35	37	41	50	50	60
Percent of Electronically Filed Operational Reports - Pay.gov	38	39	40	42	46	50	50	60

1/ TTB developed new measures to evaluate and monitor taxpayer compliance for FY 2019, which will calculate compliance rates on a taxpayer basis, rather than a per filing basis; TTB also formally added a measure of the compliance rate for operational reports.

2/ Minor adjustments to prior year data based on data quality review.

Collect the Revenue Budget and Performance

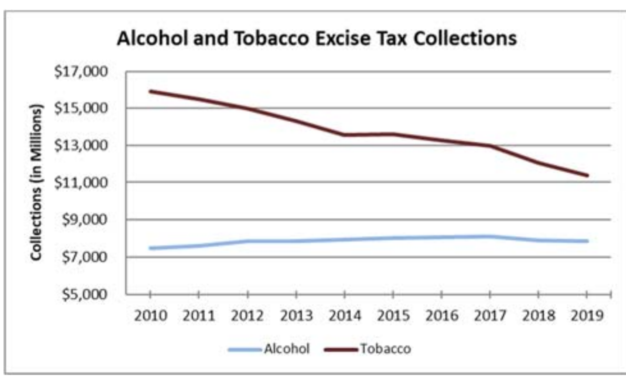
($62,086,000 from new direct appropriations, $125,000 from unobligated balances from the prior year, and $4,176,000 from reimbursable sources):
This budget activity includes all tax processing, verification, enforcement, and outreach efforts related to administering the Federal tax code for alcohol, tobacco, firearms, and ammunition products, and supports Treasury's Strategic Objective 1.1 (Tax Law Implementation). TTB collects approximately $20 billion in Federal tax revenue annually from a tax base of nearly 32,000 businesses. TTB's regulated taxpayers include distilleries, breweries, and wineries, which have boomed in recent years, as well as manufacturers and importers of tobacco and firearms. TTB extends the reach of its enforcement resources through advanced analytics and risk-based audits and investigations. To ensure a level playing field for those engaged in the trade of these regulated commodities, TTB also takes appropriate enforcement action to detect and address diversion activity to ensure all products sold in the marketplace are properly taxpaid.

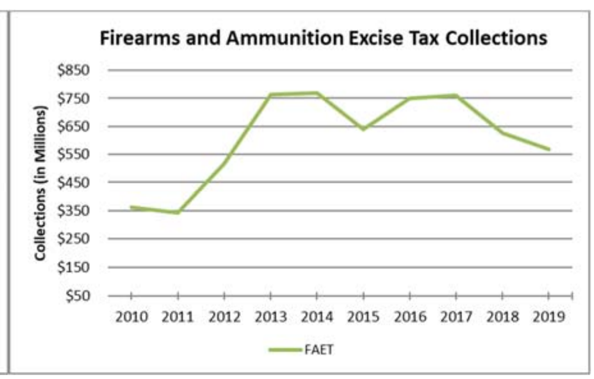
Other Resources…....…………………….……………………………………$4,301,000
Unobligated Balances from the Prior Year………..…………………………………..………...$125,000
Offsetting Collections/Reimbursables.…………………………………………….......…. $4,176,000
Other resources that fund this budget activity include unobligated balances from the prior year appropriation; reimbursement for the operating costs of TTB's Puerto Rico field office, which are offset against the roughly $450 million in taxes collected on the alcohol beverage products

that are manufactured in Puerto Rico and imported to the United States; reimbursement from the Community Development Financial Institutions Fund (CDFI) for IT services provided by TTB; and funding from the Department of the Treasury's Executive Office for Asset Forfeiture (TEOAF) mandatory account to cover investigative expenses, data systems, and training.

Description of Performance:
TTB combines measures and indicators to demonstrate the effectiveness and efficiency with which TTB operates its tax administration function, including through facilitating voluntary compliance as well as field enforcement efforts to address critical threats to Federal revenues. Through FY 2021, TTB's plans to improve tax compliance include updating its tax filings, processes, and technologies; enhancing its capacity to timely identify and address non-compliance through analytics and other detection tools; and continuing to improve taxpayer education and outreach.

The *Amount of Revenue Collected per Program Dollar* indicator uses annual collections figures and the actual expenditures and obligations for collection activities to quantify the efficiency of the TTB tax collection program. In FY 2019, TTB achieved a return on investment of $339 for every program dollar spent on collection activities. The year-to-year decline represents continued decreases in tobacco revenue that, after peaking in FY 2010 following the significant tax rate increases enacted in 2009, have steadily declined in line with shifts in consumption patterns, product manufacturing, and trade. Annual alcohol revenue is also trending down, likely due to the recent tax reform legislation that lowered effective tax rates across all commodities and expanded eligibility for reduced rates and credits, currently in effect through December 31, 2020. In total, revenue collections are down 4 percent between FY 2018 and FY 2019; however, the full impact of these provisions may not yet be known. Going forward, TTB will continue to monitor its return on investment for its Collect the Revenue activities as a key indicator, with the negative collections trend likely to continue into FY 2020 based on historical data and other external factors.



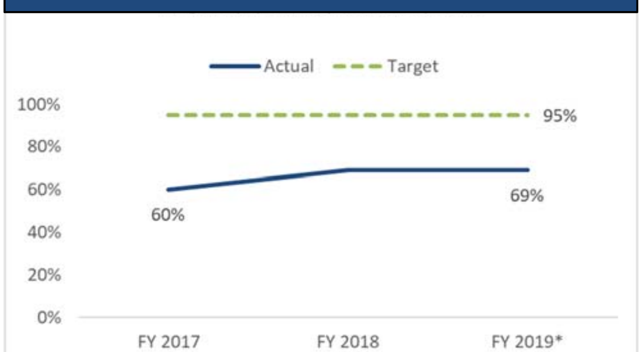


As the most efficient means of tax collection, fostering voluntary compliance among taxpayers is a primary tax administration strategy for TTB. The *Percent of Voluntary Compliance from Large Taxpayers in Filing Tax Returns and Payments Timely* is a key performance metric that shows the rate of compliance by large taxpayers (i.e., those that pay more than $50,000 in annual taxes) in voluntarily filing their required tax returns and payments on or before the scheduled due date. In FY 2019, TTB revised its method for this metric and added a new measure of the *Percent of Voluntary Compliance from Large Taxpayers in Filing Operational Reports Timely*. Under the new measure methodology, TTB evaluates filing compliance at the taxpayer level, rather than on a per filing basis, using multiple compliance factors and strict tolerances based on revenue exposure. A taxpayer must meet all factors to be considered compliant for the year. TTB plans to use this information to take a risk-driven enforcement approach based on significant patterns of non-compliance with filing requirements.

In FY 2019, TTB achieved a compliance rate of 69 percent from its large taxpayers in filing required tax returns and payments, and a compliance rate of 76 percent from its large taxpayers in filing required operational reports, both of which fell below the performance target of 95 percent. Results for FY 2019 are actual values through Q3 FY 2019 (due to data latency issues resulting from the high volume of paper filings). Although TTB analysis indicates that this trend does not represent a significant revenue risk, as late filings represent the majority of the compliance violations, non-compliance undermines the level playing field, which is particularly critical for the small producers who comprise the majority of TTB taxpayers.

Improving voluntary compliance rates has proven challenging given the recent growth in the industries TTB regulates. In the last five years, the number of TTB taxpayers has increased over 60 percent, which has created additional workload and enforcement challenges in maintaining industry compliance, particularly in light of recent tax reforms. This growth has cut across industry types, with the most significant increases in small businesses entering the alcohol industry. Over time, with resource challenges, TTB outreach efforts to educate industry members on tax requirements have also decreased. More recently, TTB has also faced competing enforcement priorities, including renewed efforts to address illicit trade practice activity in the alcohol industry, with directed funding for this purpose enacted in TTB's budgets in FY 2017 – FY 2019.

Large Taxpayer Compliance Rate – Returns/Payments (by taxpayer)



Large Taxpayer Compliance Rate – Operational Reports (by taxpayer)

*Estimated result based on data through Q3 FY 2019 due to data latency issues with paper filings

In fiscal years 2020-2021, improving compliance rates will remain a priority for TTB. At the requested funding level, plans through FY 2021 include refining TTB's procedures for risk-based reviews of taxpayer accounts, which will include the integration of new analytics tools into internal processes to address identified non-compliance. Over the next several years, TTB also plans to improve its education and outreach strategies to drive compliant behavior across TTB taxpayers, including publishing new online guidance and tools.

In FY 2019, to facilitate the alcohol industry's understanding of and compliance with new tax provisions signed into law under the TCJA, TTB maintained a dedicated section on TTB.gov to provide Frequently Asked Questions to respond to questions received from industry. As part of a coordinated outreach strategy, TTB updated the website on a rolling basis as additional guidance was available, which was also promoted through the TTB newsletter, feature articles on TTB.gov, and interviews with industry press and trade associations. In FY 2020, to support industry compliance, TTB will continue to actively manage its online guidance to provide current information on rules and requirements in response to any Congressional action to extend the craft beverage modernization provisions beyond December 31, 2020.

TTB will also focus on improving tax compliance through developing the integrated, modernized system supported by the FY 2021 budget request. TTB relies on Pay.gov, a Bureau of the Fiscal Service system designed for government payments, for the electronic filing of tax returns and operational reports. TTB's two measures to monitor the *Electronic Filing Rates for Tax Returns* and *Operational Reports* in Pay.gov support ongoing efforts to reduce paper filings. E-filing rates for tax returns and operational reports remain well below target, especially compared to other TTB e-filing systems. These low rates – which ended the year at 41 percent of tax returns and 46 percent of operational reports submitted electronically – impede TTB's ability to timely and effectively detect and address non-compliance and add costs to making the data available for routine reconciliation and advanced analytics. Additional Pay.gov promotion may improve e-filing rates in the near term to achieve its FY 2020 target of 50 percent, although more significant tax system modernization is likely required for TTB to reach its FY 2021 target of 60 percent.

At the FY 2021 funding level, and informed by ongoing process improvement efforts, TTB intends to continue implementing phased releases to its tax system, including developing a custom external interface for electronic tax filings to increase e-filing rates and enhancing internal workflows to support TTB tax administration. In FY 2019, TTB deployed system releases to increase automation and address inefficiencies related to posting paper tax filings and amended tax returns, which are time-intensive, manual processes. Combined, these releases allow for more timely detection of non-compliance and enable TTB specialists to focus on higher priority, analytical work rather than manual processes.

In addition, in FY 2019, due to the labor-intensive nature of TTB's current tax administration processes, and to ensure that the resources dedicated to tax administration are commensurate with revenue risk, TTB initiated a broad-based evaluation of its tax return and operational report requirements. The evaluation generated recommendations to significantly decrease the amount of information collected as well as the frequency with which it is collected, reducing burden on industry and TTB in line with the President's Management Agenda. The evaluation also included recommendations to address increased underreporting risks created by new tax reform provisions, which have been extended through December 31, 2020. This multi-year initiative will continue through FY 2021 to fully implement the required form and regulatory updates to achieve substantial burden reductions. These efforts should also boost overall tax compliance, particularly if developed in tandem with the planned modernization of TTB's tax systems.

Effective TTB tax administration also requires taking a data-driven approach to timely identifying potential tax evasion and fraud, which is even more critical in light of recent tax reform legislation. At present, resource-intensive manual analysis and reconciliation of multiple reports and returns, in combination with other data sources, by specialists, auditors, and investigators are required to detect and address high-risk activity. In fiscal years 2020 and 2021, TTB will focus on enhancing its analytics tools to facilitate TTB's use of its tax information, in combination with other data sources such as import and export data, to more effectively target its limited resources to known evasion schemes, particularly those involving the cross-border trade in alcohol and tobacco products, which poses a significant risk to Federal revenues.

Given the amount of import-related data that has become available in recent years through the International Trade Data System (ITDS) – and the new revenue risks posed by the import-related provisions of the recent tax reform legislation – TTB focused its data-driven enforcement efforts in FY 2019 on imported alcohol and tobacco products. In FY 2019, TTB made progress in mining this data and enhancing its analytics tools to detect illicit activity, such as importers operating without a TTB permit and importers misclassifying or underreporting entries of alcohol and tobacco products to CBP to evade excise taxes.

In fiscal years 2020-2021, TTB will continue its efforts to improve import enforcement using ITDS data, including in conjunction with CBP's Commercial Targeting and Analysis Center (CTAC), to detect and address the misclassification of imports to evade taxes. CTAC is an interagency center that provides access to a wide range of data sources about imports and exports, including real-time data on the cross-border trade of TTB-regulated products. Through FY 2021, TTB also plans to ensure continued coordination with CBP, including through the exchange and use of the data needed by both agencies to ensure that domestic and foreign producers are not improperly paying reduced tax rates or receiving credits on quantities exceeding those allowed by law.

2.1.2 – Protect the Public Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	$47,279	$53,654	$57,879	$57,879	$60,744	$62,087	$63,751
Unobligated Balances from Prior Years	$109	$170	$125	$4,166	$4,865	$4,476	$3,783
Transfers In/Out	$0	$0	$0	$87	$0	$0	$0
Offsetting Collections and Reimbursables	$2,451	$2,577	$2,637	$2,366	$2,666	$3,261	$3,261
Protect the Public Total	**$49,839**	**$56,401**	**$60,641**	**$64,498**	**$68,275**	**$69,824**	**$70,795**
FTE Total (Direct and Reimbursable)	**243**	**246**	**265**	**273**	**282**	**288**	**286**

The FY 2015 - FY 2019 appropriated resources represents the approved operating plan. The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Percentage of Permit Applications Processed within Service Standards (75 days)	47	32	48	71	58	85	85	85
Initial Error Rate for Permit Applications 1/	77	81	83	80	71	25	25	25
Percent of Electronically Filed Permit Applications 2/	85	81	85	87	89	87	90	90
Customer Satisfaction Rate with eGov Systems - Permits Online	64	54	68	77	68	80	80	80
Percentage of Alcohol Beverage Label and Formula Applications Processed within Service Standards (15 days) 3/	80	80	62	84	48	85	85	85
Initial Error Rate for Label and Formula Applications	42	44	43	40	37	25	25	25
Percent of Electronically Filed Label and Formula Applications	94	97	98	98	99	95	95	95
Customer Satisfaction Rate with eGov Systems - COLAs Online	71	74	82	81	77	80	80	80
Customer Satisfaction Rate with eGov Systems - Formulas Online 4/	48	58	70	79	70	80	80	80

1/ Result for FY 2019 likely lower than reported due to a data quality issue in Q4 based on the incorrect application of "corrections" status on certain permit applications.

2/ Revised actuals for prior years due to data quality review and cleanup of data source.

3/ Service standards are set annually based on TTB analysis of submission volume, error rates, and resource levels. For FY 2018, TTB established new service standards of 15 days for both labels and formulas based on a significant spike in submissions. In FY 2017, the service standard was 10 days for both labels and formulas. Between FY 2014 - 2016, the service standard was 30 days for labels and 45 days for formulas.

4/ Revised actual for FY 2018 due to error in calculation; results represent beverage alcohol formula filers only (nonbeverage alcohol formula filers are excluded)

Protect the Public Budget and Performance

($63,751,000 from new direct appropriations, $3,783,000 from unobligated balances from the prior year, and $3,261,000 from reimbursable sources):

This budget activity funds the programs that ensure the integrity of the products and industry members in the marketplace; promote compliance with Federal laws and regulations by more than 100,000 businesses that TTB regulates; facilitate fair and lawful domestic and international trade in the alcohol and tobacco commodities; and provide full and accurate alcohol beverage product information to the public as a means to prevent consumer deception. These activities support Treasury's Strategic Goal 1 (Boost U.S. Economic Growth) and Strategic Objective 1.3 (Trusted Currency and Services) to deliver trusted currency and services that enable citizens and businesses to participate in the economy as well as Strategic Objective 1.4 (Free and Fair Trade) to advance a free and fair trade environment for U.S. businesses.

Other Resources…...……………………...……………………………………$7,044,000
Unobligated Balances from the Prior Year………..………………………………..……….$3,783,000
Offsetting Collections/Reimbursables.…………………………………………………......…. $3,261,000
Other resources that support this budget activity include unobligated balances from the prior year appropriation; reimbursement for the operating costs of the TTB Puerto Rico field office, which are offset against the roughly $450 million in taxes collected on the alcohol beverage products that are manufactured in Puerto Rico and imported into the United States; reimbursement by the Community Development Financial Institutions Fund (CDFI) for TTB's IT services; and funding from the Department of the Treasury's Executive Office for Asset Forfeiture (TEOAF) mandatory account to cover investigative expenses, data systems, and training.

Description of Performance:
TTB uses a combination of measures to monitor the degree to which the bureau is meeting its established service standards for permit, label, and formula applications; its effectiveness in reducing error rates on applications to address processing delays caused by incomplete or non-compliant submissions; and the level of satisfaction that industry members have with TTB's online systems. TTB's strategies to achieve its performance targets for these measures include a combination of improving internal processes, modernizing its IT systems, streamlining application requirements, and providing clearer guidance to industry members.

TTB monitors its timeliness in processing permit applications through its measure of the *Percentage of Permit Applications Processed within Service Standards*. As businesses rely on accurate information related to TTB service delivery in their operational planning, this measure provides important data related to a key outcome for TTB and its stakeholders. In recent years, the volume of submissions, particularly in the more complex application types related to producing alcohol beverage products, has caused approval times to increase. Approval times spiked to an average of 122 days in FY 2016, and over 200 days for alcohol producer applications, creating potential financial hardships for these applicants. TTB started to reduce approval times in FY 2017 and, to build on these performance improvements, TTB and Treasury established a two-year Agency Priority Goal (APG) for FY 2018 – 2019 to improve the timeliness and consistency of service levels by reducing average processing times for new permit applications by 20 percent and achieving its service standard for 85 percent of applicants.
TTB met one of its two APG targets by the end of FY 2019, reducing average approval times by 20 percent from 96 days in FY 2017 to 75 days in FY 2019. However, TTB fell short of its second target to achieve the 75-day service standard for 85 percent of permit applicants. During the 35-day partial government shutdown, with industry continuing to file for Federal permit approval, the backlog of pending applications continued to increase and age. As a result, for FY 2019, TTB issued 58 percent of permit applications within its 75-day service standard.

Through focused recovery efforts, TTB made significant progress in the second half of the fiscal year in reducing the backlog of pending applications, from a high of nearly 3,000 applications in February 2019 to approximately 1,500 at year-end. These improvements brought down original application processing times for alcohol manufacturers from post-shutdown peaks of over 100 days, with TTB achieving an average of 84 days for FY 2019 for wineries, breweries, and distilleries. TTB ended the fiscal year with 68 percent of applications issued within 75 days in September 2019, which positions TTB to achieve this priority goal target in FY 2020.

Achieving and sustaining these performance improvements in FY 2020 and beyond will remain a challenge. With priority attention placed on reducing backlogs, TTB had to delay many of its crosscutting initiatives in FY 2019 to improve its permitting business processes. These initiatives will continue into next year and, through FY 2021, TTB will focus on achieving its performance target through Permits Online system enhancements and continued process improvements. These include implementing new permit application dashboards that display key metrics on the status and age of pending applications to support effective management of pending applications. TTB will also continue to update its procedures to screen permit applicants, refining the risk criteria, tools, and procedures used to vet applicants for suitability to hold a Federal permit. In fiscal years 2020 and 2021, TTB will continue to use the results of its field investigations to inform its risk factors to improve the timeliness and effectiveness of its business qualification process.

TTB measures the *Initial Error Rate on Permit Applications*, which tracks how many applications are submitted either incomplete or with errors, to develop directed strategies to maintain timely service by increasing the number of first-time permit application approvals. Errors increase the overall workload volume, requiring extensive back-and-forth with applicants to ensure the application is complete and verified, which adds to the total processing time. Over the last five years, TTB's ability to meet its service standard for new permit applications has been challenged by high error rates, which had persistently remained around 80 percent. Error rates are much higher for prospective breweries, wineries, and distilleries, which have more complex applications compared to non-manufacturers (i.e., wholesalers and importers). With the release of the redesigned Permits Online system and publication of extensive online guidance in FY 2018, as well as the permit application changes implemented to date, TTB was able to bend the curve on the high volume of applications submitted with errors. For FY 2019, the error rate on permit applications decreased to 71 percent, with improvements achieved across most application types.

Further, to improve both error rates and approval times, TTB continued to work with experts in Treasury to implement recommendations from a Lean Six Sigma review of its process for returning permit applications for corrections. In FY 2019, TTB piloted new tools and procedures to streamline the application return process and standardize internal procedures. In fiscal years 2020 and 2021, to continue making progress toward its target of 25 percent, TTB will finalize implementation of the identified process improvements, including increased standardization, effective workload balancing, and system enhancements, to provide greater consistency in reviews and improve industry interactions with TTB.

According to its measure of the *Percent of Electronically Filed Permit Applications*, which tracks the electronic filing rate for new business applications, TTB received 89 percent of permit applications via Permits Online in FY 2019. TTB attributes the year-to-year increase to TTB.gov improvements following the July 2018 release of the redesigned Permits Online system, which provided improved guidance for first-time filers to help them navigate the application process. These system changes, combined with the extensive outreach and online training for industry provided with the release, will support TTB in achieving its FY 2020 and FY 2021 targets of achieving and sustaining an electronic filing rate of 90 percent or greater and reducing the initial error rate on permit applications to 25 percent.

In alignment with its strategy to optimize its electronic filing systems, TTB measures *Customer Satisfaction with the Permits Online eGov System* through an e-mail survey to assess how satisfied businesses are in applying for a permit or registration through Permits Online. In FY 2019, system satisfaction rates decreased 9 percent, from 77 percent in FY 2018 to 68 percent in FY 2019. Notably, satisfaction rebounded significantly in Q4 FY 2019 to 73 percent, which correlates with improved permit approval times later in the year. Although still below the annual target of 80 percent, TTB expects the positive trend to continue in line with overall improvements in service levels, and as TTB initiates broader IT system modernization efforts in FY 2020 and FY 2021 to provide applicants with an integrated online filing experience. TTB will also focus on improving the level of service provided to customers seeking live assistance with the permit application process via TTB’s call center.

Broader changes to TTB’s application requirements, some of which will require rulemaking, are underway and may need to be fully implemented before TTB can achieve and sustain its targeted performance levels for FY 2020 and 2021. These actions are being informed by industry proposals submitted in response to the Department of the Treasury’s June 2017 Request for Information, which asked the public to submit views and recommendations for Treasury regulations that can be eliminated, modified, or streamlined to reduce burdens. In FY 2019, TTB continued to make progress towards simplifying and streamlining its permit applications. Using a multi-disciplinary team, TTB evaluated its permit requirements and developed recommendations to modernize and streamline applications based on TTB’s statutory responsibilities and enforcement needs. In FY 2019, TTB continued to implement application changes to reduce filing burden and, to date, has significantly shortened the Personnel Questionnaire and eliminated a number of application questions and required supporting documentation for many permit types.

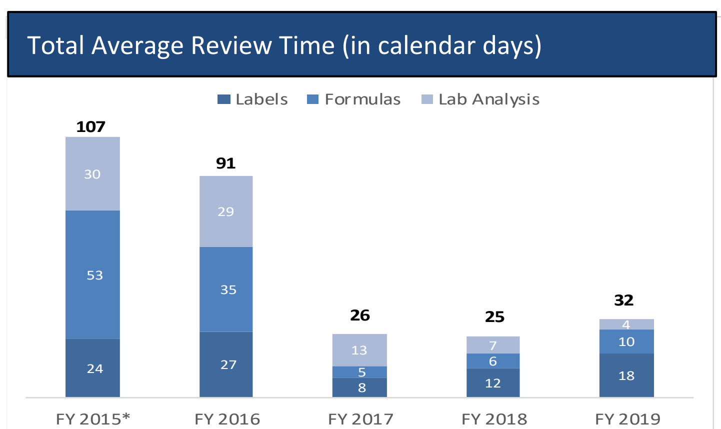
These efforts will carry forward into FY 2020, with ongoing evaluation of options to simplify the Federal permitting and registration process by reducing open text fields and requirements to upload supporting documentation, including those changes that can be implemented in advance of rulemaking. TTB intends to propose rulemaking in FY 2020 for more significant modifications to the permit application process, with the aim of substantial burden reductions both for industry and TTB in FY 2021. In addition to reducing compliance burdens, a key priority on the President’s Management Agenda, simplifying and clarifying TTB’s regulatory requirements should also result in a reduced volume of initial permit applications submitted with errors, which would contribute to improved approval times.

Given the importance of timely TTB approvals for alcohol beverage product labeling and the negative impact that delays have on U.S. businesses, TTB monitors its ability to provide timely and consistent service through its measure of the *Percentage of Alcohol Beverage Label and*

Formula Applications Processed within Service Standards. TTB combines label and formula applications in this measure given the interdependent nature of these approvals.

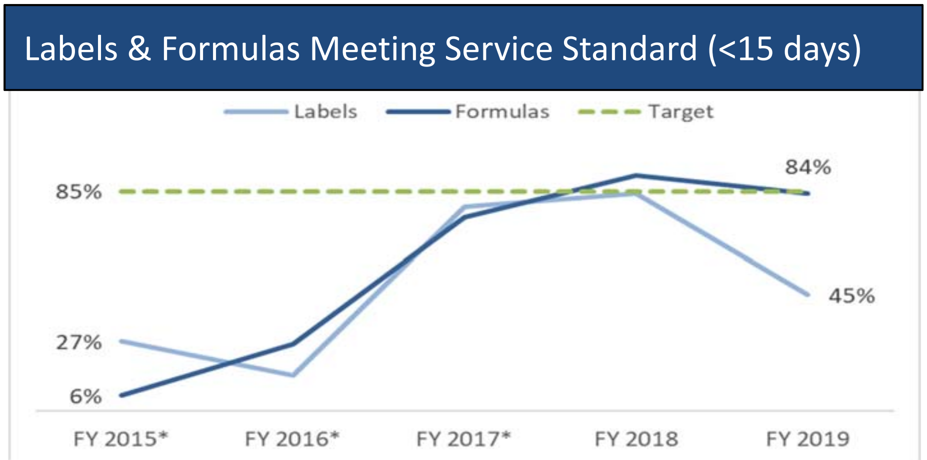
Significant increases in label and formula submissions that began late in FY 2017 continued in FY 2019, with TTB receiving nearly 199,000 label applications and well over 20,000 formula applications, reflecting the ongoing expansion and product innovation within the alcohol beverage industry. In just the last two years, submission volume has increased nearly 20 percent for labels and nearly 40 percent for formulas. Innovation in the craft beer and spirits sectors continues to drive growth in label applications, with an increase of approximately 10 percent for malt beverage and distilled spirits applications in FY 2019. Although all alcohol beverage commodities contributed to the increase in formula submissions, wine and malt beverage submissions increased at the fastest rate, up roughly 35 percent compared to last year, based on the use of innovative ingredients and market trends toward flavored products including cider, mead, and malt beverages.

In light of customer expectations, as well as planned process improvements supported by funding enacted in the FY 2019 budget directed toward accelerating approval times, TTB maintained its service standards for beverage alcohol labels and formulas at 15 days in FY 2019. Despite increased submission volume, the formulation area rebounded quickly from the government shutdown to reach targeted performance levels, and ended the year at 84 percent of formula applications meeting the 15-day standard, nearly meeting the target of 85 percent. This was achieved through effective monitoring and management of the application backlog combined with strategic workforce management to efficiently deploy staffing. However, despite employing similar strategies, label performance fell short of target in FY 2019. While TTB began the fiscal year with 85 percent of label applications meeting the 15-day service standard, results in subsequent quarters fell well below target and trended negatively quarter-to-quarter, with just 45 percent meeting the 15-day service standard as of year-end. Staffing turnover in labeling specialists coupled with the year-over-year increase in application submissions contributed to the challenges in recovering from the government shutdown. TTB expects results to trend positively in FY 2020 as backlogs are cleared through continuous queue management and strategic resource alignment. As a result, TTB expects to maintain its 15-day service standard for label and formula applications, and will work toward its FY 2020 and FY 2021 targets of meeting this standard for 85 percent of applications through strategic initiatives



*Estimated values

to upgrade online systems and guidance, with particular focus on reducing application errors that increase total workload and challenge timely processing.



*Adjusted historic data to reflect the 15-day service standard for FY 2018 to support trend analysis; see Part II, Goal 2 performance table for performance levels at annual service standards

Application errors are a key driver of label and formula processing times, as additional review is required for each resubmitted application. TTB relies on its measure of the *Initial Error Rate of Label and Formula Applications* to monitor error trends and evaluate the effect of system and guidance enhancements on first-time approvals. In FY 2019, approximately 37 percent of label and formula applications were submitted incomplete or with errors, falling short of the targeted performance level of 25 percent, although demonstrating year-to-year progress. TTB has continued to use a data-driven strategy to address frequent application errors, with the goal of increasing the number of applications that do not need to be returned for correction. In FY 2019, TTB implemented a new "conditionally approved" status in COLAs Online, enabling industry to accept minor technical changes to a label application without requiring a resubmission. Results indicate that the changes implemented to date have proven effective, with error rates dropping below 40 percent, and down 7 percent for formulas and 6 percent for labels since Q1 FY 2018.

In FY 2020 and FY 2021, at the requested funding level, TTB intends to reduce error rates by expanding and improving system-based validations and online guidance features. These include detailed examples of compliant label and formula submissions by commodity as well as web-based tools to make it easier for industry members to determine if their products require TTB formula approval. TTB also plans to continue to engage with industry trade associations to enhance its strategies for reducing targeted application errors. Further, TTB intends to update the information on processing times available to industry on TTB.gov, which will publish TTB's service standards to external customers and provide data on how error rates negatively affect processing times to incentivize correct submissions.

In addition, TTB continued its initiative to modernize Federal alcohol beverage labeling regulations to reflect current TTB policy and modern industry practices. In FY 2019, TTB published a notice of proposed rulemaking intended to consolidate, clarify, and simplify labeling requirements, which received approximately 1,200 industry comments. Through this rulemaking, TTB is seeking to provide additional guidance to industry that, combined with proposed burden-reducing measures, should contribute to more complete and accurate label and formula applications. TTB anticipates proceeding with final rulemaking in FY 2020 to codify certain proposals that are liberalizing and received broad industry consensus.

To be successful in these strategies, TTB must maintain high rates of electronic filing for label and formula applications. According to its measure of the *Percent of Electronically Filed Label and Formula Applications*, TTB now receives 99 percent of applications via COLAs Online and Formulas Online, indicating that continued focus on system validations is warranted and will support performance goals in increasing accurate applications and accelerating approval times. Going forward, at the FY 2021 requested funding level, TTB will continue to make iterative enhancements to COLAs Online and Formulas Online, informed by user testing and feedback, which will support advanced help features and system-based validations to reduce application errors.

System updates released in FY 2019 appear to have had limited influence on user satisfaction with TTB's electronic filing systems. Through its new measures of *Customer Satisfaction with COLAs Online* and *Customer Satisfaction with Formulas Online*, TTB monitors user satisfaction with the process of submitting an application through its eGov systems, collecting responses via e-mail survey to assess factors such as ease of access, guidance, and overall experience. In FY 2019, satisfaction rates decreased significantly, from 81 percent to 77 percent for COLAs Online users and 79 percent to 70 percent for Formulas Online users. TTB attributes these declines to industry dissatisfaction with increased processing times and other service challenges following the partial government shutdown, and anticipates that performance will improve through FY 2020 in line with service improvements. Further, TTB expects that planned system improvements and regular review of survey feedback in FY 2020 and FY 2021 will help TTB reach and sustain its user satisfaction target of 80 percent and continue to attract users to its online systems to maintain electronic filing rates above its target of 95 percent.

C – Changes in Performance Measures
TTB has no proposed changes to its performance measures.

D – Evidence-Building Activity
Through its Balanced Scorecard strategic management framework, TTB maintains a culture of continuous improvement that employs data to direct strategy, inform policy, and drive innovation to improve program delivery.

<u>Implementation of Craft Beverage Modernization Tax Reform Provisions</u>: Since the Craft Beverage Modernization and Tax Reform provisions of the TCJA took effect in January 2018, TTB has engaged in a data-driven enforcement approach, in coordination with CBP, to address the near-term revenue risk posed by the tax reform import-related provisions. In FY 2019, TTB focused its efforts on developing analytic tools using its tax data in conjunction with the information available through the International Trade Data System to timely detect imports improperly taking reduced rates or tax credits at the time of entry.

In FY 2020, with the extension of the craft beverage modernization provisions to December 31, 2020, TTB plans to further improve cooperation and information sharing with CBP to identify methods to timely detect and address potential issues, with a particular emphasis on maintaining oversight of controlled groups containing both domestic and foreign producers to ensure that the applicable reduced rate and tax credit limitations are not exceeded. TTB will also continue to leverage interagency partnerships, such as CBP's Commercial Targeting and Analysis Center, to increase the number and effectiveness of its analytics-driven cases, including through use of real-time data on the cross-border trade of TTB-regulated products to identify potential tax evasion and flag shipments for inspection by CBP at the ports.

Federal Permit/Registration/Notice Requirements: In FY 2019, TTB continued its evaluation of Federal application requirements for alcohol importers, wholesalers, and manufacturers and tobacco wholesalers and manufacturers. TTB used a multi-disciplinary team to conduct an internal evaluation of current permit application requirements to determine areas that could be eliminated or modified to reduce burden on industry and TTB without impeding effective screening and qualification processes to protect Federal revenues. Throughout the evaluation, TTB relied on interviews with subject matter experts as well as data, including application error rates and areas of frequent noncompliance in field investigations, to inform its analysis and recommendations. To date, several burden-reducing measures have already been implemented, with additional interim updates planned for FY 2020 until more significant changes can be made following the completion of planned rulemaking.

Federal Alcohol and Tobacco Tax Requirements: In FY 2019, TTB completed an initial evaluation of its tax return and operational report filing requirements. At present, resource-intensive manual analyses and reconciliation of multiple reports and returns, in combination with other data sources, are required to detect and address high-risk activity. TTB used a multi-disciplinary team to review its tax filings to lessen burden on industry while improving the information available to TTB for tax administration and incorporation into advanced analytics and other tools. The evaluation generated recommendations to significantly reduce requirements to decrease both the amount of information collected as well as the frequency with which it is collected. The evaluation also included recommendations to address increased risks to underreporting caused by recent tax reform provisions, recently extended to December 31, 2020. This multi-year initiative, which TTB will continue through FY 2021, will require form and regulatory updates to fully implement.

Section III – Additional Information

A – Summary of Capital Investments

Information Technology

TTB's Strategic Plan establishes the vision and objectives for the bureau in the business context. TTB's Information Technology (IT) Strategic Plan is a five-year plan based on its business strategy, which includes the bureau's mission, vision, goals, and objectives from an IT perspective. This plan charts the course the bureau will follow in the coming years to develop and implement IT solutions that are aimed at streamlining the collection of data, leveraging web technologies, and continuing to make the internet the method of choice for the reporting and exchanging of information between businesses and TTB. By aligning business and technical strategy, TTB is able to leverage technology to enable the bureau to meet its objectives in the most efficient and cost-effective manner while identifying ways to minimize system redundancy.

TTB has no major IT investments based on the OMB and the Department of Treasury criteria. Several non-major investments, however, directly support the mission, strategy, and day-to-day operations of the bureau. These include:

TTB Tax System: This investment consists of several component applications that ensure fair and proper collection of revenue from the industry members for alcohol, tobacco, firearms, and ammunition excise taxes and to ensure compliance with the excise tax regulations.

TTB Regulatory System: This investment includes applications that streamline the beverage and nonbeverage alcohol formula approval process and COLA issuance for tax and regulatory compliance.

TTB General Support Services: This investment provides TTB users with the infrastructure applications necessary to conduct daily business.

TTB Enterprise Architecture: This investment supports strategic management of IT operations (e.g., business process redesign efforts not part of an individual investment, enterprise architecture development, capital planning and investment control processes, procurement management, and IT policy development and implementation) and costs for Chief Information Officer functions.

In addition to leveraging IT to support the mission, strategy, and day-to-day operations of the bureau, TTB supports and maintains strategy alignment with OMB and Treasury through enterprise-wide IT initiatives. These include: Cyber Security; IT Infrastructure; Electronic Identity and Access Management (HSPD-12); Enterprise-wide Contracts and Services; and Program Metrics and Milestones.

Scientific Equipment for Laboratories

This investment will enable TTB's chemists to continue to provide accurate and reproducible scientific data and laboratory results to support regulatory compliance, tax enforcement, tax classification, rulemaking, and investigations for both the alcohol and tobacco commodities. Laboratory instruments require periodic replacement, as they have finite lifecycles due to use and as advances in scientific technology render older instruments obsolete. Periodic replacement of the existing technologies is essential for TTB laboratories to remain state-of-the-art and effective to support the bureau's mission, strategy, and day-to-day operations.

A summary of capital investments, including major information technology and non-technology investments, can be accessed at: https://home.treasury.gov/about/budget-financial-reporting-planning-and-performance/budget-requestannual-performance-plan-and-reports/summary-of-capital-investments.

Department of the Treasury
Bureau of the Fiscal Service

Congressional Budget Justification and Annual Performance Plan and Report

FY 2021

Table of Contents

Section I – Budget Request

A – Mission Statement

Promote the financial integrity and operational efficiency of the Federal Government through exceptional accounting, financing, collections, payments, and shared services.

B – Summary of the Request

The Bureau of the Fiscal Service (Fiscal Service) finances the Federal Government and touches the lives of every American. In FY 2019, Fiscal Service collected nearly $4.3 trillion in revenue, issued more than 1.2 billion payments to over 120 million Americans, and conducted 325 auctions that sold $11.7 trillion in Treasury securities to finance the Federal Government. Fiscal Service accounted for the Nation's $23 trillion public debt down to the penny, every day.

The FY 2021 request for the Fiscal Service is $360.2 million. The Budget ensures the viability of the government's National Financial Critical Infrastructure (NFCI) that finances Federal operations, collects revenue, disburses payments, and reports on the government's financial position. Because of Fiscal Service's central role in government-wide financial operations, the budget also supports Treasury's leadership in transforming Federal financial management to become more efficient, more accurate and deliver better service to citizens.

The Budget aligns closely with Treasury's strategic goal to transform government-wide financial stewardship by improving the accuracy and availability of financial information and implementing new, innovative financial practices. Included in the Budget are Fiscal Service's efforts to streamline the government's audit processes and reduce intra-governmental accounting differences that stand in the way of a clean audit opinion on the Financial Report of the U.S. Government. Throughout all of these initiatives, Fiscal Service integrates innovation and standardization to promote efficiency and achieve economies-of-scale. Fiscal Service has set ambitious goals for all-electronic transactions between the bureau, Federal agencies and the public to improve efficiency, security and enable the application of higher levels of automation, such as robotics and artificial intelligence. Supporting the President's Management Agenda, Fiscal Service is working within the Federal community to gain the long-term designation for the Sharing Quality Services CAP Goal's core financial management Quality Service Management Office. This office would be ultimately responsible for operating the Federal marketplace for quality core financial service offerings available to Federal agencies.

Treasury's strategic goal to achieve operational excellence by strengthening the resiliency of our infrastructure and enhancing the customer value and experience is also supported by the Budget. Included is an initiative to strengthen the bureau's cybersecurity posture by enhancing our ability to identify threats to the national critical infrastructure, counter them, and quickly reconstitute operations if necessary. Also included is our initiative to help Americans identify and recover their savings bonds that have matured, but remain unredeemed. Additionally, Fiscal Service leads Treasury's Agency Priority Goal to improve the public's experience by increasing electronic payments and reducing paper checks.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2019 Operating Plan		FY 2020 Enacted		FY 2021 Request		FY 2020 to FY 2021 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Accounting and Reporting	371	$95,175	384	$98,937	398	$102,877	3.6%	3.98%
Collections	156	$42,166	161	$37,948	161	$41,077	0.0%	8.25%
Payments	468	$117,581	486	$123,015	490	$121,519	0.8%	-1.22%
Retail Securities Services	388	$59,381	410	$58,403	412	$61,231	0.5%	4.84%
Wholesale Securities Services	112	$23,977	116	$21,977	116	$23,496	0.0%	6.91%
Matured Unredeemed Debt /1	0	$0	0	$25,000	5	$10,000	NA	-60.00%
Subtotal New Appropriated Resources	**1,495**	**$338,280**	**1,557**	**$365,280**	**1,582**	**$360,200**	**1.61%**	**-1.39%**
Other Resources								
Reimbursable	377	$384,771	412	$400,000	412	$402,000	0.0%	0.50%
Unobligated Balances from Prior Years	0	$71,815	0	$91,922	0	$99,922	NA	8.7%
Subtotal Other Resources	**377**	**$456,586**	**412**	**$491,922**	**412**	**$501,922**	**0.0%**	**2.03%**
Total Budgetary Resources	**1,872**	**794,866**	**1,969**	**$857,202**	**1,994**	**$862,122**	**1.27%**	**0.57%**

Note: FY 2019 Other Resources and Full-time Equivalents (FTE) reflect actuals.

/1 FY 2020 Enacted includes $25 million, available until expended, appropriated by P.L. 116-93, Consolidated Appropriations Act, 2020

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2020 Enacted /1	**1,557**	**$365,280**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$7,698
Pay Annualization (2020 3.1% average pay raise)	0	$1,666
Pay Raise (1.0% average pay raise)	0	$1,625
FERS Contribution Increase	0	$1,901
Non-Pay	0	$2,506
Non-Recurring Costs	0	($32,796)
Reduce Contractual Services	0	($7,796)
Matured Unredeemed Debt /1	0	($25,000)
Other Adjustments:	13	$1,805
Annualization of Hires	13	$1,805
Subtotal Changes to Base	13	($23,293)
FY 2021 Current Services	**1,570**	**$341,987**
Program Changes:		
Program Increases:	12	$18,213
Quality Service Management Office	7	$5,000
Cybersecurity	0	$3,213
Matured Unredeemed Debt	5	$10,000
FY 2021 President's Budget Request	**1,582**	**$360,200**

Note: /1 FY 2020 Enacted includes $25 million, available until expended, appropriated by P.L. 116-93, Consolidated Appropriations Act, 2020

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) ....+$7,698,000 / +0 FTE

Pay Annualization (3.1 percent) +$1,666,000 / +0 FTE

Funds are requested for annualization of the January 2020 3.1% average pay raise.

Pay Raise (1.0 percent in 2021) +$1,625,000 / +0 FTE
Funds are requested for a 1.0% average pay raise in January 2021.

FERS Contribution Increase +$1,901,000 / +0 FTE
Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2021.

Non-Pay +$2,506,000 / +0 FTE
Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Non-Recurring Costs………………..-$32,796,000 / -0 FTE
Reduce Contractual Services -$7,796,000 / -0 FTE
Reductions or realignments of Fiscal Service operations due to efficiencies identified in contracting support and to support the bureau's hiring plans.

Matured Unredeemed Debt -$25,000,000 / -0 FTE
United States Savings Bonds that have reached final maturity and stopped earning interest are considered Matured Unredeemed Debt (MUD). As of the end of FY 2019, the MUD balance had reached $25.7 billion. The Consolidated Appropriations Act, 2020, (P.L. 116-93) provided $25 million, available until expended, for the digitization of records of matured savings bonds that have not been redeemed. This adjustment removes the FY 2020 appropriation from the FY 2021 base. Continued MUD efforts in FY 2021 are included in the Program Increases section.

Other Adjustments………………..+$1,805,000 / +13 FTE
Annualization of Hires +$1,805,000 / +13 FTE
Funds are requested for annualization of salary and benefits for hires that occur during FY 2020. These hires support the bureau's hiring priorities to reach targeted staffing levels.

Program Increases ....+$18,213,000 / +12 FTE
Quality Service Management Office (QSMO) +$5,000,000 / +7 FTE
This funding supports the President's Management Agenda (PMA), and the Sharing Quality Services Cross-Agency Priority (CAP) Goal 5. The PMA, Sharing Quality Services CAP Goal 5 strives to achieve operational and performance cost savings across administrative services. In FY 2019, OMB pre-designated Department of the Treasury as the QSMO for Financial Management (FM). Fiscal Service is leveraging existing Treasury authorities and in-house expertise to create and implement a readiness assessment process for agencies and legacy financial management shared service providers. As guiding principles, Fiscal Service will operate with a focus on customer experience, promote the strategic value of data and deliver progress using agile processes.

Cybersecurity +$3,213,000 / +0 FTE
This request provides continued support of a phased approach to transition NFCI systems currently hosted and developed with outdated technology to new, more modern solutions that will support the security, resiliency, and agility efforts. Specifically, additional funding is requested to expedite the transition of the Trusted Internet Connection to co-located data centers, which provides secure connectivity for data and information. Additional funding will also

support enhanced data encryption and other remediation efforts identified through the bureau's on-going Cyber Clean initiative. These efforts are critical to allowing Fiscal Service to accelerate cloud adoption, which will provide for enhanced security as well as improved availability, reliability, and resiliency of information services.

Matured Unredeemed Debt (MUD) +$10,000,000 / +5 FTE
Funds are requested to continue efforts to encourage bond owners to cash their matured, unredeemed savings bonds. Encouraging bond holders to cash their savings bonds does present challenges. In December 2019, Fiscal Service implemented its Treasury Hunt® search tool, which is an online tool that makes searching the status of Treasury bonds simpler by allowing individuals to discover if they have savings bonds issued in 1974 or later that have matured and are no longer earning interest. While 85 percent of the MUD balance is from bonds issued in 1974 and later, the quality of many of the paper records make it difficult to determine bond holder information. These documents are not machine-readable, thus making it difficult to index and search. In December 2019, Fiscal Service hosted a series of industry days to learn more about the options to digitize and index these records and where to prioritize efforts. Funding is requested to continue to help bond owners redeem their bonds and improve Treasury's ability to provide more searchable records through:

- Process improvements for cashing savings bonds, including digital options, with a focus on Matured Unredeemed Debt
- Improved ease of use and accessibility of new online search tools, ultimately resulting in expanded customer awareness of Matured Unredeemed Debt
- Expanded outreach to states and bondholders about Matured Unredeemed Debt
- Continuing efforts to digitize and index savings bond records

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2019 Actual Obligations	FY 2020 Estimated Obligations	FY 2021 Estimated Obligations
11.1 - Full-time permanent	178,289	186,910	193,211
11.3 - Other than full-time permanent	180	189	190
11.5 - Other personnel compensation	4,527	5,543	5,556
11.9 - Personnel Compensation (Total)	**182,996**	**192,642**	**198,957**
12.0 - Personnel benefits	62,123	69,337	72,730
13.0 - Benefits for former personnel	275	100	100
Total Personnel and Compensation Benefits	**$245,394**	**$262,079**	**$271,787**
21.0 - Travel and transportation of persons	2,651	2,986	2,665
22.0 - Transportation of things	106	111	113
23.1 - Rental payments to GSA	24,544	25,960	26,968
23.2 - Rental payments to others	11	45	46
23.3 - Communications, utilities, and miscellaneous charges	39,623	42,123	41,810
24.0 - Printing and reproduction	127	137	140
25.1 - Advisory and assistance services	68,188	65,305	68,603
25.2 - Other services from non-Federal sources	23,939	19,374	19,760
25.3 - Other goods and services from Federal sources	299,252	318,332	312,895
25.4 - Operation and maintenance of facilities	1,646	2,172	2,075
25.7 - Operation and maintenance of equipment	9,474	9,813	9,951
26.0 - Supplies and materials	3,961	4,332	4,050
31.0 - Equipment	4,295	4,477	4,302
32.0 - Land and structures	440	34	35
Total Non-Personnel	**$478,257**	**$495,201**	**$493,413**
Total Obligations *	**$723,651**	**$757,280**	**$765,200**

Full-time Equivalents (FTE)	**1,872**	**1,969**	**1,994**

Note: *Of the $25 million appropriation for Matured Unredeemed Debt, obligations are estimated at $17 million in FY 2020, $6 million in FY 2021 $2 million in FY 2022.

Amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY BUREAU OF THE FISCAL SERVICE *Federal Funds* SALARIES AND EXPENSES	
For necessary expenses of operations of the Bureau of the Fiscal Service, [$340,280,000]*$360,200,000*; of which not *less than $10,000,000, to remain available until September 30, 2023, is for expenses associated with the redemption of matured savings bonds that have not been redeemed; of which not* to exceed $8,000,000, to remain available until September 30, [2022]*2023*, is for information systems modernization initiatives; and of which $5,000 shall be available for official reception and representation expenses. In addition, $165,000, to be derived from the Oil Spill Liability Trust Fund to reimburse administrative and personnel expenses for financial management of the Fund, as authorized by section 1012 of Public Law 101–380. *(Department of the Treasury Appropriations Act, 2020.)*	Provides $10 million, available through FY 2023, to assist in the redemption of matured savings bonds.

<u>Federal Reserve Bank Permanent, Indefinite Appropriation</u>

The Federal Reserve Banks (FRBs) act as fiscal agents of the United States when directed by the Secretary of the Treasury in accordance with 12 United States Code (U.S.C.) 391. Under this account, the FRBs support fiscal operations unrelated to the administration of the public debt and provides banking and financial services on behalf of the United States Treasury. Specifically, this account supports the accounting and reporting, collections, payments, and debt collection programs. These, and other programs, are vital to the NFCI, Fiscal Service's strategic goals, and the expansion of e-government efforts to reduce costs, improve accuracy and increase options available to citizens to conduct transactions with the Federal Government. Fiscal Service estimates that the cost of FRB services for FY 2021 will be approximately $645.5 million.

<u>Reimbursements to the Federal Reserve Banks</u>

Public Law (P.L.) 101-509, 104 Stat. 1389, 1394 (1990), established a permanent, indefinite appropriation to pay such sums as necessary to reimburse the FRBs for acting as fiscal agents. This account was further defined in FY 1992 to solely support those activities related to the administration of the public debt. Funding for FY 2021 is estimated at $176.8 million.

<u>Financial Agent Services Permanent, Indefinite Appropriation</u>

Congress has given the Secretary of the Treasury authority to deposit money in financial institutions and obtain banking services by designating financial institutions to act/serve as Financial Agents (FAs) of the United States. The services support many Fiscal Service programs, such as accounting and reporting, collections, payments, and debt collection. The services provided by the FAs are authorized under numerous statutes including, but not limited to, 12 U.S.C. 90 and 265.

Fiscal Service estimates that the cost of FA services for FY 2021 will be approximately $864.1 million, which includes $1.3 million for Government Sponsored Enterprise - Mortgage Backed Securities administrative costs.

<u>Government Losses in Shipment</u>

P. L. 103-329 established a permanent, indefinite appropriation to pay such sums as necessary to make payments for the replacement of valuables, or the value thereof, lost, destroyed, or damaged in the course of United States Government shipments. The Government Losses in Shipment Act (the Act) was enacted July 8, 1937 to dispense with the necessity for insurance by the government against loss or damage to valuables in shipment and for other purposes. The Act was amended in 1943 to cover losses resulting from the redemption of savings bonds (for example, stolen bonds that were fraudulently negotiated even though the paying agent followed identification guidelines established by the Treasury). All authority of the Treasury under the Act has been delegated to the Fiscal Service Commissioner. In FY 2021, the funding estimated to support payments for the replacement of valuables is approximately $2 million.

1.4 – Permanent, Indefinite Appropriations Table

Dollars in Thousands

Permanent, Indefinite Appropriation	FY 2019 Actuals	FY 2020 Estimated	FY 2021 Request
Federal Reserve Bank [1]	$603,613	$622,786	$645,520
Reimbursements to the Federal Reserve Banks	$154,557	$170,615	$176,799
Financial Agent Services [1, 2]	$836,239	$848,400	$864,052
Government Losses in Shipment	$1,088	$2,204	$2,015

[1] Approximately $77M is reimbursed from other government agencies and deposited into the General Fund each year.

[2] FY 2019 - FY 2021 include $1.3M per year for the Government Sponsored Enterprise - Mortgage Backed Securities administrative costs.

E – Legislative Proposals

1. Give the Do Not Pay (DNP) Business Center the direct authority to acquire (designate) publicly available data sources to include in DNP for the prevention, identification, and recovery of improper payments. *Total increase in improper payments identified by Treasury: $35 million over 10 years.*

This proposal gives the Secretary of the Treasury (Secretary) the authority to acquire or designate publicly available data sources for DNP to expedite designating publicly available data source for the purposes of preventing, identifying, and recovering improper payments for Federal agencies. This authority will provide more efficient access for DNP's analytics services and shorten the timeframe for the designation and the acquisition of publicly available data sources.

2. Allow Treasury to access the Death Master File for improper payment purposes. *Total increase in improper payments identified by Treasury: $25.3 million over 10 years.*

This proposal authorizes the Secretary to access the full (restricted) file of death information that the Social Security Administration (SSA) maintains, which includes State-reported death data, for purposes of administering the Do Not Pay (DNP) Business Center and preventing, identifying, and recovering improper payments for Federal agencies. Such access would permit the Secretary to assist paying agencies in comparing information from the Full Death Master File with data about persons receiving Federal payments and identify individuals who are ineligible to receive payments or who are receiving erroneous payments. Treasury and SSA would collaborate to determine the most efficient means of exercising this authority.

3. Give the Do Not Pay Business Center (DNP) increased authority to expand its user base to include other Federally funded government entities, such as Federally funded state administered programs. *Total increase in improper payments identified by Treasury: $21 billion over 10 years.*

This proposal gives the Secretary of the Treasury (Secretary), in coordination with OMB, the authority to work with other federally funded government entities that play a role in preventing and detecting improper payments in federally funded state administered programs. Such authority would permit the Secretary to work with OMB to select customers that DNP determines can successfully assist in preventing and reducing improper payments.

4. Expand Treasury's authority to access the National Directory of New Hires (NDNH) to include prevention, identification, and recovery of improper payments. *Total increase in improper payments identified by Treasury: $3.24 billion over 10 years.*

This proposal expands Treasury's authority to access the National Directory of New Hires (NDNH) to help prevent, identify and recover improper payments. The Social Security Act specifies which agencies may receive information from the database and the limited purposes for which disclosures are permitted. Under the current law, the Secretary of the Treasury has access to information in the NDNH for debt collection purposes. This proposal expands the Secretary's access to information in the NDNH to include the purposes of preventing, identifying, and recovering improper payments for Federal agencies.

Such access would permit the Secretary to assist paying agencies that are currently authorized by the Social Security Act to access NDNH, in comparing information from the NDNH with data about persons receiving Federal payments and identify individuals who are ineligible to receive payments or who are receiving erroneous payments. Treasury and the Department of Health and Human Services will continue to work together to determine Do Not Pay’s appropriate role in carrying out this authority.

5. Expand the Treasury Offset Program to increase debt collections. *Estimated Recoveries: Tax debt collections: Between $960 million and $1.24 billion over 10 years.*

The State Reciprocal Program (SRP), a component of the Treasury Offset Program (TOP), permits states to collect their debts through the offset of Federal non-tax payments in exchange for permitting TOP to collect Federal non-tax debts through the offset of state payments. This joint Internal Revenue Service-Bureau of the Fiscal Service proposal expands the SRP by authorizing the continuous levy of state payments to collect Federal tax debts in two key ways. First, for states participating in the SRP, state payments subject to levy under this proposal could include state tax refunds, vendor payments, and payments to Medicaid service providers. Second, the proposal allows the offset of Federal tax refund payments to collect state debts. This would encourage states to participate (or more fully participate) in the SRP. Currently, under the SRP, states may only collect their debts from Federal non-tax payments and states may collect only certain debts through offset of Federal tax refunds (i.e., income tax, unemployment compensation, and child support debts). The proposal authorizes the Secretary of the Treasury, in consultation with affected agencies, such as the Department of Health and Human Services, to issue regulations to permit the collection of additional state debts through the offset of Federal tax refund payments when the Secretary determines it is both feasible and beneficial, giving special consideration to debts owed to states under Federally-funded programs such as Medicaid.

6. Fund the Federal Payment Levy Program via collections. *Estimated costs: $220 million in Fiscal Service costs to operate the Tax Levy Program in TOP over 10 years. Fiscal Service is currently being reimbursed for this cost from IRS appropriated funding.*

This proposal would allow the Fiscal Service to retain a portion of the funds collected under the Bureau's Federal Payment Levy Program (FPLP) which processes and collects delinquent tax debts through the Treasury Offset Program (TOP). TOP currently recoups its costs from retained amounts for all its programs except for the FPLP. Under current law, the IRS must pay these costs through annual reimbursement agreements under the Economy Act. This proposal would make the FPLP consistent with other TOP programs. Delinquent taxpayers will not be impacted by the proposal, because they will receive credit for the full amount collected. This proposal creates efficiencies, because it allows the Fiscal Service to recover its FPLP costs in the same manner as other TOP programs.

7. Increase collections of delinquent state income tax debt. *Estimated recoveries: $2.3 billion in state taxes over 10 years. These funds would go to the states. This proposal is revenue neutral for Federal scoring purposes.*

Under current law, the Bureau of the Fiscal Service may offset Federal tax refunds to collect delinquent state income tax obligations but only if the delinquent taxpayer resides in the state collecting the tax.

This proposal amends section 6402(e) of the Internal Revenue Code to allow the Fiscal Service to offset Federal income tax refunds to collect delinquent state tax obligations regardless of where the debtor resides. Fiscal Service also benefits with increased economies of scale due to greater processing volume.

8. Reduce costs for states collecting delinquent income tax obligations. *Estimated savings: $140.8 million for states over 10 years. This proposal is revenue neutral for Federal scoring purposes.*

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

This proposal amends Internal Revenue Code section 6402(e) to allow the Fiscal Service to amend its regulations to permit states to send notices for state income tax obligations by first class mail, saving states certified mail costs and standardizing notice procedures across debt types.

9. Increase and streamline recovery of unclaimed assets owed to the United States by authorizing Treasury to locate and recover assets of the United States and to retain a portion of amounts collected to pay for the costs of recovery. *Estimated recoveries: $62 million over 10 years.*

This proposal amends 31 U.S.C. § 3711 to authorize Treasury to use its resources to recover unclaimed assets of the United States. States and other entities hold assets in the name of the United States or in the name of departments, agencies and other subdivisions of the Federal Government. Many agencies are not recovering these assets due to a lack of expertise and funding. Under current authority, Treasury collects delinquent debts owed to the United States and retains a portion of collections, which is the sole source of funding for its debt collection operations. While unclaimed Federal assets are generally not considered to be delinquent debts, Treasury’s debt collection operations personnel have the skills and training to recover these assets.

Section II – Annual Performance Plan and Report

A – Strategic Alignment
Everything Fiscal Service does aligns to Treasury's Strategic Goal 4: Transform Government-wide Financial Stewardship and Goal 5: Achieve Operational Excellence and directly supports the bureau's strategic goals:

- Goal 1 - Operational Excellence: Maintain agile, efficient, and resilient programs to meet the financial management needs of the Federal Government
- Goal 2 - Innovation and Customer Experience: Deliver innovative financial management solutions that provide a modern, seamless customer experience
- Goal 3 - Our Workforce: Develop, retain, and empower the best and brightest talent to support Federal financial management
- Goal 4 - Data Integrity and Transparency: Increase transparency and public trust in Federal financial management data
- Goal 5 - Financial Management Community: Provide the financial management community the financial tools and capabilities so they can further support their agencies' missions

Fiscal Service fulfills its mission and vision through appropriated budget activities (Accounting and Reporting, Collections, Payments, Retail Securities Services, Wholesale Securities Services, and Matured Unredeemed Debt) and one mandatory budget activity (Debt Collection) funded through delinquent debt collection revenue. These budget activities align to two Treasury Strategic Goals: Transform Government-wide Financial Stewardship and Achieve Operational Excellence as well as four CAP Goals: Data, Accountability and Transparency; Improving Customer Service; Sharing Quality Services; and Getting Payments Right. More specifically, Fiscal Service supports the following Treasury Strategic Goals and Objectives:

Treasury Strategic Goal 4: Transform Government-wide Financial Stewardship
4.1 – Financial Data Access/Use: Strengthen government-wide decision-making and accountability by increasing access to and use of government financial data.

Accounting and Reporting:

- *Enterprise Data Strategy*: In FY 2018, Fiscal Service established goals and objectives for the next five years, including increasing the "value and availability of our Federal financial data to advance sound decision-making and insights." The Fiscal Service enterprise data strategy communicates a path to change the organization's treatment of data from a transactional resource to a strategic asset for decision-making and insights, both internally and externally. This strategy is aligned to CAP Goal 2, Data, Accountability, and Transparency. In FY 2019, the Data Transparency team successfully launched a new digital guide to citizens called *Your Guide to America's Finances*. The effort made Federal financial data more accessible to the American Public by translating complicated aspects of Federal finance into a simple, straightforward, and engaging tool. The data strategy advances the adoption of Federal financial data standards within the established inter-agency governance structure, promotes the use of consistent data for decision-making, and builds upon and leverages successes and lessons learned from the DATA Act implementation process. The data strategy also promotes interoperability among data sources, helps to reduce duplication, build common and shared solutions, and improve data quality. As a result, the data strategy creates an increased focus on financial data analytics to make data more useful and identify best practices to putting data to work.

- *General Fund Audit*: Fiscal Service will pursue a clean audit opinion on the Financial Report of the U.S. Government (FR) by fully implementing a remediation plan. Key among these remediation efforts is attaining auditability of the General Fund of the United States Government. Achieving a clean audit opinion will increase confidence and reliance on government-wide financial management data and improve stewardship of taxpayer resources. In 2019, Fiscal Service identified items that are impairing the General Fund's auditability through the completion of the first ever audit of the General Fund of the U.S. Government, conducted by the Government Accountability Office (GAO).

- *G-Invoicing Initiative*: Fiscal Service is working to improve the quality and reliability of Intragovernmental (IGT) buy/sell data through electronic government invoicing (G-Invoicing). This initiative will shift from the current paper-based approach to electronic agreement between agencies within the Federal Government for services performed on their behalf. In FY 2019, G-Invoicing updates were implemented to enable electronic initiation of interagency agreements government-wide. Fiscal Service will continue to work with the agency financial and acquisition communities to be sure that G-Invoicing meets the business needs, regulatory, and policy framework of both communities.

- *Modernize and streamline Federal reporting and audit model:* This priority will modernize the Financial Report (FR) preparation process to improve data quality and reduce agency burden. Through collaboration with the Government Accountability Office (GAO), Office of Management and Budget (OMB), Treasury, and Federal program agencies, Fiscal Service will pursue a more useful FR and look for opportunities to streamline and modernize the underlying reporting and audit processes that have been in place for several years. This initiative has eliminated 40 closing package audits and will include collaboration with the Chief Financial Officer (CFO) community to identify further improvement initiatives.

Payments:

- *Analytics Expansion*: The DNP Business Center and the Payment Integrity Center of Excellence (PICOE) play a significant role in helping agencies address the government-wide problem of improper payments that result in monetary loss estimated at $74.6 billion in FY 2019 and directly supports CAP Goal 9, Getting Payments Right. With analytics services, product offerings, and data sources to agency customers, DNP and the PICOE can help agencies detect and prevent a broader range and increased amount of improper payments. In FY 2019, DNP expanded services to offer agencies data analytics to assist them in their effort to more effectively identify and prevent improper payments. There was a record-breaking $9.7 billion in delinquent debt collections in FY2019, representing a 28 percent increase over the $7.6 billion collected in FY2018. These collections turned an anticipated revenue/cost deficit into a surplus and were due in large part to improved, regular referral of delinquent Education debts which will impact future forecasts positively for several years. The total collections in FY 2019 may be slightly higher than the next few years as the initial, large, high dollar backlog is slowly paid off ($9.3 billion from Treasury Offset Program and $0.4 billion from Cross-Servicing Program).

In FY 2020, Fiscal Service will continue to provide business insight and solutions that assist government agencies in identifying, preventing, and recovering improper payments through PICOE. PICOE will work to test new partnerships to assist with recovery, prevention, and prosecution efforts; and work with Federal agencies and other partners to make payments right the first time, thereby improving the public trust and the integrity of government-wide financial transactions. For FY 2021, Fiscal Service requests several legislative changes that will strengthen our ability to help agencies detect and prevent monetary loss associated with improper payments.

Fiscal Service ensures payment integrity by managing payment transactions that are misdirected or otherwise require intervention. In FY 2019, these transactions represented approximately $15.9 billion, and might have been erroneously spent if the transactions had not been recovered and/or corrected through robust post-payment controls. Further, using analytics and partnering with various stakeholders, Fiscal Service supported the investigation and prosecution of more than 460 cases of misdirected payments caused by forgery, altered checks, multiple mobile deposits, deceased payee fraud, and potential mail fraud.

4.2 – Debt Management: Fund the Federal Government at the least cost over time.

Auctions:

- *Modernize Auctions Application:* Fiscal Service's auction program finances government operations by offering Treasury securities through secure electronic systems. The auction program will continue work on the multi-year effort to modernize the auction application software in FY 2021 to ensure that critical auction processes continue to work flawlessly, remain secure, and operate without service disruptions.

4.3 – Federal Financial Performance: Improve Federal financial management performance using innovative practices to support effective government.

All Budget Activities:

- *Innovative Financial Management Solutions*: Fiscal Service envisions a future of improved efficiency, enhanced customer experience, and greater data transparency. Innovation is a central component in the bureau's strategy for achieving the vision. Financial technology (FinTech) is transforming how financial services are delivered. The Office of Financial Innovation and Transformation (FIT) was created to accelerate the adoption of FinTech to the financial management processes of the Federal Government. FIT continues to make progress in fostering innovations that improve the efficiency, quality of service and accuracy of Federal financial management, and promoting their adoption among Federal agencies.

- *Robotics:* FIT has identified robotic process automation (RPA) as an effective technology for improving the efficiency of financial operations. Throughout FY 2019, FIT championed this technology, encouraging several agencies to launch RPA efforts. FIT created an innovation program that launched RPA pilot tests at the National Science Foundation and the Department of the Interior. Within the bureau, FIT worked with Fiscal Accounting to standup a robotic processing center of excellence that has deployed 30 'bots' into production and, now, assists other bureau offices in developing 'bots' to improve internal efficiency. In

FY 2020, FIT is building on its robotics work to include the application of artificial intelligence and the development of 'chat bots' that automate the customer-facing interactions performed at the bureau's many call centers.

- *Data Analytics:* In FY 2019, FIT worked with the CFO Council to develop Program Integrity: The Antifraud Playbook for use by the entire financial management community, including Federal, state, and local agencies. The playbook provides practical guidance, leading practices, and helpful resources for agencies to establish and apply more advanced data analytic techniques to reduce the amount of money lost through improper payments. In FY 2020, to promote inter-agency sharing of best practices, FIT will complete an inventory of fraud analytics techniques used by Federal agencies.

- *Distributed Ledger Technology:* In FY 2019, FIT launched a proof of concept test of Distributed Ledger Technology to improve the controls and reporting of letter of credit payments made to Federal grantees. Partnering with the National Science Foundation, the project is the first application of this technology to a payments process. In FY 2020, FIT and National Science Foundation will analyze the results of the proof of concept test to determine the extent to which the new technology improves payment integrity and accuracy, reduces reporting burden, and improves the payments to grantees.

- *Streamlining financial management guidance to Federal agencies:* In FY 2019, FIT launched multiple interlocking initiatives transforming how Fiscal Service provides guidance to the hundreds of Federal agencies that use the bureau's financial management services. The purpose of this effort is to reduce unnecessary effort because of unclear guidance, promote standard practices and encourage the adoption of centrally provided services. The centerpiece of this effort is Financial Management Standards Committee (FMSC) of Deputy CFOs from the 24 CFO Act agencies. In FY 2019, the FMSC was instrumental in developing the standards for the G-Invoicing solution to reduce intragovernmental differences. In FY 2020, FIT will engage agencies in re-engineering guidance that the bureau provides agencies through the Treasury Financial Manual.

Treasury Strategic Goal 5: Achieve Operational Excellence

5.1 – Workforce Management: Foster a culture of innovation to hire, engage, develop, and optimize a diverse workforce with the competencies necessary to accomplish Treasury's mission.

All Budget Activities:

- *Financial Management Talent*: Fiscal Service has a goal to develop, retain, and empower the best talent to support Federal financial management. Fiscal Service continues to support this goal through several initiatives designed to increase leadership and operational competencies, improve communication across the workforce, and support collaboration and employee engagement. These efforts include: a Fiscal Service culture strategy, moving operations to field locations, a bureau-wide position management review designed to ensure position accuracy and consistency across all locations, a Commissioner's Scholarship Program, the encouragement of all employees to receive 40 hours of training per year to reinforce the development of key competencies across the workforce, and structured succession planning activities to establish sufficient bench strength for future leadership opportunities.

Fiscal Service's 2019 Federal Employee Viewpoint Survey results improved (58 questions) or remained steady (10 questions) in 68 of the 71 core questions. Fiscal Service also saw progress over 2018 in the employee engagement, diversity and inclusion, overall satisfaction, and global satisfaction indices. Fiscal Service will continue to identify opportunities to improve employee engagement and develop action plans focused on these activities.

In FY 2019, Fiscal Service implemented a new hiring process that integrates budget and human capital processes to identify and prioritize the most critical hiring needs within our funding levels and improved our understanding of workforce gaps and their related operational and strategic risks and impacts. In FY 2020, a bureau-wide Workforce plan will be finalized by the Chief Human Capital Officer, providing a roadmap for building a workforce to allow for mission accomplishment, achievement of the bureau's priorities and initiatives, and ensuring diversity and inclusion.

5.2 – Treasury Infrastructure: Better enable mission delivery by improving the reliability, security, and resiliency of Treasury's infrastructure.

<u>All Budget Activities</u>:

- *Modernize IT Infrastructure and Technology Service Delivery:* Fiscal Service will continue its progress in modernizing the bureau's IT infrastructure and technology service delivery (to include cloud adoption). This will be accomplished by implementing enterprise-scale foundational technology services and enhancing IT portfolio management practices as well as cybersecurity posture across the enterprise.

  FY 2020 objectives include establishing an IT Modernization Program Management Office, as well as implementing an enterprise hosting strategy. FY 2021 objectives include increasing the ability to accommodate changes in volume and demand, improving customer experience, adding new business capabilities, and promoting faster time to market for IT customers. These resource utilization strategies and implementation approaches were designed to achieve operational excellence, support the transformation of government-wide financial stewardship, accomplish PMA IT Modernization goals, and align with the vision set forth in the Future of Federal Financial Management.

- *Implement Enterprise-scale Foundational Technology Services:* Implementing enterprise-scale foundational technology services which incorporate incident response, logging/event aggregation, identity and access management, network access, and the public key infrastructure will secure environments across multiple hosting platforms. Fiscal Service plans to utilize services and capabilities that are standardized, portable, reusable, scalable, and resilient through the implementation of agile practices and the increase of automation, including the capability for automated deployment. Automated deployment is the capability of deploying applications, infrastructure changes, patches, and databases with tools and scripts, allowing simple, common tasks to be cloned and shared across multiple applications, with little to no additional development or human interaction. This strategy includes use of the cloud and other secure hosted solutions.

- *Enhance the Bureau's Cybersecurity Posture:* Optimized cybersecurity operations with coordinated and embedded security across a distributed and shared infrastructure ensures the resiliency to identify, protect, detect, respond, and recover. This includes identifying our critical information and systems, identifying a reconstitution priority order of those systems, identifying an appropriate risk appetite, and establishing thorough business continuity and disaster recovery plans. If cyber-attacks materialize, our goal is to contain the incident while still accomplishing the organization's mission and protecting the data for which our organization has been entrusted.

5.3 – Customer Value and Experience: Enhance the experience of interacting with Treasury by providing high quality products and services and by delivering excellent customer service.

Collections and Payments:

- *Electronic Solutions*: Fiscal Service will work to reduce the number of lockboxes used in the Federal Government to process manual collections by streamlining and consolidating facilities, continuing to transition paper processing to electronic solutions, and improving manual processing efficiencies through new technologies such as RPA and intelligent character recognition. All lockboxes process paper payments (mailed in checks) on behalf of government agencies. The process is labor intensive in terms of sorting mail, opening mail, and keying in the data. We rely on high-speed machinery to assist with most of these tasks. The lockboxes employ thousands of temporary staff during peak seasons to assist with processing the mail. Currently, the Tax Lockboxes process paper tax payments and associated information on behalf of the Internal Revenue Service (IRS). The network is comprised of three financial agents, which process paper tax payments at five locations across the country. The FY 2019 volume for the Tax Lockbox totaled 49,672,962. The Passport Lockboxes processes paper Passport payments and associated information on behalf of the Department of State. The network is comprised of one financial agent which processes paper Passport applications and payments at three locations across the country. The FY 2019 volume for the Passport Lockbox totaled 16,435,607. In FY 2019, Fiscal Service completed the transition of General Lockbox Network (GLN) cash flows, consolidating the GLN from four sites to two, and from three Financial Agents (FAs) to one. The FY 2019 volume for GLN totaled 28,765,365. In FY 2020, Fiscal Service will pilot the U.S. Citizenship and Immigration Services document handling solution and expand RPA in the Passport Lockbox Network. At the same time, Fiscal Service will implement steps to transition Tax Lockbox Network cash flows from five sites to three, and from three FAs to two (for completion in FY 2021).

- *Centralize Federal Disbursing*: Through this initiative, Fiscal Service will further consolidate the disbursement of Federal payments. The Federal Government disburses over 1.4 billion payments annually to recipients throughout the world. Currently, Fiscal Service disburses 87 percent of these payments, with the remaining 13 percent being disbursed by non-Treasury disbursing offices, which includes the Department of Defense as our largest non-disbursing Agency. Further consolidating disbursement at Fiscal Service will eliminate redundancies, streamline end-to-end payment processing, and lower government-wide costs. Fiscal Service's goal is for 95 percent of Federal payments to be Treasury-disbursed by the end of FY 2021.

B – Budget and Performance by Budget Activity

2.1.1 – Accounting and Reporting Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	$104,600	$113,413	$108,312	$95,822	$95,175	$98,937	$102,877
Reimbursable Resources	$10,256	$24,155	$23,800	$18,923	$20,114	$21,214	$21,547
Budget Activity Total	**$114,856**	**$137,568**	**$132,112**	**$114,745**	**$115,289**	**$120,151**	**$124,424**
Full-time Equivalents (FTE)	**374**	**425**	**381**	**400**	**373**	**386**	**400**

Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Percentage of Government-wide Accounting Reports Issued Timely (%)	99.5	100.0	100.0	100.0	99.6	98.0	99.5	99.5

Note: The FY 2015 - FY 2019 appropriated resources represents the approved operating plan. The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents and reimbursables.

Accounting and Reporting Budget and Performance

($102,877,000 from direct appropriations, $21,547,000 from reimbursable sources):
Fiscal Service has the critical responsibility of maintaining the Federal Government's set of accounts and serving as the repository of information about the financial position of the United States Government. The bureau closely monitors the government's monetary assets and liabilities at all times through its oversight of central accounting and reporting systems. Fiscal Service oversight responsibilities include helping Federal agencies use uniform accounting and reporting standards and systems and assuring the continuous exchange of financial information between Federal agencies, OMB, and financial institutions. The bureau also gathers and publishes government-wide financial information for use in establishing fiscal and debt management policies as well as to allow the public and private sectors to monitor the government's financial status.

For the FY 2018 Financial Report, Fiscal Service remediated two audit recommendations. As part of the Central Accounting program, Fiscal Service:

- Produced timely and accurate financial information by operating and overseeing the government's Central Accounting Reporting System and managing $127.4 billion in daily Federal cash flows
- Generated and disseminated timely (99.6 percent) reports and information required by law on the financial condition and budget results of the U.S. government, including the Daily Treasury Statement, Monthly Treasury Statement, Monthly Statement of the Public Debt, Treasury Bulletins, the Combined Statement of the United States Government, and the FR
- Issued the annual, audited Schedules of Federal Debt (Schedules) that report on the single largest Federal liability in Treasury's annual Agency Financial Report and received an unmodified opinion for each of the past 23 years

- Managed nearly $53.81 billion in State and Local Government Series (SLGS) securities for over 2,500 customers and administers flexible investment alternatives for state and local governments to refinance their outstanding, tax-exempt debt
- Issued, redeemed, and serviced Government Account Series (GAS) securities totaling nearly $6.1 trillion that are held in more than 172 accounts that have specific statutory authority to invest in these special, non-marketable Treasury securities
- Administered over 10,500 loans totaling $1.6 trillion to nearly 100 accounts held by Federal agencies to support programs relating to education, housing, flood relief, and agriculture

Fiscal Service delivers on Treasury's Strategic Goal 4 (Transform Government-wide Financial Stewardship) by providing the public and Federal agencies with access to a greater range of financial data and works to improve the value, quality, and availability of Federal financial data. Government-wide financial data standards are integral to increasing the availability, accuracy, and usefulness of Federal spending information. Fiscal Service will continue to work with Federal agencies and external stakeholders to enhance the capabilities and user experience of USAspending.gov.

The President's Management Agenda, Cross-Agency Priority (CAP) Goal 5, Sharing Quality Services, strives to achieve operational and performance cost savings across administrative services. In FY 2019, OMB pre-designated Treasury as the FM QSMO for core financial management. Fiscal Service is leveraging existing Treasury authorities and in-house expertise to create and implement a readiness assessment process for agencies and legacy financial management shared service providers. As guiding principles, Fiscal Service will operate with a focus on customer experience, promote the strategic value of data and deliver progress using agile processes. As part of the FY 2021 request, Fiscal Service is requesting an increase of $5 million to support this program.

Description of Performance:
Fiscal Service collects, analyzes, and publishes government-wide financial information, made available to both the public and private sectors, to provide transparency on the government's financial status. In FY 2019, Fiscal Service timely issued government-wide accounting reports 99.6 percent of the time. Fiscal Service expects to meet its FY 2020 and FY 2021 performance measure targets by transforming the quality, effectiveness, and transparency of Federal financial management data; delivering value-added business process and system improvements; and expanding/enhancing relationships with stakeholders and customers.

2.1.2 – Collections Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	$34,982	$37,394	$36,197	$38,704	$42,166	$37,948	$41,077
Reimbursable Resources	$3,898	$8,265	$7,028	$8,042	$7,804	$8,129	$8,248
Budget Activity Total	**$38,880**	**$45,659**	**$43,225**	**$46,746**	**$49,970**	**$46,077**	**$49,325**
Full-time Equivalents (FTE)	**144**	**152**	**159**	**160**	**156**	**161**	**161**

Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Percentage of Total Federal Government Receipts Settled Electronically (%)	98.0	98.2	98.3	98.0	98.4	98.0	98.0	98.0

Note: The FY 2015 - FY 2019 appropriated resources represents the approved operating plan. The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents and reimbursables.

Collections Budget and Performance

($41,077,000 from direct appropriations, $8,248,000 from reimbursable sources):
The Collections budget activity supports the NFCI and Treasury Strategic Goal 4 (Transform Government-wide Financial Stewardship) by administering the world's largest government funds collections system through a network of Fiscal and Financial Agents. Fiscal Service's collections network supports significant numbers of transactions and dollar collected, demonstrating the criticality of our program to the economy, the operations of government, and the daily lives of citizens and businesses. In FY 2019, the bureau collected over $4.26 trillion in Federal revenues, such as individual and corporate income tax deposits, customs duties, fees for government services, fines, and loan repayments. Within that, over $3.03 trillion in tax payments, over 188.3 million transactions, were processed through the Electronic Federal Tax Payment System (EFTPS) and approximately 218 million transactions worth $206.2 billion were processed through Pay.gov.

By adopting eCommerce solutions and cutting-edge technology, Fiscal Service is expanding the suite of electronic payment options available to Federal agencies, individuals, businesses, tax practitioners, and financial institutions through a variety of alternatives, specifically, online bill payment, digital wallets, and mobile applications, all of which offer convenience, simplicity, and an enhanced customer experience. In FY 2019, Online Bill Payment, digital wallet, and mobile app transaction activity increased by 43 percent, respectively, representing steady growth in eCommerce collections.

Description of Performance:
In FY 2019, Fiscal Service exceeded its target (98 percent) by electronically settling 98.4 percent of all Federal Government receipts on the strength of the current architecture, process flows, and settlement mechanisms. Fiscal Service expects to electronically settle 98 percent of revenue collected in FY 2020 by continuing to promote the use of electronic systems in the collections process and assisting agencies in converting collections from paper to electronic media with programs such as:

- Card Acquiring Service (CAS): CAS is a program that provides merchant services for credit card and debit card acceptance for Federal agencies. The CAS program accepts cards from all the major network brands for card transactions at agency point of sale locations or via the internet. It processes at approximately 10,000 locations over 19,200 point-of-sale endpoints. Agencies benefit through the use of CAS by: 1) Offering added convenience to its customers by accepting most cards, 2) Reducing cash and checks, and 3) Providing additional reporting and customer service support.
- Pay.gov: Pay.gov is a web-based government-wide collections portal. It allows users to electronically fill out and submit forms, view bills, and make payments via Automated Clearing House (ACH) debit, credit card, or digital wallet. The system also provides reporting to agencies and allows individuals and businesses to make non-tax payments to Federal agencies over the internet with a mobile-friendly user interface and enhanced functionality in the areas of electronic billing and electronic forms.
- Check Conversion and Truncation: Fiscal Service is employing strategies to reduce the number of paper checks it receives and to ensure that those it does receive are converted for electronic processing at the Point of Sale or as soon as practical upon receipt, to accelerate check clearance and settlement. The Over the Counter Channel Application (OTCnet) and Electronic Check Processing (ECP) programs provide a complete electronic record of all check images and related financial data that is accessible by agencies and eliminate the costly and time-consuming need to photocopy checks, safeguard checks, and transport them to a financial institution.
- eCommerce Collections: Through the bureau's mobile app products, Online Bill Payment, and digital wallet alternatives, steady increases in transaction volume and dollars collected are being realized and the customer experience enhanced as adoption increases across government. In FY 2020 and FY 2021, Fiscal Service plans to increase the adoption of eCommerce digital collection options across Federal agencies by 4 percent.

2.1.3 – Payments Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	$120,769	$127,943	$126,685	$121,462	$117,581	$123,015	$121,519
Reimbursable Resources	$81,953	$111,088	$111,464	$117,264	$113,313	$120,273	$123,880
Budget Activity Total	**$202,722**	**$239,031**	**$238,149**	**$238,726**	**$230,894**	**$243,288**	**$245,399**
Full-time Equivalents (FTE)	**521**	**562**	**597**	**508**	**477**	**493**	**497**

Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Percentage of Treasury Payments Made Electronically (%)	94.7	94.9	95.1	95.4	95.6	95.6	95.8	96.1
Count of Improper Payments Identified or Stopped (# in Thousands)	N/A	33.7	21.4	20.3	22.4	19.5	20.5	21.5
Dollar Amount of Improper Payments Identified or Stopped ($ Millions)	N/A	59.0	36.6	35.5	41.1	33.6	35.3	37.0

Note: The FY 2015 - FY 2019 appropriated resources represents the approved operating plan. The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents and reimbursables.

Payments Budget and Performance
($121,519,000 from direct appropriations, $123,880,000 from reimbursable sources):
The Payments budget activity supports the NFCI and Treasury Strategic Goal 4 (Transform Government-wide Financial Stewardship) by disbursing 87 percent of the Federal Government's payments, equating to over 1.2 billion payments worth $3.7 trillion in FY 2019. Fiscal Service is the primary disburser of payments to individuals and businesses on behalf of Federal agencies. This includes Social Security, Veterans' benefits, and income tax refunds to more than 100 million people as well as vendor and loan payments supporting businesses; grant monies; and state funding for critical infrastructure projects and state-administered programs. Since 2012, Fiscal Service has increased the percentage of payments disbursed electronically from 88.0 percent to 95.6 percent, with the remainder disbursed by check. The check volume decreased from 129 million to 54 million, a difference of 75 million. Through our efforts, we estimate Federal cost avoidance of $53 million.

In FY 2021, Fiscal Service will lead Treasury's Agency Priority Goal (APG) to *Improve the Public's Experience: Increasing Electronic Payments and Reducing Paper Checks.* The goal is to create a modern, seamless, and cost-effective Federal payment experience for the public by reducing the number of paper checks printed and increasing the electronic payment rate.

Fiscal Service disburses payments for programs such as Veterans' Compensation and Pension, Social Security Benefits, Federal and Railroad Pensions, IRS tax refunds, and Supplemental Security Income (SSI). Fiscal Service supports the production and delivery of Federal payments on behalf of more than 250 Federal entities with a single application that generates check, ACH, International ACH Transaction (IAT), and wire transfer payments. Fiscal Service continues to focus on promoting the use of electronics in the payment process and to assist agencies in converting payments from per paper checks to electronic funds transfer (EFT) and strives towards all-electronic disbursements to streamline processes, reduce cost of operations, and deliver payments and related services expeditiously to the American public.

In FY 2019, Fiscal Service disbursed 98.5 percent of benefit payments electronically, supported by Direct Express®, a prepaid card program providing 5.7 million unbanked cardholders with a low-cost way to electronically receive payments and check their account balance. The Payments budget activity also includes post payment services to settle claims against the United States resulting from Federal Government checks that have been forged, lost, stolen, or destroyed, as well as claims and reclamations of electronic funds transfer (EFT) payments. Fiscal Service ensures payee claims of non-receipt are processed, stale uncashed checks are cancelled, misdirected electronic payments are returned, monies erroneously paid to deceased individuals are recovered, and checks returned in the mail are properly safeguarded with funds redirected to the right payee or held safely in the United States Treasury.

Through FY 2021, Fiscal Service will continue to invest in the Post Payment Services Investment, which through the Post Payment Modernization Initiative (PPMI) will consolidate several post payment systems into a single, centralized system that will unify disparate business processes and eliminate data redundancy across systems. PPMI will provide Federal program agencies a customer portal that supports: payment verification and reconciliation, returns and cancellations, inquiries, claims processing including reclamations, funds receipt/funds management, fraud and integrity analysis, and reporting.

Fiscal Service will continue to expand efforts through a government-wide program that will support agencies, law enforcement, and states in combatting fraud, waste, abuse, and improper payments. PICOE will continue its efforts to provide actionable business insights and solutions that transform how Federal agencies approach identifying, preventing, stopping, and recovering improper payments and related fraudulent activity. Since 2015, Fiscal Service provided support to the Inspector General, Assistant United States Attorneys, and state and local law enforcement agencies in the investigation and prosecution of criminals engaged in fraud related to the Treasury payment system resulted in 306 arrests, 208 convictions, and $66.6 million recovered through fines, restitution, and seizures.

In FY 2019, DNP provided analytic and business process solutions to strengthen internal controls and to identify and prevent improper payments at both the Federal agency and state level. As part of that effort, it assisted Federal agencies in identifying or stopping 22,415 payments valued at over $41.1 million. DNP's mission is to protect the integrity of the Federal Government's payment processes by helping agencies mitigate and eliminate improper payments in a cost-effective manner while safeguarding the privacy of individuals. Together with the PICOE, DNP will continue to provide Federal agencies and states administering federally funded programs enhanced analytics expertise and services focused on payment integrity and fraud prevention. In partnership with the Federal agencies, a variety of data analyses and visualizations can be conducted to help combat improper payments.

In FY 2019, Federal agencies received and processed 524,904 vendor invoices valued at $47 billion through Treasury's electronic invoicing solution, the Invoice Processing Platform (IPP).

At the end of FY 2019, organizations in 16 CFO Act Agencies were using the IPP with 98.4 percent of Department of Treasury invoices processed electronically.

<u>Description of Performance</u>:
Fiscal Service continues to increase the electronic payment rate each year. In FY 2019, the electronic payment rate rose to 95.6 percent, with the number of electronic payments increasing by 21 million, and paper check volume decreasing by 1.9 million. Tax refund payments continue to total more than half of the Treasury-disbursed check volume. The processing of electronic invoices also realized a large increase of more than 37,000 over the FY 2018 volume of 487,898.

For FY 2020 and FY 2021 and in support of the Agency Priority Goal, Fiscal Service established targets to increase the electronic payments percentage to 95.8 percent, and 96.1 percent respectively. To achieve our targets, Fiscal Service plans to promote and increase EFT payments with emphasis on tax refunds, vendor payments, and benefit payments; and exploring, developing, and deploying innovative, customer-driven electronic payment solutions.

2.1.4 – Retail Securities Services Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	$76,711	$71,252	$62,559	$57,356	$59,381	$58,403	$61,231
Reimbursable Resources	$6,006	$16,026	$12,642	$12,100	$13,306	$13,383	$14,544
Matured Unredeemed Debt /1	0	0	0	0	0	$25,000	$10,000
Budget Activity Total	**$82,717**	**$87,278**	**$75,201**	**$69,456**	**$72,687**	**$96,786**	**$85,775**
Full-time Equivalents (FTE)	**442**	**436**	**472**	**434**	**388**	**410**	**417**

Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Percentage of Retail Customer Service Transactions That Are Unassisted (%)	N/A	N/A	N/A	N/A	69	B	70	71

Key: B - Baseline

Note: /1 FY 2020 Enacted includes $25 million, available until expended, appropriated by P.L. 116-93, Consolidated Appropriations Act, 2020.

The FY 2015 - FY 2019 appropriated resources represents the approved operating plan. The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents and reimbursables.

Retail Securities Services Budget and Performance

($61,231,000 from direct appropriations, excluding direct MUD appropriation, $14,544,000 from reimbursable sources):
Retail Securities Services (RSS) provides simple, safe, and affordable ways for investors to directly interact with the Department of the Treasury to save for their future by investing in Treasury securities. The U.S. Treasury began offering savings bonds in paper in 1935. Today, electronic savings bonds and marketable securities are sold through TreasuryDirect, an internet-based book-entry system for purchasing, holding and conducting Treasury securities transactions. In FY 2019, Fiscal Service electronically issued $104.7 billion in marketable securities (this includes sales and reinvestments) and $392.5 million in savings bonds; redeemed 22 million paper savings bonds totaling $10.3 billion and $821 million in electronic savings

bonds; added 109,351 new accounts to TreasuryDirect; and made 3 million retail payments worth $34.3 billion.

RSS continues to modernize systems to allow individual investors to purchase, reinvest, and manage their investments. Over the next few years, RSS will continue to improve the customer experience by increasing customer self-sufficiency and encouraging more investors to save for their future while achieving our financing mission cost effectively.

Description of Performance:
To measure our success with improving customer self-sufficiency, in FY 2019 RSS began monitoring *Percentage of Retail Securities Transactions that are Unassisted*. For FY 2020 and FY 2021, Fiscal Service established targets of 70 percent and 71 percent respectively. This performance measure aligns with Fiscal Service goals and objectives to improve customer value by increasing the quality and self-sufficiency. Fiscal Service will meet the FY 2020 and FY 2021 targets through its modernization efforts.

Matured Unredeemed Debt (MUD)
($10,000,000 from direct appropriations):

In FY 2020, Fiscal Service is committed to a plan to encourage American citizens to redeem matured savings bonds, which as of FY 2019, reached a balance of $25.7 billion. Treasury encourages owners of MUD to redeem their securities. In the first quarter of FY 2020, Fiscal Service launched a Hunt Matured Savings Bond Search Tool, TreasuryHunt.gov, to help bond holders more easily search for information about the status of savings bonds that have matured. The MUD balance will continue to evolve as securities mature. In the mid-1980s, the dollar value of savings bonds issued started to rise significantly. The maturing of these securities 30 years later is influencing the increase in the MUD balance today. The greater aggregate value of securities reaching maturity will continue for several years due to historical issuance trends. Having a suitable solution capable of digitizing and indexing savings bonds that have matured can streamline the redemption process.

Fiscal Service has also already begun work to better understand the viability of current technology solutions that might address these challenges through discussions with dozens of private industry organizations in the first quarter of FY 2020. In FY 2021, Fiscal Service plans to continue to advance the redemption of MUD and is requesting an increase of $10 million to support this program. Digitization of records and taking the necessary steps to collect and disseminate data will be a multi-year effort. The Retail Securities Services program is focused on improving the condition and availability of savings bond records and will measure success through making 85 percent of the MUD records accessible. The ability to improve savings bond records over time will enable collaboration with stakeholders in locating MUD bondholders.

2.1.5 – Wholesale Securities Services Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Appropriated Resources	$10,676	$13,848	$19,304	$24,936	$23,977	$21,977	$23,496
Reimbursable Resources	$927	$3,115	$4,214	$4,613	$4,599	$4,681	$4,797
Budget Activity Total	**$11,603**	**$16,963**	**$23,518**	**$29,549**	**$28,576**	**$26,658**	**$28,293**
Full-time Equivalents (FTE)	**109**	**78**	**117**	**116**	**112**	**116**	**116**

Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Percentage of Auction Results Released Accurately (%)	99.6	100	98.9	98.9	98.8	100	100	100
Percent of Auctions Successfully Completed by the Scheduled Close Date (%)	N/A	N/A	N/A	N/A	100	B	100	100

Key: B - Baseline

Note: The FY 2015 - FY 2019 appropriated resources represents the approved operating plan. The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents and reimbursables.

Wholesale Securities Services Budget and Performance
($23,496,000 from direct appropriations, $4,797,000 from reimbursable sources):
The Wholesale Securities Services (WSS) budget activity supports the NFCI by managing a critical Treasury HVA that finances daily government operations by offering Treasury securities through reliable, accurate, and secure electronic systems. Fiscal Service oversees the announcement, auction, and issuance of marketable Treasury bills, notes, bonds, floating rate notes, and inflation-protected securities.

The WSS activity supports Treasury's Strategic Goal 4 - Transform Government-wide Financial Stewardship, specifically Strategic Objective 4.2 to fund the Federal Government at the least cost over time. It supports Fiscal Service's Strategic Goal 1 - Operational Excellence, specifically Strategic Objectives 1.1 to advance system and service resilience and 1.3 to design and implement modern, lean, and efficient enterprise, business, and technology architectures.

Description of Performance:
Fiscal Service conducted 325 auctions and awarded $11.7 trillion in Treasury marketable securities to institutions and individual investors in FY 2019. This was an increase of 55 auctions over FY 2018, due mainly to the issuance of the new 8-week bill.

In FY 2019, Fiscal Service held 100 percent of auctions by the scheduled close date. In addition, auction results were released accurately 98.8 percent of the time, which was slightly below the target of 100 percent due to technical issues that have been resolved. The target will be 100 percent in FY 2020 and FY 2021.

2.1.6 – Debt Collection Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Reimbursable Resources	$174,634	$187,152	$176,928	$192,819	$225,635	$232,320	$228,984
Budget Activity Total	**$174,634**	**$187,152**	**$176,928**	**$192,819**	**$225,635**	**$232,320**	**$228,984**
Full-time Equivalents (FTE)	**406**	**390**	**417**	**389**	**366**	**403**	**403**

Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Amount of Delinquent Debt Collected Through All Available Tools ($ Billions)	7.28	7.41	7.61	7.44	9.65	7.67	8.88	8.81
All Delinquent Debt Collected as a Percentage of All Delinquent Debt Referred (%)	N/A	N/A	N/A	N/A	14.3	B	14.9	14.9
Percentage of the Active Delinquent Debt Portfolio Collected (%)	N/A	N/A	N/A	N/A	6.8	B	7.0	7.0

Key: B - Baseline

Note: The FY 2015 - FY 2019 appropriated resources represents the approved operating plan. The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents and reimbursables.

Debt Collection Budget and Performance

($228,984,000 from reimbursable sources):

The Debt Collection activity supports Treasury’s Strategic Goal 4 (Transform Government-wide Financial Stewardship) and Fiscal Service Strategic Goal 1 (Operational Excellence). Fiscal Service is the government's central debt collection agency, managing the government's delinquent debt portfolio and collecting delinquent debts owed to the United States, such as Federal mortgage, small business, or student loans; Federal salary or benefit overpayments; and fines or penalties assessed by Federal agencies. In FY 2019, Fiscal Service collected $9.65 billion in delinquent debt through its two debt collection programs: TOP and Cross-Servicing. In FY 2019, The Centralized Receivables Service (CRS) saw another record year in growth of receivables processed and collections. In FY 2019, agency customers created over 750,000 cases and collected approximately $57 million. This represents a 303 percent and 30 percent growth from previous year, respectively. There are 76 participating agency programs onboard with four more programs scheduled for implementation in the first part of FY 2020. CRS is on track to meet the Future of Financial Management Vision goal of 80 participating agency programs with one million annual receivables processed by FY 2021.

Through TOP, the names and taxpayer identifying numbers of debtors included in a Fiscal Service database are matched against the names and taxpayer identifying numbers of recipients of Federal payments. If there are matches, the amounts of the payments are reduced ("offset") to satisfy the delinquent debts.

Through Cross-Servicing, delinquent debts referred to Fiscal Service by Federal agencies are collected several ways, including offsetting Federal payments, sending demand letters to debtors, entering into payment agreements, withholding wages administratively, referring debts to the

Department of Justice for action, reporting to credit bureaus, and contracting for the services of private collection agencies.

For FY 2021, Fiscal Service requests several legislative changes that will continue to advance debt collection effectiveness.

Fiscal Service continues to help agencies implement Section 5 of the DATA Act, which amended the Debt Collection Improvement Act of 1996 to require agencies to refer eligible debt to Fiscal Service at 120 days delinquent, rather than 180 days, and requires Treasury to report non-compliance to Congress. In addition, Fiscal Service continues to work with OMB and agencies on the new tools developed for tracking compliance, as required.

Description of Performance:
FY 2019 marked the highest delinquent debt collections ever for Fiscal Service. This was due to a change in the referral process for the Department of Education, including a large backlog and new, more regular, referrals. While Fiscal Service anticipates collections will remain high, diminishing total collections for the next several years is expected as the Department of Education backlog of debt is collected.

Although reduced from FY 2019, FY 2020 and FY 2021 projections of $8.88 billion, and $8.81 billion respectively, remain higher that prior year actuals. Collection targets will be achieved through initiatives to optimize collections, including lowering our cost-to-collect, engage the debtor experience through self-service and online debt management, segment debt portfolio, and growth of the offset program with new agencies, payments, and technologies.

C – Changes in Performance Measures
Fiscal Service has no proposed changes to its performance measures.

D– Evidence-Building Activity
In FY 2019, Fiscal Service completed a number of evidence building activities, including portfolio reviews for programs across the enterprise. Key FY 2019 achievements in evidence building activities with meaningful government-wide impact include:

(1) DNP provided analytic and business process solutions to strengthen internal controls and to identify and prevent improper payments at both the Federal and state level agencies. As part of that effort, it assisted Federal agencies in identifying or stopping 22,415 payments valued at over $41.1 million. Further, using analytics and partnering with various stakeholders, Fiscal Service supported the investigation and prosecution of more than 460 cases of misdirected payments caused by forgery, altered checks, multiple mobile deposits, deceased payee fraud, potential mail fraud and more; ongoing DNP and PICOE efforts to reduce fraud, waste, and abuse will continue in FY 2020.

(2) FIT championed RPA technology as an effective technology for improving the efficiency of financial operations, encouraging several agencies to launch RPA efforts. FIT created an innovation program that launched RPA pilot tests at the National Science Foundation and the Department of the Interior. Internally, FIT assisted Fiscal Service in establishing an RPA center

of excellence that has deployed over 30 ‘bots’ into production and assists bureau offices in developing ‘bots’ to improve internal efficiency. In 2020, Fiscal Service is building on its robotics work to include the application of artificial intelligence and the development of ‘chat bots’ that automate the customer-facing interactions performed at the bureau’s many call centers.

(3) Fiscal Service worked with the CFO Council to develop the Program Integrity: The Antifraud Playbook for use by the entire financial management community, including Federal, state, and local agencies. The playbook provides practical guidance, leading practices, and helpful resources for agencies to apply more advanced data analytic techniques to reduce the amount of money lost through improper payment. In 2020, to promote inter-agency sharing of best practices, Fiscal Service will complete an inventory of fraud analytics techniques used by Federal agencies.

(4) Fiscal Service launched a proof of concept test of Distributed Ledger Technology to improve the controls and reporting of letter of credit payments made to Federal grantees. Partnering with the National Science Foundation, the project is the first application of this technology to be used in a payments process. In 2020, Fiscal Service and National Science Foundation will analyze the results of the proof of concept test to determine the benefits and costs of the new technology as it is applied more broadly among payments to grantees.

Section III – Additional Information

A – Summary of Capital Investments

Fiscal Service leads the way for responsible, effective government through commitment to technology enablement, customer-focused service, efficient operations, strategic partnering, and agility in order to enable the missions of the Federal Government. Fiscal Service strategically governs and manages its IT portfolio lifecycle, and continually harnesses IT resources, investment health, and portfolio performance insights for capital planning decisions to deliver secure, flexible, extensible, and resilient technology services and solutions that maximize business value.

Effective Investment Governance

Fiscal Service Governance focuses on overall progress in achieving the outcomes described in the bureau's Strategic Plan and the Future of Federal Financial Management vision. The governance and portfolio management functions ensure that the IT Portfolio maintains cost effectiveness and continuously delivers intended results throughout the lifecycle of investments. A monthly investment health assessment of cost, schedule, operational performance, and risk is in place in addition to a formal TechStat process that engages appropriate senior level officials for insight and successful remediation of significant issues or risks. Financial data transparency and benchmarking capabilities are being matured through the implementation of the Technology Business Management (TBM) framework. The health and performance data generated, and insights being gained inform governance decisions around investment planning, selection, resourcing, and prioritization to best support the mission and long-term plans for Fiscal Service and Treasury, optimize value, and accelerate transformation.

Effective Project Execution

Fiscal Service has a disciplined and consistent approach to project management (PM) rooted in industry standard best practices and supported through a bureau-wide project management center of excellence. The Project Management Competency Center provides input and guidance on PM standards, procedures, and training as well as actionable insights and recommendations based on the latest trends in project management. In addition, a fully supported project management community of practice is in place providing practitioners with special programming, surveys, and communication focused on collaboration, unique learning opportunities, creative problem-solving, and leadership led discussions on practical lessons learned. Each IT investment has a dedicated program manager and a fully staffed integrated program team. The systems that support each investment are enhanced using iterative development techniques.

Enterprise Architecture Services

Enterprise Architecture (EA) services ensure that Fiscal Service applies a common language and framework to describe and analyze investments. Fiscal Service's EA program is designed to facilitate cross-agency analysis of capabilities, knowledge, processes, and relationships to apply evidence-based techniques, identify duplicative investments, discover goals and opportunities for collaboration with other agencies, and establish a line-of-sight from the highest-level strategic goals to the infrastructure that enables the achievement of those goals. The value provided by the bureau's EA services is demonstrated through the documentation of Fiscal Service's current state, which is leveraged in strategic planning and in determining the necessary initiatives and transition activities to align with the future state technology roadmap. A holistic suite of integrated services that incorporates business, data, technical, and security architecture perspectives enable the planning.

Enterprise Risk Management (ERM)

The nature of Fiscal Service's work requires effective enterprise risk management and high levels of performance to ensure the bureau maintains operational excellence while seeking innovative solutions to improve efficiencies and transform financial management and the delivery of shared services in the Federal Government. As such, Fiscal Service has established an Office of Enterprise Risk Management (OERM) to promote a common understanding and approach to risk management and strengthen organizational capabilities to recognize, assess, and address risks that could disrupt the successful achievement of strategic goals and objectives. In collaboration with the Executive Board/Risk Committee, OERM has developed the Fiscal Service Risk Appetite Statement to guide bureau's strategic direction. Moreover, through the development and issuance of an ERM framework, policies, guidance, and tools, the bureau incorporates risk management practices in decision-making processes such as strategic and tactical planning, workforce planning, capital investment planning, objective prioritization, and budget formulation. Fiscal Service continues to communicate the importance of effective risk management to all employees.

Cybersecurity

Fiscal Service has a multi-faceted mission that promotes financial integrity and operational efficiency across the Federal Government. As such, protecting the information and technology resources that support the bureau's mission with more modern solutions that will support security, resiliency, and agility are critically important. Fiscal Service manages 60 FISMA systems with billions of PII records, including multiple High Value Assets (HVAs) that support the Financial Services Sector of the Critical Infrastructure (CI) of the Federal Government. Fiscal Service invests in strengthening the cyber defenses of HVAs against the increasing volume, sophistication, frequency, impact and brazenness of global cybersecurity threats. These investments are critical in order to maintain confidence in the financial ecosystem of the United States and avoid immeasurable reputational damage Treasury would suffer in the event of a significant data breach or cybersecurity incident. Financial integrity and operational efficiency are accomplished by effective, coordinated management of security risks and incidents that ensure the confidentiality, integrity, and availability of the bureau's systems are maintained. Fiscal Service employs an in-depth defense strategy to protect against, detect, and respond to anomalies in the bureau's network and systems. In addition, Enterprise Cybersecurity ensures Fiscal Service information technology resources are compliant with the National Institute of Standards and Technology security standards and satisfies annual security audit requirements. To support these efforts in FY 2021, enhanced data encryption, and other remediation efforts identified through the bureau's on-going Cyber Clean initiative, Fiscal Service is requesting an additional $3.2 million.

A summary of capital investments, including major information technology and non-technology investments, can be accessed at:
https://home.treasury.gov/about/budget-financial-reporting-planning-and-performance/budget-requestannual-performance-plan-and-reports/summary-of-capital-investments.

Department of the Treasury
United States Secret Service

Congressional Budget Justification and Annual Performance Plan and Report

FY 2021

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U.S. Secret Service

Appropriation Organization Structure

Organization Name	Level	Fund Type (* Includes Defense Funding)
U.S. Secret Service	**Component**	
Operations and Support	**Appropriation**	
Mission Support	PPA	Discretionary - Appropriation
Protective Operations	PPA	
Protection of Persons and Facilities	PPA Level II	Discretionary - Appropriation
Protective Countermeasures	PPA Level II	Discretionary - Appropriation
Protective Intelligence	PPA Level II	Discretionary - Appropriation
Presidential Campaigns and National Special Security Events	PPA Level II	Discretionary - Appropriation
Field Operations	PPA	
Domestic and International Field Operations	PPA Level II	Discretionary - Appropriation
Support for Missing and Exploited Children Investigations	PPA Level II	Discretionary - Appropriation
Support for Computer Forensics Training	PPA Level II	Discretionary - Appropriation
Basic and In-Service Training and Professional Development	PPA	Discretionary - Appropriation
Procurement, Construction, and Improvements	**Appropriation**	
Protection Assets and Infrastructure	PPA	Discretionary - Appropriation
Protection Assets and Infrastructure End Items	Investment, PPA Level II	Discretionary - Appropriation
Operational Communications/Information Technology	PPA	Discretionary - Appropriation
Information Integration & Technology Transformation (IITT)	Investment, PPA Level II	Discretionary - Appropriation
Operational Communications/Information Technology End Items	Investment, PPA Level II	Discretionary - Appropriation
Construction and Facility Improvements	PPA	Discretionary - Appropriation
Construction and Facility Improvements End Items	Investment, PPA Level II	Discretionary - Appropriation
Mission Support Assets and Infrastructure	PPA	Discretionary - Appropriation
Mission Support Assets and Infrastructure End Items	Investment, PPA Level II	Discretionary - Appropriation
Research and Development	**Appropriation**	
Gen2 Fully Armored Vehicle (FAV) Program	R&D Project	Discretionary - Appropriation
Protective Systems and Weapons Testing Program	R&D Project	Discretionary - Appropriation
Computer Emergency Response Team (CERT) Program	R&D Project	Discretionary - Appropriation
Contribution for Annuity Accounts	**Appropriation**	Mandatory - Appropriation

U.S. Secret Service
Strategic Context
Component Overview

The strategic context presents the performance budget by tying together programs, or PPAs, and performance measures that gauge the delivery of results to our stakeholders. The Common Appropriation Structure (CAS) allows DHS to integrate the programmatic view and a significant portion of the Level 1 PPAs represent what DHS refers to as our mission programs. A mission program is a group of activities acting together to accomplish a specific high-level outcome external to DHS and includes operational processes, skills, technology, human capital, and other resources. USSS' mission programs are presented below. Performance measures associated with these programs are presented in two measure sets, strategic and management measures. Strategic measures communicate results delivered for our agency goals by these programs and are considered our Government Performance and Results Act Modernization Act of 2010 (GPRAMA) measures. Additional management measures are displayed to provide a more thorough context of expected program performance for the Component related to its budgetary plans. Measure tables that do not display previous year's results are because the measure did not exist at that time.

Field Operations: The Field Operations program supports the daily operations of the domestic and international field offices. The program is staffed by Special Agents, Uniformed Division Officers, Technical Law Enforcement, and administrative, professional, and technical personnel. Program personnel divide their time between conducting criminal investigations of financial crimes, cybercrimes, counterfeit currency, protective intelligence, and performing physical protection responsibilities. This enables the Department to protect the U.S. economy and continuity of government by investigating threats to financial payment systems, threats to leadership and locations, and events with symbolic and practical significance to U.S. citizens in physical space and cyberspace.

Strategic Measures

Measure: Amount of cyber-financial crime loss prevented (in billions)

Description: This measure is an estimate of the direct dollar loss to the public prevented due to cyber-financial investigations by the U.S. Secret Service. The dollar loss prevented is based on the estimated amount of financial loss that would have occurred had the offender not been identified nor the criminal enterprise interrupted. The measure reflects the U.S. Secret Service's efforts to reduce financial losses to the public attributable to cyber financial crimes.

Fiscal Year:	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
Target:	---	---	---	$4.50	$5.00	$6.00
Result:	---	---	---	$7.10	TBD	TBD

Measure: Number of cyber mitigation responses						
Description: This measure represents the number of cyber mitigation responses provided by the U.S. Secret Service (USSS). The USSS responds to organizations that suspect a malicious network intrusion has occurred and implements mitigation responses to secure the network(s). Each cyber mitigation response involves one or more of the following activities related to a particular network intrusion: identifying potential victims/subjects, notifying victims/subjects, interviewing victims/subjects, confirming network intrusion, supporting mitigation of breach activity, and retrieving and analyzing forensic evidence. State or Federal arrests resulting from and/or related to these intrusions are measured separately.						
Fiscal Year:	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
Target:	410	250	390	225	240	275
Result:	157	253	271	416	TBD	TBD

Measure: Number of financial accounts recovered (in millions)						
Description: This measure represents the number of financial accounts recovered during cyber investigations. Financial accounts include bank accounts, credit card accounts, PayPal and other online money transfer accounts.						
Fiscal Year:	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
Target:	0.40	0.40	0.50	0.50	0.50	0.50
Result:	0.51	27.18	5.70	1.39	TBD	TBD

Measure: Number of law enforcement individuals trained in cybercrime and cyberforensics both domestically and overseas						
Description: This measure represents the number of individuals trained in cybercrime and cyber forensics by the Secret Service. This specialized technical training occurs both domestically and overseas in an effort to strengthen our ability to fight cyber crime.						
Fiscal Year:	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
Target:	1,800	1,900	2,000	2,500	2,800	2,900
Result:	1,906	1,968	2,773	3,375	TBD	TBD

Measure: Percent of currency identified as counterfeit						
Description: The dollar value of counterfeit notes passed on the public reported as a percent of dollars of genuine currency. This measure is calculated by dividing the dollar value of counterfeit notes passed by the dollar value of genuine currency in circulation. This measure is an indicator of the proportion of counterfeit currency relative to the amount of genuine U.S. Currency in circulation, and reflects our efforts to reduce financial losses to the public attributable to counterfeit currency.						
Fiscal Year:	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
Target:	<0.0090%	<0.0088%	<0.0088%	<0.0088%	<0.0090%	<0.0088%
Result:	0.0057%	0.0093%	0.0064%	0.0060%	TBD	TBD

Measure: Percent of National Center for Missing and Exploited Children examinations requested that are conducted						
Description: This measure represents the percentage of Secret Service computer and polygraph forensic exams conducted in support of any investigation involving missing or exploited children in relation to the number of computer and polygraph forensic exams requested.						
Fiscal Year:	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
Target:	100%	100%	100%	100%	100%	100%
Result:	100%	100%	100%	100%	TBD	TBD

Measure: Terabytes of data forensically analyzed for criminal investigations						
Description: This measure represents the amount of data, in terabytes, seized and forensically analyzed through Secret Service investigations and those conducted by partners trained at the National Computer Forensic Institute (NCFI). The training of these law enforcement partners substantially enhances law enforcement efforts to suppress the continually evolving and increasing number of cyber and electronic crime cases affecting communities nationwide.						
Fiscal Year:	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
Target:	6,000	7,000	5,000	5,100	8,000	8,500
Result:	3,334	5,019	8,862	11,632	TBD	TBD

Managent Measure

Measure: Number of hours of cyber crime training provided to law enforcement both domestically and overseas						
Description: This measure represents the number of cyber crime training hours provided by the Secret Service. This specialized technical training occurs both domestically and overseas in an effort to strengthen our ability to fight cyber crime.						
Fiscal Year:	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
Target:	85,000	87,000	87,000	110,000	160,000	170,000
Result:	104,840	99,314	164,704	176,037	TBD	TBD

Protective Operations: The Protective Operations program protects the President and Vice President and their families, former Presidents and their spouses, visiting heads of state and government, and other designated individuals. It also secures the White House Complex, Vice President's Residence, and other designated places; and designs, coordinates, and implements operational security plans for designated National Special Security Events (NSSEs). The program investigates, evaluates, disseminates, and maintains information concerning known, potential, or perceived threats to protectees, locations, and NSSEs. The program is staffed by Special Agents, Uniformed Division Officers, Technical Law Enforcement, and administrative, professional, and technical personnel that work closely with the military and with federal, state, county, local, and international law enforcement organizations to ensure mission success. This enables the Department to facilitate continuity of government and overall homeland security.

Strategic Measures

Measure: Percent of days with incident-free protection at the White House Complex and Vice President's Residence						
Description: This measure gauges the percent of instances where the Secret Service provides incident free protection to the White House Complex and the Vice President's Residence. An incident is defined as someone who is assaulted or receives an injury from an attack while inside the White House Complex or Vice President's Residence.						
Fiscal Year:	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
Target:	100%	100%	100%	100%	100%	100%
Result:	100%	100%	100%	100%	TBD	TBD

Measure: Percent of National Special Security Events that were successfully completed						
Description: This measure is a percentage of the total number of National Special Security Events (NSSEs) completed in a Fiscal Year that were successful. A successfully completed NSSE is one where once the event has commenced, a security incident(s) inside the Secret Service - protected venue did not preclude the event's agenda from proceeding to its scheduled conclusion.						
Fiscal Year:	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
Target:	100%	100%	100%	100%	100%	100%
Result:	100%	100%	100%	100%	TBD	TBD

Measure: Percent of protectees that arrive and depart safely						
Description: This measure gauges the percent of travel stops where Secret Service protectees arrive and depart safely. Protectees include the President and Vice President of the United States and their immediate families, former presidents, their spouses, and their minor children under the age of 16, major presidential and vice presidential candidates and their spouses, and foreign heads of state. The performance target is always 100%.						
Fiscal Year:	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
Target:	100%	100%	100%	100%	100%	100%
Result:	100%	100%	100%	100%	TBD	TBD

Management Measures

Measure: Number of information sharing events with the law enforcement and intelligence community						
Description: This measure gauges the number of information sharing events with both internal entities and external partner agencies as an assessment of the effectiveness of information dissemination. Information sharing elements include both internal and external briefings and intelligence products. Information sharing events include: Targeted Violence Information Sharing System (TAVISS) briefings, agency alerts, specialty desk briefings and other training, spot reports, suspicious activity reporting, advisories, permanent protectee threat assessments, major events assessments, and certain other assessment products. Sharing information about threats, hazards, and protective actions will allow for the internal and external coordination needed to prevent successful attacks.						
Fiscal Year:	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
Target:	1,200	1,200	1,200	1,900	2,000	2,100
Result:	2,205	1,876	2,597	2,567	TBD	TBD

Measure: Number of National Threat Assessment Center trainings and briefings						
Description: This measure quantifies the information sharing sessions communicating information conducted by the National Threat Assessment Center (NTAC) to law enforcement, interested stakeholders, and others with a role in public safety. NTAC conducts research, training, consultation, and information sharing on threat assessment and the prevention of targeted violence. In addition to attacks on K-12 schools, colleges, and universities, NTAC studies violence directed at government officials and agencies, workplaces, and public spaces. The sharing of information from NTAC studies about threats, hazards, and protective actions will allow for the internal and external coordination needed to prevent successful attacks.						
Fiscal Year:	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
Target:	---	---	---	---	120	120
Result:	---	---	---	---	TBD	TBD

Measure: Percent of instances protectees arrive and depart safely (campaign protectees)						
Description: This measure represents the percent of travel stops where the protectee safely arrives and departs. The security of protectees is the ultimate priority of the Secret Service; therefore, all necessary resources are utilized before and during a protective assignment in order to provide the highest-quality protection the Secret Service demands for all protectees.						
Fiscal Year:	**FY 2016**	**FY 2017**	**FY 2018***	**FY 2019***	**FY 2020**	**FY 2021**
Target:	100%	100%	---	---	100%	100%
Result:	100%	100%	---	---	TBD	TBD

* Not campaign years.

Measure: Percent of instances protectees arrive and depart safely (domestic protectees)						
Description: The percent of travel stops where our Nation's leaders and other protectees arrive and depart safely. The security of protectees is the ultimate priority of the Secret Service; therefore, all necessary resources are utilized before and during a protective assignment in order to provide the highest-quality protection the Secret Service demands for all protectees.						
Fiscal Year:	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
Target:	100%	100%	100%	100%	100%	100%
Result:	100%	100%	100%	100%	TBD	TBD

Measure: Percent of instances protectees arrive and depart safely (Foreign Dignitaries)						
Description: The percent of travel stops where visiting world leader protectees safely arrive and depart. The security of protectees is the ultimate priority of the Secret Service; therefore, all necessary resources are utilized before and during a protective assignment in order to provide the highest-quality protection the Secret Service demands for all protectees.						
Fiscal Year:	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
Target:	100%	100%	100%	100%	100%	100%
Result:	100%	100%	100%	100%	TBD	TBD

U.S. Secret Service
Budget Comparison and Adjustments
Appropriation and PPA Summary

Organization *(Dollars in Thousands)*	**FY 2019 Enacted**	**FY 2020 Enacted**	**FY 2021 President's Budget**
Operations and Support	**$2,148,528**	**$2,336,401**	**$2,310,296**
Mission Support	$481,977	$500,453	$506,358
Protective Operations	$884,701	$1,021,437	$999,434
Protection of Persons and Facilities	$740,895	$754,527	$794,367
Protective Countermeasures	$56,917	$61,756	$68,441
Protective Intelligence	$49,395	$49,955	$52,901
Presidential Campaigns and National Special Security Events	$37,494	$155,199	$83,725
Field Operations	$678,927	$703,977	$688,943
Domestic and International Field Operations	$647,905	$667,600	$678,943
Support for Missing and Exploited Children Investigations	$6,000	$6,000	$6,000
Support for Computer Forensics Training	$25,022	$30,377	$4,000
Basic and In-Service Training and Professional Development	$102,923	$110,534	$115,561
Procurement, Construction, and Improvements	**$97,131**	**$66,989**	**$38,305**
Protection Assets and Infrastructure	$85,286	$65,989	$37,305
Protection Assets and Infrastructure End Items	$85,286	$65,989	$37,305
Operational Communications/Information Technology	$8,845	-	-
Information Integration & Technology Transformation (IITT)	$8,845	-	-
Construction and Facility Improvements	$3,000	$1,000	$1,000
Construction and Facility Improvements End Items	$3,000	$1,000	$1,000
Research and Development	**$2,500**	**$12,455**	**$11,937**
Research and Development	$2,500	$12,455	$11,937
Gen2 Fully Armored Vehicle (FAV) Program	-	$9,000	$9,357
Protective Systems and Weapons Testing Program	$2,250	$1,705	$2,330
Computer Emergency Response Team (CERT) Program	$250	$1,750	$250
Contribution for Annuity Accounts	$265,000	$265,000	$265,000
Total	**$2,513,159**	**$2,680,845**	**$2,625,538**

U.S. Secret Service
Comparison of Budget Authority and Request

Organization *(Dollars in Thousands)*	FY 2019 Enacted			FY 2020 Enacted			FY 2021 President's Budget			FY 2020 to FY 2021 Total Changes		
	Pos.	**FTE**	**Amount**	**Pos.**	**FTE**	**Amount**	**Pos.**	**FTE**	**Amount**	**Pos.**	**FTE**	**Amount**
Operations and Support	7,650	7,359	$2,148,528	7,777	7,647	$2,336,401	7,896	7,796	$2,310,296	119	149	($26,105)
Procurement, Construction, and Improvements	-	-	$97,131	-	-	$66,989	-	-	$38,305	-	-	($28,684)
Research and Development	-	-	$2,500	-	-	$12,455	-	-	$11,937	-	-	($518)
Contribution for Annuity Accounts	-	-	$265,000	-	-	$265,000	-	-	$265,000	-	-	-
Total	**7,650**	**7,359**	**$2,513,159**	**7,777**	**7,647**	**$2,680,845**	**7,896**	**7,796**	**$2,625,538**	**119**	**149**	**($55,307)**
Subtotal Discretionary - Appropriation	7,650	7,359	$2,248,159	7,777	7,647	$2,415,845	7,896	7,796	$2,360,538	119	149	($55,307)
Subtotal Mandatory - Appropriation	-	-	$265,000	-	-	$265,000	-	-	$265,000	-	-	-

Component Budget Overview

The FY 2021 President's Budget includes $2.6B in total gross budget authority for the Secret Service. This represents a decrease of $55.3M compared to the FY 2020 Enacted appropriation.

The FY 2021 President's Budget supports Secret Service requirements for FY 2021 and includes the agency's highest priority initiatives as follows:

- Continue to grow personnel balancing mission need with other competing requirements
- Provide follow-on support for the 2020 Presidential Campaign
- Support armoring of base platforms for the Fully Armored Vehicles (FAV) program
- Sustain protective countermeasures and operational readiness to support the protection of the President, Vice President, and other protectees
- Develop the next generation base-vehicle platform for FAVs

FY 2021 funding will enable the Secret Service to continue achievements in personnel growth and employee morale following a time of peak protection requirements and operational tempo associated with the 2020 Presidential Campaign and election. The protection of major presidential candidates, nominees, debates, campaign events and inauguration involves a careful coordination of people and assets to ensure the Secret Service maintains its unequalled performance in this zero-fail mission space while continuing to secure the Nation's financial infrastructure and combat financial crimes.

U.S. Secret Service
Budget Authority and Obligations

Budget Authority *(Dollars in Thousands)*	FY 2019	FY 2020	FY 2021
Enacted/Request	**$2,513,159**	**$2,680,845**	**$2,625,538**
Carryover and/or Recoveries (Actual/Estimates/Projections)	$62,713	$55,790	$56,263
Rescissions to Current Year/Budget Year	($5,673)	-	-
Net Sequestered Resources	-	-	-
Reprogrammings/Transfers	$14,380	-	-
Supplementals	-	-	-
Total Budget Authority	**$2,584,579**	**$2,736,635**	**$2,681,801**
Collections – Reimbursable Resources	$26,730	$26,730	$26,730
Total Budget Resources	**$2,611,309**	**$2,763,365**	**$2,708,531**
Obligations (Actual/Estimates/Projections)	$2,505,053	$2,707,502	$2,634,369
Personnel: Positions and FTE			
Enacted/Request Positions	7,650	7,777	7,896
Enacted/Request FTE	7,359	7,647	7,796
Onboard and Actual FTE; Includes Collections - Reimbursable Resources			
Onboard (Actual/Estimates/Projections)	7,811	7,805	7,924
FTE (Actual/Estimates/Projections)	7,196	7,675	7,824

*In the table above, the rescission line includes the administrative savings rescissions per the Consolidated Appropriation Act, 2019 (P.L. 116-6).

U.S. Secret Service
Collections - Reimbursable Resources

Collections		FY 2019 Enacted			FY 2020 Enacted			FY 2021 President's Budget			FY 2020 to FY 2021 Change		
(Dollars in Thousands)		Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
Department of Homeland Security - National Protection and Programs Directorate	**Source**	-	-	$444	-	-	$444	-	-	$444	-	-	-
Operations and Support	Location	-	-	$444	-	-	$444	-	-	$444	-	-	-
Mission Support	Location	-	-	$444	-	-	$444	-	-	$444	-	-	-
Department of Homeland Security - Office of the Under Secretary for Management	**Source**	-	-	$30	-	-	$30	-	-	$30	-	-	-
Operations and Support	Location	-	-	$30	-	-	$30	-	-	$30	-	-	-
Mission Support	Location	-	-	$30	-	-	$30	-	-	$30	-	-	-
Department of Justice - Department of Justice	**Source**	-	-	$334	-	-	$334	-	-	$334	-	-	-
Operations and Support	Location	-	-	$334	-	-	$334	-	-	$334	-	-	-
Field Operations	Location	-	-	$334	-	-	$334	-	-	$334	-	-	-
Domestic and International Field Operations	Location	-	-	$334	-	-	$334	-	-	$334	-	-	-
Department of State - Department of State	**Source**	-	-	$1,571	-	-	$1,571	-	-	$1,571	-	-	-
Operations and Support	Location	-	-	$1,571	-	-	$1,571	-	-	$1,571	-	-	-
Protective Operations	Location	-	-	$74	-	-	$74	-	-	$74	-	-	-
Protection of Persons and Facilities	Location	-	-	$74	-	-	$74	-	-	$74	-	-	-
Field Operations	Location	-	-	$1,497	-	-	$1,497	-	-	$1,497	-	-	-
Domestic and International Field Operations	Location	-	-	$1,497	-	-	$1,497	-	-	$1,497	-	-	-
Department of Treasury - Department of the Treasury	**Source**	28	28	$24,351	28	28	$24,351	28	28	$24,351	-	-	-
Operations and Support	Location	28	28	$24,351	28	28	$24,351	28	28	$24,351	-	-	-
Mission Support	Location	-	-	$296	-	-	$296	-	-	$296	-	-	-
Protective Operations	Location	20	20	$6,000	20	20	$6,000	20	20	$6,000	-	-	-
Protection of Persons and Facilities	Location	20	20	$6,000	20	20	$6,000	20	20	$6,000	-	-	-
Field Operations	Location	8	8	$18,055	8	8	$18,055	8	8	$18,055	-	-	-
Domestic and International Field Operations	Location	8	8	$18,055	8	8	$18,055	8	8	$18,055	-	-	-
Total Collections		**28**	**28**	**$26,730**	**28**	**28**	**$26,730**	**28**	**28**	**$26,730**	**-**	**-**	**-**

U.S. Secret Service
Personnel Compensation and Benefits
Pay Summary

Organization (Dollars in Thousands)	FY 2019 Enacted				FY 2020 Enacted				FY 2021 President's Budget				FY 2020 to FY 2021 Total			
	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate
Operations and Support	7,650	7,359	$1,448,994	$196.9	7,777	7,647	$1,497,523	$195.83	7,896	7,796	$1,557,180	$199.74	119	149	$59,657	$3.91
Contribution for Annuity Accounts	-	-	$265,000	-	-	-	$265,000	-	-	-	$265,000	-	-	-	-	-
Total	**7,650**	**7,359**	**$1,713,994**	**$196.9**	**7,777**	**7,647**	**$1,762,523**	**$195.83**	**7,896**	**7,796**	**$1,822,180**	**$199.74**	**119**	**149**	**$59,657**	**$3.91**
Discretionary - Appropriation	7,650	7,359	$1,448,994	$196.9	7,777	7,647	$1,497,523	$195.83	7,896	7,796	$1,557,180	$199.74	119	149	$59,657	$3.91
Mandatory - Appropriation	-	-	$265,000	-	-	-	$265,000	-	-	-	$265,000	-	-	-	-	-

* The FTE Rate calculation does not include Object Class 11.8-Special Personal Services Payments or 13.0-Benefits for Former Personnel.

Pay by Object Class

Pay Object Classes *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 - FY 2021 Change
11.1 Full-time Permanent	$757,775	$772,387	$817,077	$44,690
11.3 Other than Full-Time Permanent	$12,668	$13,113	$14,400	$1,287
11.5 Other Personnel Compensation	$215,938	$242,533	$229,395	($13,138)
12.1 Civilian Personnel Benefits	$462,613	$469,490	$496,308	$26,818
13.0 Benefits for Former Personnel	$265,000	$265,000	$265,000	-
Total - Personnel Compensation and Benefits	**$1,713,994**	**$1,762,523**	**$1,822,180**	**$59,657**
Positions and FTE				
Positions - Civilian	7,650	7,777	7,896	119
FTE - Civilian	7,359	7,647	7,796	149

Non Pay Summary

Organization *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Total Changes
Operations and Support	$699,534	$838,878	$753,116	($85,762)
Procurement, Construction, and Improvements	$97,131	$66,989	$38,305	($28,684)
Research and Development	$2,500	$12,455	$11,937	($518)
Total	**$799,165**	**$918,322**	**$803,358**	**($114,964)**
Discretionary - Appropriation	$799,165	$918,322	$803,358	($114,964)

Non Pay by Object Class

Non-Pay Object Classes *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Change
21.0 Travel and Transportation of Persons	$146,792	$211,783	$170,538	($41,245)
22.0 Transportation of Things	$12,454	$11,941	$5,790	($6,151)
23.1 Rental Payments to GSA	$102,878	$105,441	$98,779	($6,662)
23.2 Rental Payments to Others	$4,750	$4,750	$10,428	$5,678
23.3 Communications, Utilities, and Misc. Charges	$33,020	$50,328	$36,065	($14,263)
24.0 Printing and Reproduction	$255	$267	$301	$34
25.2 Other Services from Non-Federal Sources	$247,160	$279,224	$256,460	($22,764)
25.3 Other Goods and Services from Federal Sources	$5,410	$12,577	$20,206	$7,629
25.6 Medical Care	-	$144	$160	$16
25.7 Operation and Maintenance of Equipment	$1,993	$3,218	$3,494	$276
26.0 Supplies and Materials	$45,279	$59,818	$60,061	$243
31.0 Equipment	$191,952	$170,424	$129,854	($40,570)
32.0 Land and Structures	$755	$1,940	$4,755	$2,815
41.0 Grants, Subsidies, and Contributions	$6,000	$6,000	$6,000	-
42.0 Insurance Claims and Indemnities	$467	$467	$467	-
Total - Non Pay Object Classes	**$799,165**	**$918,322**	**$803,358**	**($114,964)**

Working Capital Fund

Appropriation and PPA *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget
Operations and Support	**$3,773**	**$4,073**	**-**
Mission Support	$3,773	$4,073	-
Total Working Capital Fund	**$3,773**	**$4,073**	**-**

Status of Congressionally Requested Studies, Reports and Evaluations

Fiscal Year	Due Date	Reference/Citation	Requirement	Status
2020	3/19/2020	Senate Report 116-125, Title II, pages 79-80.	*Strategic Human Capital Plan*.—The Committee directs the Secret Service, in coordination with the Department's Chief Human Capital Officer, to provide a strategic human capital plan not later than 90 days after the date of enactment of this act for fiscal years 2020 through 2024 that aligns mission requirements with resource projections and delineates between protective and investigative missions. The plan shall address how projected resources can provide the appropriate combination of special agents and Uniformed Division officers to avoid routine leave restrictions, enable a regular schedule of mission-critical training, and provide appropriate levels of support staffing. In addition to addressing how protective and investigative performance measures will be met, the plan shall address how the Secret Service will meet training targets for the Presidential and Vice Presidential Protective Divisions with current and planned staffing levels, consistent with the recommendation contained in GAO–19–415. The plan shall also address the annual cost of and participation rate in various hiring and retention initiatives, including the Uniformed Division Retention Bonus.	Pending

Budget Activity *Dollars in Thousands*	**Last year of Authorization**	**Authorized Level**	**Appropriation in Last Year of Authorization**	**FY 2021 President's Budget**
	Fiscal Year	**Amount**	**Amount**	**Amount**
Operations and Support	**N/A**	**N/A**	**N/A**	**$2,310,296**
Mission Support	N/A	N/A	N/A	$506,358
Protective Operations	N/A	N/A	N/A	$999,434
Field Operations	N/A	N/A	N/A	$688,943
Basic and In-Service Training and Professional Development	N/A	N/A	N/A	$115,561
Procurement, Construction, and Improvements	**N/A**	**N/A**	**N/A**	**$38,305**
Protection Assets and Infrastructure	N/A	N/A	N/A	$37,305
Operational Communications/Information Technology	N/A	N/A	N/A	-
Construction and Facility Improvements	N/A	N/A	N/A	$1,000
Research and Development	**N/A**	**N/A**	**N/A**	**$11,937**
Total Direct Authorization/Appropriation	N/A	N/A	N/A	$2,360,538
Contribution for Annuity Accounts (CAA)	**N/A**	**N/A**	**N/A**	**$265,000**

U.S. Secret Service
Proposed Legislative Language

Operations and Support

Contingent upon enactment of authorizing legislation to transfer the United States Secret Service to the Department of the Treasury, for necessary expenses of the United States Secret Service for operations and support, including purchase of not to exceed 652 vehicles for police-type use for replacement only; hire of passenger motor vehicles; purchase of motorcycles made in the United States; hire of aircraft; rental of buildings in the District of Columbia; fencing, lighting, guard booths, and other facilities on private or other property not in Government ownership or control, as may be necessary to perform protective functions; conduct of and participation in firearms matches; presentation of awards; conduct of behavioral research in support of protective intelligence and operations; payment in advance for commercial accommodations as may be necessary to perform protective functions; and payment, without regard to section 5702 of title 5, United States Code, of subsistence expenses of employees who are on protective missions, whether at or away from their duty stations; $2,310,296,000; of which $41,807,000 shall remain available until September 30, 2022; of which not to exceed $100,000 shall be to provide technical assistance and equipment to foreign law enforcement organizations in criminal investigations within the jurisdiction of the United States Secret Service; and of which $6,000,000 shall be for a grant for activities related to investigations of missing and exploited children: Provided, That not to exceed $19,125 shall be for official reception and representation expenses: Provided further, That funding may be used for calendar year 2020 premium pay in excess of the annual equivalent of the limitation on the rate of pay contained in section 5547(a) of title 5, United States Code, pursuant to section 2 of the Overtime Pay for Protective Services Act of 2016 (5 U.S.C. 5547 note), as amended by Public Law 115–383.

Language Provision	Explanation
…[$2,336,401,000] *$2,310,296,000*	Dollar change only.
…[$39,763,000] *$41,807,000*	Dollar change only. This is a sum of all two-year funding requested in Operations and Support: $18,000,000 for protective travel. Protective travel needs are dictated by the travel schedules of protectees, so it is difficult to predict costs from one year to the next. Two-year authority for this requirement allows the Secret Service to meet legislated protection requirements despite annual fluctuations in protective travel requirements. The Secret Service's ability to budget and execute funding for protective travel and other requirements would be negatively impacted by a shorter period of availability. $4,500,000 for National Special Security Events (NSSEs). Requirements for protection of NSSEs vary year to year based on the number of designated NSSEs. Two-year authority allows the Secret Service to meet its mandated requirement to provide protection for NSSEs despite annual fluctuations in requirements. The Secret Service's ability to budget and execute funding for NSSEs and other requirements would be negatively impacted by a shorter period of availability. $7,827,000 for protective countermeasures. Two-year funding is necessary for the Secret Service to anticipate and respond to emerging threats and adversarial technologies, and provide for unexpected maintenance for existing protective countermeasures. A shorter period of availability would negatively impact the Secret Service's ability to

	protect the White House Complex and other protected sites from existing and emerging threats. $11,480,000 for minor procurements, construction, and improvements of the James J. Rowley Training Center (RTC). Maintenance requirements at RTC are often unpredictable, such as major system breakdowns or weather damage. Two-year authority is necessary to ensure Secret Service can address emergency maintenance and repair requirements. A shorter period of availability would negatively impact the Secret Service's ability to provide safe and reliable facilities for RTC students and staff.
… September 30, [2021] *2022*	Updated for period of availability
…[2019] *2020*	Calendar year update only

Procurement, Construction, and Improvements

Contingent upon enactment of authorizing legislation to transfer the United States Secret Service to the Department of the Treasury, for necessary expenses of the United States Secret Service for procurement, construction, and improvements, $38,305,000, to remain available until September 30, 2023.

Language Provision	Explanation
... [$66,989,000]*$38,305,000*	Dollar change only.
…September 30, [2022]*2023*	Updated period of availability.

Research and Development

Contingent upon enactment of authorizing legislation to transfer the United States Secret Service to the Department of the Treasury, for necessary expenses of the United States Secret Service for research and development, $11,937,000, to remain available until September 30, 2022.

Language Provision	Explanation
…[$12,455,000] $11,937,000	Dollar change only.
…September 30, [2021]*2022*	Updated period of availability.

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Budget Comparison and Adjustments

Comparison of Budget Authority and Request

Organization *(Dollars in Thousands)*	FY 2019 Enacted			FY 2020 Enacted			FY 2021 President's Budget			FY 2020 to FY 2021 Total Changes		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
Mission Support	880	812	$481,977	915	884	$500,453	915	902	$506,358	-	18	$5,905
Protective Operations	3,434	3,398	$884,701	3,446	3,427	$1,021,437	3,510	3,478	$999,434	64	51	($22,003)
Field Operations	3,098	2,921	$678,927	3,173	3,097	$703,977	3,222	3,172	$688,943	49	75	($15,034)
Basic and In-Service Training and Professional Development	238	228	$102,923	243	239	$110,534	249	244	$115,561	6	5	$5,027
Total	**7,650**	**7,359**	**$2,148,528**	**7,777**	**7,647**	**$2,336,401**	**7,896**	**7,796**	**$2,310,296**	**119**	**149**	**($26,105)**
Subtotal Discretionary - Appropriation	7,650	7,359	$2,148,528	7,777	7,647	$2,336,401	7,896	7,796	$2,310,296	119	149	($26,105)

The Operations and Support (O&S) appropriation funds United States Secret Service operations, mission support, and associated management and administration (M&A) costs. The operations funded in the O&S account include protection, protective intelligence, and criminal investigations.

The appropriation is broken out into the following Programs, Projects, and Activities (PPA):

Mission Support: The Mission Support PPA provides funds for enterprise management and administrative services that sustain day-to-day business management operations. Key capabilities include conducting Agency planning and performance management; managing finances, including oversight of all travel requests; managing Agency workforce; providing physical and personnel security; acquiring goods and services; managing information technology; managing Agency property and assets, including office operations both within the United States and abroad, and the owned and leased vehicle fleet; managing Agency communications; managing legal affairs; and providing general management and administration.

Protective Operations: The Protective Operations PPA provides funds to protect the President and Vice President and their families, former Presidents and their spouses, and other designated individuals such as major Presidential and Vice Presidential candidates, and spouses of eligible candidates during the general presidential elections. Protective Operations also funds security of the White House Complex, Vice President's Residence, and other designated places, as well as designs, coordinates, and implements operational security plans for designated National Special Security Events (NSSEs).

Field Operations: The Field Operations PPA provides funding for domestic and international field offices and headquarters divisions of the Office of Investigations. Field Office operations protect the Nation's financial service infrastructure through investigations, risk assessments, and recommend industry safeguards to prevent fraud based on identification and assessment of systemic weaknesses.

Basic and In-Service Training and Professional Development: The Basic and In-Service Training and Professional Development PPA provides funding for basic and advanced personnel training for Uniform Division (UD) officers, Special Agents (SA) criminal investigators, and

Administrative, Professional and Technical (APT) personnel. This PPA also maintains supplies, equipment, maintenance and upkeep at the James J. Rowley Training Center (RTC).

The Budget proposes to transfer the United States Secret Service, including this account, from the Department of Homeland Security to the Department of the Treasury. All functions, personnel, assets, and obligations of the Secret Service, including the functions of the Secretary of Homeland Security related to the Secret Service, will transfer to the Department of the Treasury.

Operations and Support
Budget Authority and Obligations

Budget Authority *(Dollars in Thousands)*	**FY 2019**	**FY 2020**	**FY 2021**
Enacted/Request	**$2,148,528**	**$2,336,401**	**$2,310,296**
Carryover and/or Recoveries (Actual/Estimates/Projections)	$19,070	$40,036	$39,763
Rescissions to Current Year/Budget Year	($5,673)	-	-
Net Sequestered Resources	-	-	-
Reprogrammings/Transfers	$11,980	-	-
Supplementals	-	-	-
Total Budget Authority	**$2,173,905**	**$2,376,437**	**$2,350,059**
Collections – Reimbursable Resources	$26,730	$26,730	$26,730
Total Budget Resources	**$2,200,635**	**$2,403,167**	**$2,376,789**
Obligations (Actual/Estimates/Projections)	$2,133,493	$2,363,404	$2,334,982
Personnel: Positions and FTE			
Enacted/Request Positions	7,650	7,777	7,896
Enacted/Request FTE	7,359	7,647	7,796
Onboard and Actual FTE; Includes Collections - Reimbursable Resources			
Onboard (Actual/Estimates/Projections)	7,811	7,805	7,924
FTE (Actual/Estimates/Projections)	7,196	7,675	7,824

*Carryover and obligation figures reported in this table in the FY 2019, FY 2020 and FY 2021 differ from the MAX A-11 database due to adjustments reported later than the MAX A-11 database lock.
**In the table above, the rescission line includes the administrative savings rescissions per the Consolidated Appropriation Act, 2019 (P.L. 116-6).

Operations and Support
Summary of Budget Changes

Budget Formulation Activity *(Dollars in Thousands)*	**Positions**	**FTE**	**Amount**
FY 2019 Enacted	**7,650**	**7,359**	**$2,148,528**
FY 2020 Enacted	**7,777**	**7,647**	**$2,336,401**
FY 2021 Base Budget	**7,777**	**7,647**	**$2,336,401**
Transfer for UNGA from PPF to Presidential Campaign & NSSE	-	-	($14,500)
Transfer for UNGA to Presidential Campaign & NSSE from PPF	-	-	$14,500
2020 Pay Raise	-	-	$45,875
2021 Pay Raise	-	-	$11,388
Annualization of FY 2020 Secret Service Staffing	-	87	$14,785
Annualization of FY20 Counterintelligence and Insider Threat	-	1	$288
Base Pay	-	-	$8,711
FERS Agency Contribution	-	-	$14,146
FPS Fee Adjustment	-	-	$282
GSA Rent	-	-	$3,010
Total, Pricing Increases	**-**	**88**	**$98,485**
Non-Recur 2020 Presidential Campaign	-	-	($85,947)
Non-Recur FY 2020 Hiring Costs	-	-	($14,987)
Non-Recur Sustainment of Funding for Forensic/Inv Support	-	-	($784)
Reductions to Contracts	-	-	($5,376)
Vehicle Maintenance	-	-	($7,392)
Total, Pricing Decreases	**-**	**-**	**($114,486)**
Total Adjustments-to-Base	**-**	**88**	**($16,001)**
FY 2021 Current Services	**7,777**	**7,735**	**$2,320,400**
Ammunition Transition	-	-	$4,490
Awards Spending Increase	-	-	$15,183
Former President Obama's Residence	-	-	$5,937
Fully Armored Vehicle (FAV) Armoring	-	-	$14,650
New York Field Office (Brooklyn)	-	-	$5,678
Protective Countermeasures (Operational Mission Support)	-	-	$5,382
Secret Service Staffing	119	61	$20,474
Training Classes (SA and UD Officer)	-	-	$3,700
Transition Costs - USSS Transfer to Treasury	-	-	$20,000
Transition to GSA-Owned Fleet Vehicles	-	-	$3,500
Vehicle Support Facility	-	-	$4,000
Total, Program Increases	**119**	**61**	**$102,994**

Budget Formulation Activity *(Dollars in Thousands)*	Positions	FTE	Amount
Electronic Crimes Task Force (ECTF) Modernization	-	-	($1,600)
Information Technology Support and Infrastructure (ITSI)	-	-	($7,803)
International Cooperative Administrative Support Services (ICASS)	-	-	($800)
IT Support and Infrastructure (Phones)	-	-	($702)
National Computer Forensics Institute (NCFI)	-	-	($26,377)
Non-Recur IT Infrastructure (Computer Refresh)	-	-	($2,830)
Olney Training Facility Construction	-	-	($5,500)
Overtime Above Pay Cap	-	-	($10,000)
Permanent Change of Station (PCS) Moves	-	-	($7,000)
Radios and Hubs	-	-	($10,000)
Retention Initiatives	-	-	($11,900)
Scheduled Overtime	-	-	($7,500)
Travel	-	-	($21,086)
Total, Program Decreases	**-**	**-**	**($113,098)**
FY 2021 Request	**7,896**	**7,796**	**$2,310,296**
FY 2020 To FY 2021 Change	**119**	**149**	**($26,105)**

Operations and Support
Justification of Transfers

Transfers *(Dollars in Thousands)*	**FY 2021 President's Budget**		
	Positions	**FTE**	**Amount**
Transfer 1 - Transfer for UNGA from PPF to Presidential Campaign & NSSE	**-**	**-**	**($14,500)**
Protective Operations	-	-	($14,500)
Protection of Persons and Facilities	-	-	($14,500)
Transfer 2 - Transfer for UNGA to Presidential Campaign & NSSE from PPF	**-**	**-**	**$14,500**
Protective Operations	-	-	$14,500
Presidential Campaigns and National Special Security Events	-	-	$14,500
Total Transfers	-	-	-

Transfers 1-2 – Transfer for UNGA: These transfers properly align costs associated with the United Nations General Assembly (UNGA) into the Presidential Campaign and NSSE PPA.

Operations and Support
Justification of Pricing Changes

Pricing Changes *(Dollars in Thousands)*	FY 2021 President's Budget		
	Positions	**FTE**	**Amount**
Pricing Change 1 - 2020 Pay Raise	**-**	**-**	**$45,875**
Mission Support	-	-	$2,794
Protective Operations	-	-	$21,121
Protection of Persons and Facilities	-	-	$20,130
Protective Countermeasures	-	-	$168
Protective Intelligence	-	-	$850
Presidential Campaigns and National Special Security Events	-	-	($27)
Field Operations	-	-	$21,108
Domestic and International Field Operations	-	-	$21,108
Basic and In-Service Training and Professional Development	-	-	$852
Pricing Change 2 - 2021 Pay Raise	**-**	**-**	**$11,388**
Mission Support	-	-	$1,328
Protective Operations	-	-	$5,072
Protection of Persons and Facilities	-	-	$4,641
Protective Countermeasures	-	-	$111
Protective Intelligence	-	-	$320
Field Operations	-	-	$4,633
Domestic and International Field Operations	-	-	$4,633
Basic and In-Service Training and Professional Development	-	-	$355
Pricing Change 3 - Annualization of FY 2020 Secret Service Staffing	**-**	**87**	**$14,785**
Mission Support	-	17	$2,349
Protective Operations	-	18	$2,627
Protection of Persons and Facilities	-	11	$1,779
Protective Countermeasures	-	5	$587
Protective Intelligence	-	2	$261
Field Operations	-	50	$9,483
Domestic and International Field Operations	-	50	$9,483
Basic and In-Service Training and Professional Development	-	2	$326
Pricing Change 4 - Annualization of FY20 Counterintelligence and Insider Threat	**-**	**1**	**$288**
Mission Support	-	1	$288

Pricing Changes *(Dollars in Thousands)*	**FY 2021 President's Budget**		
	Positions	**FTE**	**Amount**
Pricing Change 5 - Base Pay	**-**	**-**	**$8,711**
Protective Operations	-	-	$3,119
Protection of Persons and Facilities	-	-	$3,119
Field Operations	-	-	$5,592
Domestic and International Field Operations	-	-	$5,592
Pricing Change 6 - FERS Agency Contribution	**-**	**-**	**$14,146**
Mission Support	-	-	$1,349
Protective Operations	-	-	$7,015
Protection of Persons and Facilities	-	-	$6,359
Protective Countermeasures	-	-	$237
Protective Intelligence	-	-	$419
Field Operations	-	-	$5,288
Domestic and International Field Operations	-	-	$5,288
Basic and In-Service Training and Professional Development	-	-	$494
Pricing Change 7 - FPS Fee Adjustment	**-**	**-**	**$282**
Mission Support	-	-	$282
Pricing Change 8 - GSA Rent	**-**	**-**	**$3,010**
Mission Support	-	-	$3,010
Pricing Change 9 - Non-Recur 2020 Presidential Campaign	**-**	**-**	**($85,947)**
Protective Operations	-	-	($85,947)
Presidential Campaigns and National Special Security Events	-	-	($85,947)
Pricing Change 10 - Non-Recur FY 2020 Hiring Costs	**-**	**-**	**($14,987)**
Mission Support	-	-	($658)
Protective Operations	-	-	($837)
Protection of Persons and Facilities	-	-	($599)
Protective Countermeasures	-	-	($165)
Protective Intelligence	-	-	($73)
Field Operations	-	-	($13,401)
Domestic and International Field Operations	-	-	($13,401)
Basic and In-Service Training and Professional Development	-	-	($91)
Pricing Change 11 - Non-Recur Sustainment of Funding for Forensic/Inv Support	**-**	**-**	**($784)**
Field Operations	-	-	($784)
Domestic and International Field Operations	-	-	($784)
Pricing Change 12 - Reductions to Contracts	**-**	**-**	**($5,376)**

Pricing Changes *(Dollars in Thousands)*	**FY 2021 President's Budget**		
	Positions	**FTE**	**Amount**
Mission Support	-	-	($3,481)
Field Operations	-	-	($1,162)
Domestic and International Field Operations	-	-	($1,162)
Basic and In-Service Training and Professional Development	-	-	($733)
Pricing Change 13 - Vehicle Maintenance	**-**	**-**	**($7,392)**
Mission Support	-	-	($7,392)
Total Pricing Changes	**-**	**88**	**($16,001)**

<u>Pricing Change 1 – 2020 Pay Raise:</u> This pricing change reflects the costs to support the FY 2020 enacted 3.1 percent pay increase. This includes one quarter of funding for Calendar Year 2020 and three quarters to annualize the funding in Calendar Year 2021.

<u>Pricing Change 2 – 2021 Pay Raise:</u> This pricing change reflects the impact of a 1.0 percent pay raise in calendar year 2021.

<u>Pricing Change 3 - Annualization of FY 2020 Secret Service Staffing:</u> This pricing change reflects the annualization of Full Time Equivalents (FTE) and funding for the staffing included in the FY 2020 Enactment.

<u>Pricing Change 4 – Annualization of FY20 Counterintelligence and Insider Threat:</u> This pricing change reflects the annualization of FTE and funding to support counterintelligence (CI) and insider threat initiatives from Foreign Intelligence Entities (FIEs), as provided in the FY 2020 Enactment.

<u>Pricing Change 5 – Base Pay:</u> This pricing change reflects an increase to correct for prior year base pay shortfalls.

<u>Pricing Change 6 – FERS Agency Contribution:</u> This pricing change reflects higher agency FERS contributions in FY 2021. Per OMB Circular A-11, agency Federal Employees Retirement System (FERS) contributions will increase in FY 2021. The regular FERS Agency contribution will increase by 1.3 percent from 16.0 percent in FY 2020 to 17.3 percent in FY 2021. The Law Enforcement FERS Agency contribution will increase by 2.4 percent from 33.4 percent to 35.8 percent. The Agency contribution amount for Civil Service Retirement System (CSRS) will not change.

<u>Pricing Change 7 – FPS Fee Adjustment:</u> This pricing change will be used to offset anticipated increases to Secret Service from Federal Protective Service (FPS) basic security fees due to a change in the FPS basic security fee level and assessment model.

<u>Pricing Change 8 – GSA Rent:</u> This pricing change reflects increasing costs of the annual General Services Administration (GSA) rent to include additional funding for 20 Massachusetts Avenue, overtime utilities for all Secret Service offices, the anticipated move of the Chicago Field Office, projected renovation, moves and furniture expenditures associated with expiring office leases as well as requests for renovation enhancements of space at the White House complex, Foreign Missions, the Naval Observatory, the Eisenhower Executive Office Building, and New Executive Office Building. The cost estimate is the result of an ongoing analysis of GSA leases.

<u>Pricing Change 9 – Non-Recur 2020 Presidential Campaign:</u> This pricing change reflects the non-recur of one-time costs (travel and overtime) to support the 2020 Presidential Campaign, including the protection of major candidates, nominees, their spouses, and the presidential and vice-presidential debates.

<u>Pricing Change 10 – Non-Recur FY 2020 Hiring Costs:</u> This pricing change reflects the non-recur of non-pay costs associated with the Secret Service Staffing increase included in the FY 2020 Enactment, to include one-time costs for equipment, general supplies, and uniforms.

<u>Pricing Change 11 – Non-Recur Sustainment of FY 2019 Funding for Forensic/Inv Support:</u> This pricing change reflects a non-recur of funding included in the FY 2019 Enactment for forensic and investigative support.

<u>Pricing Change 12 – Reductions to Contracts:</u> This pricing change reflects contract efficiencies that will be gained in FY 2021 in multiple program areas across the organization. Contract reductions will be achieved without impacting protective and investigative mission operations.

<u>Pricing Change 13 – Vehicle Maintenance:</u> This pricing change reflects Secret Service efforts to transition from GSA-owned to GSA-leased vehicles across the protection and investigation integrated mission. This transition eliminates maintenance costs and extensive time consuming repairs on an aged fleet.

Operations and Support
Justification of Program Changes

Program Changes *(Dollars in Thousands)*	**FY 2021 President's Budget**		
	Positions	**FTE**	**Amount**
Program Change 1 - Ammunition Transition	**-**	**-**	**$4,490**
Basic and In-Service Training and Professional Development	-	-	$4,490
Program Change 2 - Awards Spending Increase	**-**	**-**	**$15,183**
Mission Support	-	-	$1,771
Protective Operations	-	-	$6,762
Protection of Persons and Facilities	-	-	$6,188
Protective Countermeasures	-	-	$148
Protective Intelligence	-	-	$426
Field Operations	-	-	$6,177
Domestic and International Field Operations	-	-	$6,177
Basic and In-Service Training and Professional Development	-	-	$473
Program Change 3 - Electronic Crimes Task Force (ECTF) Modernization	**-**	**-**	**($1,600)**
Field Operations	-	-	($1,600)
Domestic and International Field Operations	-	-	($1,600)
Program Change 4 - Former President Obama's Residence	**-**	**-**	**$5,937**
Protective Operations	-	-	$5,937
Protection of Persons and Facilities	-	-	$5,937
Program Change 5 - Fully Armored Vehicle (FAV) Armoring	**-**	**-**	**$14,650**
Protective Operations	-	-	$14,650
Protection of Persons and Facilities	-	-	$14,650
Program Change 6 - IT Support and Infrastructure (Phones)	**-**	**-**	**($702)**
Mission Support	-	-	($702)
Program Change 7 - Information Technology Support and Infrastructure (ITSI)	**-**	**-**	**($7,803)**
Mission Support	-	-	($7,803)
Program Change 8 - International Cooperative Administrative Support Services (ICASS)	**-**	**-**	**($800)**
Field Operations	-	-	($800)
Domestic and International Field Operations	-	-	($800)
Program Change 9 - National Computer Forensics Institute (NCFI)	**-**	**-**	**($26,377)**
Field Operations	-	-	($26,377)
Support for Computer Forensics Training	-	-	($26,377)

Program Changes *(Dollars in Thousands)*	**FY 2021 President's Budget**		
	Positions	**FTE**	**Amount**
Program Change 10 - New York Field Office (Brooklyn)	**-**	**-**	**$5,678**
Protective Operations	-	-	$5,678
Protection of Persons and Facilities	-	-	$5,678
Program Change 11 - Non-Recur IT Infrastructure (Computer Refresh)	**-**	**-**	**($2,830)**
Mission Support	-	-	($2,830)
Program Change 12 - Olney Training Facility Construction	**-**	**-**	**($5,500)**
Basic and In-Service Training and Professional Development	-	-	($5,500)
Program Change 13 - Overtime Above Pay Cap	**-**	**-**	**($10,000)**
Protective Operations	-	-	($5,000)
Protection of Persons and Facilities	-	-	($5,000)
Field Operations	-	-	($5,000)
Domestic and International Field Operations	-	-	($5,000)
Program Change 14 - Permanent Change of Station (PCS) Moves	**-**	**-**	**($7,000)**
Protective Operations	-	-	($3,500)
Protection of Persons and Facilities	-	-	($3,500)
Field Operations	-	-	($3,500)
Domestic and International Field Operations	-	-	($3,500)
Program Change 15 - Protective Countermeasures (Operational Mission Support)	**-**	**-**	**$5,382**
Protective Operations	-	-	$5,382
Protective Countermeasures	-	-	$5,382
Program Change 16 - Radios and Hubs	**-**	**-**	**($10,000)**
Field Operations	-	-	($10,000)
Domestic and International Field Operations	-	-	($10,000)
Program Change 17 - Retention Initiatives	**-**	**-**	**($11,900)**
Mission Support	-	-	($11,900)
Program Change 18 - Scheduled Overtime	**-**	**-**	**($7,500)**
Protective Operations	-	-	($3,750)
Protection of Persons and Facilities	-	-	($3,750)
Field Operations	-	-	($3,750)
Domestic and International Field Operations	-	-	($3,750)
Program Change 19 - Secret Service Staffing	**119**	**61**	**$20,474**
Protective Operations	64	33	$9,970
Protection of Persons and Facilities	59	31	$9,010
Protective Countermeasures	1	-	$217

Program Changes (Dollars in Thousands)	FY 2021 President's Budget		
	Positions	FTE	Amount
Protective Intelligence	4	2	$743
Field Operations	49	25	$9,843
Domestic and International Field Operations	49	25	$9,843
Basic and In-Service Training and Professional Development	6	3	$661
Program Change 20 - Training Classes (SA and UD Officer)	**-**	**-**	**$3,700**
Basic and In-Service Training and Professional Development	-	-	$3,700
Program Change 21 - Transition Costs - USSS Transfer to Treasury	**-**	**-**	**$20,000**
Mission Support	-	-	$20,000
Program Change 22 - Transition to GSA-Owned Fleet Vehicles	**-**	**-**	**$3,500**
Mission Support	-	-	$3,500
Program Change 23 - Travel	**-**	**-**	**($21,086)**
Protective Operations	-	-	($10,302)
Protection of Persons and Facilities	-	-	($10,302)
Field Operations	-	-	($10,784)
Domestic and International Field Operations	-	-	($10,784)
Program Change 24 - Vehicle Support Facility	**-**	**-**	**$4,000**
Mission Support	-	-	$4,000
Total Program Changes	**119**	**61**	**($10,104)**

Program Change 1 – Ammunition Transition:

Description
The FY 2021 Request includes an increase of $4.5M to purchase ammunition to support the implementation of and training on a new handgun weapon system for Secret Service law enforcement personnel. The base for this program is $0.6M.

Justification
The Office of Training (TNG) is responsible for fielding all operational firearms, including training Secret Service personnel on the new weapons. In FY 2021, TNG requires funding to purchase additional ammunition that will be used to train Secret Service law enforcement personnel on a new handgun weapon system.

Performance
Funding at the requested levels would increase the current purhases of 24 types of live and blank fire ammunition for training and operational deployment of firearms to support both training requirements and mission success.

Program Change 2 – Awards Spending Increase:

Description
The FY 2021 Request includes an increase of $15.2M for Awards Spending. The base for this program is 0 positions, 0 FTE, and $0.

Justification
Only July 12, 2019, OMB issued Memorandum 19-24 *Guidance on Awards for Employees and Agency Workforce Funding Plan*. This Memorandum directs agencies to review and update their current award spending plans in order to: 1) support the strategic use of awards and recognition throughout the year; 2) address workforce challenges and recognize high performing employees; and 3) recognize those employees with talent critical to mission achievement.Consistent with this guidance, the FY 2021 Budget requests an increase for awards spending to support strategic workforce development.

Performance
The FY 2021 Request supports the Agency workforce planning requirements by providing a one percent increase for awards spending. The additional funding will help drive positive behavior by recognizing accomplishments of Agency personnel, thereby fostering a culture of recognition.

Program Change 3 – Electronic Crimes Task Force (ECTF) Modernization:

Description
The FY 2021 Request includes a decrease of $1.6M to the Electronic Crimes Task Force (ECTF) - Forensic Equipment Modernization (Cyber Investigations Technology Enhancement). The base for this program is $7.1M.

Justification
Secret Service leads ECTFs to prevent, detect, investigate, and disrupt various forms of electronic crimes, including potential terrorist attacks against critical infrastructure and financial payment systems. Secret Service operates 38 domestic and two foreign ECTFs that strategically align law enforcement, academia and the corporate sector, to investigate, disrupt, and deter homeland security-related cyber-crime, as well as cyber-related high consequence events related to missions and critical infrastructure sectors. Funding in FY 2020 allowed the Secret Service to provide state-of-the-art investigative technology and equipment to two additional ECTFs. In FY 2021, the Secret Service requests a decrease to ECTF modernization funding that will allow the agency to continue to modernize ECTFs, albeit at a slower pace.

Performance
The Secret Service's network of electronic crimes task forces enabled the Secret Service to prevent over $7.1B in fraud losses and conduct computer forensic examinations on over 11 petabytes of data in FY 2019. Secret Service will continue to use available funding to modernize ECTFs, and will continue to leverage ECTFs around the world to investigate and disrupt electronic crimes.

Program Change 4 – Former President Obama's Residence:

Description
The FY 2021 Request includes an increase of $5.9M for the protection and security of Former President Obama's secondary residence, to include equipment and services at the new location. There is no base to this program.

Justification
The Presidential Protection Assistance Act of 1976, P.L. 94 – 524 provides that each protectee of the Secret Service may designate non-Governmental property(s) to be secured by the Secret Service. In FY 2020 former President Obama declared an additional residence outside of the District of Columbia that will be secured by the Secret Service. The Secret Service has evaluated the new residence site plans and will begin the installation and construction of a comprehensive residential security system. The protectee, former President Obama, will be taking occupancy in FY 2021 to FY 2022.

Performance
The Secret Service is required to secure the residences of former Presidents as per Title 18 U.S.C. 3056. Funding ensures the continued safety and protection of former President Obama. An increase in funding will improve detection on intrusion, and will allow camera coverage that can be utilized as a solution for threat detection at the new residence.

Program Change 5 – Fully Armored Vehicle (FAV) Armoring:

Description
The FY 2021 Request includes an increase of $14.7M, to maintain an operationally ready FAV program with predictable replacement cycles and funding. There is no base for this program.

Justification
The Secret Service is in the process of replacing its entire fleet of FAVs. The Secret Service purchased 532 base platforms in FY 2019, and is armoring them gradually in order provide secure ground transportation to all protectees. The Secret Service has identified an overall need for 532 FAVs, including 466 standard FAVs. Once the FAV fleet is fully refreshed, vehicles will be replaced and armored on a rolling five-year lifecycle to maintain fleet readiness. FY 2021 funding will support the armoring of 80 standard FAVs.

The following chart shows all FAV funding for FY 2021.

Fully Armored Vehicles (FAVs)	FY 2021

(Dollars in Thousands)	O&S	PC&I	R&D	TOTALS
Standard FAV armoring (80 platforms)	$14,650	-	-	$14,650
Camp David Limousine (CDL) armoring (18 platforms)	-	$7,380	-	$7,380
Research & Development for Gen2 FAV	-	-	$9,357	$9,357
TOTAL, FAV	**$14,650**	**$7,380**	**$9,357**	**$31,387**

Funded Operational Fleet

Fiscal Year	Base Platforms	Standard	CDL	Total
Prior to 2017	17	11	6	17
2017 Enacted	46	46	-	46
2018 Enacted	179	56	1	57
2019 Enacted	290	109	-	109
2020 Enacted	-	79	29	108
2021 PB	-	80	18	98
Total Funded	**532**	**381**	**54**	**435**

Performance

Deploying 80 standard FAVs with armoring will enhance protection of current and future protectees. The Secret Service will prioritize replacement of FAV that no longer provide adequate protection and those that require costly repairs and maintenance

<u>Program Change 6 – IT Support and Infrastructure (Phones):</u>

Description
The FY 2021 Request includes a decrease of $0.7M for IT Support and Infrastructure (Phones). The base for this program is $18.7M.

Justification
Funded as part of the IT Support and Infrastructure program, Mobile Broadband (MBB) service establishes a layer of cyber-security between foreign telecom providers and Secret Service cell phones. MBB services and roaming global hotspots allow for Voice over IP connections and Wi-Fi calling, which provides a higher level of security. These services are used to connect to iPhones. Cell phones are a critical piece of equipment for agents in both their investigative and protective missions, as they seldom remain in a single work location. If adversaries are tracking the MBB, the employee can remove that MBB feature and continue with their iPhone. MBB is required for all employees traveling overseas to high and above threat foreign countries. The MBB can help protect the Secret Service network, as well as employee identity.

The Secret Service requests a decrease for Mobile Broadband (MBB) services in FY 2021, which will allow the Secret Service to deactivate MBB services on 650 devices. The Secret Service does not require MBB services on all of its devices, and will prioritize the provision of MBB services to phones of employees who travel overseas or who otherwise require such services in the performance of their duties.

Performance
The proposed decrease will not impact the Secret Service's protective or investigative mission. Funding will continue to support MBB services that are required for all employees traveling overseas to high threat countries. The Secret Service will ensure consistent secure communication across protected sites in the National Capital Region (NCR) and hub sites across the country. MBB will continue to help protect the Secret Service network and the identity of employees.

<u>Program Change 7 – Information Technology Support and Infrastructure (ITSI):</u>

Description
The FY 2021 Request includes a decrease of $7.8M for IT Support and Infrastructure. The base for this program is $103.8M.

Justification
ITSI reflects a convergence of the former Information Integration and Technology Transformation (IITT) modernization program (now in sustainment) with the IT Infrastructure (ITI) legacy program. The converged ITSI program supports all Secret Service IT programs enterprise-wide, to include the modernized network, the classified network, IT applications, Network Operations Security Center (NOSC) and Help Desk, program management, IT applications support, PC/peripherals refresh, IT Governance & Accountability, cyber-security and information assurance, and all communications capabilities to include telephones, radios and support services.

The Secret Service requests a reduction to ITSI funding, reflecting the completion of the IITT modernization program and the transition to sustainment of the Secret Service's IT capabilities and equipment.

Performance

The general reduction across the IT enterprise will have minimal near-term impact on the protective and investigative mission, since the Secret Service will continue to benefit from modernized IT systems and will achieve efficiencies in the use and sustainment of modernized technology. Secret Service will ensure consistent, secure networks, help desk support, information assurance and communications in support of the protectees and criminal investigations.

Program Change 8 – International Cooperative Administrative Support Services (ICASS):

Description

The FY 2021 Request includes a decrease of $0.8M to International Cooperative Administrative Support Services (ICASS). The base for this program is $7.5M.

Justification

Secret Service depends on a mutually reliant affiliation with the Department of State (DOS). The ICASS system is the principal means that the United States Government shares the cost of common administrative support needed to ensure effective operations at its diplomatic and consular posts abroad. The Capital Security Cost-Sharing Program (CSCS) platform provides the mechanism to collect funds from all agencies, in advance, subject to Chief of Mission authority for their share of the cost of providing diplomatic facilities overseas for each Agency. Utilizing ICASS and CSCS platforms allow the Secret Service to exploit an existing operational support structure of reliable service providers for a fraction of the cost and create incentives to right-size overseas positions.

The shared ICASS services include motor pool operations and vehicle maintenance, travel services, reproduction services, mail and messenger services, information management, reception and telephone system services, purchasing and contracting, human resources services, cashiering, vouchering, accounting, budget preparation, residential and non-residential security guard services, and building operations. ICASS provides funding for multiple health and safety issues in foreign countries as well as alleviating liability issues including local labor law violations. In addition, ICASS lessens the hardships for Secret Service's personnel assigned to foreign countries, including housing, leases, and utilities.

Based on the current staffing profile, the Secret Service is able to take a reduction to ICASS and CSCS through cost savings in the realignment and re-classifying of positions from Control Access Area (CAA) to Non-CAA in the international field offices. Additionally, some APTs will provide international investigative mission support from domestic locations for critical multi-national cyber and financial infrastructure investigations.

Performance
Secret Service will evaluate protection and investigation operational requirements on a case by case basis to determine which positions should be re-classified or re-located without impacting mission success or operational tempo. Secret Service's foreign offices are the vital link to address cyber threats by coordinating and integrating robust counterintelligence, cyber intelligence, and international law enforcement activities to prevent attacks, disruptions, and exploitations. Secret Service will continue to use Locally Employed Staff (LES) for investigative work and protective liaisons with other foreign law enforcement agencies to identify overseas threats that are critical to the United States infrastructure.

Program Change 9– National Computer Forensics Institute (NCFI):

Description
The FY 2021 Request includes a decrease of $26.4M to the NCFI program.. The base for this program is $30.4M.

Justification
Secret Service is non-recuring the congressional enhancement to the National Computer Forensics Institute program. The NCFI provides State and local law enforcement, prosecutors and judicial officials a national standard of training in electronic crimes investigations, network intrusion response, computer and mobile device forensics, and high tech crime prosecution.

Performance
The proposed reduction will allow the NCFI to provide free training and investigative equipment to approximately 500 State and local students in FY 2021, a significant benefit to State and local partner organizations. Secret Service will continue to enhance analysis and awareness of threats at NCFI to protect the Nation's financial infrastructure through investigative activities. Secret Service will collaborate with its partner law enforcement organizations to prevent further cyber threats to the Homeland.

Program Change 10 – New York Field Office (Brooklyn):

Description
The FY 2021 Request includes an increase of $5.7M for the Secret Service New York Field Office based in Brooklyn, New York. The base for this program is $5.9M.

Justification
This request includes funding to cover costs associated with re-competing the lease of the New York Field Office in Brooklyn, NY, as detailed in a General Services Administration (GSA) lease prospectus provided to Congress. This office space is required to house and maintain the workforce of 261 FTEs and a space requirement of 66,807sq.ft. In addition, the office space has parking lot costs of $1.5M per year, which amounts to 221 parking spaces.

Performance

The office space will be fully supported to allow the workforce to continue to perform its mission operations, prevent overcrowding, and improve quality of work life.

Program Change 11 – Non-Recur IT Infrastructure (Computer Refresh):

Description
The FY 2021 Request includes a decrease of $2.8M for IT Support and Infrastructure – Computer Refresh. The base for this program is $6.2M.

Justification
The ITSI Computer Refresh program is responsible for the technical refresh of all computers, laptops, tablets, printers and other peripherals for all Special Agents (SA), Uniform Division personnel (UD), Administrative, Professional and Technical (APT) personnel and contractors requiring support in accomplishing responsibilities associated with the protection and investigation mission. Secret Service is able to find efficiencies by extending current refresh cycles. Secret Service generally uses a 3-5 year cycle for refreshing laptops and desktops and a 5-7 year cycle for replacing printers as reflected in the Secret Service IT Asset Refresh Plan.

Performance
The requested funding will allow Secret Service to standardize its refresh cycles for laptops, desktops, and printers, ensuring that Secret Service employees have access to working technology in order to perform their job duties.

Program Change 12 - Olney Training Facility Construction:

Description
The FY 2021 Request includes a decrease of $5.5M for the Olney training facility in Maryland. The base for this program is $5.5M.

Justification
Federal Emergency Management Agency (FEMA) currently owns the Olney facility and is transferring ownership of the facility to the United States Navy in FY 2020. The facility will no longer be available to hold or conduct Secret Service training. All classes that were taught at the Olney training facility will be absorbed and conducted at RTC or other in-town locations.

Performance
The Secret Service will relocate all training from the Olney facility to the Rowley Training Center (RTC) and other training facilities to avoid operational impact.

Program Change 13 – Overtime Above Pay Cap:

Description
The FY 2021 Request includes a decrease of $10.0M related to Overtime above the pay cap. The base for this program $10.0M.

Justification
Public Law 115-383 amended the Overtime Pay for Protective Services Act of 2016 to extend through calendar year 2020, subject to specified limitations, the exemption of U.S. Secret Service officers, employees, and agents who perform protective services from the limitation on premium pay otherwise applicable to Federal employees. The underlying authority to pay premium pay for protective services hours worked in excess of annual pay limitations is executable "only to the extent that an appropriation is provided specifically in an appropriations Act" (Public Law 115-160).

FY 2020 DHS Appropriations Act (Public Law 116-93) provided $10.0M for overtime above the pay cap that Secret Service employees earned in calendar year 2019. The FY 2021 Request non-recurs this funding and requests no funding for overtime that Secret Service employees may earn above the pay cap for calendar year 2020. The Secret Service will not know the amount of overtime above the pay cap funding required for calendar year 2020 until much closer to the end of the year.

Performance
The Secret Service received funding in FY 2020 to hire additional personnel, and is requesting funds in FY 2021 for additional staff. As Secret Service continues to hire and increase staffing, Secret Service will see decreases in overtime in its SA and UD workforces, including the need for overtime in excess of annual pay.

Program Change 14 - Permanent Change of Station (PCS) Moves:

Description
The FY 2021 Request includes a decrease $7.0M for Permanent Change of Station (PCS) moves. The base for this program is $41.8M.

Justification
PCS funds are used to pay for moving employees from one duty location to another. PCS funds are used to move new hires for both Special Agent (SAs) and Uniformed Division (UD) Officers, for SA protection refresh (movements to and from protective assignments), for supervisory-related promotions, and for reassignments between HQ and field offices, including foreign locations.

Secret Service's SA career progression plan has three phases. In Phase 1, SAs spend a minimum of three years in a field office, primarily conducting investigative work and acting as "surge capacity" for protective details. This phase is critical to develop the skills necessary to move into a permanent protective assignment in Phase 2. Phase 2 assignments are in the Presidential and Vice Presidential Protective Divisions, Protective Intelligence, Special Operations, or Counter Assault Teams and generally last six to eight years. Upon completion of their Phase 2 assignments, SAs may either "opt-in" to stay at their permanent protective assignment, request reassignment to another permanent protective assignment, or request reassignment to a headquarters or field office position. In recent years, Secret Service has seen an increase in agents choosing to "opt-in" to their current assignment, leading to lower PCS costs.

Performance

The reduction to PCS funding is not expected to impact the Secret Service mission or operations. The PCS program is the cornerstone of the career progression model. To meet the integrated protection and investigation mission, it is critical that law enforcement officers move between field and protective assignments on a routine and predictable schedule. The requested funding supports the Secret Service's career progression model, and will ensure that employees have access to new duty assignments, as appropriate.

<u>Program Change 15 – Protective Countermeasures (Operational Mission Support):</u>

Description

The FY 2021 Request includes an increase of $5.4M for Protective Countermeasures - Operational Mission Support (OMS). The base for this program is 166 positions, 165 FTE, and $61.8M.

Justification

OMS supports the protection of the President and Vice President at the White House Complex (WHC), the Vice President's Residence, and temporary sites from emerging explosive, chemical, biological, radiological, and cyber-threats. The advanced protective countermeasures that are part of OMS are designed to address both established and evolving threats. The requested funding will support continued refresh and sustainment of equipment for enhanced chemical, biological, and radiological detection systems; presidential audio countermeasures; White House physical protective structures; an enhanced White House camera system; cyber-protection activities, and portable security systems for presidential venues.

The implementation of OMS is a multi-year effort that requires O&S funding each fiscal year to address these threats. The lifecycle renewal and implementation of OMS capabilities requires predictable funding support for sustainment. The OMS program uses O&S funds to sustain, refresh, and staff ongoing activities; PC&I funds to implement planned capabilities; and R&D funds to test and adapt to emerging technological opportunities.

Continual refresh and update/upgrade of technical countermeasures ensure a safe environment for the President, Vice President, and other Secret Service protectees.

Operational Mission Support (OMS) *(Dollars in Thousands)*	**FY 2021**					
	O&S (single year)	**O&S (multi-year)**	**Total, O&S**	**PC&I**	**R&D**	**TOTAL**
Enhanced Explosive Detection Systems	$4,786	$401	$5,187	-	-	**$5,187**
Enhanced Chemical, Biological, and Radiological Detection Systems	$8,675	$325	$9,000	$940	-	**$9,940**
Presidential Audio Countermeasures	$3,600	$900	$4,500	$14,700	-	**$19,200**
White House Physical Protective Structures	$11,867	$5,691	$17,558	$10,90	-	**$28,463**
Enhanced White House Camera System	$2,040	$510	$2,550	$1,380	-	**$3,930**
Cyber Protection Activities	$8,200	-	$8,200	-	-	**$8,200**
Development of Next Generation Presidential Limousine	-	-	-	$1,000	-	**$1,000**
Portable Security Systems for Presidential Venues	$300	-	$300	$1,000	-	**$1,300**
Protective Systems and Weapons Testing Program	-	-	-	-	$2,330	**$2,330**
Total, Program Costs	**$39,468**	**$7,827**	**$47,295**	**$29,925**	**$2,330**	**$79,550**
Positions **(166 - 145 APT and 21 UD)**	$21,146	-	$21,146	-	-	**$21,146**
Total, Position Costs	**$21,146**	**-**	**$21,146**	**-**	**-**	**$21,146**
Total, OMS	**$60,614**	**$7,827**	**$68,441**	**$29,925**	**$2,330**	**$100,696**

Operational Mission Support (OMS) Initiatives *(Dollars in Thousands)*	**FY 2019 Enacted**	**FY 2020 Enacted**	**FY 2021 President's Budget**	**FY 2021 to FY 2020 Change**
Enhanced Explosive Detection Systems	$4,972	$4,907	$5,187	$280
Enhanced Chemical, Biological, and Radiological Detection Systems	$8,050	$9,374	$9,940	$566
Presidential Audio Countermeasures	$16,169	$11,929	$19,200	$7,271
White House Physical Protective Structures	$26,210	$32,467	$28,463	$(4,004)
Enhanced White House Camera System	$3,000	$6,650	$3,930	$(2,720)
Cyber Protection Activities	$6,800	$7,002	$8,200	$1,198
Development of Next Generation Presidential Limousine	$11,000	$11,000	$1,000	$(10,000)
Portable Security Systems for Presidential Venues	$1,250	$1,630	$1,300	$(330)
Protective Systems and Weapon Testing Program	$2,250	$1,705	$2,330	$625
Subtotal, Program Costs	**$79,701**	**$86,664**	**$79,550**	$(7,114)
Positions (166) to Support New and Enhanced Programs	$15,952	$19,983	$21,146	$1,163
Total	**$95,653**	**$106,647**	**$100,696**	**$(5,951)**

Performance
Funding enables Secret Service to sustain and refresh legacy protective technology and countermeasures. The operations and sustainment of Secret Service protective technologies ensures mission critical systems remain in good operational condition, avoids system failure, and prevents compounding out-year cost impacts and operational delays. Secret Service will continue to prioritize funding to minimize equipment failures and outages.

Detailed descriptions of FY 2021 OMS requirements are classified.

Program Change 16 – Radios and Hubs:

Description
The FY 2021 Request includes a decrease of $10.0M for Radios and Hubs, also known as the Field Radio System. The base for this program is $10M.

Justification
Secret Service has a requirement to upgrade/refresh the entire core enterprise field radio network infrastructure. Funding provided in the FY 2020 enactment supported the integrated protective and investigative mission by providing the modern infrastructure needed for the handheld radios and mobile vehicle radios, to include Radio Sites, HUBs, Networks, and Antennas. Funds supported the field expansion project, a two phase process that

supports New York City, Newark, Miami, Dallas, Los Angeles and Chicago Offices with redundant HUBs at the backup data center. The Radio and Hub (Field Radio System) also supports the ability to expand capabilities for National Special Security Events (NSSEs) to include UNGA, RNC, DNC and Inauguration. Four tactical HUBs are included which supports the integration of NSSE deployed tactical systems into the USSS Radio Core.

- Phase 1: ~97 Sites and ~70 Radio Networks.
  Objective: The first phase (Phase 1) attempts to address Region 1 radio infrastructure which includes the New York City Field Office and surrounding areas. This allows reliability and support to improve the Secret Service annual protective activities for United Nations General Assembly (UNGA).
- Phases 2: Addresses the remaining radios enterprise-wide: ~423 sites and ~271 Radio Networks.

In FY 2021, the Secret Service will continue to execute projects funded in FY 2020, focusing on the Phase 1 projects in and around New York City. The Budget does not request additional funds for radios and hubs in FY 2021.

Performance

The expansion of the CORE to Enterprise-wide along with adding Regional radio HUBs allows the Secret Service to begin connecting offices across the CONUS and enhance radio security and dispatch capabilities. This increases interoperability with external partners that is crucial to effectiveness. The Secret Service will continue to modernize and expand its communications capabilities to enhance mission effectiveness.

Program Change 17 – Retention Initiatives:

Description

The FY 2021 Request includes a decrease of $11.9M for Retention Initiatives for Secret Service. The base for this program is $19.3M.

Justification

To achieve its mission, Secret Service relies on the recruitment, specialized training, and retention of highly capable individuals to serve as SAs, UD, and APT support personnel. Retention programs include Student Loan Repayment, Tuition Assistance, Childcare Subsidy and others that enable Secret Service to retain skilled and trained personnel for critical operational missions.

This request non-recurs the FY 2020 congressional enhancements to retention initiatives, which are no longer needed to recruit and retain highly qualified personnel.

Performance

The Secret Service received funding in FY 2020 to hire additional personnel, and is requesting funds in FY 2021 for additional staff. Secret Service will continue to hire positions to cut down on forced overtime in order to improve morale and retain Secret Service personnel. Secret Service will also monitor workforce morale and continue to explore efforts to reduce attrition and maintain a qualified staff.

Program Change 18 – Scheduled Overtime:

Description
The FY 2021 Request includes a decrease of $7.5M to scheduled overtime. The base for this program is $79.9M.

Justification
The Secret Service requests a decrease to scheduled overtime funding in FY 2021. As Secret Service continues to hire and increase staffing, Secret Service will see decreases in overtime requirements for its SA and UD workforces, since reliance on overtime will be less necessary to sustain the Secret Service's high operational tempo. While additional staff do not immediately translate into a reduction in required overtime funding, Secret Service estimates that onboarding additional positions funded in FYs 2018 and 2019 should bring down overtime requirements by FY 2021 sufficient to support a decrease in overtime funding.

Performance
Secret Service will continue to emphasize hiring additional employees to share the workload with existing employees, and will continually analyze overtime requirements to ensure that protective and investigative operations are maintained at the current high operational tempo. At the same time, Secret Service will also continue efforts to bring down the number of overtime hours required to sustain operations. For instance, employees on protective assignments use "flex" schedules, wherein weekly schedules are routinely modified to fit operational needs within a standard work week, which minimizes the use of scheduled overtime.

Program Change 19 – Secret Service Staffing:

Description
The FY 2021 Request includes an increase of 119 positions, 61 FTE, and $20.5M to increase staffing for protective and investigative missions and support personnel. The base for this program is 7,777 positions, 7,647 FTE, and $1.5B.

Justification
Secret Service's human capital needs are driven by mission requirements, a mission that must react quickly to ever-changing external drivers and events, requiring the Agency to be operationally nimble in managing increasing workloads and keep pace with adversaries. Secret Service mission continues to grow both in size and complexity – increasingly sophisticated financial cyber-crimes, evolving weapon technology, and more demanding presidential campaigns all require more of Secret Service workforce in both skillset and quantity.

Secret Service has identified FY 2021 staffing needs for all three categories of Secret Service workforce. The FY 2021 Request includes:
- An increase of 44 Special Agent (SA) positions to carry out both the protective and investigative mission of Secret Service. While the popular image of SAs are of men and women in dark suits around the President, most work in field offices around the world investigating crimes and acting as a "surge capacity" of protective support when needed in their region. All SAs begin their careers in field offices developing the investigative and protective skills necessary to become a successful protective agent.
- An increase of 40 Uniformed Division (UD) positions to not only provide security at the iconic WHC, but also at the Vice President's residence, major events taking place throughout the United States, and the embassies of countries with presences in Washington, DC. Additionally, specially-trained UDs support protective operations in highly skilled tactical units.

- An increase of 35 Administrative/Professional/and Technical (APT) positions, which are a diverse group of highly skilled individuals who ensure mission success through a variety of professional business functions and direct mission support activities. A strong APT workforce allows law enforcement personnel the ability to focus on core operations improving overall organizational health.

This combined workforce undertakes fluid and changing operations in the areas of protection, protective intelligence, criminal investigations, and the business governance and support activities necessary to run a global enterprise.

Performance

Based on Secret Service's success in achieving its staffing targets in recent fiscal years, and through the agency's internal analysis of staffing requirements beyond FY 2020, the funding requested in FY 2021 will grow Secret Service staffing up to 7,896 positions, primarily enabling continued growth of SA levels. With these funds Secret Service personnel will be able to have a better work-life balance with less forced overtime, more predictable scheduled training and less leave restrictions.

Program Change 20 – Training Classes (SA and UD Officer):

Description

The FY 2021 Request includes an increase of $3.7M for Training Classes for Special Agents and Uniform Division officers. The base for this program is $10.5M.

Justification

The requested funding will provide for 7 additional basic training classes for new SAs and UDs commensurate with increased hiring. This capacity includes supplies; initial issuance of uniforms, weapons, and ammunition to new hires; and contractual services to bring in role players for tactical exercises. In total, the Secret Service plans on conducting 28 training classes in FY 2021 - 14 for SA training and 14 for UD training.

Performance

Funding at the requested levels would allow Secret Service to meet all of the projected new recruit training needs for both SA and UD in FY 2021. Basic training is an essential and integral part of meeting the Secret Service Strategic Plan Framework for growing and supporting the workforce (Strategic Goal 2). Training would allow the Agency's law enforcement to grow to a capacity of available trained personnel necessary to protect the lives and property of those under its protection, to include the President, the Vice President, their families, and foreign heads of state.

Program Change 21 – Transition Costs - USSS Transfer to Treasury:

Description
The FY 2021 Request includes an increase of $20.0M for implementing the transition of Secret Service from the Department of Homeland Security to the Department of Treasury. Funding is requested contingent on the passage of authorizing legislation effectuating the transfer. There is no base for this program.

Justification
The Budget proposes to transfer the United States Secret Service from the Department of Homeland Security to the Department of the Treasury. The funding includes transition costs, primarily contract support, to move the functions, personnel, assets and obligations of the Secret Service to the Department of Treasury.

Performance
The funding will help ensure a seamless transition to the Treasury. Specifically, funding will be used for the the transfer and configuration of key systems, to include IT and Human Resource systems; communication suites; computer and network capabilities; cyber-security protocols and software; and other administrative process costs.

Program Change 22 – Transition to GSA-Owned Fleet Vehicles:

Description
The FY 2021 Request includes an increase of $3.5M for the Secret Service fleet. The base for this program is $14.0M.

Justification
This increase reflects the transition from Secret Service-owned to GSA-owned vehicles to reduce maintenance costs and increase the predictability of vehicle refresh rates. The funding maintains the lease of vehicles through GSA Consolidation.

GSA Consolidation is the process through which GSA incorporates Agency-owned fleets into the GSA-owned fleet. It involves agencies transferring their owned vehicles to GSA and then leasing those vehicles back until they are replaced on GSA's replacement timetable.

Many of the vehicles in Secret Service inventory pre-date the 2008 production year even though the standard replacement cycle for vehicles is five years. By transitioning to a leased program, a refresh of vehicles can be accomplished, resulting in fleet compliance of the standard lifecycle of 60,000 miles as outlined by GSA. Currently, Secret Service has vehicles that are operating at mileage above 90,000 miles, which is not safe or reliable to support the Secret Service mission. Having reliable transportation for SAs and UDs ensures their safety while conducting activities essential to completing the dual mission of protection and investigation.

Performance

The funding will allow Secret Service to maintain a sufficient number of vehicles to support protective and investigative operations. Through the leasing program, over the long-term Secret Service could realize savings of 10-20 percent over purchasing vehicles. The Secret Service continues to look for and identify vehicle efficiencies specifically in fuel and oil expenses.

Program Change 23 – Travel:

Description

The FY 2021 Request includes a decrease of $21.1M to operational travel. The base for this program is $205.8M.

Justification

Travel is a key component of investigations and a major cost driver for protective and investigative operations. Secret Service is able to request a decrease to travel for two reasons.

First, Secret Service is able to reduce travel costs without incurring unreasonable levels of operational risk. Secret Service can reduce travel costs by shortening the length of some protective advances, reducing the number of personnel in certain traveling protective details, and limiting investigative travel to requests that cannot be performed by local agents or other law enforcement agencies. Secret Service weighs these options on a case-by-case basis to minimize impact to the mission while enhancing financial stewardship.

Second, with the emphasis on increased staffing over the last several years, Secret Service has increased its SA workforce in field offices, thereby increasing the availability of SAs in the field to provide support for protective travel advances and assist on cases led by other field offices, making full use of the geographically dispersed workforce.

Performance

The proposed reduction is not expected to impact mission performance. The Secret Service will continue to use its travel funds wisely to support the performance of its protective and investigative missions.

Program Change 24 – Vehicle Support Facility:

Description

The FY 2021 Request includes an increase of $4.0M for a Vehicle Support Facility, which will help ensure the operational vehicle fleet and support vehicles are being appropriately housed and maintained. There is no base to this program.

Justification

Secret Service requires a secure storage and maintenance facility for the Office of Protective Operations (OPO) surge fleet, base platform vehicles awaiting armoring, and the full Technical Security Division (TSD) fleet of protective support vehicles, and equipment. This operational space is needed to conduct necessary vehicle and equipment maintenance and administrative duties in support of protective missions.

The facility and parking area would provide space estimated at 180,000 square feet, enhanced capabilities in the areas of secure vehicle storage, equipment storage, back-up power, vehicle and equipment maintenance work area, enhanced ventilation system, climate control, elevated ceiling height, and the ability to support a vehicle weight in excess of 15,000 lbs./vehicle at any point within the facility and parking area. Additionally, the facility must be capable of supporting Sensitive Compartmented Information Facility (SCIF) and classified material storage and include office space, parking, and miscellaneous facilities for personnel.

Performance

The increase will support the Secret Service Protective Mission, which requires a dedicated vehicle storage and maintenance facility. This facility would house an OPO surge fleet of vehicles, base platforms awaiting FAV armoring, and the entire TSD protective support vehicle fleet. Without a dedicated facility, the Secret Service will continue to store vehicles at various facilities around the National Capital Region.

Operations and Support
Personnel Compensation and Benefits
Pay Summary

Organization (Dollars in Thousands)	FY 2019 Enacted				FY 2020 Enacted				FY 2021 President's Budget				FY 2020 to FY 2021 Total			
	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate
Mission Support	880	812	$160,299	$197.41	915	884	$166,486	$188.33	915	902	$163,623	$181.4	-	18	($2,863)	($6.93)
Protective Operations	3,434	3,398	$698,980	$205.7	3,446	3,427	$729,247	$212.79	3,510	3,478	$748,204	$215.12	64	51	$18,957	$2.33
Field Operations	3,098	2,921	$545,867	$186.88	3,173	3,097	$555,697	$179.43	3,222	3,172	$596,505	$188.05	49	75	$40,808	$8.62
Basic and In-Service Training and Professional Development	238	228	$43,848	$192.32	243	239	$46,093	$192.86	249	244	$48,848	$200.2	6	5	$2,755	$7.34
Total	**7,650**	**7,359**	**$1,448,994**	**$196.9**	**7,777**	**7,647**	**$1,497,523**	**$195.83**	**7,896**	**7,796**	**$1,557,180**	**$199.74**	**119**	**149**	**$59,657**	**$3.91**
Discretionary - Appropriation	7,650	7,359	$1,448,994	$196.9	7,777	7,647	$1,497,523	$195.83	7,896	7,796	$1,557,180	$199.74	119	149	$59,657	$3.91

Pay by Object Class

Pay Object Classes (Dollars in Thousands)	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 - FY 2021 Change
11.1 Full-time Permanent	$757,775	$772,387	$817,077	$44,690
11.3 Other than Full-Time Permanent	$12,668	$13,113	$14,400	$1,287
11.5 Other Personnel Compensation	$215,938	$242,533	$229,395	($13,138)
12.1 Civilian Personnel Benefits	$462,613	$469,490	$496,308	$26,818
Total - Personnel Compensation and Benefits	**$1,448,994**	**$1,497,523**	**$1,557,180**	**$59,657**
Positions and FTE				
Positions - Civilian	7,650	7,777	7,896	119
FTE - Civilian	7,359	7,647	7,796	149

Operations and Support
Permanent Positions by Grade-Appropriation

Grades and Salary Range *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Change
Total, SES	55	66	66	-
GS-15	254	260	264	4
GS-14	756	757	769	12
GS-13	2,641	2,590	2,631	41
GS-12	353	406	412	6
GS-11	384	441	449	8
GS-10	18	19	19	-
GS-9	906	926	940	14
GS-8	323	328	333	5
GS-7	232	238	242	4
GS-6	13	14	14	-
GS-5	25	26	26	-
GS-4	30	31	31	-
GS-3	25	26	26	-
GS-2	8	8	8	-
Other Graded Positions	1,627	1,641	1,666	25
Total Permanent Positions	**7,650**	**7,777**	**7,896**	**119**
Total Perm. Employment (Filled Positions) EOY	7,650	7,777	7,896	119
Position Locations				
Headquarters	4,903	4,990	5,066	76
U.S. Field	2,683	2,717	2,759	42
Foreign Field	64	70	71	1
Averages				
Average Personnel Costs, ES Positions	157,898	154,954	159,477	4,523
Average Personnel Costs, GS Positions	93,615	91,869	94,551	2,682
Average Grade, GS Positions	12	12	12	-

Operations and Support
Non Pay Budget Exhibits

Non Pay Summary

Organization *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Total Changes
Mission Support	$321,678	$333,967	$342,735	$8,768
Protective Operations	$185,721	$292,190	$251,230	($40,960)
Field Operations	$133,060	$148,280	$92,438	($55,842)
Basic and In-Service Training and Professional Development	$59,075	$64,441	$66,713	$2,272
Total	**$699,534**	**$838,878**	**$753,116**	**($85,762)**
Discretionary - Appropriation	$699,534	$838,878	$753,116	($85,762)

Non Pay by Object Class

Non-Pay Object Classes *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Change
21.0 Travel and Transportation of Persons	$146,792	$211,783	$170,538	($41,245)
22.0 Transportation of Things	$12,454	$11,941	$5,790	($6,151)
23.1 Rental Payments to GSA	$102,878	$105,441	$98,779	($6,662)
23.2 Rental Payments to Others	$4,750	$4,750	$10,428	$5,678
23.3 Communications, Utilities, and Misc. Charges	$33,020	$50,328	$36,065	($14,263)
24.0 Printing and Reproduction	$255	$267	$301	$34
25.2 Other Services from Non-Federal Sources	$186,484	$236,079	$206,535	($29,544)
25.3 Other Goods and Services from Federal Sources	$5,410	$12,577	$20,206	$7,629
25.6 Medical Care	-	$144	$160	$16
25.7 Operation and Maintenance of Equipment	$1,993	$3,218	$3,494	$276
26.0 Supplies and Materials	$45,133	$59,818	$60,061	$243
31.0 Equipment	$153,143	$134,125	$129,537	($4,588)
32.0 Land and Structures	$755	$1,940	$4,755	$2,815
41.0 Grants, Subsidies, and Contributions	$6,000	$6,000	$6,000	-
42.0 Insurance Claims and Indemnities	$467	$467	$467	-
Total - Non Pay Object Classes	**$699,534**	**$838,878**	**$753,116**	**($85,762)**

Mission Support – PPA

Budget Comparison and Adjustments

Comparison of Budget Authority and Request

Organization (Dollars in Thousands)	FY 2019 Enacted			FY 2020 Enacted			FY 2021 President's Budget			FY 2020 to FY 2021 Total Changes		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
Mission Support	880	812	$481,977	915	884	$500,453	915	902	$506,358	-	18	$5,905
Total	**880**	**812**	**$481,977**	**915**	**884**	**$500,453**	**915**	**902**	**$506,358**	**-**	**18**	**$5,905**
Subtotal Discretionary - Appropriation	880	812	$481,977	915	884	$500,453	915	902	$506,358	-	18	$5,905

PPA Level I Description

The Mission Support PPA provides funds for enterprise management and administrative services that sustain day-to-day business management operations. Key capabilities include conducting Agency planning and performance management; managing finances, including oversight of all travel requests; managing agency workforce; providing physical and personnel security; acquiring goods and services; managing information technology; managing agency property and assets, including office operations both within the United States and abroad and the owned and leased vehicle fleet; managing agency communications; managing legal affairs; and providing general management and administration.

Mission Support – PPA
Budget Authority and Obligations

Budget Authority *(Dollars in Thousands)*	FY 2019	FY 2020	FY 2021
Enacted/Request	**$481,977**	**$500,453**	**$506,358**
Carryover and/or Recoveries (Actual/Estimates/Projections)	-	-	-
Rescissions to Current Year/Budget Year	($507)	-	-
Net Sequestered Resources	-	-	-
Reprogrammings/Transfers	$2,400	-	-
Supplementals	-	-	-
Total Budget Authority	**$483,870**	**$500,453**	**$506,358**
Collections – Reimbursable Resources	$770	$770	$770
Total Budget Resources	**$484,640**	**$501,223**	**$507,128**
Obligations (Actual/Estimates/Projections)	$481,470	$501,223	$507,128
Personnel: Positions and FTE			
Enacted/Request Positions	880	915	915
Enacted/Request FTE	812	884	902
Onboard and Actual FTE; Includes Collections - Reimbursable Resources			
Onboard (Actual/Estimates/Projections)	839	915	915
FTE (Actual/Estimates/Projections)	771	884	902

Mission Support – PPA
Summary of Budget Changes

Budget Formulation Activity *(Dollars in Thousands)*	Positions	FTE	Amount
FY 2019 Enacted	**880**	**812**	**$481,977**
FY 2020 Enacted	**915**	**884**	**$500,453**
FY 2021 Base Budget	**915**	**884**	**$500,453**
2020 Pay Raise	-	-	$2,794
2021 Pay Raise	-	-	$1,328
Annualization of FY 2020 Secret Service Staffing	-	17	$2,349
Annualization of FY20 Counterintelligence and Insider Threat	-	1	$288
FERS Agency Contribution	-	-	$1,349
FPS Fee Adjustment	-	-	$282
GSA Rent	-	-	$3,010
Total, Pricing Increases	**-**	**18**	**$11,400**
Non-Recur FY 2020 Hiring Costs	-	-	($658)
Reductions to Contracts	-	-	($3,481)
Vehicle Maintenance	-	-	($7,392)
Total, Pricing Decreases	**-**	**-**	**($11,531)**
Total Adjustments-to-Base	**-**	**18**	**($131)**
FY 2021 Current Services	**915**	**902**	**$500,322**
Awards Spending Increase	-	-	$1,771
Transition Costs - USSS Transfer to Treasury	-	-	$20,000
Transition to GSA-Owned Fleet Vehicles	-	-	$3,500
Vehicle Support Facility	-	-	$4,000
Total, Program Increases	**-**	**-**	**$29,271**
Information Technology Support and Infrastructure (ITSI)	-	-	($7,803)
IT Support and Infrastructure (Phones)	-	-	($702)
Non-Recur IT Infrastructure (Computer Refresh)	-	-	($2,830)
Retention Initiatives	-	-	($11,900)
Total, Program Decreases	**-**	**-**	**($23,235)**
FY 2021 Request	**915**	**902**	**$506,358**
FY 2020 To FY 2021 Change	**-**	**18**	**$5,905**

Mission Support – PPA
Personnel Compensation and Benefits
Pay Summary

Organization (Dollars in Thousands)	FY 2019 Enacted				FY 2020 Enacted				FY 2021 President's Budget				FY 2020 to FY 2021 Total			
	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate
Mission Support	880	812	$160,299	$197.41	915	884	$166,486	$188.33	915	902	$163,623	$181.4	-	18	($2,863)	($6.93)
Total	**880**	**812**	**$160,299**	**$197.41**	**915**	**884**	**$166,486**	**$188.33**	**915**	**902**	**$163,623**	**$181.4**	**-**	**18**	**($2,863)**	**($6.93)**
Discretionary - Appropriation	880	812	$160,299	$197.41	915	884	$166,486	$188.33	915	902	$163,623	$181.4	-	18	($2,863)	($6.93)

Pay by Object Class

Pay Object Classes (Dollars in Thousands)	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 - FY 2021 Change
11.1 Full-time Permanent	$80,199	$83,812	$77,356	($6,456)
11.3 Other than Full-Time Permanent	$1,118	$1,170	$1,258	$88
11.5 Other Personnel Compensation	$18,076	$18,368	$19,625	$1,257
12.1 Civilian Personnel Benefits	$60,906	$63,136	$65,384	$2,248
Total - Personnel Compensation and Benefits	**$160,299**	**$166,486**	**$163,623**	**($2,863)**
Positions and FTE				
Positions - Civilian	880	915	915	-
FTE - Civilian	812	884	902	18

Pay Cost Drivers

Pay Cost Drivers (Dollars in Thousands)	FY 2019 Enacted			FY 2020 Enacted			FY 2021 President's Budget			FY 2020 to FY 2021 Total Changes		
	FTE	Amount	Rate	FTE	Amount	Rate	FTE	Amount	Rate	FTE	Amount	Rate
Administrative, Professional, and Technical Support	702	$128,825	$180.00	774	$135,697	$175.30	792	$133,374	$168.39	18	($2,333)	($6.93)
Special Agents	110	$31,474	$286,00	110	$30,789	$279.90	110	$30,259	$275.08	-	($530)	($4.82)
Total – Pay Cost Drivers	**812**	**$160,299**	**$197.41**	**884**	**$166,486**	**$188.33**	**902**	**$163,623**	**$181.40**	**18**	**($2,863)**	**($6.93)**

Explanation of Pay Cost Drivers

Administrative, Professional, and Technical Support: This cost driver funds the salaries and benefits of Secret Service's administrative, professional, and technical support employees who provide a variety of professional business functions and direct mission support activities. Changes to this cost driver in FY 2021 reflect increases of FTEs associated with the annualization of FY 2020 Secret Service Staffing and cost increases in health benefits and FERS Agency contribution rates and results from pay raises in FY 2019, FY 2020, FY 2021.

Special Agents: This cost driver funds the salaries and benefits of Secret Service's SAs. Changes to this cost driver in FY 2021 result from pay raises in FY 2019, FY 2020, FY 2021, and increases in health benefits and FERS Agency contribution rates.

Mission Support – PPA
Non Pay Budget Exhibits
Non Pay Summary

Organization *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Total Changes
Mission Support	$321,678	$333,967	$342,735	$8,768
Total	**$321,678**	**$333,967**	**$342,735**	**$8,768**
Discretionary - Appropriation	$321,678	$333,967	$342,735	$8,768

Non Pay by Object Class

Non-Pay Object Classes *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Change
21.0 Travel and Transportation of Persons	$10,892	$11,208	$11,217	$9
22.0 Transportation of Things	$2,128	$3,712	$3,716	$4
23.1 Rental Payments to GSA	$102,878	$104,211	$107,258	$3,047
23.2 Rental Payments to Others	$4,750	$4,750	$4,750	-
23.3 Communications, Utilities, and Misc. Charges	$19,404	$19,577	$19,577	-
24.0 Printing and Reproduction	$254	$254	$254	-
25.2 Other Services from Non-Federal Sources	$89,009	$87,461	$85,645	($1,816)
25.3 Other Goods and Services from Federal Sources	-	$5,061	$14,060	$8,999
25.6 Medical Care	-	$5	$5	-
25.7 Operation and Maintenance of Equipment	$1,221	$1,415	$2,125	$710
26.0 Supplies and Materials	$25,147	$29,869	$23,977	($5,892)
31.0 Equipment	$64,828	$65,277	$64,984	($293)
32.0 Land and Structures	$755	$755	$4,755	$4,000
42.0 Insurance Claims and Indemnities	$412	$412	$412	-
Total - Non Pay Object Classes	**$321,678**	**$333,967**	**$342,735**	**$8,768**

Non Pay Cost Drivers

Non Pay Cost Drivers *(Dollars in Thousands)*	**FY 2019 Enacted**	**FY 2020 Enacted**	**FY 2021 President's Budget**	**FY 2020 to FY 2021 Total Changes**
Rent	$107,628	$108,961	$112,004	$3,043
Information Technology Support and Infrastructure (ITSI)	$104,143	$103,752	$92,417	($11,335)
Other Costs	$109,907	$121,254	$138,314	$17,060
Total – Non Pay Cost Drivers	**$321,678**	**$333,967**	**$342,735**	**$8,768**

Explanation of Non Pay Cost Drivers

Rent: Secret Service maintains office space around the country and internationally, including 42 domestic field offices, 19 foreign offices, 60 resident offices, 13 resident agencies, and 28 domiciles. Changes in cost reflect increases to GSA rent rates as well as increases to provide for additional staff hired in FY 2020 and FY 2021.

Information Technology Support and Infrastructure (ITSI): The converged ITSI program supports all Secret Service IT programs enterprise-wide to include the modernized network, the classified network, IT applications, Network Operations Security Center (NOSC) and Help Desk, program management, IT applications support, PC/peripherals refresh, IT Governance & Accountability, cyber-security and information assurance, and all communications capabilities to include telephones, radios and support services. Changes in cost reflects a decrease of the ITSI due to convergence of the former Information Integration and Technology Transformation (IITT) modernization program (now in sustainment) with the IT Infrastructure (ITI) legacy program.

Other Costs: Funding in this cost driver supports other costs for Secret Service's business management operations, including Working Capital Fund (WCF) contributions and travel, training, supplies, and materials to support the workforce. Changes in this cost driver reflect the net result of increases to Federal Protective Service fees, leased vehicles, and costs associated with FY 2020 staffing growth; decreases to contracts, applicant testing and owned fleet vehicles.

Budget Activities:

The following table provides a detailed breakdown of FY 2019-2021 Converged ITSI program funding by project and capability area.

Information Technology Support and Infrastructure (ITSI) *(Dollars in Thousands)*	**FY 2019 Enacted**	**FY 2020 Enacted**	**FY 2021 President's Budget**	**FY 2020-FY 2021 Change**
Enterprise Capabilities	**$43,488**	**$51,358**	**$46,370**	**($4,988)**
Sustainment (O&S)				
Network Program	$16,202	$19,542	$17,684	($1,858)
IT Applications Support	$8,530	$8,330	$8,330	-
IT NOSC Support Services	$5,184	$5,314	$5,314	-
IT Program Management	$6,242	$6,272	$6,272	-
CIO Enterprise License Agreements (ELAs)	$4,058	$4,058	$3,758	($300)
PC/Peripherals Refresh Program	$1,600	$6,170	$3,340	($2,830)
Mission Essential Systems (MES) - INT-NET	$300	$300	$300	-
IT Governance & Accountability	$938	$938	$938	-
CIO Office Allocation	$434	$434	$434	-
Control Capabilities	**$22,181**	**$16,467**	**$12,320**	**($4,147)**
Investment (PC&I)				
Multi-Level Security (MLS) Investment	$5,045	-	-	-
Sustainment (O&S)				
Cross Domain & MLS Support & Licensing	$601	$2,908	$619	($2,289)
Cyber Security / Info assurance Program	$10,884	$10,707	$8,849	($1,858)
JOC Program	$5,651	$2,852	$2,852	$0
Mission Support Capabilities	**$5,050**	**$1,250**	**-**	**($1,250)**
Investment (PC&I)				
Enterprise Resource Management System (ERMS)	$3,800	-	-	-
Sustainment (O&S)				
PTMS Support	$1,250	$1,250	-	($1,250)
Communications Capabilities	**$33,424**	**$34,677**	**$33,727**	**($950)**
Sustainment (O&S)				
Telephone Landlines, Cellphones & Circuits	$17,800	$18,764	$18,062	($702)
Telephone Repairs and Support	$2,904	$3,504	$3,504	-

Radio Repairs and Support	$2,433	$2,433	$2,433	-
CIO Enterprise Field Radios (Including Crown Radios)	$3,494	$3,550	$3,550	-
CIO Integrated Command & Control System (ICCS)	$2,148	$2,148	$2,148	-
Communications Equipment Refresh and Upgrades	$4,645	$4,278	$4,030	($248)
Grand Total ITSI Program:	**$104,143**	**$103,752**	**$92,417**	**($11,335)**

Protective Operations – PPA

Budget Comparison and Adjustments

Comparison of Budget Authority and Request

Organization *(Dollars in Thousands)*	FY 2019 Enacted Pos.	FY 2019 Enacted FTE	FY 2019 Enacted Amount	FY 2020 Enacted Pos.	FY 2020 Enacted FTE	FY 2020 Enacted Amount	FY 2021 President's Budget Pos.	FY 2021 President's Budget FTE	FY 2021 President's Budget Amount	FY 2020 to FY 2021 Total Changes Pos.	FY 2020 to FY 2021 Total Changes FTE	FY 2020 to FY 2021 Total Changes Amount
Protection of Persons and Facilities	3,048	3,037	$740,895	3,047	3,037	$754,527	3,106	3,079	$794,367	59	42	$39,840
Protective Countermeasures	156	137	$56,917	165	160	$61,756	166	165	$68,441	1	5	$6,685
Protective Intelligence	230	224	$49,395	234	230	$49,955	238	234	$52,901	4	4	$2,946
Presidential Campaigns and National Special Security Events	-	-	$37,494	-	-	$155,199	-	-	$83,725	-	-	($71,474)
Total	**3,434**	**3,398**	**$884,701**	**3,446**	**3,427**	**$1,021,437**	**3,510**	**3,478**	**$999,434**	**64**	**51**	**($22,003)**
Subtotal Discretionary - Appropriation	3,434	3,398	$884,701	3,446	3,427	$1,021,437	3,510	3,478	$999,434	64	51	($22,003)

PPA Level I Description

The Protective Operations PPA funds the protection of the President and Vice President and their families, former Presidents and their spouses, and other designated individuals. Protective Operations also provides for the security and protection of the WHC, the Vice President's Residence, and other designated places. In addition, the program investigates, evaluates, disseminates, and maintains information concerning known, potential, or perceived threats to protectees and NSSEs. Protective Operations, staffed by Special Agents (SAs), Uniformed Officers (UDs), and administrative, professional, and technical (APTs) personnel, works closely with military and Federal, State, county, local, and international law enforcement organizations.

Major Presidential and Vice Presidential candidates, and spouses of eligible candidates are protected within 120 days of general presidential elections. The Protective Operations program designs, coordinates, and implements operational security plans for designated NSSE. In addition, the program investigates, evaluates, disseminates, and maintains information concerning known, potential, or perceived threats to protectees and NSSEs sites and locations. The program is staffed by special agents, uniformed officers, and administrative, professional, and technical personnel who work closely with the military and Federal, State, county, local, and international law enforcement organizations. These Secret Service duties are authorized by Title 18 U.S.C. § 3056, which requires Secret Service to provide physical safety and security to certain persons, designated facilities, and certain major events.

Protective Operations includes four Level II PPAs:

Protection of Persons and Facilities: This program executes security operations that prevent, deter, and respond to threats to protectees and facilities.

Protective Countermeasures: This program enhances the protection of the President and Vice President at the WHC, the Vice President's Residence, and temporary sites from emerging explosive, chemical, biological, radiological, and cyber-threats.

Protective Intelligence: This program ensures protective intelligence processes, policies, and systems provide quality information and services to securely and efficiently support the protective mission by investigating subjects (individuals or groups) and activities that pose threats to protectees and protected events, which includes counter-intelligence.

Presidential Campaigns and National Special Security Events (NSSEs): This program protects major Presidential and Vice Presidential candidates, and spouses of eligible candidates during the general presidential elections. In addition, this program designs, coordinates, and implements operational security plans for designated NSSEs, including investigating, evaluating, disseminating, and maintaining threat information to protectees and NSSEs.

Protective Operations – PPA
Budget Authority and Obligations

Budget Authority *(Dollars in Thousands)*	FY 2019	FY 2020	FY 2021
Enacted/Request	**$884,701**	**$1,021,437**	**$999,434**
Carryover and/or Recoveries (Actual/Estimates/Projections)	$16,831	$33,254	$28,363
Rescissions to Current Year/Budget Year	($5,166)	-	-
Net Sequestered Resources	-	-	-
Reprogrammings/Transfers	$2,766	-	-
Supplementals	-	-	-
Total Budget Authority	**$899,132**	**$1,054,691**	**$1,027,797**
Collections – Reimbursable Resources	$6,074	$6,074	$6,074
Total Budget Resources	**$905,206**	**$1,060,765**	**$1,033,871**
Obligations (Actual/Estimates/Projections)	$867,952	$1,032,402	$1,003,544
Personnel: Positions and FTE			
Enacted/Request Positions	3,434	3,446	3,510
Enacted/Request FTE	3,398	3,427	3,478
Onboard and Actual FTE; Includes Collections - Reimbursable Resources			
Onboard (Actual/Estimates/Projections)	3,563	3,466	3,530
FTE (Actual/Estimates/Projections)	3,235	3,447	3,498

Protective Operations – PPA
Summary of Budget Changes

Budget Formulation Activity *(Dollars in Thousands)*	**Positions**	**FTE**	**Amount**
FY 2019 Enacted	**3,434**	**3,398**	**$884,701**
FY 2020 Enacted	**3,446**	**3,427**	**$1,021,437**
FY 2021 Base Budget	**3,446**	**3,427**	**$1,021,437**
Transfer for UNGA from PPF to Presidential Campaign & NSSE	-	-	($14,500)
Transfer for UNGA to Presidential Campaign & NSSE from PPF	-	-	$14,500
2020 Pay Raise	-	-	$21,121
2021 Pay Raise	-	-	$5,072
Annualization of FY 2020 Secret Service Staffing	-	18	$2,627
Base Pay	-	-	$3,119
FERS Agency Contribution	-	-	$7,015
Total, Pricing Increases	**-**	**18**	**$38,954**
Non-Recur 2020 Presidential Campaign	-	-	($85,947)
Non-Recur FY 2020 Hiring Costs	-	-	($837)
Total, Pricing Decreases	**-**	**-**	**($86,784)**
Total Adjustments-to-Base	**-**	**18**	**($47,830)**
FY 2021 Current Services	**3,446**	**3,445**	**$973,607**
Awards Spending Increase	-	-	$6,762
Former President Obama's Residence	-	-	$5,937
Fully Armored Vehicle (FAV) Armoring	-	-	$14,650
New York Field Office (Brooklyn)	-	-	$5,678
Protective Countermeasures (Operational Mission Support)	-	-	$5,382
Secret Service Staffing	64	33	$9,970
Total, Program Increases	**64**	**33**	**$48,379**
Overtime Above Pay Cap	-	-	($5,000)
Permanent Change of Station (PCS) Moves	-	-	($3,500)
Scheduled Overtime	-	-	($3,750)
Travel	-	-	($10,302)
Total, Program Decreases	**-**	**-**	**($22,552)**
FY 2021 Request	**3,510**	**3,478**	**$999,434**
FY 2020 To FY 2021 Change	**64**	**51**	**($22,003)**

Personnel Compensation and Benefits

Pay Summary

Organization (Dollars in Thousands)	FY 2019 Enacted				FY 2020 Enacted				FY 2021 President's Budget				FY 2020 to FY 2021 Total			
	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate
Protection of Persons and Facilities	3,048	3,037	$633,833	$208.7	3,047	3,037	$637,142	$209.79	3,106	3,079	$670,753	$217.85	59	42	$33,611	$8.06
Protective Countermeasures	156	137	$15,913	$116.15	165	160	$19,941	$124.63	166	165	$21,237	$128.71	1	5	$1,296	$4.08
Protective Intelligence	230	224	$43,635	$194.8	234	230	$44,054	$191.54	238	234	$46,618	$199.22	4	4	$2,564	$7.68
Presidential Campaigns and National Special Security Events	-	-	$5,599	-	-	-	$28,110	-	-	-	$9,596	-	-	-	($18,514)	-
Total	**3,434**	**3,398**	**$698,980**	**$205.7**	**3,446**	**3,427**	**$729,247**	**$212.79**	**3,510**	**3,478**	**$748,204**	**$215.12**	**64**	**51**	**$18,957**	**$2.33**
Discretionary - Appropriation	3,434	3,398	$698,980	$205.7	3,446	3,427	$729,247	$212.79	3,510	3,478	$748,204	$215.12	64	51	$18,957	$2.33

Pay by Object Class

Pay Object Classes (Dollars in Thousands)	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 - FY 2021 Change
11.1 Full-time Permanent	$373,431	$377,595	$402,083	$24,488
11.3 Other than Full-Time Permanent	$6,440	$6,637	$7,151	$514
11.5 Other Personnel Compensation	$109,157	$132,549	$113,942	($18,607)
12.1 Civilian Personnel Benefits	$209,952	$212,466	$225,028	$12,562
Total - Personnel Compensation and Benefits	**$698,980**	**$729,247**	**$748,204**	**$18,957**
Positions and FTE				
Positions - Civilian	3,434	3,446	3,510	64
FTE - Civilian	3,398	3,427	3,478	51

Protective Operations – PPA
Non Pay Budget Exhibits
Non Pay Summary

Organization *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Total Changes
Protection of Persons and Facilities	$107,062	$117,385	$123,614	$6,229
Protective Countermeasures	$41,004	$41,815	$47,204	$5,389
Protective Intelligence	$5,760	$5,901	$6,283	$382
Presidential Campaigns and National Special Security Events	$31,895	$127,089	$74,129	($52,960)
Total	**$185,721**	**$292,190**	**$251,230**	**($40,960)**
Discretionary - Appropriation	$185,721	$292,190	$251,230	($40,960)

Non Pay by Object Class

Non-Pay Object Classes *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Change
21.0 Travel and Transportation of Persons	$65,965	$127,350	$102,101	($25,249)
22.0 Transportation of Things	$5,077	$4,750	$610	($4,140)
23.1 Rental Payments to GSA	-	$401	$516	$115
23.2 Rental Payments to Others	-	-	$5,678	$5,678
23.3 Communications, Utilities, and Misc. Charges	$756	$17,282	$2,716	($14,566)
24.0 Printing and Reproduction	$1	$13	$21	$8
25.2 Other Services from Non-Federal Sources	$55,741	$106,242	$86,470	($19,772)
25.3 Other Goods and Services from Federal Sources	-	$95	$165	$70
25.6 Medical Care	-	$7	$15	$8
25.7 Operation and Maintenance of Equipment	-	$195	$323	$128
26.0 Supplies and Materials	$9,430	$9,135	$7,430	($1,705)
31.0 Equipment	$48,726	$25,510	$45,160	$19,650
32.0 Land and Structures	-	$1,185	-	($1,185)
42.0 Insurance Claims and Indemnities	$25	$25	$25	-
Total - Non Pay Object Classes	**$185,721**	**$292,190**	**$251,230**	**($40,960)**

Protection of Persons and Facilities – PPA Level II

Budget Comparison and Adjustments

Comparison of Budget Authority and Request

Organization (Dollars in Thousands)	FY 2019 Enacted			FY 2020 Enacted			FY 2021 President's Budget			FY 2020 to FY 2021 Total Changes		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
Protection of Persons and Facilities	3,048	3,037	$740,895	3,047	3,037	$754,527	3,106	3,079	$794,367	59	42	$39,840
Total	**3,048**	**3,037**	**$740,895**	**3,047**	**3,037**	**$754,527**	**3,106**	**3,079**	**$794,367**	**59**	**42**	**$39,840**
Subtotal Discretionary - Appropriation	3,048	3,037	$740,895	3,047	3,037	$754,527	3,106	3,079	$794,367	59	42	$39,840

PPA Level II Description

The Protection of Persons and Facilities PPA funds the execution of security operations that prevent, deter, and respond to threats to protectees and facilities. Secret Service has a statutory mandate to protect the President and Vice President and their families, former Presidents and their spouses, visiting foreign heads of state, and other designated individuals. Secret Service also secures and protects the WHC, Vice President's Residence, and foreign diplomatic missions located in the Washington, DC metropolitan area, and other designated places. This PPA funds both SAs assigned to permanent protective details and UD that provide protection of facilities.

Within this PPA, Secret Service requests $18.0M in two-year authority for protective travel. Secret Service’s protective travel requirements are dictated by the schedules of the President, Vice President, their families, and other protectees. As a result, requirements can vary from year to year without any predictable pattern. Two-year authority is necessary for Secret Service to meet legislated protection requirements despite annual fluctuations in protective travel requirements. A shorter period of availability would negatively impact Secret Service’s ability to adequately budget and execute resources for other non-pay requirements. Funds would need to be withheld or reprogrammed from other requirements to allow for increases in protective travel costs. Additionally, a shorter period of availability may result in higher lapse rates should protective travel costs be less than what was budgeted.

Protection of Persons and Facilities – PPA Level II
Summary of Budget Changes

Budget Formulation Activity *(Dollars in Thousands)*	**Positions**	**FTE**	**Amount**
FY 2019 Enacted	**3,048**	**3,037**	**$740,895**
FY 2020 Enacted	**3,047**	**3,037**	**$754,527**
FY 2021 Base Budget	**3,047**	**3,037**	**$754,527**
Transfer for UNGA from PPF to Presidential Campaign & NSSE	-	-	($14,500)
Total Transfers	**-**	**-**	**($14,500)**
2020 Pay Raise	-	-	$20,130
2021 Pay Raise	-	-	$4,641
Annualization of FY 2020 Secret Service Staffing	-	11	$1,779
Base Pay	-	-	$3,119
FERS Agency Contribution	-	-	$6,359
Total, Pricing Increases	**-**	**11**	**$36,028**
Non-Recur FY 2020 Hiring Costs	-	-	($599)
Total, Pricing Decreases	**-**	**-**	**($599)**
Total Adjustments-to-Base	**-**	**11**	**$20,929**
FY 2021 Current Services	**3,047**	**3,048**	**$775,456**
Awards Spending Increase	-	-	$6,188
Former President Obama's Residence	-	-	$5,937
Fully Armored Vehicle (FAV) Armoring	-	-	$14,650
New York Field Office (Brooklyn)	-	-	$5,678
Secret Service Staffing	59	31	$9,010
Total, Program Increases	**59**	**31**	**$41,463**
Overtime Above Pay Cap	-	-	($5,000)
Permanent Change of Station (PCS) Moves	-	-	($3,500)
Scheduled Overtime	-	-	($3,750)
Travel	-	-	($10,302)
Total, Program Decreases	**-**	**-**	**($22,552)**
FY 2021 Request	**3,106**	**3,079**	**$794,367**
FY 2020 To FY 2021 Change	**59**	**42**	**$39,840**

Personnel Compensation and Benefits

Pay Summary

Organization (Dollars in Thousands)	FY 2019 Enacted				FY 2020 Enacted				FY 2021 President's Budget				FY 2020 to FY 2021 Total			
	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate
Protection of Persons and Facilities	3,048	3,037	$633,833	$208.7	3,047	3,037	$637,142	$209.79	3,106	3,079	$670,753	$217.85	59	42	$33,611	$8.06
Total	**3,048**	**3,037**	**$633,833**	**$208.7**	**3,047**	**3,037**	**$637,142**	**$209.79**	**3,106**	**3,079**	**$670,753**	**$217.85**	**59**	**42**	**$33,611**	**$8.06**
Discretionary - Appropriation	3,048	3,037	$633,833	$208.7	3,047	3,037	$637,142	$209.79	3,106	3,079	$670,753	$217.85	59	42	$33,611	$8.06

Pay by Object Class

Pay Object Classes *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 - FY 2021 Change
11.1 Full-time Permanent	$342,061	$342,674	$364,912	$22,238
11.3 Other than Full-Time Permanent	$5,926	$6,094	$6,572	$478
11.5 Other Personnel Compensation	$95,385	$96,176	$95,561	($615)
12.1 Civilian Personnel Benefits	$190,461	$192,198	$203,708	$11,510
Total - Personnel Compensation and Benefits	**$633,833**	**$637,142**	**$670,753**	**$33,611**
Positions and FTE				
Positions - Civilian	3,048	3,047	3,106	59
FTE - Civilian	3,037	3,037	3,079	42

Pay Cost Drivers

Pay Cost-Drivers *(Dollars in Thousands)*	FY 2019 Enacted			FY 2020 Enacted			FY 2021 President's Budget			FY 2020 to FY 2021 Total Changes		
	FTE	Amount	Rate	FTE	Amount	Rate	FTE	Amount	Rate	FTE	Amount	Rate
Uniformed Division Officers	1,583	$290,219	$183.33	1,601	$291,734	$182.22	1,629	$307,124	$188.54	28	$15,390	$6.32
Special Agents	1,039	$267,980	$257.92	1,013	$269,379	$265.92	1,019	$283,589	$278.30	6	$14,210	$12.38
Administrative, Professional, and Technical Support	415	$75,635	$182.25	423	$76,030	$179.74	431	$80,040	$185.71	8	$4,011	$5.97
Total – Pay Cost Drivers	**3,037**	**$633,833**	**$208.70**	**3,037**	**$637,142**	**$209.76**	**3,079**	**$670,753**	**$217.85**	**42**	**$33,611**	**$8.06**

<u>Explanation of Pay Cost Drivers</u>

Uniformed Division Officers: This cost driver funds the salaries and benefits of Secret Service's Uniformed Division officers. Changes to this cost driver in FY 2021 reflect an increase of FTEs associated with Secret Service Staffing program change to right-size the Agency based on mission needs, and cost increases in health benefits and FERS Agency contribution rates and results from pay raises in FY 2019, FY 2020, FY 2021.

Special Agents: This cost driver funds the salaries and benefits of Secret Service's SAs. Changes to this cost driver in FY 2021 reflect an increase of FTE associated with increases to right size the agency based on mission needs, health benefits and agency's FERS contributions.

Administrative, Professional, and Technical Support: This cost driver funds the salaries and benefits of Secret Service's administrative, professional, and technical support employees who provide a variety of professional business functions and direct mission support activities. Changes to this cost driver in FY 2021 reflect an increases to right size the agency based on mission needs, health benefits and agency's FERS contributions.

Protection of Persons and Facilities – PPA Level II
Non Pay Budget Exhibits
Non Pay Summary

Organization *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Total Changes
Protection of Persons and Facilities	$107,062	$117,385	$123,614	$6,229
Total	**$107,062**	**$117,385**	**$123,614**	**$6,229**
Discretionary - Appropriation	$107,062	$117,385	$123,614	$6,229

Non Pay by Object Class

Non-Pay Object Classes *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Change
21.0 Travel and Transportation of Persons	$61,282	$61,444	$52,086	($9,358)
22.0 Transportation of Things	$4,360	$2,110	$62	($2,048)
23.1 Rental Payments to GSA	-	$105	$203	$98
23.2 Rental Payments to Others	-	-	$5,678	$5,678
23.3 Communications, Utilities, and Misc. Charges	$451	$495	$1,196	$701
24.0 Printing and Reproduction	$1	$1	$19	$18
25.2 Other Services from Non-Federal Sources	$5,996	$28,246	$18,587	($9,659)
25.3 Other Goods and Services from Federal Sources	-	$45	$114	$69
25.6 Medical Care	-	$5	$13	$8
25.7 Operation and Maintenance of Equipment	-	$128	$241	$113
26.0 Supplies and Materials	$7,005	$6,824	$6,836	$12
31.0 Equipment	$27,942	$17,957	$38,554	$20,597
42.0 Insurance Claims and Indemnities	$25	$25	$25	-
Total - Non Pay Object Classes	**$107,062**	**$117,385**	**$123,614**	**$6,229**

Non Pay Cost Drivers

Non Pay Cost Drivers *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Total Changes
Protective Travel	$61,282	$61,444	$54,644	($6,800)
Fully Armored Vehicles (FAV)	-	$10,665	$14,650	$3,985
White House Mail	$14,500	$14,500	$14,500	-
Other Costs	$31,280	$30,776	$39,820	$9,044
Total – Non Pay Cost Drivers	**$107,062**	**$117,385**	**$123,614**	**$6,229**

Explanation of Non Pay Cost Drivers

Protective Travel: Travel is a major cost driver for Secret Service's protective mission as SAs assigned to permanent protective details must accompany protectees on any domestic or international travel, which includes SAs traveling in advance of the protectee to ensure security of the destination. Changes in this cost driver reflect a program decrease to travel associated with increased use of SAs in the field to conduct protective advances.

Fully Armored Vehicles (FAV): Secret Service utilizes FAVs as an inextricable component of its protective mission, providing safe and reliable ground transportation to the President, Vice President, and other protectees. O&S funds the armoring of standard FAVs used for most protective details. Changes in cost are due to an increase in the number of standard FAVs to be armored in FY 2021.

White House Mail: As part of the protection of the WHC, Secret Service must screen all incoming mail to identify and remediate any explosive, chemical, biological, radiological threats.

Other Costs: Funding in this cost driver supports Secret Service's protective mission, including training, supplies, and materials to support the workforce. Changes to this cost driver reflect the net result of a transfer to Presidential Campaign and NSSEs PPA, increases for Former President Obama's Residence, and costs associated with staffing increases.

Budget Activities:

Protection of Persons - Secret Service SAs provide protection of permanent protectees, such as the President and Vice President, former Presidents, their spouses, and visiting heads of state or governments. The protective environment is enhanced by specialized resources within Secret Service including the Airspace Security Branch, Counter Sniper Team, Counter Assault Team, Emergency Response Team, Counter Surveillance Division (CSD), Hazardous Agent Mitigation and Medical Emergency Response Team, Explosive Detection Unit, the Magnetometer Operations Unit, and the Critical Systems Protection (CSP) program.

Protection of Facilities - UD provide protection to facilities. Pursuant to Title 18 U.S.C. 3056A, Secret Service is authorized to protect, in part, the following facilities: the WHC; any building in which Presidential offices are located (New Executive Office Building, Old Executive Office Building); the Treasury Building and grounds; the Vice President's Residence and grounds; and over 540 foreign diplomatic missions located in the Washington, D.C. metropolitan area. UD utilize magnetometer screening operations, fixed posts, foot beats, bicycle patrols, roving vehicular patrols, and cameras. Technicians assigned to the Counter Sniper Units, Explosive Detection Units, and the Emergency Response Teams provide specialized security in and around the WHC. The White House Vehicle Inspection Teams and the CSD augment the UD work in securing the WHC and other protected sites.

The UD Special Operations Section is an additional unit responsible for providing security operations, oversight, and coordination of tours of the White House and special events, which are shown in the following table.

Uniformed Division Special Operations Section Events			
Tours	**Total Participants**		
	FY 2017	**FY 2018**	**FY 2019**
Public Tours	362,885	409,317	355,017
Special Tours	548	25,710	10,747
Special Events	100,307	91,804	99,264
Selected Special Events*			
Easter Egg Roll	18,000	24,891	35,450
Fall Garden Tours	21,934	23,700	24,067
Holiday Receptions and Open Houses	10,606	5,857	8,868
Spring Garden Tours	18,500	25,000	29,000
Congressional Picnic	1,184	N/A	530
Independence Day Event	7,000	6,156	190
Kennedy Center Honors Event	377	N/A	N/A
**State Arrival - Italy	2,667	N/A	N/A
Trick-or-Treat Halloween Event	3,217	6,200	907
Congressional Ball	1,093	N/A	252
*These events are only a small representation of the yearly total tours. **State Arrival - Australia was classified as Mag Event			

UD assigned to protect foreign diplomatic missions in the Washington, D.C. metropolitan area perform their duties by patrolling the embassy district in marked police vehicles, on motorcycles, on bicycles, and on foot. These officers also handle demonstrations at diplomatic locations, assist in motorcade movements, operate fixed protective posts, investigate and process crime scenes, and consult with diplomatic officials regarding security matters related to their embassies, chanceries, and personnel.

Secret Service consistently implements three layers of security: an outer perimeter, a middle perimeter and an inner perimeter. A critical element of the outer and middle perimeters is the use of magnetometer and portable X-rays. Whether it is a permanent protective site, such as the WHC, the Vice President's Residence, or a temporary protective site, the UD is responsible for the prevention, deterrence, and detection of all items that may be deemed a threat by employing walk-through metal detectors, handheld metal detectors, portable x-ray machines, physical searches of hand-carried items, and deployment of Explosive Detection Units. Since FY 2010, the UD magnetometer unit has screened, on average, 2.9 million people per year at both the WHC and temporary protective sites. The number of screenings increases in years with presidential campaigns or inaugurations.

Protective Travel: The table below shows the number of protective travel visits since FY 2010.

Number of Travel Visits * of Selected Protectees FY 2010 - FY 2019										
Protectee	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**
President	364	336	466	318	281	305	237	273	287	316
First Lady	195	240	324	194	187	184	150	211	181	154
POTUS Family	141	147	126	146	110	142	121	1,311	1,633	1,616
Vice President	395	336	442	453	442	445	447	428	388	433
Second Lady	201	201	232	248	223	218	256	221	207	191
VPOTUS Family	226	269	282	428	248	192	237	152	99	91
Formers **	1,673	1,469	1,301	1,304	1,446	1,677	1,055	1,297	1,214	1,045
TOTAL	**3,195**	**2,998**	**3,173**	**3,091**	**2,937**	**3,163**	**2,503**	**3,893**	**4,009**	**3,846**
* Does not include foreign dignitaries, off the record trips, or in-town travel stops, not requiring a seven day advance										
** Formers include Presidents, Vice Presidents, Spouses, and Children										

Protective Countermeasures – PPA Level II

Budget Comparison and Adjustments

Comparison of Budget Authority and Request

Organization *(Dollars in Thousands)*	FY 2019 Enacted			FY 2020 Enacted			FY 2021 President's Budget			FY 2020 to FY 2021 Total Changes		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
Protective Countermeasures	156	137	$56,917	165	160	$61,756	166	165	$68,441	1	5	$6,685
Total	**156**	**137**	**$56,917**	**165**	**160**	**$61,756**	**166**	**165**	**$68,441**	**1**	**5**	**$6,685**
Subtotal Discretionary - Appropriation	156	137	$56,917	165	160	$61,756	166	165	$68,441	1	5	$6,685

PPA Level II Description

The Protective Countermeasures PPA funds the protection of the President and Vice President at the WHC, the Vice President's Residence, and temporary sites from emerging explosive, chemical, biological, radiological, and cyber-threats. These capabilities include advanced protective countermeasures designed to address both established and evolving threats, and which must continually be refreshed with technical updates and/or upgrades. Protective Countermeasures is a subset of the Operational Mission Support (OMS) program.

Within this PPA, Secret Service requests $7.8M in two-year authority for OMS. Secret Service must anticipate and adapt to new and evolving threats and adversarial technologies while continuing to deploy and maintain existing protective countermeasures. Two-year authority is necessary for the Secret Service to respond to emerging threats and maintain existing protective countermeasures that malfunction or sustain damage unexpectedly. A shorter period of availability would negatively impact Secret Service's ability to assuredly defend the WHC, the Vice President's Residence, and temporary sites from existing and emerging threats.

Protective Countermeasures – PPA Level II
Summary of Budget Changes

Budget Formulation Activity *(Dollars in Thousands)*	Positions	FTE	Amount
FY 2019 Enacted	**156**	**137**	**$56,917**
FY 2020 Enacted	**165**	**160**	**$61,756**
FY 2021 Base Budget	**165**	**160**	**$61,756**
2020 Pay Raise	-	-	$168
2021 Pay Raise	-	-	$111
Annualization of FY 2020 Secret Service Staffing	-	5	$587
FERS Agency Contribution	-	-	$237
Total, Pricing Increases	**-**	**5**	**$1,103**
Non-Recur FY 2020 Hiring Costs	-	-	($165)
Total, Pricing Decreases	**-**	**-**	**($165)**
Total Adjustments-to-Base	**-**	**5**	**$938**
FY 2021 Current Services	**165**	**165**	**$62,694**
Awards Spending Increase	-	-	$148
Protective Countermeasures (Operational Mission Support)	-	-	$5,382
Secret Service Staffing	1	-	$217
Total, Program Increases	**1**	**-**	**$5,747**
FY 2021 Request	**166**	**165**	**$68,441**
FY 2020 To FY 2021 Change	**1**	**5**	**$6,685**

Protective Countermeasures – PPA Level II
Personnel Compensation and Benefits

Pay Summary

Organization *(Dollars in Thousands)*	FY 2019 Enacted Pos.	FY 2019 Enacted FTE	FY 2019 Enacted Amount	FY 2019 Enacted Rate	FY 2020 Enacted Pos.	FY 2020 Enacted FTE	FY 2020 Enacted Amount	FY 2020 Enacted Rate	FY 2021 President's Budget Pos.	FY 2021 President's Budget FTE	FY 2021 President's Budget Amount	FY 2021 President's Budget Rate	FY 2020 to FY 2021 Total Pos.	FY 2020 to FY 2021 Total FTE	FY 2020 to FY 2021 Total Amount	FY 2020 to FY 2021 Total Rate
Protective Countermeasures	156	137	$15,913	$116.15	165	160	$19,941	$124.63	166	165	$21,237	$128.71	1	5	$1,296	$4.08
Total	**156**	**137**	**$15,913**	**$116.15**	**165**	**160**	**$19,941**	**$124.63**	**166**	**165**	**$21,237**	**$128.71**	**1**	**5**	**$1,296**	**$4.08**
Discretionary - Appropriation	156	137	$15,913	$116.15	165	160	$19,941	$124.63	166	165	$21,237	$128.71	1	5	$1,296	$4.08

Pay by Object Class

Pay Object Classes *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 - FY 2021 Change
11.1 Full-time Permanent	$9,336	$12,701	$13,494	$793
11.3 Other than Full-Time Permanent	$132	$147	$158	$11
11.5 Other Personnel Compensation	$2,053	$2,143	$2,323	$180
12.1 Civilian Personnel Benefits	$4,392	$4,950	$5,262	$312
Total - Personnel Compensation and Benefits	**$15,913**	**$19,941**	**$21,237**	**$1,296**
Positions and FTE				
Positions - Civilian	156	165	166	1
FTE - Civilian	137	160	165	5

Pay Cost Drivers

Pay Cost Drivers (Dollars in Thousands)	FY 2019 Enacted			FY 2020 Enacted			FY 2021 President's Budget			FY 2020 to FY 2021 Total Changes		
	FTE	Amount	Rate	FTE	Amount	Rate	FTE	Amount	Rate	FTE	Amount	Rate
Administrative, Professional, and Technical Support	109	11532	$105.80	132	$15,064	$114.12	137	$16,043	$117.10	5	$979	$2.98
Special Agents	28	4381	$156.46	28	$4,877	$174.18	28	$5,194	$185.50	-	$317	$11.32
Total – Pay Cost Drivers	**137**	**$15,913**	**$116.15**	**160**	**$19,941**	**$124.63**	**165**	**$21,237**	**$128.71**	**5**	**$1,296**	**$4.08**

Explanation of Pay Cost Drivers

Administrative, Professional, and Technical Support: This cost driver funds the salaries and benefits of Secret Service's administrative, professional, and technical support employees who provide a variety of professional business functions and direct mission support activities. Changes to this cost driver in FY 2021 reflect increases to right size the agency based on mission needs, health benefits and agency's FERS contributions and results from pay raises in FY 2019, FY 2020, FY 2021.

Special Agents: This cost driver funds the salaries and benefits of Secret Service's SAs. Changes to this cost driver in FY 2021 reflect increases in health benefits and FERS Agency contribution rates and results from pay raises in FY 2019, FY 2020, FY 2021

Protective Countermeasures – PPA Level II
Non Pay Budget Exhibits
Non Pay Summary

Organization *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Total Changes
Protective Countermeasures	$41,004	$41,815	$47,204	$5,389
Total	**$41,004**	**$41,815**	**$47,204**	**$5,389**
Discretionary - Appropriation	$41,004	$41,815	$47,204	$5,389

Non Pay by Object Class

Non-Pay Object Classes *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Change
21.0 Travel and Transportation of Persons	$39	$104	$104	-
22.0 Transportation of Things	-	$7	$8	$1
23.1 Rental Payments to GSA	-	$233	$242	$9
23.3 Communications, Utilities, and Misc. Charges	-	$44	$44	-
25.2 Other Services from Non-Federal Sources	$39,853	$40,185	$43,516	$3,331
25.3 Other Goods and Services from Federal Sources	-	$35	$35	-
25.6 Medical Care	-	$1	$1	-
25.7 Operation and Maintenance of Equipment	-	$47	$57	$10
26.0 Supplies and Materials	-	$47	$47	-
31.0 Equipment	$1,112	$1,112	$3,150	$2,038
Total - Non Pay Object Classes	**$41,004**	**$41,815**	**$47,204**	**$5,389**

Non Pay Cost Drivers

Non Pay Cost Drivers *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Total Changes
Operational Mission Support	$41,004	$41,815	$47,204	$5,389
Total – Non Pay Cost Drivers	**$41,004**	**$41,815**	**$47,204**	**$5,389**

Explanation of Non Pay Cost Driver

Operational Mission Support: The OMS program supports the protection of the President and Vice President at the WHC, the Vice President's Residence, and temporary sites from emerging explosive, chemical, biological, radiological, and cyber-threats. The advanced protective countermeasures that are part of OMS are designed to address both established and evolving threats.

Detailed descriptions of OMS requirements are classified and will be provided separately.

Protective Intelligence – PPA Level II

Budget Comparison and Adjustments

Comparison of Budget Authority and Request

Organization	FY 2019 Enacted			FY 2020 Enacted			FY 2021 President's Budget			FY 2020 to FY 2021 Total Changes		
(Dollars in Thousands)	**Pos.**	**FTE**	**Amount**	**Pos.**	**FTE**	**Amount**	**Pos.**	**FTE**	**Amount**	**Pos.**	**FTE**	**Amount**
Protective Intelligence	230	224	$49,395	234	230	$49,955	238	234	$52,901	4	4	$2,946
Total	**230**	**224**	**$49,395**	**234**	**230**	**$49,955**	**238**	**234**	**$52,901**	**4**	**4**	**$2,946**
Subtotal Discretionary - Appropriation	230	224	$49,395	234	230	$49,955	238	234	$52,901	4	4	$2,946

PPA Level II Description

The Protective Intelligence PPA funds protective intelligence and counterintelligence to support the protective mission. Protective Intelligence personnel investigate subjects (individuals or groups) and activities that pose threats to protectees and protected events.

Protective Intelligence – PPA Level II
Summary of Budget Changes

Budget Formulation Activity *(Dollars in Thousands)*	**Positions**	**FTE**	**Amount**
FY 2019 Enacted	**230**	**224**	**$49,395**
FY 2020 Enacted	**234**	**230**	**$49,955**
FY 2021 Base Budget	**234**	**230**	**$49,955**
2020 Pay Raise	-	-	$850
2021 Pay Raise	-	-	$320
Annualization of FY 2020 Secret Service Staffing	-	2	$261
FERS Agency Contribution	-	-	$419
Total, Pricing Increases	**-**	**2**	**$1,850**
Non-Recur FY 2020 Hiring Costs	-	-	($73)
Total, Pricing Decreases	**-**	**-**	**($73)**
Total Adjustments-to-Base	**-**	**2**	**$1,777**
FY 2021 Current Services	**234**	**232**	**$51,732**
Awards Spending Increase	-	-	$426
Secret Service Staffing	4	2	$743
Total, Program Increases	**4**	**2**	**$1,169**
FY 2021 Request	**238**	**234**	**$52,901**
FY 2020 To FY 2021 Change	**4**	**4**	**$2,946**

Protective Intelligence – PPA Level II
Personnel Compensation and Benefits

Pay Summary

Organization (Dollars in Thousands)	FY 2019 Enacted				FY 2020 Enacted				FY 2021 President's Budget				FY 2020 to FY 2021 Total			
	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate
Protective Intelligence	230	224	$43,635	$194.8	234	230	$44,054	$191.54	238	234	$46,618	$199.22	4	4	$2,564	$7.68
Total	**230**	**224**	**$43,635**	**$194.8**	**234**	**230**	**$44,054**	**$191.54**	**238**	**234**	**$46,618**	**$199.22**	**4**	**4**	**$2,564**	**$7.68**
Discretionary - Appropriation	230	224	$43,635	$194.8	234	230	$44,054	$191.54	238	234	$46,618	$199.22	4	4	$2,564	$7.68

Pay by Object Class

Pay Object Classes (Dollars in Thousands)	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 - FY 2021 Change
11.1 Full-time Permanent	$22,034	$22,193	$23,677	$1,484
11.3 Other than Full-Time Permanent	$382	$396	$421	$25
11.5 Other Personnel Compensation	$6,120	$6,147	$6,462	$315
12.1 Civilian Personnel Benefits	$15,099	$15,318	$16,058	$740
Total - Personnel Compensation and Benefits	**$43,635**	**$44,054**	**$46,618**	**$2,564**
Positions and FTE				
Positions - Civilian	230	234	238	4
FTE - Civilian	224	230	234	4

Pay Cost Drivers

Pay Cost Drivers *(Dollars in Thousands)*	FY 2019 Enacted			FY 2020 Enacted			FY 2021 President's Budget			FY 2020 to FY 2021 Total Changes		
	FTE	**Amount**	**Rate**	**FTE**	**Amount**	**Rate**	**FTE**	**Amount**	**Rate**	**FTE**	**Amount**	**Rate**
Special Agents	144	$32,067	$222.69	144	$31,645	$219.76	145	$33,487	$230.94	1	$1,842	$11.19
Administrative, Professional, and Technical Support	80	$11,568	$144.60	86	$12,409	$144.29	89	$13,131	$147.54	3	$722	$3.25
Total – Pay Cost Drivers	**224**	**$43,635**	**$194.80**	**230**	**$44,054**	**$191.54**	**234**	**$46,618**	**$199.22**	**4**	**$2,564**	**$7.68**

Explanation of Pay Cost Drivers

Special Agents: This cost driver funds the salaries and benefits of Secret Service's SAs. Changes to this cost driver in FY 2021 an ncreases to right size the agency based on mission needs, health benefits and agency's FERS contributions and results from pay raises in FY 2019, FY 2020, FY 2021..

Administrative, Professional, and Technical Support: This cost driver funds the salaries and benefits of Secret Service's administrative, professional, and technical support employees who provide a variety of professional business functions and direct mission support activities. Changes to this cost driver in FY 2021 reflectincreases to right size the agency based on mission needs, health benefits and agency's FERS contributions and results from pay raises in FY 2019, FY 2020, FY 2021.

Protective Intelligence – PPA Level II
Non Pay Budget Exhibits

Non Pay Summary

Organization *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Total Changes
Protective Intelligence	$5,760	$5,901	$6,283	$382
Total	**$5,760**	**$5,901**	**$6,283**	**$382**
Discretionary - Appropriation	$5,760	$5,901	$6,283	$382

Non Pay by Object Class

Non-Pay Object Classes *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Change
21.0 Travel and Transportation of Persons	$1,417	$1,438	$1,514	$76
22.0 Transportation of Things	$249	$252	$262	$10
23.1 Rental Payments to GSA	-	$63	$71	$8
23.3 Communications, Utilities, and Misc. Charges	$305	$323	$343	$20
24.0 Printing and Reproduction	-	-	$2	$2
25.2 Other Services from Non-Federal Sources	$1,620	$1,602	$1,676	$74
25.3 Other Goods and Services from Federal Sources	-	$15	$16	$1
25.6 Medical Care	-	$1	$1	-
25.7 Operation and Maintenance of Equipment	-	$20	$25	$5
26.0 Supplies and Materials	$246	$260	$269	$9
31.0 Equipment	$1,923	$1,927	$2,104	$177
Total - Non Pay Object Classes	**$5,760**	**$5,901**	**$6,283**	**$382**

Non Pay Cost Drivers

Non Pay Cost Drivers *(Dollars in Thousands)*	**FY 2019 Enacted**	**FY 2020 Enacted**	**FY 2021 President's Budget**	**FY 2020 to FY 2021 Total Changes**
Training and Equipment	$5,209	$5,318	$5,671	$353
Other costs	$551	$583	$612	$29
Total – Non Pay Cost Drivers	**$5,760**	**$5,901**	**$6,283**	**$382**

Explanation of Non Pay Cost Drivers

Training and Equipment: The protective intelligence mission provides identification and investigation of potential threats to protectees and protected sites. This mission requires extensive and continuous training to ensure SAs assigned to this mission constantly up to date on covert tactics and threat response methods and able to identify constantly evolving threats. In addition, SAs require specialized equipment to maintain their appearance and mobility. Changes in costs reflect an increase for SA training and use of specialized equipment to maintain their appearance and mobility.

Other Costs: Funding in this cost driver supports Secret Service's protective intelligence program. Changes in cost reflect an increase in travel, supplies, and materials to support the workforce.

<u>Budget Activities:</u>

National Threat Assessment Center (NTAC): The NTAC, housed within Secret Service, is charged with conducting operationally relevant and timely research on threat assessment and the prevention of targeted violence in various contexts (e.g., mass attacks in public spaces, K-12 school attacks, workplace violence, attacks against government, and attacks against law enforcement). Through the Presidential Threat Protection Act of 2000 (PL 160-544), Congress formally authorized NTAC to conduct research on threat assessment and various types of targeted violence; provide training on threat assessment and violence prevention; facilitate information- sharing among agencies with protective and/or public safety responsibilities; provide case consultation on individual threat assessment investigations and for organizations building threat assessment units; and develop programs to promote the standardization of Federal, State, and local threat assessment processes and investigations. In support of this congressional authorization, NTAC produced an operational guide for school, law enforcement, and public safety professionals on how to create a targeted violence prevention plan. This guide “Enhancing School Safety Using a Threat Assessment Model: An Operational Guide for Preventing Targeted School Violence” was released in July 2018. In July 2019, NTAC released “Mass Attacks in Public Spaces – 2018.” This report was NTAC’s second annual study on incidents of mass violence affecting places of business, houses of worship, schools, and other public locations were Americans live their daily lives.

The following table show NTAC’s increasing demand signal and outreach impact nationally:

National Threat Assessment Center (NTAC) External Training Events and Total Audience		
Fiscal Year	**Number of Events**	**Total Audience**
FY 2010	32	2,431
FY 2011	35	2,301
FY 2012	29	1,190
FY 2013	30	1,306
FY 2014	32	2,130
FY 2015	51	3,304
FY 2016	48	3,540
FY 2017	47	4,231
FY 2018	63	6,229
FY 2019	111	20,265

Presidential Campaigns and National Special Security Events – PPA Level II

Budget Comparison and Adjustments

Comparison of Budget Authority and Request

Organization (Dollars in Thousands)	FY 2019 Enacted			FY 2020 Enacted			FY 2021 President's Budget			FY 2020 to FY 2021 Total Changes		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
Presidential Campaigns and National Special Security Events	-	-	$37,494	-	-	$155,199	-	-	$83,725	-	-	($71,474)
Total	**-**	**-**	**$37,494**	**-**	**-**	**$155,199**	**-**	**-**	**$83,725**	**-**	**-**	**($71,474)**
Subtotal Discretionary - Appropriation	-	-	$37,494	-	-	$155,199	-	-	$83,725	-	-	($71,474)

PPA Level II Description

The Presidential Campaigns and National Special Security Events PPA provides funding to protect major presidential candidates, nominees, their families, nominating conventions, presidential and vice-presidential debates, and designated National Special Security Events (NSSEs). Protection of presidential candidates, nominees, and their spouses is authorized in Title 18 U.S.C. § 3056. The Secret Service leads and manages the planning, coordination, and implementation of operational security plans at designated NSSEs to ensure the physical protection of the President, the public, and other Secret Service protectees who participate in NSSEs.

Within this PPA, the Secret Service requests $4.5M in two-year authority for NSSEs. The Secret Service is required to provide protection for NSSEs as designated by the Secretary. As a result, requirements can vary from year to year; even one additional NSSE can greatly increase requirements. While the Secret Service plans for known future NSSEs, such as the quadrennial nominating conventions, not all NSSEs can be anticipated early enough to allow for inclusion in a budget request. Two-year authority is necessary for the Secret Service to meet legislated protection requirements despite annual fluctuations in the number of NSSEs. A shorter period of availability would negatively impact the Secret Service’s ability to adequately budget and execute resources for other non-pay requirements. Funds would need to be withheld or reprogrammed from other requirements to allow for increases in NSSE protection costs. Additionally, a shorter period of availability may result in higher lapse rates should NSSE protection costs be less than what was budgeted.

Presidential Campaigns and National Special Security Events – PPA Level II
Summary of Budget Changes

Budget Formulation Activity *(Dollars in Thousands)*	**Positions**	**FTE**	**Amount**
FY 2019 Enacted	**-**	**-**	**$37,494**
FY 2020 Enacted	**-**	**-**	**$155,199**
FY 2021 Base Budget	**-**	**-**	**$155,199**
Transfer for UNGA to Presidential Campaign & NSSE from PPF	-	-	$14,500
Total Transfers	**-**	**-**	**$14,500**
2020 Pay Raise	-	-	($27)
Non-Recur 2020 Presidential Campaign	-	-	($85,947)
Total, Pricing Decreases	**-**	**-**	**($85,974)**
Total Adjustments-to-Base	**-**	**-**	**($71,474)**
FY 2021 Current Services	**-**	**-**	**$83,725**
FY 2021 Request	**-**	**-**	**$83,725**
FY 2020 To FY 2021 Change	**-**	**-**	**($71,474)**

Presidential Campaigns and National Special Security Events – PPA Level II
Personnel Compensation and Benefits

Pay Summary

Organization	FY 2019 Enacted				FY 2020 Enacted				FY 2021 President's Budget				FY 2020 to FY 2021 Total			
(Dollars in Thousands)	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate
Presidential Campaigns and National Special Security Events	-	-	$5,599	-	-	-	$28,110	-	-	-	$9,596	-	-	-	($18,514)	-
Total	**-**	**-**	**$5,599**	**-**	**-**	**-**	**$28,110**	**-**	**-**	**-**	**$9,596**	**-**	**-**	**-**	**($18,514)**	**-**
Discretionary - Appropriation	-	-	$5,599	-	-	-	$28,110	-	-	-	$9,596	-	-	-	($18,514)	-

Pay by Object Class

Pay Object Classes *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 - FY 2021 Change
11.1 Full-time Permanent	-	$27	-	($27)
11.5 Other Personnel Compensation	$5,599	$28,083	$9,596	($18,487)
Total - Personnel Compensation and Benefits	**$5,599**	**$28,110**	**$9,596**	**($18,514)**
Positions and FTE				

Pay Cost Drivers

Pay Cost Drivers *(Dollars in Thousands)*	FY 2019 Enacted			FY 2020 Enacted			FY 2021 President's Budget			FY 2020 to FY 2021 Total Changes		
	FTE	Amount	Rate	FTE	Amount	Rate	FTE	Amount	Rate	FTE	Amount	Rate
Overtime in support of NSSEs and Presidential Campaign	-	$5,599	$0.00	-	$28,110	$0.00	-	$9,596	$0.00	-	(18,514)	$0.00
Total – Pay Cost Drivers	**-**	**$5,599**	**$0.00**	**-**	**$28,110**	**$0.00**	**-**	**$9,596**	**$0.00**	**-**	**($18,514)**	**$0.00**

*Pay in this PPA only funds overtime for employees on temporary protective assignments for either presidential campaigns or NSSEs. As there are no employees permanently assigned to these operations, there are no FTE in this PPA.

Explanation of Pay Cost Drivers

Overtime in support of NSSEs and Presidential Campaign: This cost driver provides for overtime associated with the 2020 Presidential Campaign. Overtime is needed to support 24/7 protective details for major candidates, nominees, and their families; advance teams to secure locations for campaign events and debates; and protection of the Democratic and Republican nominating conventions. Overtime is also needed to provide protective details and complete multi-layered security at NSSEs. To mitigate varying requirements between fiscal years that are outside of Secret Service's control, a portion of these funds are requested with two-year authority to ensure availability of resources when needed. Changes to cost reflect the net decreased protection requirements after the end of the campaign cycle and inauguration and the transfer of UNGA from PPF.

Presidential Campaigns and National Special Security Events – PPA Level II
Non Pay Budget Exhibits

Non Pay Summary

Organization *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Total Changes
Presidential Campaigns and National Special Security Events	$31,895	$127,089	$74,129	($52,960)
Total	**$31,895**	**$127,089**	**$74,129**	**($52,960)**
Discretionary - Appropriation	$31,895	$127,089	$74,129	($52,960)

Non Pay by Object Class

Non-Pay Object Classes *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Change
21.0 Travel and Transportation of Persons	$3,227	$64,364	$48,397	($15,967)
22.0 Transportation of Things	$468	$2,381	$278	($2,103)
23.3 Communications, Utilities, and Misc. Charges	-	$16,420	$1,133	($15,287)
24.0 Printing and Reproduction	-	$12	-	($12)
25.2 Other Services from Non-Federal Sources	$8,272	$36,209	$22,691	($13,518)
26.0 Supplies and Materials	$2,179	$2,004	$278	($1,726)
31.0 Equipment	$17,749	$4,514	$1,352	($3,162)
32.0 Land and Structures	-	$1,185	-	($1,185)
Total - Non Pay Object Classes	**$31,895**	**$127,089**	**$74,129**	**($52,960)**

Non Pay Cost Drivers

Non Pay Cost Drivers *(Dollars in Thousands)*	**FY 2019 Enacted**	**FY 2020 Enacted**	**FY 2021 President's Budget**	**FY 2020 to FY 2021 Total Changes**
Support for 2020 Presidential Campaign	$18,400	$125,094	$59,134	($65,960)
Support for NSSEs	$13,495	$1,995	$14,995	$13,000
Total – Non Pay Cost Drivers	**$31,895**	**$127,089**	**$74,129**	**($52,960)**

Explanation of Non Pay Cost Drivers

Support for 2020 Presidential Campaign: Secret Service is responsible for providing protection for major presidential candidates, nominees, nominees' families, campaign events, debates, and Democratic and Republican nominating conventions. This quadrennial event requires additional resources for travel, including travel for law enforcement support from ICE/HSI and TSA; protective equipment, such as magnetometers and x-ray machines; shipping of equipment and supplies to protected locations; and installation of communications equipment, fencing, lighting, tents, and other equipment at protected sites. Changes to this cost reflect the shift from peak campaign protection requirements to the final surge prior to the election and support for the inauguration.

Support for NSSEs: Secret Service budgets $2.0M annually for supplies, equipment, and travel associated with NSSEs. To mitigate varying requirements between fiscal years, these funds are requested with two-year availability to ensure availability of resources when needed. Changes to this cost reflects the transfer from the Protection of Persons and Facilities PPA for the United Nations General Assembly NSSE.

Budget Activities:

Presidential Campaigns: As authorized in Title 18 U.S.C. § 3056, Secret Service protects major Presidential and Vice Presidential candidates, and spouses of eligible candidates within 120 days of general presidential elections. In addition, the DHS Secretary, in consultation with a bipartisan congressional advisory committee, authorizes the activation of a Secret Service protective detail for a Presidential candidate prior to the nominating conventions. The congressional advisory committee, which is comprised of the Speaker of the House of Representatives, the Minority Leader of the House of Representatives, the Majority and Minority Leaders of the Senate, and one additional member selected by the other members of the committee, establishes objective criteria for major candidate status. A Secret Service protective detail is formally activated when protection for a particular candidate is authorized by the DHS Secretary, which typically occurs once a candidate requests protection, and meets the criteria for major candidate status, as set forth by the advisory committee. The DHS Secretary also may authorize protection for one or more candidates at any time, in consultation with the congressional advisory committee, based upon the threat environment.

Accompanying each candidate are:
- Detail/shift agents who provide 24/7 protection;
- Advance teams and post standers, who provide site security;
- Explosive Ordnance Disposal and other technical support personnel (e.g., counter-surveillance and counter sniper personnel);
- Magnetometer screening capabilities;
- Protective intelligence personnel; and
- Residence security personnel.

Securing the two nominating conventions is one of the most expensive and challenging aspects of campaign protection. These very high-profile NSSEs will typically have 50,000 or more attendees and last for three to four days. Because the locations and dates are widely publicized in advance of the events, these conventions are targets for a variety of threats.

National Special Security Events (NSSE): Since 1998, Secret Service has planned, coordinated, and implemented operational security plans for 56 NSSEs, including the 2017 Presidential Inauguration. The designation of NSSEs is somewhat unpredictable – some NSSEs are known years in advance while others are designated with only weeks or even within a couple of days of notice. In support of NSSE operations, Secret Service deploys personnel and resources from across the country and coordinates resources from multiple Federal departments, and numerous State and local law enforcement and public safety jurisdictions. The President's State of the Union Address is typically designated an NSSE each year as are quadrennial campaign-related NSSEs, such as the party nominating conventions and Presidential Inaugurations.

The annual meetings of the United Nations General Assembly (UNGA) in New York City are one of the most significant NSSE events, requiring the Agency to provide simultaneous protection of heads of state or government, as well as the President, Vice President, and other Secret Service protectees that may be in attendance.

The chart on the following page illustrates the varying numbers of UNGA attendees requiring protective security each fiscal year.

United Nations General Assembly (UNGA)				
Number of Protectees per Fiscal Year (FY)				
FY	**Event**	**Heads of Government or Heads of State**	**Spouses**	**Total Protectees**
2010	UNGA 65	125	52	**177**
2011	UNGA 66	132	55	**187**
2012	UNGA 67	160	50	**210**
2013	UNGA 68	124	80	**204**
2014	UNGA 69	142	76	**218**
2015	UNGA 70	162	74	**236**
2016	UNGA 71	132	70	**202**
2017	UNGA 72	166	93	**259**
2018	UNGA 73	134	68	**202**
2019	UNGA 74	138	75	**213**

Field Operations – PPA

Budget Comparison and Adjustments

Comparison of Budget Authority and Request

Organization (Dollars in Thousands)	FY 2019 Enacted			FY 2020 Enacted			FY 2021 President's Budget			FY 2020 to FY 2021 Total Changes		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
Domestic and International Field Operations	3,098	2,921	$647,905	3,173	3,097	$667,600	3,222	3,172	$678,943	49	75	$11,343
Support for Missing and Exploited Children Investigations	-	-	$6,000	-	-	$6,000	-	-	$6,000	-	-	-
Support for Computer Forensics Training	-	-	$25,022	-	-	$30,377	-	-	$4,000	-	-	($26,377)
Total	**3,098**	**2,921**	**$678,927**	**3,173**	**3,097**	**$703,977**	**3,222**	**3,172**	**$688,943**	**49**	**75**	**($15,034)**
Subtotal Discretionary - Appropriation	3,098	2,921	$678,927	3,173	3,097	$703,977	3,222	3,172	$688,943	49	75	($15,034)

PPA Level I Description

The Secret Service carries out a unique, integrated mission of protection and investigations. The Field Operations program complements and supports protection while carrying out legislated financial system enforcement. The Secret Service was established in 1865 to investigate and prevent counterfeiting. Today the agency's investigative mission has evolved from enforcing counterfeiting laws to safeguarding the payment and financial systems of the United States from a wide range of financial and computer-based crimes.

Field operations prioritize investigative cases by focusing on resources on those investigations having significant economic and community impact. These types of cases involving cyber-enabled financial crime, are multi-district or transnational in nature, and utilize schemes involving new and emerging technologies. Additionally, Secret Service field operations Individual field offices promote public awareness of Secret Service investigative initiatives and counterfeit investigations with the support of the local media and State and local task force partners. Furthermore, field offices team with local law enforcement partners on Financial Crimes Task Forces (FCTF) or Electronic Crimes Task Forces (ECTF). Field office personnel divide their time between conducting criminal investigations, protective intelligence investigations, and protection support as needed. The field offices ensure domain awareness through command and control, coordination, information sharing, and situational awareness. In addition, the Secret Service provides forensic support to investigations led by the National Center for Missing and Exploited Children (NCMEC), and computer forensic training to State and local law enforcement officers and legal and judicial professionals through the National Computer Forensic Institute (NCFI).

Field Operations includes three Level II PPAs:

Domestic and International Field Operations: Through field offices and in coordination with partners (public and private, domestic and international, law enforcement and civilian), Secret Service investigates access device fraud (18 U.S.C. 1029); theft (18 U.S.C. § 1028); computer fraud (18 U.S.C. § 1030); bank fraud/mortgage fraud (18 U.S.C. § 1344); and violations of U.S. laws relating to coins, obligations, and securities of the United States and of foreign governments. As of FY 2018, Secret Service maintains 42 domestic field offices, 19 foreign offices, 60 resident offices, 13 resident agencies, and 28 domiciles, strategically positioned to support the protective and execute the investigative missions.

Support for Missing and Exploited Children Investigations: The Violent Crime Control and Law Enforcement Act of 1994 (P.L. 103-322) directed Secret Service to participate in a government-wide Task Force to support the National Center for Missing and Exploited Children (NCMEC). Subsequently, the PROTECT Act of 2003 amended 18 U.S.C. § 3056, authorizing Secret Service to "provide forensic and investigative assistance in support of any investigation involving missing or exploited children."

Support for Computer Forensics Training: This PPA funds the National Computer Forensic Institute (NCFI), a collaboration between Secret Service, DHS, and the State of Alabama. NCFI's legislated mandate is to provide both State and local law enforcement officer and legal and judicial professionals with a comprehensive education on current cyber-crime trends, investigative methods, and prosecutorial challenges.

Field Operations – PPA
Budget Authority and Obligations

Budget Authority *(Dollars in Thousands)*	**FY 2019**	**FY 2020**	**FY 2021**
Enacted/Request	**$678,927**	**$703,977**	**$688,943**
Carryover and/or Recoveries (Actual/Estimates/Projections)	-	-	-
Rescissions to Current Year/Budget Year	-	-	-
Net Sequestered Resources	-	-	-
Reprogrammings/Transfers	$6,814	-	-
Supplementals	-	-	-
Total Budget Authority	**$685,741**	**$703,977**	**$688,943**
Collections – Reimbursable Resources	$19,886	$19,886	$19,886
Total Budget Resources	**$705,627**	**$723,863**	**$708,829**
Obligations (Actual/Estimates/Projections)	$685,691	$723,863	$708,829
Personnel: Positions and FTE			
Enacted/Request Positions	3,098	3,173	3,222
Enacted/Request FTE	2,921	3,097	3,172
Onboard and Actual FTE; Includes Collections - Reimbursable Resources			
Onboard (Actual/Estimates/Projections)	3,170	3,181	3,230
FTE (Actual/Estimates/Projections)	2,961	3,105	3,180

Field Operations – PPA
Summary of Budget Changes

Budget Formulation Activity *(Dollars in Thousands)*	Positions	FTE	Amount
FY 2019 Enacted	**3,098**	**2,921**	**$678,927**
FY 2020 Enacted	**3,173**	**3,097**	**$703,977**
FY 2021 Base Budget	**3,173**	**3,097**	**$703,977**
2020 Pay Raise	-	-	$21,108
2021 Pay Raise	-	-	$4,633
Annualization of FY 2020 Secret Service Staffing	-	50	$9,483
Base Pay	-	-	$5,592
FERS Agency Contribution	-	-	$5,288
Total, Pricing Increases	**-**	**50**	**$46,104**
Non-Recur FY 2020 Hiring Costs	-	-	($13,401)
Non-Recur Sustainment of Funding for Forensic/Inv Support	-	-	($784)
Reductions to Contracts	-	-	($1,162)
Total, Pricing Decreases	**-**	**-**	**($15,347)**
Total Adjustments-to-Base	**-**	**50**	**$30,757**
FY 2021 Current Services	**3,173**	**3,147**	**$734,734**
Awards Spending Increase	-	-	$6,177
Secret Service Staffing	49	25	$9,843
Total, Program Increases	**49**	**25**	**$16,020**
Electronic Crimes Task Force (ECTF) Modernization	-	-	($1,600)
International Cooperative Administrative Support Services (ICASS)	-	-	($800)
National Computer Forensics Institute (NCFI)	-	-	($26,377)
Overtime Above Pay Cap	-	-	($5,000)
Permanent Change of Station (PCS) Moves	-	-	($3,500)
Radios and Hubs	-	-	($10,000)
Scheduled Overtime	-	-	($3,750)
Travel	-	-	($10,784)
Total, Program Decreases	**-**	**-**	**($61,811)**
FY 2021 Request	**3,222**	**3,172**	**$688,943**
FY 2020 To FY 2021 Change	**49**	**75**	**($15,034)**

Field Operations – PPA
Personnel Compensation and Benefits

Pay Summary

Organization (Dollars in Thousands)	FY 2019 Enacted				FY 2020 Enacted				FY 2021 President's Budget				FY 2020 to FY 2021 Total			
	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate
Domestic and International Field Operations	3,098	2,921	$545,867	$186.88	3,173	3,097	$555,697	$179.43	3,222	3,172	$596,505	$188.05	49	75	$40,808	$8.62
Total	**3,098**	**2,921**	**$545,867**	**$186.88**	**3,173**	**3,097**	**$555,697**	**$179.43**	**3,222**	**3,172**	**$596,505**	**$188.05**	**49**	**75**	**$40,808**	**$8.62**
Discretionary - Appropriation	3,098	2,921	$545,867	$186.88	3,173	3,097	$555,697	$179.43	3,222	3,172	$596,505	$188.05	49	75	$40,808	$8.62

Pay by Object Class

Pay Object Classes (Dollars in Thousands)	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 - FY 2021 Change
11.1 Full-time Permanent	$279,788	$284,755	$309,759	$25,004
11.3 Other than Full-Time Permanent	$4,706	$4,888	$5,534	$646
11.5 Other Personnel Compensation	$82,227	$85,094	$88,957	$3,863
12.1 Civilian Personnel Benefits	$179,146	$180,960	$192,255	$11,295
Total - Personnel Compensation and Benefits	**$545,867**	**$555,697**	**$596,505**	**$40,808**
Positions and FTE				
Positions - Civilian	3,098	3,173	3,222	49
FTE - Civilian	2,921	3,097	3,172	75

Field Operations – PPA
Non Pay Budget Exhibits
Non Pay Summary

Organization *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Total Changes
Domestic and International Field Operations	$102,038	$111,903	$82,438	($29,465)
Support for Missing and Exploited Children Investigations	$6,000	$6,000	$6,000	-
Support for Computer Forensics Training	$25,022	$30,377	$4,000	($26,377)
Total	**$133,060**	**$148,280**	**$92,438**	**($55,842)**
Discretionary - Appropriation	$133,060	$148,280	$92,438	($55,842)

Non Pay by Object Class

Non-Pay Object Classes *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Change
21.0 Travel and Transportation of Persons	$55,377	$58,635	$42,591	($16,044)
22.0 Transportation of Things	$5,108	$3,334	$1,313	($2,021)
23.1 Rental Payments to GSA	-	$721	($9,109)	($9,830)
23.3 Communications, Utilities, and Misc. Charges	$7,859	$8,445	$8,704	$259
24.0 Printing and Reproduction	-	-	$25	$25
25.2 Other Services from Non-Federal Sources	$30,953	$26,685	$19,421	($7,264)
25.3 Other Goods and Services from Federal Sources	-	$1,993	$1,325	($668)
25.6 Medical Care	-	$132	$140	$8
25.7 Operation and Maintenance of Equipment	$772	$1,582	$1,014	($568)
26.0 Supplies and Materials	$5,586	$15,821	$15,463	($358)
31.0 Equipment	$21,375	$24,902	$5,521	($19,381)
41.0 Grants, Subsidies, and Contributions	$6,000	$6,000	$6,000	-
42.0 Insurance Claims and Indemnities	$30	$30	$30	-
Total - Non Pay Object Classes	**$133,060**	**$148,280**	**$92,438**	**($55,842)**

Domestic and International Field Operations – PPA Level II

Budget Comparison and Adjustments

Comparison of Budget Authority and Request

Organization (Dollars in Thousands)	FY 2019 Enacted			FY 2020 Enacted			FY 2021 President's Budget			FY 2020 to FY 2021 Total Changes		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
Domestic and International Field Operations	3,098	2,921	$647,905	3,173	3,097	$667,600	3,222	3,172	$678,943	49	75	$11,343
Total	**3,098**	**2,921**	**$647,905**	**3,173**	**3,097**	**$667,600**	**3,222**	**3,172**	**$678,943**	**49**	**75**	**$11,343**
Subtotal Discretionary - Appropriation	3,098	2,921	$647,905	3,173	3,097	$667,600	3,222	3,172	$678,943	49	75	$11,343

PPA Level II Description

The Domestic and International Field Operations PPA supports Secret Service operations at more than 162 field offices both within the United States and abroad. Field offices conduct investigations to detect, identify, locate, and apprehend transnational criminal organizations and individuals targeting the Nation’s financial infrastructure and payment systems. Subjects may be involved in cyber-enabled financial crimes, counterfeiting of U.S. currency, access device fraud (including credit and debit fraud), cyber-intrusion, identity theft, bank fraud, and illicit financing operations. Increased investigative success in the emerging field of cyber-enabled financial crime is done through the use of the Secret Service’s 40 ECTFs and 46 FCTFs; located both domestically and overseas. In addition, field offices provide critical capacity for protecting and investigating threats to the persons, locations and events protected by the Secret Service. SAs in field offices join traveling protective details, provide advance security work, and join protection of NSSEs within their home area, this provides field office SAs with critical experience in protective operations, preparing them for the next phase of their career on permanent protective assignments.

Domestic and International Field Operations – PPA Level II
Summary of Budget Changes

Budget Formulation Activity *(Dollars in Thousands)*	**Positions**	**FTE**	**Amount**
FY 2019 Enacted	**3,098**	**2,921**	**$647,905**
FY 2020 Enacted	**3,173**	**3,097**	**$667,600**
FY 2021 Base Budget	**3,173**	**3,097**	**$667,600**
2020 Pay Raise	-	-	$21,108
2021 Pay Raise	-	-	$4,633
Annualization of FY 2020 Secret Service Staffing	-	50	$9,483
Base Pay	-	-	$5,592
FERS Agency Contribution	-	-	$5,288
Total, Pricing Increases	**-**	**50**	**$46,104**
Non-Recur FY 2020 Hiring Costs	-	-	($13,401)
Non-Recur Sustainment of Funding for Forensic/Inv Support	-	-	($784)
Reductions to Contracts	-	-	($1,162)
Total, Pricing Decreases	**-**	**-**	**($15,347)**
Total Adjustments-to-Base	**-**	**50**	**$30,757**
FY 2021 Current Services	**3,173**	**3,147**	**$698,357**
Awards Spending Increase	-	-	$6,177
Secret Service Staffing	49	25	$9,843
Total, Program Increases	**49**	**25**	**$16,020**
Electronic Crimes Task Force (ECTF) Modernization	-	-	($1,600)
International Cooperative Administrative Support Services (ICASS)	-	-	($800)
Overtime Above Pay Cap	-	-	($5,000)
Permanent Change of Station (PCS) Moves	-	-	($3,500)
Radios and Hubs	-	-	($10,000)
Scheduled Overtime	-	-	($3,750)
Travel	-	-	($10,784)
Total, Program Decreases	**-**	**-**	**($35,434)**
FY 2021 Request	**3,222**	**3,172**	**$678,943**
FY 2020 To FY 2021 Change	**49**	**75**	**$11,343**

Personnel Compensation and Benefits

Pay Summary

Organization *(Dollars in Thousands)*	FY 2019 Enacted				FY 2020 Enacted				FY 2021 President's Budget				FY 2020 to FY 2021 Total			
	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate
Domestic and International Field Operations	3,098	2,921	$545,867	$186.88	3,173	3,097	$555,697	$179.43	3,222	3,172	$596,505	$188.05	49	75	$40,808	$8.62
Total	**3,098**	**2,921**	**$545,867**	**$186.88**	**3,173**	**3,097**	**$555,697**	**$179.43**	**3,222**	**3,172**	**$596,505**	**$188.05**	**49**	**75**	**$40,808**	**$8.62**
Discretionary - Appropriation	3,098	2,921	$545,867	$186.88	3,173	3,097	$555,697	$179.43	3,222	3,172	$596,505	$188.05	49	75	$40,808	$8.62

Pay by Object Class

Pay Object Classes *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 - FY 2021 Change
11.1 Full-time Permanent	$279,788	$284,755	$309,759	$25,004
11.3 Other than Full-Time Permanent	$4,706	$4,888	$5,534	$646
11.5 Other Personnel Compensation	$82,227	$85,094	$88,957	$3,863
12.1 Civilian Personnel Benefits	$179,146	$180,960	$192,255	$11,295
Total - Personnel Compensation and Benefits	**$545,867**	**$555,697**	**$596,505**	**$40,808**
Positions and FTE				
Positions - Civilian	3,098	3,173	3,222	49
FTE - Civilian	2,921	3,097	3,172	75

Pay Cost Drivers

Pay Cost Drivers *(Dollars in Thousands)*	FY 2019 Enacted			FY 2020 Enacted			FY 2021 President's Budget			FY 2020 to FY 2021 Total Changes		
	FTE	**Amount**	**Rate**	**FTE**	**Amount**	**Rate**	**FTE**	**Amount**	**Rate**	**FTE**	**Amount**	**Rate**
Special Agents	2,215	$445,917	$201.32	2,373	$453,947	$191.30	2,432	$487,283	$200.36	59	$33,336	$9.07
Administrative, Professional, and Technical Support	706	$99,950	$141.57	724	$101,750	$140.54	740	$109,222	$147.60	16	$7,472	$7.06
Total – Pay Cost Drivers	**2,921**	**$545,867**	**$186.88**	**3,097**	**$555,697**	**$179.43**	**3,172**	**$596,505**	**$188.05**	**75**	**$40,808**	**$8.62**

Explanation of Pay Cost Drivers

Special Agents: This cost driver funds the salaries and benefits of Secret Service's SAs. Changes to this cost driver in FY 2021 reflect increases to right size the agency based on mission needs, health benefits and agency's FERS contributions and results from pay raises in FY 2019, FY 2020, FY 2021.

Administrative, Professional, and Technical Support: This cost driver funds the salaries and benefits of Secret Service's administrative, professional, and technical support employees who provide a variety of professional business functions and direct mission support activities. Changes to this cost driver in FY 2021 reflect increases to right size the agency based on mission needs, health benefits and agency's FERS contributions and results from pay raises in FY 2019, FY 2020, FY 2021.

Domestic and International Field Operations – PPA Level II
Non Pay Budget Exhibits
Non Pay Summary

Organization *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Total Changes
Domestic and International Field Operations	$102,038	$111,903	$82,438	($29,465)
Total	**$102,038**	**$111,903**	**$82,438**	**($29,465)**
Discretionary - Appropriation	$102,038	$111,903	$82,438	($29,465)

Non Pay by Object Class

Non-Pay Object Classes *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Change
21.0 Travel and Transportation of Persons	$50,077	$52,635	$42,591	($10,044)
22.0 Transportation of Things	$5,108	$3,334	$1,313	($2,021)
23.1 Rental Payments to GSA	-	$721	($9,109)	($9,830)
23.3 Communications, Utilities, and Misc. Charges	$7,859	$8,445	$8,704	$259
24.0 Printing and Reproduction	-	-	$25	$25
25.2 Other Services from Non-Federal Sources	$27,753	$22,185	$17,671	($4,514)
25.3 Other Goods and Services from Federal Sources	-	$1,993	$1,325	($668)
25.6 Medical Care	-	$132	$140	$8
25.7 Operation and Maintenance of Equipment	-	$805	$1,014	$209
26.0 Supplies and Materials	$5,036	$15,221	$15,213	($8)
31.0 Equipment	$6,175	$6,402	$3,521	($2,881)
42.0 Insurance Claims and Indemnities	$30	$30	$30	-
Total - Non Pay Object Classes	**$102,038**	**$111,903**	**$82,438**	**($29,465)**

Non Pay Cost Drivers

Non Pay Cost Drivers *(Dollars in Thousands)*	**FY 2019 Enacted**	**FY 2020 Enacted**	**FY 2021 President's Budget**	**FY 2020 to FY 2021 Total Changes**
Domestic and Foreign Travel	$50,077	$52,635	$42,591	($10,044)
Other Costs	$51,961	$59,268	$39,847	($19,421)
Total – Non Pay Cost Drivers	**$102,038**	**$111,903**	**$82,438**	**($29,465)**

Explanation of Non Pay Cost Drivers

Domestic and Foreign Travel: Secret Service field offices require agents to travel to support both the investigative and protective missions. Investigative travel often takes SAs across the country or to locations abroad due to the global nature of transnational criminal organizations. Agents often need to travel to meet with other law enforcement organizations to investigate leads and testify at trials. Agents possess specialized case knowledge and expertise, making it critical for them to travel for proper investigation.. SAs in field offices support the protective mission by joining protective details or providing advance support for protectees traveling into their home region. This detail often requires travel away from the field office. Changes in costs reflect travel decreases made possible by the addition of new employees hired under the FY 2018 through FY 2021 staffing increases.

Other Costs: Funding in this cost driver supports Secret Service operations at field offices both within and outside the United States, including the training, supplies, and materials to support the workforce. Changes in this cost driver reflect a reduction to permanent change of station (PCS) moves and costs associated with the FY 2020 and FY 2021 staffing increase.

Budget Activities:

Investigative Mission: Secret Service investigates violations of laws relating to counterfeiting of obligations and securities of the United States and financial crimes that include, but are not limited to, financial institution fraud, identity theft, access device fraud, and money laundering. Secret Service investigations directly support the DHS strategic goal to protect critical infrastructure, which includes protecting our Nation's currency and financial systems.

Secret Service operates in a strategic context that includes advances in photographic and printing device technologies, worldwide spread of the internet, shifts in payment methods away from coins and paper currency, and dollarization (when a country replaces its national currency with the U.S. dollar). As criminal exploitation of available technologies and practices increases, field resources must continue to demonstrate agility in combating criminal efforts.

Secret Service proactively combats crimes, using advanced technologies, capitalizing on the power of task force partnerships, and providing recommendations for industry safeguards. Today, criminal trends show an increased use of cyber-attacks to target diverse organizations, resulting in significant data breaches, theft of credit and debit card account numbers and personal identifying information, and destruction or disruption of the delivery of services. Secret Service computer experts, forensic specialists, investigative experts, and intelligence analysts provide rapid response and critical information in support of financial analysis, infrastructure protection and criminal investigations.

To maximize the impact of its investigative mission, Secret Service collaborates with other law enforcement partners by:

- Leading a network of 46 Financial Crimes Task Forces (FCTF) and 40 Electronic Crimes Trask Forces (ECTF),
- Providing computer-based training to enhance investigative skills through the Electronic Crimes Special Agent Program (ECSAP),
- Formalizing the ECSAP program with the Computer Emergency Response Team in coordination with Carnegie Mellon University, and
- Maximizing partnerships with international law enforcement counterparts through overseas field offices.

Field operations prioritize investigative cases, focusing resources on those investigations having significant economic and community impact. These types of cases involve organized criminal groups, are multi-district or transnational in nature, and utilize schemes involving new technologies.

The tables below provide an annual summary of cases closed, arrests, and potential loss value. The digitization of financial and payment systems has driven a corresponding growth in cyber-enabled financial crimes. In order to best capture agency investigative activities, a new “cyber-financial” category was created (a combination of cyber and financial crime cases/arrests/loss amounts). Prior to FY 2019, differing methodologies were used to capture cyber-activities. For reporting consistency, the combination of the cyber-financial category will be used for previous fiscal years in order to allow for trend analysis. This will cause discrepancies when comparing past reported results with FY 2019 and future results.

Number of Cases Closed by Domestic Field Offices								
Category	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**
Counterfeit	2,800	2,263	2,199	1,768	1,236	1,001	535	593
Cyber Financial Crimes	5,849	6,222	4,190	3,046	2,011	1,685	1,166	1,659
Other Crimes	352	353	367	312	171	125	93	104
Non-Criminal	7,862	5,117	6,947	9,867	10,788	12,154	11,098	8,003
Protective Survey	7,080	7,056	6,325	5,746	7,680	8,833	4,923	2,081
TOTAL	**23,943**	**21,011**	**20,028**	**20,739**	**21,886**	**23,798**	**17,815**	**12,440**
Notes: In-Custody Responses and Runouts (field office receiving a counterfeit note, but not enough evidence exist to open a case) are not included. Fiscal years reflect the date the record was closed. Data include overseas investigations made by domestic field offices (e.g., Miami, Honolulu, etc.). Data as of October 16, 2019.								

Number of Arrests Made by Domestic Field Offices								
Category	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**
Counterfeit	2,279	2,312	1,841	788	539	622	609	642
Cyber Financial Crimes	4,659	4,326	3,585	1,879	1,353	1,335	1,473	1,638
Other Crimes	256	293	224	123	81	73	91	128
Protective Intelligence	73	65	39	51	32	31	34	51
TOTAL	**7,267**	**6,996**	**5,689**	**2,841**	**2,005**	**2,061**	**2,207**	**2,459**
Notes: In-Custody Response cases have been deleted. Fiscal years reflect the date the record was closed. Data include overseas investigations made by domestic field offices (e.g., Miami, Honolulu, etc.). Data as of October 16, 2019.								

Potential Loss Value for Cases Closed by Domestic Field Offices								
Category	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**
Cyber Financial Crimes	$2,328,680,046	$4,497,388,380	$3,291,831,880	$1,964,348,052	$2,915,029,520	$6,942,877,269	$5,453,775,987	$7,087,181,893
TOTAL	**$2,328,680,046**	**$4,497,388,380**	**$3,291,831,880**	**$1,964,348,052**	**$2,915,029,520**	**$6,942,877,269**	**$5,453,775,987**	**$7,087,181,893**
Notes: In-Custody Responses and Runouts (field office receiving a counterfeit note, but not enough evidence exist to open a case) have been deleted. Fiscal years reflect the date the record was closed. Data include overseas investigations made by domestic field offices (e.g., Miami, Honolulu, etc.). Data as of October 16, 2019.								

Cyber Crime Investigations - Today, the Nation's modern financial system depends heavily on information technology for convenience and efficiency. Criminal trends show an increased use of phishing emails, account takeovers, malicious software, hacking attacks, and network intrusions resulting in significant data breaches. These transnational cyber-crime investigations are multi-jurisdictional and require operational coordination and successful partnering with our ECTFs and international working groups. Through the Unity of Effort memorandum of 2016, Secret Service and ICE/HSI define their roles in cyber-based crimes, collaborate on cases to combine assets, reduce conflict and duplication of effort, and jointly train agents to share information. Secret Service widely shares relevant cyber-security information it discovers through its criminal investigations with the National Cyber-security & Communications Integration Center (NCCIC), information sharing and analysis organizations, and other relevant cyber-security entities in order to strengthen the security of cyber-space. Internally, the Global Information Operations Center (GIOC) was formed in 2018 within Secret Service in order to disrupt and dismantle illicit activities of criminal networks through analysis, intelligence and coordination of multi-jurisdictional and multi-Agency collaboration.

Secret Service investigations have resulted in the arrest and successful prosecution of cyber-criminals involved in the largest known data breaches, including those of TJ Maxx, Dave & Buster's, Heartland Payment Systems, and others. Secret Service also works closely with partners at the Department of Justice, in particular the local U.S. Attorney Offices, the Computer Crimes and Intellectual Property Section, and the International Organized Crime Intelligence and Operations Center, to bring the cyber-criminals that perpetrate major data breaches to justice.

Electronic Crimes Special Agent Program (ECSAP) - A central component of Secret Service's cyber-crime investigative efforts is the ECSAP. This program is comprised of Computer Forensic Examiners and Network Intrusion Investigators located in field office districts across the country. ECSAP agents are computer investigative specialists and among the most highly-trained experts in law enforcement, qualified to conduct examinations on all types of electronic evidence. They protect components of U.S. critical infrastructure by providing substantive insight regarding vulnerabilities that may be exploited by criminal elements. In FY 2018, ECSAP trained special agents processed over 2,400 terabytes of digital evidence.

Electronic Crimes Task Forces (ECTF) - Secret Service field offices currently host 40 ECTFs, including two international task forces in Rome and London. The ECTF model is unique in that it brings Federal, State, and local law enforcement together with prosecutors, private industry, and academia. Information about vulnerabilities, emerging technologies, and preventative measures is openly shared within a trusted environment. As of 2019, ECTF membership includes over 3,800 private sector partners; 3,345 international, Federal, State, and local law enforcement partners; and 292 academic partners.

Financial Crimes Task Forces (FCTF) - Secret Service hosts a national network of 46 FCTFs that combine the resources of the private sector and other law enforcement agencies in an organized effort to combat threats to financial and payment systems and critical infrastructure. FCTF often operate in conjunction with Secret Service ECTF and are frequently co-located and managed to leverage the overall expertise and experience of the membership of both task forces.

Cell Phone Forensic Facility - Secret Service has an established partnership with the Tulsa Digital Forensic Laboratory Center of Information Security, located at the University of Tulsa, to utilize their cell phone forensic facility. The facility enables training, forensic examinations, and research on mobile devices to provide invaluable tools to fight cyber-crime. Since 2008, approximately 11,777 mobile device forensic examinations have been conducted. In FY 2018, over 800 mobile device forensic examinations were conducted.

Counterfeit Investigations - Since 1986, Secret Service has recovered over $926.5M in South American-produced counterfeit currency. In FY 2018, Project Colombia partners seized approximately $62.9M in counterfeit U.S. currency, arrested 128 suspects, and suppressed one counterfeit printing plant. In FY 2018, approximately $82.1M in counterfeit (digital & non-digital) U.S. currency was used in place of real currency, referred to as “passed,” and $10.4M was seized prior to entering circulation. Digitally processed counterfeit notes accounted for 70 percent of the total domestic passing activity of counterfeit currency. There are currently 15 dollarized countries and six countries which operate semi-official dollarized economies.

In FY 2019 the Counterfeit Currency Process Facility (CCPF) opened in January 2, 2019. Secret Service remains committed to suppressing the counterfeiting of U.S. currency around the world.

Protective Mission: By design, SAs are assigned to field offices to conduct criminal investigations and provide manpower, on a temporary basis, to meet the variable demands for protecting the President, Vice President, visiting heads of state and government and former Presidents. SAs assigned to field offices investigate threats to persons, locations, and events protected by Secret Service.

Furthermore, Secret Service field offices have long standing and established relationships with the local, State and Federal law enforcement agencies in their district that play a critical role in securing protectees when they travel. Field offices facilitate the advance work done prior to the visit of any Secret Service protectee and provide the staffing to secure each protected site. In FY 2018, Secret Service field offices facilitated over 7,200 domestic protective visits, over 100 visits to U.S. Territories and over 370 foreign visits by Secret Service protectees.

Support for Missing and Exploited Children Investigations – PPA Level II

Budget Comparison and Adjustments

Comparison of Budget Authority and Request

Organization	FY 2019 Enacted			FY 2020 Enacted			FY 2021 President's Budget			FY 2020 to FY 2021 Total Changes		
(Dollars in Thousands)	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
Support for Missing and Exploited Children Investigations	-	-	$6,000	-	-	$6,000	-	-	$6,000	-	-	-
Total	**-**	**-**	**$6,000**	**-**	**-**	**$6,000**	**-**	**-**	**$6,000**	**-**	**-**	**-**
Subtotal Discretionary - Appropriation	-	-	$6,000	-	-	$6,000	-	-	$6,000	-	-	-

PPA Level II Description

The Violent Crime Control and Law Enforcement Act of 1994 (P.L 103-322) directed Secret Service to participate in a government-wide Task Force to support the National Center for Missing and Exploited Children (NCMEC). Subsequently, the PROTECT Act of 2003 amended 18 U.S.C. § 3056, authorizing Secret Service to "provide forensic and investigative assistance in support of any investigation involving missing or exploited children."

The Support for Missing and Exploited Children Investigations PPA funds forensic support for cases involving missing and exploited children. Forensic support includes polygraph examinations, handwriting examinations, voiceprint comparisons, audio and video enhancements, age progressions/regressions, and fingerprint research and identification. Secret Service currently provides investigative assistance and liaison to NCMEC headquarters staff by facilitating services available through Secret Service Forensic Services Division (FSD).

Support for Missing and Exploited Children Investigations – PPA Level II
Summary of Budget Changes

Budget Formulation Activity *(Dollars in Thousands)*	**Positions**	**FTE**	**Amount**
FY 2019 Enacted	-	-	$6,000
FY 2020 Enacted	-	-	$6,000
FY 2021 Base Budget	-	-	$6,000
FY 2021 Current Services	-	-	$6,000
FY 2021 Request	-	-	$6,000
FY 2020 To FY 2021 Change	-	-	-

Support for Missing and Exploited Children Investigations – PPA Level II
Non Pay Budget Exhibits

Non Pay Summary

Organization *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Total Changes
Support for Missing and Exploited Children Investigations	$6,000	$6,000	$6,000	-
Total	**$6,000**	**$6,000**	**$6,000**	-
Discretionary - Appropriation	$6,000	$6,000	$6,000	-

Non Pay by Object Class

Non-Pay Object Classes *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Change
41.0 Grants, Subsidies, and Contributions	$6,000	$6,000	$6,000	-
Total - Non Pay Object Classes	**$6,000**	**$6,000**	**$6,000**	**-**

Non Pay Cost Drivers

Non Pay Cost Drivers *(Dollars in Thousands)*	**FY 2019 Enacted**	**FY 2020 Enacted**	**FY 2021 President's Budget**	**FY 2020 to FY 2021 Total Changes**
Forensic Support	$6,000	$6,000	$6,000	-
Total - Non Pay Cost Drivers	**$6,000**	**$6,000**	**$6,000**	**-**

Explanation of Non Pay Cost Driver

Forensic Support: Secret Service provides forensic support to the National Center for Missing and Exploited Children under the provisions of the Violent Crime Control and Law Enforcement Act of 1994 and the PROTECT Act of 2003.

Support for Computer Forensics Training – PPA Level II

Budget Comparison and Adjustments

Comparison of Budget Authority and Request

Organization	FY 2019 Enacted			FY 2020 Enacted			FY 2021 President's Budget			FY 2020 to FY 2021 Total Changes		
(Dollars in Thousands)	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
Support for Computer Forensics Training	-	-	$25,022	-	-	$30,377	-	-	$4,000	-	-	($26,377)
Total	**-**	**-**	**$25,022**	**-**	**-**	**$30,377**	**-**	**-**	**$4,000**	**-**	**-**	**($26,377)**
Subtotal Discretionary - Appropriation	-	-	$25,022	-	-	$30,377	-	-	$4,000	-	-	($26,377)

PPA Level II Description

The Support for Computer Forensics Training PPA provides funding for the NCFI, which was opened in 2008. NCFI is a collaboration between the Secret Service, DHS, and the State of Alabama. The NCFI is authorized by 6 U.S.C. § 383 to provide both State and local law enforcement officers and legal and judicial professionals with a comprehensive education on current cyber-crime trends, investigative methods, and prosecutorial challenges.

Since beginning operations in 2008, NCFI has trained more than 8,900 State and local law enforcement officers, prosecutors, and judges. In FY 2018, NCFI trained over 1,500 individuals, the largest number of students in any year since inception. Graduates of the NCFI have gone on to conduct more than 183,000 forensic exams, including approximately 55,000 involving serious crimes.

Support for Computer Forensics Training – PPA Level II
Summary of Budget Changes

Budget Formulation Activity *(Dollars in Thousands)*	Positions	FTE	Amount
FY 2019 Enacted	**-**	**-**	**$25,022**
FY 2020 Enacted	**-**	**-**	**$30,377**
FY 2021 Base Budget	**-**	**-**	**$30,377**
FY 2021 Current Services	**-**	**-**	**$30,377**
National Computer Forensics Institute (NCFI)	-	-	($26,377)
Total, Program Decreases	**-**	**-**	**($26,377)**
FY 2021 Request	**-**	**-**	**$4,000**
FY 2020 To FY 2021 Change	**-**	**-**	**($26,377)**

Support for Computer Forensics Training – PPA Level II
Non Pay Budget Exhibits
Non Pay Summary

Organization *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Total Changes
Support for Computer Forensics Training	$25,022	$30,377	$4,000	($26,377)
Total	**$25,022**	**$30,377**	**$4,000**	**($26,377)**
Discretionary - Appropriation	$25,022	$30,377	$4,000	($26,377)

Non Pay by Object Class

Non-Pay Object Classes *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Change
21.0 Travel and Transportation of Persons	$5,300	$6,000	-	($6,000)
25.2 Other Services from Non-Federal Sources	$3,200	$4,500	$1,750	($2,750)
25.7 Operation and Maintenance of Equipment	$772	$777	-	($777)
26.0 Supplies and Materials	$550	$600	$250	($350)
31.0 Equipment	$15,200	$18,500	$2,000	($16,500)
Total - Non Pay Object Classes	**$25,022**	**$30,377**	**$4,000**	**($26,377)**

Non Pay Cost Drivers

Non Pay Cost Drivers *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Total Changes
Training & Equipment	$25,022	$30,377	$4,000	($26,377)
Total - Non Pay Cost Drivers	**$25,022**	**$30,377**	**$4,000**	**($26,377)**

Explanation of Non Pay Cost Driver

Training & Equipment: NCFI provides State and local law enforcement officers and legal and judicial professionals with a comprehensive education on current cyber-crime trends, investigative methods, and prosecutorial challenges. To execute this mission, the NCFI requires specialized equipment and supplies to replicate the technologies trainees will encounter in the field. Additionally, NCFI provides equipment for investigators that would not otherwise have the tools and technology to investigate cyber-criminals. The decrease reflects the non-recur of the FY 2020 enacted investment in the NCFI.

Basic and In-Service Training and Professional Development – PPA

Budget Comparison and Adjustments

Comparison of Budget Authority and Request

Organization	FY 2019 Enacted			FY 2020 Enacted			FY 2021 President's Budget			FY 2020 to FY 2021 Total Changes		
(Dollars in Thousands)	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
Basic and In-Service Training and Professional Development	238	228	$102,923	243	239	$110,534	249	244	$115,561	6	5	$5,027
Total	**238**	**228**	**$102,923**	**243**	**239**	**$110,534**	**249**	**244**	**$115,561**	**6**	**5**	**$5,027**
Subtotal Discretionary - Appropriation	238	228	$102,923	243	239	$110,534	249	244	$115,561	6	5	$5,027

PPA Description

The Basic and In-Service Training and Professional Development PPA funds basic recruit training programs for UD, SA, and in-service training for SAs, UD, SA investigators, and APT personnel. Further, this PPA funds training program equipment, vehicles, and supplies to support operational readiness; and provides for the maintenance and sustainment of Secret Service training facilities.

Within this PPA, Secret Service requests $11.4.M in two-year authority for maintenance of the RTC. Maintenance requirements for RTC buildings and infrastructure are often unpredictable – such as major system breakdowns or weather damage. Two-year authority for RTC maintenance is necessary to ensure availability of funds to address emergency maintenance and repair requirements that fluctuate year to year. A shorter period of availability would negatively impact Secret Service's ability to provide safe and reliable facilities for students and staff at RTC.

Basic and In-Service Training and Professional Development – PPA
Budget Authority and Obligations

Budget Authority *(Dollars in Thousands)*	FY 2019	FY 2020	FY 2021
Enacted/Request	**$102,923**	**$110,534**	**$115,561**
Carryover and/or Recoveries (Actual/Estimates/Projections)	$2,239	$6,782	$11,400
Rescissions to Current Year/Budget Year	-	-	-
Net Sequestered Resources	-	-	-
Reprogrammings/Transfers	-	-	-
Supplementals	-	-	-
Total Budget Authority	**$105,162**	**$117,316**	**$126,961**
Collections – Reimbursable Resources	-	-	-
Total Budget Resources	**$105,162**	**$117,316**	**$126,961**
Obligations (Actual/Estimates/Projections)	$98,380	$105,916	$115,481
Personnel: Positions and FTE			
Enacted/Request Positions	238	243	249
Enacted/Request FTE	228	239	244
Onboard and Actual FTE; Includes Collections - Reimbursable Resources			
Onboard (Actual/Estimates/Projections)	239	243	249
FTE (Actual/Estimates/Projections)	229	239	244

Basic and In-Service Training and Professional Development – PPA
Summary of Budget Changes

Budget Formulation Activity *(Dollars in Thousands)*	**Positions**	**FTE**	**Amount**
FY 2019 Enacted	**238**	**228**	**$102,923**
FY 2020 Enacted	**243**	**239**	**$110,534**
FY 2021 Base Budget	**243**	**239**	**$110,534**
2020 Pay Raise	-	-	$852
2021 Pay Raise	-	-	$355
Annualization of FY 2020 Secret Service Staffing	-	2	$326
FERS Agency Contribution	-	-	$494
Total, Pricing Increases	**-**	**2**	**$2,027**
Non-Recur FY 2020 Hiring Costs	-	-	($91)
Reductions to Contracts	-	-	($733)
Total, Pricing Decreases	**-**	**-**	**($824)**
Total Adjustments-to-Base	**-**	**2**	**$1,203**
FY 2021 Current Services	**243**	**241**	**$111,737**
Ammunition Transition	-	-	$4,490
Awards Spending Increase	-	-	$473
Secret Service Staffing	6	3	$661
Training Classes (SA and UD Officer)	-	-	$3,700
Total, Program Increases	**6**	**3**	**$9,324**
Olney Training Facility Construction	-	-	($5,500)
Total, Program Decreases	**-**	**-**	**($5,500)**
FY 2021 Request	**249**	**244**	**$115,561**
FY 2020 To FY 2021 Change	**6**	**5**	**$5,027**

Basic and In-Service Training and Professional Development – PPA
Personnel Compensation and Benefits

Pay Summary

Organization	FY 2019 Enacted				FY 2020 Enacted				FY 2021 President's Budget				FY 2020 to FY 2021 Total			
(Dollars in Thousands)	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate
Basic and In-Service Training and Professional Development	238	228	$43,848	$192.32	243	239	$46,093	$192.86	249	244	$48,848	$200.2	6	5	$2,755	$7.34
Total	**238**	**228**	**$43,848**	**$192.32**	**243**	**239**	**$46,093**	**$192.86**	**249**	**244**	**$48,848**	**$200.2**	**6**	**5**	**$2,755**	**$7.34**
Discretionary - Appropriation	238	228	$43,848	$192.32	243	239	$46,093	$192.86	249	244	$48,848	$200.2	6	5	$2,755	$7.34

Pay by Object Class

Pay Object Classes *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 - FY 2021 Change
11.1 Full-time Permanent	$24,357	$26,225	$27,879	$1,654
11.3 Other than Full-Time Permanent	$404	$418	$457	$39
11.5 Other Personnel Compensation	$6,478	$6,522	$6,871	$349
12.1 Civilian Personnel Benefits	$12,609	$12,928	$13,641	$713
Total - Personnel Compensation and Benefits	**$43,848**	**$46,093**	**$48,848**	**$2,755**
Positions and FTE				
Positions - Civilian	238	243	249	6
FTE - Civilian	228	239	244	5

Pay Cost Drivers

Pay Cost Drivers *(Dollars in Thousands)*	**FY 2019 Enacted**			**FY 2020 Enacted**			**FY 2021 President's Budget**			**FY 2020 to FY 2021 Total Changes**		
	FTE	**Amount**	**Rate**	**FTE**	**Amount**	**Rate**	**FTE**	**Amount**	**Rate**	**FTE**	**Amount**	**Rate**
Administrative, Professional, and Technical Support	116	$16,937	$146.01	127	$19,525	$153.74	131	$20,692	$157.95	4	$1,167	$4.21
Special Agents	112	$26,911	$240.28	112	$26,568	$237.22	113	$28,156	$249.17	1	$1,588	$11.95
Total – Pay Cost Drivers	**228**	**$43,848**	**$192.32**	**239**	**$46,093**	**$192.86**	**244**	**$48,848**	**$200.20**	**5**	**$2,755**	**$7.34**

Explanation of Pay Cost Drivers

Administrative, Professional, and Technical Support: This cost driver funds the salaries and benefits of Secret Service's administrative, professional, and technical support employees who provide a variety of professional business functions and direct mission support activities. Changes to this cost driver in FY 2021 reflect increases to right size the agency based on mission needs, health benefits and agency's FERS contributions and results from pay raises in FY 2019, FY 2020, FY 2021.

Special Agents: This cost driver funds the salaries and benefits of Secret Service's SAs. Changes to this cost driver in FY 2021 reflect increases to right size the agency based on mission needs, health benefits and agency's FERS contributions and results from pay raises in FY 2019, FY 2020, FY 2021.

Basic and In-Service Training and Professional Development – PPA
Non Pay Budget Exhibits

Non Pay Summary

Organization *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Total Changes
Basic and In-Service Training and Professional Development	$59,075	$64,441	$66,713	$2,272
Total	**$59,075**	**$64,441**	**$66,713**	**$2,272**
Discretionary - Appropriation	$59,075	$64,441	$66,713	$2,272

Non Pay by Object Class

Non-Pay Object Classes *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Change
21.0 Travel and Transportation of Persons	$14,558	$14,590	$14,629	$39
22.0 Transportation of Things	$141	$145	$151	$6
23.1 Rental Payments to GSA	-	$108	$114	$6
23.3 Communications, Utilities, and Misc. Charges	$5,001	$5,024	$5,068	$44
24.0 Printing and Reproduction	-	-	$1	$1
25.2 Other Services from Non-Federal Sources	$10,781	$15,691	$14,999	($692)
25.3 Other Goods and Services from Federal Sources	$5,410	$5,428	$4,656	($772)
25.7 Operation and Maintenance of Equipment	-	$26	$32	$6
26.0 Supplies and Materials	$4,970	$4,993	$13,191	$8,198
31.0 Equipment	$18,214	$18,436	$13,872	($4,564)
Total - Non Pay Object Classes	**$59,075**	**$64,441**	**$66,713**	**$2,272**

Non Pay Cost Drivers

Non Pay Cost Drivers *(Dollars in Thousands)*	**FY 2019 Enacted**	**FY 2020 Enacted**	**FY 2021 President's Budget**	**FY 2020 to FY 2021 Total Changes**
Special Agent and UD Basic Training	$16,472	$16,748	$20,480	$3,732
Other Costs	$42,603	$47,693	$46,233	($1,460)
Total - Non Pay Cost Drivers	**$59,075**	**$64,441**	**$66,713**	**$2,272**

Explanation of Non Pay Cost Drivers

Special Agent and UD Basic Training: Secret Service has increased its capacity to provide basic training for new SAs and UD commensurate with increased hiring. This capacity includes supplies, initial issuance of uniforms, weapons, ammunition to new hires; and contractual services to bring in role players for tactical exercises. Changes in this cost driver reflect year-over-year cost increases for basic training.

Other Costs: Funding in this cost driver supports Secret Service's basic training, in-service training, and professional development programs. Changes in this cost driver reflect an increase due to staffing initiatives and the Ammunition program for basic SA and UD classes. In addition, changes in this cost driver include a decrease in contract reductions for discontinuing operations at the Olney Training Facility.

Budget Activities

James J. Rowley Training Center: RTC is a federally-accredited academic institution, meeting the standards established by the Federal Law Enforcement Training Accreditation (FLETA) Board. It is comprised of 493 acres of land, six miles of roadways, and 36 buildings featuring multiple classrooms, firearms ranges, physical fitness facilities, tactical villages, a protective operations driving pad, and other ancillary structures. This infrastructure fosters a quality training environment for new recruits, current employees, and for collaborative training with our Federal, State, and local law enforcement partners.

The curriculum provided by RTC instructors is for newly hired SAs, UD, special officers, physical security specialists, and protective support technicians. Training includes investigative and protective methodologies, firearms marksmanship, control tactics, emergency vehicle operation, emergency medicine, physical fitness techniques, financial and cyber-crime detection, investigation, physical/site/event protection, and water survival training. As Secret Service personnel progress through their career, RTC provides specialized and advanced in-service training in a range of areas, including specialized operational and protective tactics, financial crime, cyber-based investigations, and employee and managerial development. During FY 2018, RTC trained new SA and UD recruits, continued offering in-service training opportunities to our operational units as permitted by the operational tempo of our protective mission, and enhanced and expanded career development curriculum and course availability.

Regional In-Service Training (RIST) Program: In FY 2018, Secret Service began RIST to streamline field-based training by organizing regional training concepts and curricula for all field offices. RIST requires armed personnel to complete 80 hours of foundational training biannually. This program officially began in April 2017, and is managed by RTC with the support of certified Regional Field Training Coordinators (27) and Participating Field Based Trainers (32). Since inception, SAs have completed 6,454 training hours under RIST. In FY 2020, RIST will adhere to the 80 hour requirement while solidifying the electronic tracking and reporting system for this program. By the end of FY 2019 ended the first two years of this program, allowing RIST to implement an interactive database allowing all SAs to track their RIST requirements and progress in real time. Also in FY 2019, RIST began compiling data and after action reports in support of the critical evaluation and analysis of the program.

Table of Contents

Procurement, Construction, and Improvements

Budget Comparison and Adjustments

Comparison of Budget Authority and Request

Organization *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Total Changes
Protection Assets and Infrastructure	$85,286	$65,989	$37,305	($28,684)
Operational Communications/Information Technology	$8,845	-	-	-
Construction and Facility Improvements	$3,000	$1,000	$1,000	-
Total	**$97,131**	**$66,989**	**$38,305**	**($28,684)**
Discretionary - Appropriation	$97,131	$66,989	$38,305	($28,684)

The Procurement, Construction, and Improvements (PC&I) appropriation provides the U.S. Secret Service funds, above certain threshold amounts, necessary for the manufacture, purchase, or enhancement of one or more assets (which hereinafter also refers to end items) prior to sustainment. Activities funded by this appropriation are typically categorized as one of the following:

- Procurement – the obtaining of one or more assets through purchase, transfer, exchange, or other means. The configuration of an asset required to meet the asset's intended use is part of procurement.
- Construction – the erection of new facilities or infrastructure; the addition, expansion, extension, alteration, conversion, or replacement of an existing facility; or the relocation of a facility from one installation to another.
- Improvement – the obtaining an increase in capability and/or capacity.

PC&I funding enables the Secret Service to support the planning, operational development, engineering, and purchase of assets for the following Programs, Projects, and Activities (PPAs):

Protection Assets and Infrastructure: This PPA funds major acquisitions that support activities related to protective operations, including countermeasures, secure communications, intelligence, and surveillance systems.

Operational Communications/Information Technology: This PPA enhances domain awareness by acquiring assets for command and control, coordination, information and situational awareness, and/or occupational health and safety for multiple mission programs.

Construction and Facility Improvements: This PPA funds the improvement of existing owned or leased facilities and real property, and the construction of new facilities.

The Budget proposes to transfer the United States Secret Service, including this account, from the Department of Homeland Security to the Department of the Treasury. All functions, personnel, assets, and obligations of the Secret Service, including the functions of the Secretary of Homeland Security related to the Secret Service, will transfer to the Department of the Treasury.

Procurement, Construction, and Improvements
Budget Authority and Obligations

Budget Authority *(Dollars in Thousands)*	FY 2019	FY 2020	FY 2021
Enacted/Request	**$97,131**	**$66,989**	**$38,305**
Carryover and/or Recoveries (Actual/Estimates/Projections)	$26,438	$14,453	$14,072
Rescissions to Current Year/Budget Year	-	-	-
Net Sequestered Resources	-	-	-
Reprogrammings/Transfers	$2,400	-	-
Supplementals	-	-	-
Total Budget Authority	**$125,969**	**$81,442**	**$52,377**
Collections – Reimbursable Resources	-	-	-
Total Budget Resources	**$125,969**	**$81,442**	**$52,377**
Obligations (Actual/Estimates/Projections)	$110,490	$67,770	$24,034
Personnel: Positions and FTE			
Enacted/Request Positions	-	-	-
Enacted/Request FTE	-	-	-
Onboard and Actual FTE; Includes Collections - Reimbursable Resources			
Onboard (Actual/Estimates/Projections)	-	-	-
FTE (Actual/Estimates/Projections)	-	-	-

Procurement, Construction, and Improvements
Summary of Budget Changes

Budget Formulation Activity *(Dollars in Thousands)*	**Positions**	**FTE**	**Amount**
FY 2019 Enacted	**-**	**-**	**$97,131**
FY 2020 Enacted	**-**	**-**	**$66,989**
FY 2021 Base Budget	**-**	**-**	**-**
Fully Armored Vehicles - Camp David Limousine Armoring	-	-	$7,380
Protective Countermeasures (Operational Mission Support)	-	-	$29,925
White House Complex Fence	-	-	$1,000
Total Investment Elements	**-**	**-**	**$38,305**
FY 2021 Request	**-**	**-**	**$38,305**
FY 2020 To FY 2021 Change	**-**	**-**	**($28,684)**

Procurement, Construction, and Improvements
Non Pay Budget Exhibits
Non Pay by Object Class

Non-Pay Object Classes *(Dollars in Thousands)*	**FY 2019 Enacted**	**FY 2020 Enacted**	**FY 2021 President's Budget**	**FY 2020 to FY 2021 Change**
25.2 Other Services from Non-Federal Sources	$58,766	$30,955	$38,305	$7,350
26.0 Supplies and Materials	$146	-	-	-
31.0 Equipment	$38,219	$36,034	-	($36,034)
Total - Non Pay Object Classes	**$97,131**	**$66,989**	**$38,305**	**($28,684)**

Procurement, Construction, and Improvements
Capital Investments Exhibits
Capital Investments

Investment (Dollars in Thousands)	Unique Item Identifier	Acquisition Level	Procurement/ Construction	IT/Non-IT	MAOL	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget
Information Integration & Technology Transformation (IITT)	024-000004054	2	Procurement	IT	Yes	$8,845	-	-
Protection Assets and Infrastructure End Items	-	-	Procurement	-	No	$85,286	$65,989	$37,305
Construction and Facility Improvements End Items	-	-	Construction	-	No	$3,000	$1,000	$1,000

Protection Assets and Infrastructure – PPA
Budget Comparison and Adjustments
Comparison of Budget Authority and Request

Organization (Dollars in Thousands)	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Total Changes
Protection Assets and Infrastructure End Items	$85,286	$65,989	$37,305	($28,684)
Total	**$85,286**	**$65,989**	**$37,305**	**($28,684)**
Discretionary - Appropriation	$85,286	$65,989	$37,305	($28,684)

PPA Level I Description

The Protection Assets and Infrastructure PPA funds the procurement of assets, equipment, and technologies that support the Secret Service's protection mission. This PPA is comprised of the following investment:

Protection Assets and Infrastructure End Items: Includes funding for the development, procurement, and deployment of multiple assets, equipment, and technologies that support the Secret Service's protection mission. It includes programs that exceed the $250,000 PC&I threshold for end items, but are not part of the DHS Master Acquisition Oversight List (MAOL).

Protection Assets and Infrastructure – PPA
Budget Authority and Obligations

Budget Authority *(Dollars in Thousands)*	FY 2019	FY 2020	FY 2021
Enacted/Request	**$85,286**	**$65,989**	**$37,305**
Carryover and/or Recoveries (Actual/Estimates/Projections)	$13,874	$12,067	$14,046
Rescissions to Current Year/Budget Year	-	-	-
Net Sequestered Resources	-	-	-
Reprogrammings/Transfers	$2,759	-	-
Supplementals	-	-	-
Total Budget Authority	**$101,919**	**$78,056**	**$51,351**
Collections – Reimbursable Resources	-	-	-
Total Budget Resources	**$101,919**	**$78,056**	**$51,351**
Obligations (Actual/Estimates/Projections)	$88,826	$64,010	$23,009
Personnel: Positions and FTE			
Enacted/Request Positions	-	-	-
Enacted/Request FTE	-	-	-
Onboard and Actual FTE; Includes Collections - Reimbursable Resources			
Onboard (Actual/Estimates/Projections)	-	-	-
FTE (Actual/Estimates/Projections)	-	-	-

Protection Assets and Infrastructure – PPA
Summary of Budget Changes

Budget Formulation Activity *(Dollars in Thousands)*	**Positions**	**FTE**	**Amount**
FY 2019 Enacted	**-**	**-**	**$85,286**
FY 2020 Enacted	**-**	**-**	**$65,989**
FY 2021 Base Budget	**-**	**-**	**-**
Fully Armored Vehicles - Camp David Limousine Armoring	-	-	$7,380
Protective Countermeasures (Operational Mission Support)	-	-	$29,925
Total Investment Elements	**-**	**-**	**$37,305**
FY 2021 Request	**-**	**-**	**$37,305**
FY 2020 To FY 2021 Change	**-**	**-**	**($28,684)**

Protection Assets and Infrastructure – PPA
Non Pay Budget Exhibits
Non Pay by Object Class

Non-Pay Object Classes *(Dollars in Thousands)*	**FY 2019 Enacted**	**FY 2020 Enacted**	**FY 2021 President's Budget**	**FY 2020 to FY 2021 Change**
25.2 Other Services from Non-Federal Sources	$50,326	$29,955	$37,305	$7,350
31.0 Equipment	$34,960	$36,034	-	($36,034)
Total - Non Pay Object Classes	**$85,286**	**$65,989**	**$37,305**	**($28,684)**

Protection Assets and Infrastructure End Items – Investment

Itemized Procurements

End Items Purchases

<u>Protection Assets and Infrastructure End Items</u>
Procurement, Construction, and Improvements Funding

Investment *(Dollars in Thousands)*	Unique Item Identifier	Acquisition Level	Procurement/ Construction	IT/Non-IT	MAOL	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget
Protection Assets and Infrastructure End Items	-	-	Procurement	-	No	$85,286	$65,989	$37,305

<u>Investment Description</u>

Protection Assets and Infrastructure End Items includes funding for the development, procurement, and deployment of multiple assets, equipment, and technologies that support the Secret Service's protection mission. It includes programs that exceed the $250,000 PC&I threshold for end items, but which are not part of the DHS Master Acquisition Oversight List (MAOL). This includes the following programs:

End Items Breakdown *(Dollars in Thousands)*	FY 2019 Enacted		FY 2020 Enacted		FY 2021 President's Budget	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Fully Armored Vehicles (FAVs)						
Standard FAVs – Base Platforms	290	$14,700	-	-	-	-
Standard FAVs - Armored	109	$26,100	79	$10,700	-	-
Camp David Limousines (Heavy Duty FAVs) – Armored	-	-	29	11,890	18	$7,380
Subtotal, FAV	**399**	**$40,800**	**108**	**$22,590**	**18**	**$7,380**
Operational Mission Support (OMS)*						
Enhanced Chemical, Biological, and Radiological Detection Systems	N/A	$515	N/A	$1,600	N/A	$940

End Items Breakdown (Dollars in Thousands)	FY 2019 Enacted		FY 2020 Enacted		FY 2021 President's Budget	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Presidential Audio Countermeasures	N/A	$9,495	N/A	$6,349	N/A	$14,700
White House Physical Protective Structures	N/A	$21,976	N/A	$19,420	N/A	$10,905
Enhanced White House Camera System	N/A	$500	N/A	$4,150	N/A	$1,380
Development of Next Generation Presidential Limousine	N/A	$11,000	N/A	$11,000	N/A	$1,000
Portable Security Systems for Presidential Venues	N/A	$1,000	N/A	$880	N/A	$1,000
Subtotal, OMS	**N/A**	**$44,486**	**N/A**	**$43,399**	**N/A**	**$29,925**
Total, Protection Assets and Infrastructure End Items	**399**	**$85,286**	**108**	**$65,989**	**18**	**$37,305**
*Details available in a classified format.						

- **Fully Armored Vehicles (FAVs):** With $7.4M in FY 2021 funding, Secret Service will continue to armor protective vehicles to ensure the safety of the President, Vice President, and their families; visiting foreign dignitaries; major Presidential and Vice Presidential candidates; and various other high visibility protectees, as statutorily mandated. CDLs have more enhanced armoring and capabilities than standard FAVs. Each vehicle requires communications equipment, emergency lights, and other protective equipment. The current FAV fleet includes pre-2008 production model vehicles. As the fleet ages, maintenance costs continue to increase along with scarcity of repair parts. Vehicle break downs with protectees on board have occurred, resulting in unacceptable risks. Recurring recapitalization of its Fully Armored Vehicle (FAV) Fleet is imperative for Secret Service to execute protection operations. Additional funding for the FAV program is provided in Secret Service's Operations and Support (O&S) and Research and Development (R&D) appropriations; a breakout is provided below:

Fully Armored Vehicles (FAVs) *(Dollars in Thousands)*	**FY 2021**			
	O&S	**PC&I**	**R&D**	**TOTALS**
Standard FAV armoring (80 platforms)	$14,615	-	-	$14,615
Camp David Limousine (CDL) armoring (18 platforms)	-	$7,380	-	$7,380
Research & Development for Gen2 FAV	-	-	$9,357	$9,357
TOTAL, FAV	**$14,615**	**$7,380**	**$9,357**	**$31,352**

- **Protective Countermeasures (OMS):** FY 2021 funding of $29.9M will enable the following requirements to be addressed:
  - Enhanced Chemical, Biological, and Radiological Detection Systems: These funds support efforts to detect chemical, biological, and radiological (CBR) threats at fixed and temporary sites in support of protection of the President, Vice President, and other protectees.
  - Presidential Audio Countermeasures: These funds provide capabilities that allow the Secret Service to better meet current and evolving threats challenging the Secret Service mission responsibilities related to presidential audio countermeasures.
  - White House Physical Protective Structures: These funds enable the Secret Service to substantially enhance and maintain the physical protective infrastructure necessary to assuredly defend the White House Complex (WHC) and its occupants from plausible credible threats, both current and emerging.
  - Enhanced White House Camera System: These funds provide for enhancement and expansion of the Secret Service's White House camera system and the camera systems at the Vice President's Residence. These systems are integrated with alarms and situational awareness capabilities.
  - Development of Next Generation Presidential Limousine: These funds enable the Secret Service to procure vehicles that are used as the primary mode of safe and secure ground transportation for the President of the United States for local, domestic, and foreign visits. These vehicles are required to meet ongoing operational protection requirements.
  - Portable Security Systems for Presidential Venues: These funds provide Mobile Video Alarm Platforms (MVAPs), which the Secret Service uses at temporary Presidential protective sites. The MVAPs are a portable detection capability that includes a suite of cameras and intrusion detection alarms that are set up to provide increased security at temporary sites.

The following table provides a detailed breakdown for OMS and identifies funding in the O&S, PC&I, and R&D accounts:

Operational Mission Support (OMS) **FY 2021 Budget by Appropriation** *(Dollars in Thousands)*	**O&S (Single-Year)**	**O&S (Multi-Year)**	**O&S Total**	**PC&I**	**R&D**	**TOTAL**
Cyber Protection Activities	$8,200	-	$8,200	-	-	**$8,200**
Deployment of Next Generation Presidential Limousines	-	-	-	$1,000	-	**$1,000**
Enhanced Chemical, Biological, and Radiological Detection Systems	$8,675	$325	$9,000	$940	-	**$9,940**
Enhanced Explosives Detection Systems	$4,786	$401	$5,187	-	-	**$5,187**
Enhanced White House Camera System	$2,040	$510	$2,550	$1,380	-	**$3,930**
Presidential Audio Countermeasures	$3,600	$900	$4,500	$14,700	-	**$19,200**
Portable Security Systems for Presidential Venues	$300	-	$300	$1,000	-	**$1,300**
Protective Systems and Weapons Testing Program	-	-	-	-	$2,330	**$2,330**
White House Physical Protective Structures	$11,867	$5,691	$17,558	$10,905		**$28,463**
Total Program Costs	**$39,468**	**$7,827**	**$47,295**	**$29,925**	**$2,330**	**$79,550**
Positions (166 - 145 APT and 21 UD)	$21,146	-	$21,146	-	-	**$21,146**
TOTAL, OMS	**$60,614**	**$7,827**	**$68,441**	**$29,925**	**$2,330**	**$100,696**

Information on O&S and R&D activities can be found in the congressional justifications for those appropriations. Detailed descriptions of requirements are classified and will be provided separately.

Operational Communications/Information Technology – PPA

Budget Comparison and Adjustments

Comparison of Budget Authority and Request

Organization *(Dollars in Thousands)*	**FY 2019 Enacted**	**FY 2020 Enacted**	**FY 2021 President's Budget**	**FY 2020 to FY 2021 Total Changes**
Information Integration & Technology Transformation (IITT)	$8,845	-	-	-
Total	**$8,845**	**-**	**-**	**-**
Discretionary - Appropriation	$8,845	-	-	-

PPA Level I Description

This PPA funds investments in communications infrastructure and Information Technology (IT) systems and equipment that (1) are directly used by Secret Service field offices and personnel and (2) have multi-mission frontline applications. Sustainment funding for this program is included in the O&S appropriation. This PPA is comprised of the following investment:

Information Integration & Technology Transformation (IITT): IITT was an information technology modernization program with the goal of upgrading Secret Service systems to current technology solutions. The IITT program is now in the sustainment phase, and the FY 2021 President's Budget does not request funding for IITT in the PC&I appropriation. O&M funding for this program is provided in the O&S appropriation.

Operational Communications/Information Technology – PPA
Budget Authority and Obligations

Budget Authority *(Dollars in Thousands)*	**FY 2019**	**FY 2020**	**FY 2021**
Enacted/Request	**$8,845**	**-**	**-**
Carryover and/or Recoveries (Actual/Estimates/Projections)	$12,564	$2,386	$26
Rescissions to Current Year/Budget Year	-	-	-
Net Sequestered Resources	-	-	-
Reprogrammings/Transfers	($359)	-	-
Supplementals	-	-	-
Total Budget Authority	**$21,050**	**$2,386**	**$26**
Collections – Reimbursable Resources	-	-	-
Total Budget Resources	**$21,050**	**$2,386**	**$26**
Obligations (Actual/Estimates/Projections)	$18,664	$2,760	$25
Personnel: Positions and FTE			
Enacted/Request Positions	-	-	-
Enacted/Request FTE	-	-	-
Onboard and Actual FTE; Includes Collections - Reimbursable Resources			
Onboard (Actual/Estimates/Projections)	-	-	-
FTE (Actual/Estimates/Projections)	-	-	-

Operational Communications/Information Technology – PPA
Summary of Budget Changes

Budget Formulation Activity *(Dollars in Thousands)*	Positions	FTE	Amount
FY 2019 Enacted	**-**	**-**	**$8,845**
FY 2020 Enacted	**-**	**-**	**-**
FY 2021 Base Budget	**-**	**-**	**-**
FY 2021 Request	**-**	**-**	**-**
FY 2020 To FY 2021 Change	**-**	**-**	**-**

Operational Communications/Information Technology – PPA
Non Pay Budget Exhibits
Non Pay by Object Class

Non-Pay Object Classes *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Change
25.2 Other Services from Non-Federal Sources	$5,440	-	-	-
26.0 Supplies and Materials	$146	-	-	-
31.0 Equipment	$3,259	-	-	-
Total - Non Pay Object Classes	**$8,845**	**-**	**-**	**-**

Information Integration & Technology Transformation (IITT) – Investment

Capital Investments Exhibits

Procurement/Acquisition Programs

Information Integration & Technology Transformation
Procurement, Construction, and Improvements Funding

Investment *(Dollars in Thousands)*	**Unique Item Identifier**	**Acquisition Level**	**Procurement/ Construction**	**IT/Non-IT**	**MAOL**	**FY 2019 Enacted**	**FY 2020 Enacted**	**FY 2021 President's Budget**
Information Integration & Technology Transformation (IITT)	024-000004054	2	Procurement	IT	Yes	$8,845	-	-

Investment Description

The IITT investment portfolio is comprised of the following three independent IT projects:

- Enabling Capabilities (EC): Includes activities to modernize the infrastructure that provides the backbone of the Secret Service IT network. Component elements include the EC contract for Infrastructure Modernization, IT Network Infrastructure equipment, and Cyber Security equipment for headquarters, the alternate data center and field sites, and support services in the Network Operations and Security Center (NOSC) – all contributing to the modernized network. Full operational capability (FOC) was achieved in FY 2018. Costs for EC are included in the O&S appropriation.

- Multi-Level Security (MLS): Provides the Secret Service with the capability to securely access investigative and protective mission information across Sensitive but Unclassified (SBU), Secret, and Top Secret/Sensitive Compartmented Information (TS/SCI) security classification domains – in many cases simultaneously. An important part of the MLS project is the build out of Sensitive Compartmented Information Facilities (SCIFs) at select Field Office (FO) locations to enable the deployment of the MLS capability. The selected FOs have an immediate requirement to access TS/SCI and Secret information to support sensitive protective and investigative missions. Due to the classification of the information accessed by MLS, an accredited SCIF is required to deploy the capability. Costs for MLS are included in the O&S appropriation.

- Enterprise Resource Management System (ERMS): Established and utilized by the Office of Protective Operations (OPO) to define, develop, and deliver an agency wide event planning, scheduling, monitoring and reporting system that supports protective, investigative, and administrative operations. ERMS includes the following projects:
  - Uniformed Division Resource Management System (UDRMS): UDRMS reached Full Operational Capability (FOC) in May 2017. An assessment of UDRMS performance, post-FOC, determined improvements were necessary. UDRMS continued in the sustainment stage until its functions/capabilities were transitioned to a new Enterprise Personnel Scheduling (EPS) application in October 2018. All Uniformed Division (UD) offices use EPS.
  - Events Management (EM): Events Management achieved Initial Operational Capability (IOC) in May 2018. Full Operational Capability (FOC) will be

deployed in phases. FOC for the Technical Security Division (TSD), Release 2, was 5/14/19. FOC for all Protective Divisions, Release 3, was 7/16/19 and so on until 1Q FY20. The Release 3 deployment effectively sunset the legacy COLD system for Protective Events. FOC functionality also includes Protectee and Visit calendars, Rotational Travel Lists (ROTA) and resource allocation of equipment to support protective, investigative and other visits.

- Enterprise Wide Scheduling: Enterprise-wide Scheduling is being delivered through the extension of EPS which will be heavily integrated with Events Management. Before legacy COLD can be fully decommissioned, Agent scheduling at resident offices must first be transitioned to EPS and Events Management. Ultimately, scheduling of Administrative, Professional and Technical (APT) employees will also be transitioned to EPS. A Contractor development support contract was awarded in April 2019 to support this effort.
-

Costs for ERMS are included in the O&S appropriation.

Justification

After achieving FOC in FY 2020, the IITT investment does not require additional PC&I funds in FY 2021.

FY 2019 Key Milestone Events

EC:

- Continued sustainment efforts being provided in the NOSC after Enabling Capabilities FOC achieved in FY 2018.

MLS:

- Achieved ADE-3 for MLS Increment 3.
- Continued overall transition and deployment of the next generation MLS technology – the SecureView Multiple Independent Levels of Security (MILS) workstations at HQ and select field sites.
- Continued coordination with the Air Force Research Lab on future MLS improvements.

ERMS:

- Continued the cadence for continuous delivery of Events Management.
- Achieved IOC for Enterprise Wide Scheduling.

FY 2020 Planned Key Milestone Events

- N/A

FY 2021 Planned Key Milestone Events

- N/A

Overall Investment Funding

(Dollars in Thousands)	Prior Years	FY 2019	FY 2020	FY 2021
Operations and Support	$21,104	$38,134	$43,198	$46,331
Procurement, Construction, and Improvements	$25,015	$8,845	-	-
Research and Development	-	-	-	-
Project Funding	$46,122	$46,979	$43,198	$46,331
Obligations	$39,402	$43,134		
Expenditures	$21,811	$22,580		

Contract Information (Current/Execution Year, Budget Year)

Contract Number	Contractor	Type	Award Date (mo/yr)	Start Date (mo/yr)	End Date (mo/yr)	EVM in Contract	Total Value (Dollars in Thousands)
USSS Service Desk & NOSC Support Services – Contract 47QTCK18D0003 Order No. 70US0919F2GSA0064	GDIT	Contract	07/2019	07/2019	07/2021	No	$6,442
USSS-IITT-ERMS CGI HSSS01-17-J-0128	CGI	Contract	06/2017	07/2017	09/2020	No	$7,873
USSS-IITT-MLS 70US0919K70090005	AFRL	IAA	12/2018	01/2019	03/2020	No	$461

Significant Changes to Investment since Prior Year Enacted

IITT achieved FOC in FY 2020 and no additional PC&I funds are required for the investment. O&M funding for this program is provided in the O&S appropriation.

Investment Schedule

Description	Design Work		Project Work	
	Initiated	Completed	Initiated	Completed
	FY 2019			
(EC) IT Network Sustainment			FY 2019 Q1	FY 2019 Q4
(ERMS) UDRMS / Enterprise Personnel System (EPS) FOC			FY 2018 Q1	FY 2019 Q1
(ERMS) Event Management IOC - Deployment of Increments 1- 4 (Sprint 8) functionality related to planning Events with subsequent Visits and Sites			FY 2018 Q1	FY 2019 Q3
(ERMS) Enterprise Wide Planning contract award design and development			FY 2018 Q1	FY 2019 Q3
(ERMS) Event Management FOC - Deployment of Increments 4-6 functionality related to planning Events with subsequent Visits and Sites			FY 2018 Q1	FY 2019 Q4
(MLS) ADE-3 Increment 3 - The MLS Increment 3 Deployment adds secure Unclassified interoperability, web malware isolation capability to the existing Secret Service Sensitive But Unclassified (SBU) network. MLS Increment 3 integrates a Secure Web Browser appliance that provides intelligence analysts and investigators with the capability to securely browse open internet websites utilizing their SBU workstations in support of protective and investigative missions, while preventing all untrusted web code; and web malware from entering the protected SBU network.			FY 2018 Q1	FY 2019 Q4
(MLS) Transition of next generation technology			FY 2018 Q1	FY 2020 Q1
	FY 2020			
N/A				
	FY 2021			
N/A				

Construction and Facility Improvements – PPA

Budget Comparison and Adjustments

Comparison of Budget Authority and Request

Organization *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Total Changes
Construction and Facility Improvements End Items	$3,000	$1,000	$1,000	-
Total	**$3,000**	**$1,000**	**$1,000**	**-**
Discretionary - Appropriation	$3,000	$1,000	$1,000	-

PPA Level I Description

The Secret Service's Construction and Facility Improvements funding supports the improvement of existing owned or leased facilities and real property, and the construction of new facilities and projects under the control of the Secret Service. This PPA is comprised of the following investment:

White House Complex Fence: This investment funds the replacement and extension of the Crown Fence that surrounds the White House and includes the perimeters of the Department of the Treasury and the Eisenhower Executive Office Building (EEOB).

Construction and Facility Improvements – PPA
Budget Authority and Obligations

Budget Authority (Dollars in Thousands)	FY 2019	FY 2020	FY 2021
Enacted/Request	**$3,000**	**$1,000**	**$1,000**
Carryover and/or Recoveries (Actual/Estimates/Projections)	-	-	-
Rescissions to Current Year/Budget Year	-	-	-
Net Sequestered Resources	-	-	-
Reprogrammings/Transfers	-	-	-
Supplementals	-	-	-
Total Budget Authority	**$3,000**	**$1,000**	**$1,000**
Collections – Reimbursable Resources	-	-	-
Total Budget Resources	**$3,000**	**$1,000**	**$1,000**
Obligations (Actual/Estimates/Projections)	$3,000	$1,000	$1,000
Personnel: Positions and FTE			
Enacted/Request Positions	-	-	-
Enacted/Request FTE	-	-	-
Onboard and Actual FTE; Includes Collections - Reimbursable Resources			
Onboard (Actual/Estimates/Projections)	-	-	-
FTE (Actual/Estimates/Projections)	-	-	-

Construction and Facility Improvements – PPA
Summary of Budget Changes

Budget Formulation Activity (Dollars in Thousands)	Positions	FTE	Amount
FY 2019 Enacted	-	-	**$3,000**
FY 2020 Enacted	-	-	**$1,000**
FY 2021 Base Budget	-	-	-
White House Complex Fence	-	-	$1,000
Total Investment Elements	-	-	**$1,000**
FY 2021 Request	-	-	**$1,000**
FY 2020 To FY 2021 Change	-	-	-

Construction and Facility Improvements – PPA
Non Pay Budget Exhibits

Non Pay by Object Class

Non-Pay Object Classes *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Change
25.2 Other Services from Non-Federal Sources	$3,000	$1,000	$1,000	-
Total - Non Pay Object Classes	**$3,000**	**$1,000**	**$1,000**	**-**

Construction and Facility Improvements – PPA
Capital Investments Exhibits

Capital Investments

Investment *(Dollars in Thousands)*	Unique Item Identifier	Acquisition Level	Procurement/ Construction	IT/Non-IT	MAOL	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget
Construction and Facility Improvements End Items	-	-	Construction	-	No	$3,000	$1,000	$1,000

Construction and Facility Improvements End Items – Investment

Capital Investments Exhibits

Construction

Construction and Facility Improvements

Procurement, Construction, and Improvements Funding

Investment *(Dollars in Thousands)*	Unique Item Identifier	Acquisition Level	Procurement/ Construction	IT/Non-IT	MAOL	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget
Construction and Facility Improvements End Items	-	-	Construction	-	No	$3,000	$1,000	$1,000

Construction Description

This investment funds the replacement and extension of the Crown Fence that surrounds the White House and includes the perimeters of the Department of the Treasury and the Eisenhower Executive Office Building (EEOB).

Project: White House Complex Fence

Funding Requirement: The FY 2021 President's Budget includes $1.0M for Phase II of the White House Complex Fence. Funding will support the development of the preliminary construction design. This project will reduce the vulnerability of the Department of Treasury building and the EEOB to perimeter security threats.

Description: Design Phase: $1.0M included to continue the preliminary construction design for replacing and extending the White House fence around the Treasury and Eisenhower Executive Office Building (EEOB).

Justification: An improved fence around the EEOB and the Treasury building will impede individuals attempting to jump the fence and gain entry to the White House Complex. In addition, the improved fence will provide a level of resistance against explosive devices used for breaching. The requirements of the proposed fence must be integrated with the concept of operations for providing physical protection at the EEOB and the Treasury building to ensure that it fully addresses the existing capability gaps. The $3.0M of enacted FY 2019 funds were applied to Phase I construction needs through a reprogramming. The FY 2021 funds will resource the conceptual design work to meet Phase II performance requirements.

Impact: This program supports ongoing operational mission essential protection capabilities. Funding ensures operationally critical construction design does not prematurely fail prior to planned lifecycle replacements. If Phase II is not funded significant delays of the preliminary construction design will persist.

Construction / Lease Award Schedule:

Activity	Estimated Schedule
Contract Solicitation	TBD
Design Award	TBD
Design Complete	TBD
Construction Award	TBD
Construction Start	TBD
Construction Complete	TBD

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Research and Development
Budget Comparison and Adjustments
Comparison of Budget Authority and Request

Organization (Dollars in Thousands)	FY 2019 Enacted Pos.	FY 2019 Enacted FTE	FY 2019 Enacted Amount	FY 2020 Enacted Pos.	FY 2020 Enacted FTE	FY 2020 Enacted Amount	FY 2021 President's Budget Pos.	FY 2021 President's Budget FTE	FY 2021 President's Budget Amount	FY 2020 to FY 2021 Total Changes Pos.	FY 2020 to FY 2021 Total Changes FTE	FY 2020 to FY 2021 Total Changes Amount
Research and Development	-	-	$2,500	-	-	$12,455	-	-	$11,937	-	-	($518)
Total	**-**	**-**	**$2,500**	**-**	**-**	**$12,455**	**-**	**-**	**$11,937**	**-**	**-**	**($518)**
Subtotal Discretionary - Appropriation	-	-	$2,500	-	-	$12,455	-	-	$11,937	-	-	($518)

The U.S. Secret Service Research and Development (R&D) appropriation provides resources necessary to identify, explore, and demonstrate new technologies and capabilities that will help enable the Secret Service to perform its dual missions of protection and investigations. R&D funds are used to support the following Technology Readiness Levels (TRLs):

Basic Research	Applied Research		Technology Development		Technology Demonstration	System Development
TRL-1	TRL-2	TRL-3	TRL-4	TRL-5	TRL-6	TRL-7
Basic Principles Observed/ Reported	Technology Concept/Application Formulated	Critical Function or Characteristic Proof of Concept	Validation in Lab Environment	Validation in Relevant Environment	System Prototypes in Relevant Environment	System Prototypes in Operational Environment

Secret Service's R&D appropriation currently supports the Computer Emergency Response Team (CERT) Program, Gen2 Fully Armored Vehicles (FAV), and Operational Mission Support (OMS) - Protective Systems and Weapons Testing.

The Budget proposes to transfer the United States Secret Service, including this account, from the Department of Homeland Security to the Department of the Treasury. All functions, personnel, assets, and obligations of the Secret Service, including the functions of the Secretary of Homeland Security related to the Secret Service, will transfer to the Department of the Treasury.

Research and Development
Budget Authority and Obligations

Budget Authority *(Dollars in Thousands)*	**FY 2019**	**FY 2020**	**FY 2021**
Enacted/Request	**$2,500**	**$12,455**	**$11,937**
Carryover and/or Recoveries (Actual/Estimates/Projections)	-	$1,301	$2,428
Rescissions to Current Year/Budget Year	-	-	-
Net Sequestered Resources	-	-	-
Reprogrammings/Transfers	-	-	-
Supplementals	-	-	-
Total Budget Authority	**$2,500**	**$13,756**	**$14,365**
Collections – Reimbursable Resources	-	-	-
Total Budget Resources	**$2,500**	**$13,756**	**$14,365**
Obligations (Actual/Estimates/Projections)	$1,199	$11,328	$10,353
Personnel: Positions and FTE			
Enacted/Request Positions	-	-	-
Enacted/Request FTE	-	-	-
Onboard and Actual FTE; Includes Collections - Reimbursable Resources			
Onboard (Actual/Estimates/Projections)	-	-	-
FTE (Actual/Estimates/Projections)	-	-	-

Research and Development
Summary of Budget Changes

Budget Formulation Activity *(Dollars in Thousands)*	**Positions**	**FTE**	**Amount**
FY 2019 Enacted	**-**	**-**	**$2,500**
FY 2020 Enacted	**-**	**-**	**$12,455**
FY 2021 Base Budget	**-**	**-**	**-**
Computer Emergency Response Team (CERT) Program	-	-	$250
Gen2 Fully Armored Vehicles (FAV)	-	-	$9,357
Operational Mission Support - Protective System and Weapons Testing	-	-	$2,330
Total Research and Development Projects	**-**	**-**	**$11,937**
FY 2021 Request	**-**	**-**	**$11,937**
FY 2020 To FY 2021 Change	**-**	**-**	**($518)**

Research and Development
Non Pay Budget Exhibits

Non Pay Summary

Organization *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Total Changes
Research and Development	$2,500	$12,455	$11,937	($518)
Total	**$2,500**	**$12,455**	**$11,937**	**($518)**
Discretionary - Appropriation	$2,500	$12,455	$11,937	($518)

Non Pay by Object Class

Non-Pay Object Classes *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Change
25.2 Other Services from Non-Federal Sources	$1,910	$12,190	$11,620	($570)
31.0 Equipment	$590	$265	$317	$52
Total - Non Pay Object Classes	**$2,500**	**$12,455**	**$11,937**	**($518)**

Research and Development Projects
Summary of Projects

Research and Development Project *(Dollars in Thousands)*	**FY 2019 Enacted**	**FY 2020 Enacted**	**FY 2021 President's Budget**
Gen2 Fully Armored Vehicle (FAV) Program	-	$9,000	$9,357
Protective Systems and Weapons Testing Program	$2,250	$1,705	$2,330
Computer Emergency Response Team (CERT) Program	$250	$1,750	$250

Gen2 Fully Armored Vehicle (FAV) Program
Technology Readiness Level Exhibit

Research and Development Project *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget
Gen2 Fully Armored Vehicle (FAV) Program	-	$9,000	$9,357

R&D Project Description

This program supports the continuation of R&D work on the Gen2 FAV, which is necessary to ensure that the timeline for development of the new vehicle can be completed as soon as possible, thus maintaining the program's vehicle refresh cycle. This cycle allows for the uninterrupted future replacement of vehicles as they reach the end of their five-year lifecycle and will enable Secret Service to maintain an operationally ready fleet to meet the agency's protective mission.

- **Problem:** General Motors (GM) ceased production of the standard FAV base platform (3500 Series Suburban), which was the only platform that met the protective and transportation needs for Secret Service's passenger FAV fleet. The development of a new vehicle that meets the Agency's requirements is necessary in order to ensure the continuation of the FAV program.

- **Solution:** Secret Service is working with industry and, as appropriate, other government agencies to develop a new base platform for standard FAVs that will meet the protective and transportation requirements.

- **Justification:** Funding requested in the FY 2021 President's Budget will be used for the development of the Gen2 FAV. The capabilities incorporated into these vehicles represent an integral component of the overall Secret Service protective methodology. Based on historical data and market research, additional funding is required in FY 2021 to continue R&D efforts begun in FY 2020. The funding will allow the program to continue its planned trajectory to have a replacement vehicle ready for acquisition at the same time that vehicles currently being deployed reach the end of their useful life. Secret Service will continue exploration of market alternatives, including working with government partners to potentially arrive at a solution beneficial to multiple agencies.

- **Impact:** FAVs currently being deployed to the field have a five-year refresh cycle. Development of a new base platform is expected to be completed to deploy Gen2 FAVs as the current fleet starts to require refresh. Without the development of a new vehicle, Secret Service will lack vehicles in the future with which to replace its operational FAV fleet.

Type of Research

Developmental.

Technology Readiness Level

TBD –Level will be identified following completion of FY 2020-planned market research efforts and collaboration with potential manufacturers and Federal partners.

Transition Plans

Upon successful completion of the R&D project, Secret Service will initiate the acquisition process for the new vehicles.

Project Schedule

Research and Development Description	Plan Start Date	Planned Completion	TRL Level (s)
FY 2019			
N/A			
FY 2020			
Develop an R&D plan, conduct market research, and identify other government agencies that have a similar need for armored vehicles.	FY 2019 Q2	FY 2019 Q2	TRL-1/2
Initiate R&D of Gen2 FAV.	FY 2019 Q3	FY 2020 Q1	TRL-2
FY 2021			
Continue R&D of Gen2 FAV. Build and evaluate an initial test vehicle, and planned trajectory of lifecycle replacement by 2023.	FY 2021 Q4	FY 2022 Q4	TRL-3

Protective Systems and Weapons Testing Program
Technology Readiness Level Exhibit

Research and Development Project *(Dollars in Thousands)*	**FY 2019 Enacted**	**FY 2020 Enacted**	**FY 2021 President's Budget**
Protective Systems and Weapons Testing Program	$2,250	$1,705	$2,330

R&D Project Description

The R&D Protective Systems and Weapons Testing Program enables the Secret Service to continue to refresh, update, and upgrade technical countermeasures in order to ensure a safe environment and provide enhanced security coverage for the President, Vice President, and other Secret Service protectees without a significant degradation in performance. This includes providing security for protectees at the White House Complex (WHC), the Vice President's Residence, and temporary sites, from emerging and evolving explosive, chemical, biological, radiological, and cyber threats.

- **Problem:** Secret Service must maintain state-of-the-art weapons and protective systems to combat new, evolving, and emerging adversarial technologies.

- **Solution:** The OMS – Protective Systems and Weapons Testing Program provides for the development, design, testing, and evaluation of new technologies to ensure Secret Service has needed capabilities to respond to an evolving threat environment.

- **Justification:** The FY 2021 President's Budget requests funding for Protective Systems and Weapons Testing, which is part of Secret Service's Operational Mission Support (OMS) portfolio. The OMS initiative supports the protection of the President, the Vice President, and other Secret Service protectees. The Protective Systems and Weapons Testing Program provides for the policy directed research, development, test, and evaluation (RDT&E) needs of the Secret Service in order to assess, plan, and prepare for future adjustments within and/or between the OMS activities. FY 2021 funding will enable the Secret Service to substantially enhance and adapt to emerging threats and technology changes to assuredly defend the safety of the President and Vice President from plausible, credible threats. Specifically, this funding supports solicitation, testing, and contract award to assess the effectiveness of both weapons and defensive countermeasures, to include methods and technologies that are unique to Secret Service mission space. Additional details are available in a classified format.

- **Impact:** The development, design, testing, and evaluation activities will inform the procurement and deployment process for new weapons and protective systems that enhance Secret Service's protective capabilities. These efforts ensure that Secret Service is able to continue its effective protection of the President, Vice President, other protectees, and protected sites from emerging explosive, chemical, biological, radiological, and cyber threats.

Type of Research

Developmental. Further details are available in a classified format.

Technology Readiness Level

Level 6 – System Prototypes in Relevant Environment.

Transition Plans

FY 2021 R&D funds will be applied to adapting projected future technology to the most pressing and achievable threat mitigations. Weapons and defensive countermeasures developed and approved for operational use will transition into acquisition under the OMS portfolio.

Project Schedule

Research and Development Description	Plan Start Date	Planned Completion	TRL Level (s)
FY 2019			
Developmental. Further details are available in a classified format.	Ongoing	-	TRL-6
FY 2020			
Developmental. Further details are available in a classified format.	Ongoing	-	TRL-6
FY 2021			
Developmental. Further details are available in a classified format.	Ongoing	-	TRL-6

Computer Emergency Response Team (CERT) Program
Technology Readiness Level Exhibit

Research and Development Project *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget
Computer Emergency Response Team (CERT) Program	$250	$1,750	$250

R&D Project Description

The CERT R&D project funds the development of technologies and techniques in support of Secret Service's cyber investigations and protective operations. Secret Service plans to develop computer forensic gap area tools, investigative support for complex cyber investigations, research and development for unique cyber related issues, and training.

- **Problem:** The Secret Service must keep pace with the rate of technological change adopted by criminal enterprises threatening the Nation's financial system, and persons and facilities protected by the Secret Service. This includes continued advancements to the Agency's mission-critical systems, cyber investigative applications, malware analysis, and applications that identify, assess, and mitigate threats.

- **Solution:** The CERT program requires the development and maintenance of cybersecurity and counterfeit investigation applications and tools. The current tool suite is utilized by the Secret Service's Critical System Protection (CSP) program. These tools include Kaleidoscope (network defense platform) and Compass (protective advance expert system application; formerly known as FlipBook). CERT also developed the Bank Note Processing System (BNPS), which is an application which increased the efficiency of processing counterfeit bank notes in Secret Service field offices. Secret Service plans to develop computer forensic gap area tools, investigative support for complex cyber investigations, research and development for unique cyber related issues, and training.

- **Justification:** The FY 2021 President's Budget funding supports the Secret Service's CERT liaison program with the Carnegie Mellon University-Software Engineering Institute (CMU-SEI), a Federally Funded Research and Development Center (FFRDC). The U.S. Government realizes significant cost savings by leveraging participating agencies' resources to accomplish shared objectives. The CERT liaison program represents the Secret Service's long-standing commitment to develop mission-critical systems, cyber investigative applications, malware analysis and applications that identify, assess, and mitigate threats to the Nation's financial system, critical infrastructure, and persons and facilities protected by the Secret Service.

- **Impact:** FY 2021 R&D funding will allow Secret Service to enhance its cybersecurity and counterfeit investigation applications and tools. In addition, funding will allow the Secret Service to leverage the Carnegie Mellon University-Software Engineering Institute (CMU-SEI) to develop technologies and techniques to enhance the Secret Service's cyber investigations and protective operations.

Type of Research
Developmental.

Technology Readiness Level
Level varies between specific portfolio projects between TRL-2 and TRL-7.

Transition Plans
Technologies will be transitioned to Secret Service for operational use, will be available to other members of the Homeland Security Enterprise.

Project Schedule

Research and Development Description	Plan Start Date	Planned Completion	TRL Level (s)
FY 2019			
Develop new Basic Investigations of Computers and Electronic Crimes Program (BICEP).	FY 2018 Q1	FY 2019 Q1	TRL-6
Cybersecurity assessment of Secret Service's Hazen facility.	FY 2018 Q1	FY 2019 Q3	TRL-5/6
Develop version 3 of the Flipbook Web Application (now Compass).	FY 2018 Q2	FY 2019 Q1	TRL-6
Refine Bank Note Processing System based on user integration testing.	FY 2018 Q1	FY 2019 Q1	TRL-7
FY 2020			
Develop technologies for use in the cybersecurity assessments of the CSP program.	FY 2019 Q1	FY 2020 Q1	TRL-2
FY 2021			
Develop technologies for use in the cybersecurity assessments of the CSP program..	TBD	TBD	TRL-2-6

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Contribution for Annuity Accounts

Budget Comparison and Adjustments

Comparison of Budget Authority and Request

Organization (Dollars in Thousands)	FY 2019 Enacted			FY 2020 Enacted			FY 2021 President's Budget			FY 2020 to FY 2021 Total Changes		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
Contribution for Annuity Accounts	-	-	$265,000	-	-	$265,000	-	-	$265,000	-	-	-
Total	**-**	**-**	**$265,000**	**-**	**-**	**$265,000**	**-**	**-**	**$265,000**	**-**	**-**	**-**
Subtotal Mandatory - Appropriation	-	-	$265,000	-	-	$265,000	-	-	$265,000	-	-	-

Per Title V, Chapter 7, Section 5-703, of the District of Columbia (D.C.) Code, “whenever any member of the Secret Service Division performed duties other than clerical for 10 years or more directly related to the protection of the President,” and was hired prior to 1984, the employee is eligible to retire through the D.C. Police and Fireman’s Retirement and Disability Relief Fund. In 1930, this retirement system was provided to White House Police officers (see P.L. 71-221) when they transferred from the D.C. Metropolitan Police Force to the Secret Service. In 1940, with the passage of P.L. 76-847, this retirement system was extended to all Secret Service employees who qualified. To reimburse the D.C. retirement fund, a permanent, indefinite appropriation was enacted. The Secret Service uses this appropriation to reimburse the District of Columbia for benefit payments made in excess of the sum of salary deductions made from the employee’s pay and forwarded to the D.C. retirement fund. Employees covered by this Title include Uniformed Division Officers, Special Agents, Physical Security Specialists, Protective Support Technicians, Special Officers, and Operation Support Technicians.

The Budget proposes to transfer the United States Secret Service, including this account, from the Department of Homeland Security to the Department of the Treasury. All functions, personnel, assets, and obligations of the Secret Service, including the functions of the Secretary of Homeland Security related to the Secret Service, will transfer to the Department of the Treasury.

Contribution for Annuity Accounts
Budget Authority and Obligations

Budget Authority *(Dollars in Thousands)*	**FY 2019**	**FY 2020**	**FY 2021**
Enacted/Request	**$265,000**	**$265,000**	**$265,000**
Carryover and/or Recoveries (Actual/Estimates/Projections)	$17,205	-	-
Rescissions to Current Year/Budget Year	-	-	-
Net Sequestered Resources	-	-	-
Reprogrammings/Transfers	-	-	-
Supplementals	-	-	-
Total Budget Authority	**$282,205**	**$265,000**	**$265,000**
Collections – Reimbursable Resources	-	-	-
Total Budget Resources	**$282,205**	**$265,000**	**$265,000**
Obligations (Actual/Estimates/Projections)	$259,871	$265,000	$265,000
Personnel: Positions and FTE			
Enacted/Request Positions	-	-	-
Enacted/Request FTE	-	-	-
Onboard and Actual FTE; Includes Collections - Reimbursable Resources			
Onboard (Actual/Estimates/Projections)	-	-	-
FTE (Actual/Estimates/Projections)	-	-	-

Contribution for Annuity Accounts
Personnel Compensation and Benefits
Pay by Object Class

Pay Object Classes *(Dollars in Thousands)*	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 - FY 2021 Change
13.0 Benefits for Former Personnel	$265,000	$265,000	$265,000	-
Total - Personnel Compensation and Benefits	**$265,000**	**$265,000**	**$265,000**	**-**
Positions and FTE				

In FY 2021, Contribution for Annuity Accounts includes $265.0M in overall personnel compensation and benefits. The funding included in object class 13.0 - Benefits for Former Personnel is utilized to reimburse the District of Columbia for benefit payments made in excess of the sum of salary deductions made from the employee’s pay and forwarded to the D.C. retirement fund.

Department of the Treasury
Office of Financial Stability

Congressional Budget Justification and Annual Performance Plan and Report

FY 2021

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Section I – Budget Request

A – Mission Statement

A central part of the response to the 2008 financial crisis was the implementation of the Troubled Asset Relief Program (TARP), which was established in the fall of 2008 under the Emergency Economic Stabilization Act of 2008 (EESA) (P.L. 110-343) within the Office of Domestic Finance at the U.S. Department of the Treasury (Treasury). TARP was created to restore the liquidity and stability of the financial system, and it is administered by the Office of Financial Stability (OFS).

Since late 2010, OFS has made significant progress in winding down TARP investment programs and in recovering OFS's outstanding investments. OFS continues to operate a housing program under TARP to help struggling families avoid foreclosure, but in 2016 began to wind-down the largest TARP housing program. As of November 30, 2019, OFS has recovered more than 96 percent of the $442.0 billion in total program funds disbursed under TARP, as well as an additional $17.6 billion from Treasury's equity in AIG. When all of Treasury's AIG investments are included, the amount recovered is greater than the funds disbursed by nearly $0.7 billion.

1.1 - Program Account Summary

Dollars in Thousands

	FY 2019 Actual	FY 2020 Estimated	FY 2021 Estimated	FY 2020 to FY 2021 Change	FY 2020 to FY 2021 % Change
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Obligations					
Equity Program Account	1,073	6,671	0	(6,671)	-100.00%
Housing Program Account	0	0	0	0	NA
TARP Direct Program Account	0	0	0	0	NA
TARP Administrative Account	57,743	47,240	42,154	(5,086)	-10.77%
TARP Negative Downward Reestimate Receipt Account	(26,982)	(74,433)	0	74,333	-100.00%
Total Obligations	**$31,834**	**($20,423)**	**$42,154**	**$62,576**	**-306.40%**
Budget Authority					
Equity Program Account	1,073	6,671	0	(6,671)	-100.00%
Housing Program Account	0	0	0	0	NA
TARP Direct Program Account	0	0	0	0	NA
TARP Administrative Account	61,796	51,399	42,154	(9,246)	-17.99%
TARP Negative Downward Reestimate Receipt Account	(26,982)	(74,433)	0	74,333	-100.00%
Total Budget Authority	**$35,887**	**($16,263)**	**$42,154**	**$58,416**	**-359.20%**
Outlays					
Equity Program Account	1,073	6,671	0	(6,671)	-100.00%
Housing Program Account	1,451,982	920,236	646,002	(274,233)	-29.80%
TARP Direct Program Account	0	0	0	0	NA
TARP Administrative Account	54,524	83,479	44,003	(9,476)	-17.72%
TARP Negative Downward Reestimate Receipt Account	(26,982)	(74,333)	0	74,333	-100.00%
Total Outlays	**$1,480,597**	**$906,052**	**$690,005**	**($216,047)**	**-23.84%**
Total Full-time Equivalents (FTE)	22	16	14	-2	-12.50%

1.2 – Financing Account Summary

Dollars in Thousands

	FY 2019 Actual	FY 2020 Estimated	FY 2021 Estimated	FY 2020 to FY 2021 Change	% Change
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
TARP Direct Loans					
Obligations	13,131	73,222	0	(73,222)	-100.00%
Collections	13,131	73,222	0	(73,222)	-100.00%
Financing Authority (net)	0	0	0	0	NA
Financing Disbursements (net)	(60,091)	73,222	0	(73,222)	-100.00%
Equity Purchases					
Obligations	14,256	1,411	379	(1,032)	-73.17%
Collections	26,826	19,703	6,536	(13,167)	-66.83%
Financing Authority (net)	(9,700)	(19,603)	(6,157)	13,445	-68.59%
Financing Disbursements (net)	(12,570)	(18,292)	(6,157)	12,134	-66.34%
Housing					
Obligations	1,367	2,108	160	(1,948)	-92.39%
Collections	28	16	4	(13)	-77.25%
Financing Authority (net)	0	0	0	0	NA
Financing Disbursements (net)	1,339	2,092	157	(1,935)	-92.51%

1.3 – Program Disbursement, Repayments, and Cost/Savings

Dollars in Billions

	Cumulative Obligated (as of 11/30/2019)	Cumulative Disbursed (as of 11/30/2019)	Cumulative Outstanding (as of 11/30/2019)	Total Cumulative Income (as of 11/30/2019)	Total Cash Back (as of 11/30/2019)	Total Estimated Life Costs (as of 11/30/2019)
Bank Support Programs	250.5	245.1	0.0	35.7	275.6	(24.3)
Credit Market Programs	19.1	19.1	0.0	4.5	23.6	(3.3)
AIG Investment Program (AIG)	67.8	67.8	0.0	1.0	55.3	15.2
Automotive Industry Financing Program	79.7	79.7	0.0	7.4	70.6	12.1
Treasury Housing Programs	33.1	30.3			0.0	32.2
Total	**450.2**	**442.0**	**0.0**	**48.6**	**425.1**	**31.9**
Additional AIG Common Shares Held by Treasury	0.0	0.0	0.0	17.6	17.6	(17.6)
Total for Programs and Shares	**450.2**	**442.0**	**0.0**	**66.2**	**442.7**	**14.3**

*If all Treasury AIG Investments are combined, we currently estimate a net gain of nearly $2.4 billion on those shares.

B – Vision, Priorities and Context

TARP was created by EESA in October 2008 as part of a broad-based federal response to the financial crisis. The purposes of EESA were —

(1) to immediately provide authority and facilities that the Secretary of the Treasury could use to restore liquidity and stability to the financial system of the United States; and

(2) to ensure that such authority and facilities were provided in a manner that would —

(A) protect home values, college funds, retirement accounts, and life savings;

(B) preserve homeownership and promote jobs and economic growth;

(C) maximize overall returns to the taxpayers of the United States; and

(D) provide public accountability for the exercise of such authority.

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." This program supports the Department's goal of financial stewardship.

As a result of improved financial conditions and careful stewardship of the program, the ultimate cost to taxpayers of TARP investments is estimated to be significantly lower than initially expected. In Fiscal Year (FY) 2009, the program was projected to cost $341 billion, but as of November 30, 2019, it is estimated to cost only $31.9 billion (of which -$0.3 billion relates to investments and $32.2 billion relates to housing programs that do not require repayments by recipients). Lifetime costs are projected to be $14.3 billion with the inclusion of receipts from Treasury's sale of additional AIG common stock.

During FY 2020 and FY 2021, OFS's priority is to continue the responsible wind-down of all TARP programs.

OFS Administrative Expenses

The authority for OFS's administrative funding is provided in section 118 of EESA. In FY 2020, OFS plans to obligate just over $47 million and use no more than 16 Full-Time Equivalent (FTE) employees. In FY 2021, OFS plans to obligate just over $42 million and use no more than 14 FTE employees, a reduction of over 10 percent and 12 percent, respectively, from the current FY 2020 estimates, to fund the management, maintenance, and continued wind-down of the TARP housing programs and the disposition of OFS's remaining investments.

C - Credit Reform Account Description

Section 123 of EESA requires the cost of TARP programs to be calculated using the methods required by the Federal Credit Reform Act of 1990 ("credit reform"). In addition to the OFS Administrative Account, the organization manages six accounts to comply with the credit reform accounting requirements: (1) the TARP Equity Purchase Program Account; (2) the TARP Equity Purchase Financing Account (EPFA); (3) the TARP Housing Programs Account; (4) the TARP Housing Programs, Letter of Credit (LOC) Financing Account; (5) the TARP Program Account; and (6) the TARP Direct Loan Financing Account (DLFA).

Account Descriptions

<u>TARP Equity Purchase Program Account:</u> The TARP Equity Purchase Program Account records the subsidy costs (cost to the government) associated with federal equity injections into qualifying financial institutions. Subsidy costs are calculated on a net present value basis.

<u>TARP Equity Purchase Financing Account (EPFA):</u> The TARP EPFA is a non-budgetary account that records all financial transactions to and from the government resulting from equity purchases. The EPFA primarily tracks each cohort year's purchase activity (dividend payments, the exercise of warrants, Treasury borrowings, interest paid to or received from Treasury, etc.) and is not included in the budget totals when calculating total government spending.

<u>TARP Housing Programs Account:</u> The TARP Housing Programs Account records the subsidy costs and cash outlays associated with Treasury's TARP housing programs. The Making Home Affordable (MHA) and Hardest Hit Fund (HHF) programs are recorded on a cash basis, and the

Federal Housing Administration (FHA) Short-Refinance Program is subject to credit reform accounting requirements, whereby its subsidy cost is calculated on a net present value basis.

TARP Housing Programs, LOC Financing Account: The TARP Housing Programs, LOC Financing Account is a non-budgetary account that records all financial transactions to and from the government resulting from OFS's FHA Short-Refinance Program. Like other financing accounts, its primary purpose is the financial tracking of each cohort year's loan activity. It is not included in the budget totals.

TARP Program Account: The TARP Program Account records the subsidy costs associated with direct loans obligated to qualifying institutions. Subsidy costs are calculated on a net present value basis.

TARP DLFA: The TARP DLFA is a non-budgetary account that records all financial transactions to and from the government resulting from direct loans. Like EPFA, its primary purpose is the financial tracking of each cohort year's loan activity. It is not included in the budget totals.

OFS Administrative Account: This account provides for the administrative costs of OFS.

1.4 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2020 Estimated	**16**	**$47,240**
Changes to Base:		
Maintaining Current Levels (MCLs):	-	$962
Pay Raise (1.0% average pay raise)	-	$24
Pay Annualization (FY 2020 3.1% average pay raise)	-	$24
FERS Contribution Increase	-	$32
Non-Pay	-	$882
Subtotal Changes to Base	0	$962
FY 2021 Current Services	**16**	**$48,202**
Program Changes:		
Program Decreases:	(2)	($6,048)
Housing Program Support	0	($2,350)
Maintenance and Disposition of Assets	0	($232)
OFS Salaries and Benefits	(2)	($660)
Organizational Support	0	($2,805)
FY 2021 Estimated	**14**	**$42,154**

D – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) .... +$962,000 / +0 FTE

Pay-Raise (1.0% in FY 2021)+$24,000 / +0 FTE

Funds are required for a 1.0% average pay raise in January 2021.

Pay Annualization (3.1%)+$24,000 / +0 FTE

Funds are required for annualization of the January 2020 pay raise.

FERS Contribution Increase +$32,000 / +0 FTE

Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2021.

Non-Pay +$882,000 / +0 FTE

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

Program Decreases .... -$6,048,000 / -2 FTE

Housing Program Support -$2,350,000 / +0 FTE

Administrative and compliance functions will continue to wind down during FY 2020 and over time as programs close, no new assistance actions are provided, and commitments are paid.

Maintenance and Disposition of Assets -$232,000 / +0 FTE

During FY 2020, OFS will continue the disposition of its position in the remaining Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI) institutions. In FY 2021, OFS expects its portfolio to be composed of a few institutions, primarily CDCI institutions.

OFS Salaries and Benefits -$660,000 / -2 FTE

Savings resulted from natural attrition and expiration of term appointments due to the wind-down of various TARP programs.

Organizational Support -$2,805,000/ +0 FTE

Administrative costs associated with managing OFS's portfolio will decline over time as TARP winds down. However, many duties and responsibilities will remain and are not directly correlated to the volume of assets held by OFS. Many of these organizational support functions will be run in-house and relate to legislative and oversight-mandated reporting functions, as well as the management and maintenance of TARP's housing programs.

1.5 – Operating Levels Table

Dollars in Thousands

Object Classification	FY 2019 Actual Obligations	FY 2020 Estimated Obligations	FY 2021 Estimated Obligations
11.1 - Full-time permanent	2,941	2,485	1,975
11.5 - Other personnel compensation	70	66	50
11.9 - Personnel Compensation (Total)	**3,012**	**2,551**	**2,025**
12.0 - Personnel benefits	860	592	538
Total Personnel and Compensation Benefits	**$3,871**	**$3,143**	**$2,562**
21.0 - Travel and transportation of persons	24	24	21
23.0 - Rent, Communications and Utilities	1	1	1
25.1 - Advisory and assistance services	9,241	6,551	4,644
25.2 - Other services	34,504	31,170	29,681
25.3 - Other purchases of goods & serv frm Govt accounts	10,100	6,339	5,233
26.0 - Supplies and materials	2	4	4
31.0 - Equipment	0	8	8
Total Non-Personnel	**$53,872**	**$44,097**	**$39,591**
Total Obligations	**$57,743**	**$47,240**	**$42,154**
Full-time Equivalents (FTE)	**22**	**16**	**14**

Table includes direct FTEs.
Totals may not foot due to rounding

E – Appropriations Language and Explanation of Changes

OFS does not receive discretionary appropriations from Congress. Therefore, no appropriations language is proposed.

F – Legislative Proposals

Treasury is seeking certain legislative changes related to OFS and TARP to reduce the frequency and necessity of several statutory reporting requirements that were established when TARP was created. OFS continues to wind-down operations and is focused on reducing costs by eliminating duplicative internal operations and increasing its reliance on shared services provided by Departmental Offices (DO) and Fiscal Services. As OFS continues to wind-down, it will become increasingly more efficient to be audited as part of the Treasury-wide financial statement audit under Treasury's Office of the Inspector General (OIG). OFS, like several other Treasury Offices, is substantially cross-serviced by other organizations within Treasury, including the Bureau of the Fiscal Service, the Departmental Offices (DO) Office of Budget and Travel, and the Office of the Deputy CFO. The offices that provide services to OFS are all under the purview of the Treasury–wide financial statement audit. As an example, GAO spends a significant amount of resources and time testing OFS's administrative contracts with DO that are audited by Treasury's OIG. Additionally, GAO spends significant time testing the OFS financial reporting process, which is also under scope of the Treasury-wide financial statement audit. OFS estimates that enacting the following legislative proposals would result in $2-4 million in annual savings in contracting costs and GAO reimbursements, and would reduce OFS's workload by two FTEs. The remaining statutory requirements will continue to provide sufficient transparency during the wind-down of TARP.

Repeal OFS's Annual Stand-alone Financial Statements and Audit, performed by GAO: Repeal OFS's stand-alone financial statements and the stand-alone financial statements audit performed by GAO (12 USC 5226(b) and (c) 2). Treasury's OIG will audit the financial operations and internal controls of OFS as part of the Treasury-wide audit. OFS would be subject to the same audit rigor as DO. This update would be a more efficient use of taxpayer funds and more accurately reflect current materiality and activity of OFS. Additionally, move the following authorities in EESA related to OFS oversight (5226, 5227, and 5233) under the purview of Treasury's OIG.

Sunset the Financial Stability Oversight Board (FinSOB): This interagency group meets monthly and reports quarterly. The group reviews OFS's program formulation and monitors program performance. The need for the board's oversight and reporting has diminished given that no new OFS programs are being implemented, all major investments have been disposed, and the housing programs are winding down.

Change the frequency of the Section 105(a) report ("Congressional Monthly"): This performance report remains generally static from month-to-month. With most programs having closed, less frequent (quarterly) reporting is warranted.

Eliminate the Administrative Activity Report ("Obligation Report"): This quarterly report provides data on administrative obligations object type and is required under the annual Treasury appropriations bill. OFS has been prudent in the use of administrative funds and has been reducing obligations by approximately 20 percent per year over the last five years.

Section II – Annual Performance Plan and Report

A – Strategic Alignment
OFS's continued wind-down efforts align with Treasury's strategic goal of transforming government-wide financial stewardship.

Bank Support Programs
CPP: OFS created CPP, its largest program, in October 2008. OFS provided a total of $204.9 billion in capital to 707 institutions in 48 states. During FY 2019, OFS continued to wind down remaining CPP investments. As of November 30, 2019, CPP has generated $226.8 billion in recoveries for taxpayers with two institutions remaining in the program, for a total of $17 million in investments outstanding.

CDCI: OFS created CDCI on February 3, 2010, to provide investments of capital to certified Community Development Financial Institutions (CDFI) banks, thrifts, and credit unions. OFS invested $570 million in 84 CDFIs, of which 28 institutions converted $363 million (including warrants) from CPP to CDCI. As of November 30, 2019, CDCI has generated $587 million in recoveries for taxpayers with four institutions remaining in the program, for a total of $22 million in investments outstanding.

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

MHA: In 2009, OFS launched MHA to help homeowners prevent avoidable foreclosures and strengthen the housing market. The cornerstone of MHA is the Home Affordable Modification Program (HAMP), which provides eligible homeowners the opportunity to reduce their monthly mortgage payments. In accordance with provisions of the Act, MHA terminated on December 31, 2016, except with respect to certain applications made before such date. MHA servicers were required to design policies and procedures to reasonably ensure that all MHA transactions were completed by December 1, 2017. As of November 30, 2019, OFS had disbursed $20.8 billion out of a possible $23.5 billion under MHA.

HHF: Established in 2010 to provide aid to homeowners in states hit hardest by the economic and housing market downturn. The $7.6 billion initiative encompassed 18 states and the District of Columbia (D.C.). In December 2015, the Consolidated Appropriations Act, 2016 (the Act) granted Treasury authority to make an additional $2.0 billion in commitments through the HHF. As of November 30, 2019, OFS had disbursed $9.4 billion out of a possible $9.6 billion under HHF.

FHA Short Refinance Program: OFS continues to support the FHA Short Refinance Program, which was intended to assist borrowers with negative equity. The program has seen limited participation. As such, OFS has incrementally reduced the LOC Facility supporting this program from an initial $8.0 billion to $27 million in FY 2017, which matches OFS's maximum liability for loans covered by the program as of December 31, 2016, when the program ended for new refinances. As of November 30, 2018, the revised lifetime cost estimate for the program was $14 million for outstanding refinanced loans.

Other Programs
Automotive Industry Financing Program (AIFP): OFS fully wound down AIFP during FY 2015, selling its remaining stake in Ally Financial. OFS disbursed $79.7 billion in loans and equity investments to the automotive industry through the AIFP. As of November 30, 2019, OFS had collected $70.6 billion through sales, repayments, dividends, interest, recoveries, and other income. Recoveries from the bankruptcy liquidation of Old Chrysler and Old GM remain possible.

All other TARP programs closed prior to FY 2016, including the Targeted Investment Program, Asset Guarantee Program, Public-Private Investment Program, Term Asset-Backed Securities Loan Facility, Small Business Administration 7(a) Securities Purchase Program, and American International Group, Inc. Investment Program.

B – Budget and Performance by Budget Activity

Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Target	FY 2019 Actual	FY 2020 Target	FY 2021 Target
Clean Audit Opinion on TARP Financial Statements (ensure transparency of operations to the public)	1	1	1	1	1	1	1	1
Percentage of Congressional Constituent Correspondence Responses Completed within 10 Business Days of Receipt	50	66.75	87.5	100	100	94	100	100
Percentage of Customers Satisfied with FinancialStability.gov (Self Selected Respondents) (ensure transparency of operations to the public)	66.5	73	69.25	69.25	75	73	DISC	DISC
Percentage of FOIA Assignments On-Time or Less Than 30-Days Overdue (ensure transparency within the government)	13.03	56.56	85	85	95	98	95	95
Percentage of SIGTARP and GAO Oversight Recommendations Responded to On-Time (ensure transparency of operations to the public)	100	100	100	100	100	100	100	100
Percentage of Statutorily-Mandated Reports Submitted On-Time (ensure transparency of operations to the public)	100	94.7	96.25	100	100	100	100	100

The authority for OFS's administrative funding is provided in section 118 of EESA. The administrative budget consists primarily of contracting and financial agent support costs associated with OFS's ongoing implementation and management of the TARP housing programs and the management and disposition of OFS's remaining investments. In addition, continuing organizational support, including information technology, facilities, legal, compliance, accounting, and human resources, will be needed to manage and wind down these ongoing initiatives. OFS's senior management is responsible for performance on its operational goals.

Operational Goals

OFS's strategic goal is to transform government-wide financial stewardship, and the request will support the underlying operational goals to help OFS achieve this strategic goal. These operational goals include:

1. Completing the wind-down of remaining TARP investment programs;
2. Continuing to help struggling homeowners avoid foreclosure;
3. Minimizing the cost of the TARP programs to the taxpayer; and
4. Operating with the highest standards of transparency, accountability, and integrity.

<u>Completing the wind-down of remaining TARP investment programs</u>

The first Operational Goal is to complete the wind-down of the remaining TARP investment programs, the CPP and CDCI. OFS continues to exit CPP and CDCI by either: (i) allowing banks that are able to repurchase in full in the near future to do so; or (ii) restructuring and selling OFS's investments in limited cases. OFS continues to work with CPP institutions to restructure certain investments that will allow them to exit TARP. As of November 30, 2019, OFS had $17 million in outstanding CPP investments and $22 million in outstanding CDCI investments.

<u>Continuing to help struggling homeowners avoid foreclosure</u>

OFS's second Operational Goal is to continue helping struggling homeowners avoid foreclosure. The Act, signed into law on December 18, 2015, provided that the MHA program would terminate on December 31, 2016, except with respect to certain loan modification applications made before such date. As set forth in program guidelines, MHA servicers were required to evaluate applications submitted before the deadline and offer trial modifications to eligible applicants. All MHA transactions, including first and second lien permanent modifications, short sales or deeds-in-lieu of foreclosure, and unemployment forbearance plans, were required to be completed per program guidelines by December 1, 2017. Under this program, as of November 30, 2019, more than 1.7 million homeowners have secured permanent mortgage modifications. In addition, the HHF Program provides funding to 18 states and D.C. to assist struggling homeowners. As of November 30, 2019, HHF has disbursed approximately $8.5 billion in program funds ($9.4 billion in total program and administrative funds), and HFAs have drawn approximately $9.4 billion to prevent avoidable foreclosures and help stabilize neighborhoods. Based on information provided by the HFAs, eight states are projected to fully close in FY 2020, go through a final compliance review, and return any unused funds to Treasury, including two of the largest HFAs in the program.

<u>Minimizing the cost of the TARP programs to the taxpayer</u>

The third Operational Goal of OFS is to minimize the cost of the TARP programs to the taxpayer. OFS pursues this goal by carefully managing the timely exit of these investments to reduce taxpayers' exposure, returning TARP funds to reduce the federal debt, and continuing to replace government assistance with private capital in the financial system. OFS also takes steps to confirm that TARP recipients comply with any TARP-related statutory or contractual obligations such as executive compensation requirements and restrictions on dividend payments.

Operating with the highest standards of transparency, accountability, and integrity
OFS's final Operational Goal is to continue to operate with the highest standards of transparency, accountability, and integrity. OFS posts a variety of reports online that provide taxpayers with regular and comprehensive information about how TARP funds are spent, who received them and on what terms, and how much has been recovered to date. OFS also publishes the annual audited Agency Financial Report and continues to maintain productive working relationships with the three oversight bodies charged with auditing and reviewing TARP activities.

C – Changes in Performance Measures

Performance Measure or Indicator	Proposed Change and Justification
1. Percentage of Customers Satisfied with FinancialStability.gov (Self Selected Respondents) (ensure transparency of operations to the public)	Discontinue. No longer a meaningful performance measure, nor is it cost-effective. Additionally, with efforts to streamline content and operations and other wind-down efforts, OFS' website no longer serves the same purpose it once did.

Section III – Additional Information

A – Summary of Capital Investments
OFS uses DO's system and is part of DO's capital investment strategy.

A summary of capital investments, including major information technology and non-technology investments, can be accessed at:
https://home.treasury.gov/about/budget-financial-reporting-planning-and-performance/budget-requestannual-performance-plan-and-reports. This website also contains a digital copy of this document.

Department of the Treasury
Office of Financial Research

Congressional Budget Justification and Annual Performance Report and Plan

FY 2021

Table of Contents

Section I - Budget Request

A – Mission and Vision Statement

Mission: Promote financial stability by delivering high-quality financial data, standards, and analysis for the Financial Stability Oversight Council (FSOC or Council) and public.

Vision: A transparent, accountable, and resilient financial system.

B – Summary of the Request

The Office of Financial Research (OFR or Office) is estimating a fiscal year (FY) 2021 funding level of $75.271 million, which is flat with its FY 2020 estimated funding level. The request supports OFR priorities without the need for increased funding. The FY 2021 Budget shifts from Operations and Support to Technology Center, Data Center, and Research and Analysis Center (RAC) will allow the OFR to focus on its legislative mandate under the Dodd-Frank Act. The budget reflects an FTE level of 145, which aligns with the workforce plan that formed the basis for OFR's recent Reduction in Force (RIF) and seeks to ensure appropriate structure for maximum efficiency. The FY 2021 Budget also proposes to impose appropriate Congressional oversight of OFR functions by subjecting its activities to the annual appropriations process beginning in FY 2022.

1.1 – Resource Detail Table

Dollars in Thousands

Budgetary Resources	FY 2019 Actual		FY 2020 Estimate		FY 2021 Estimate		FY 2020 to FY 2021 % Change	
	FTE	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Revenue/Offsetting Collections								
Assessments	0	$55,020	0	$62,386	0	$65,215	NA	4.5%
Interest	0	$1,453	0	$1,254	0	$1,254	NA	0.0%
Recoveries	0	$5,549	0	$5,047	0	$5,047	NA	0.0%
Restoration of Sequestration Rescission	0	$3,262	0	$3,482	0	$3,755	NA	7.8%
Unobligated Balances from Prior Years	0	$47,774	0	$49,715	0	$42,858	NA	-13.8%
Total Revenue/Offsetting Collections	**0**	**$113,058**	**0**	**$121,884**	**0**	**$118,129**	**NA**	**-3.1%**
Expenses/Obligations								
Data Center	9	$5,849	11	$3,499	12	$3,575	9.1%	2.2%
Technology Center	47	$28,278	57	$34,450	63	$35,986	10.5%	4.5%
Research and Analysis Center	24	$8,238	31	$14,111	36	$14,290	16.1%	1.3%
Operations and Support Services	25	$17,496	29	$23,211	34	$21,420	17.2%	-7.7%
Total Expenses/Obligations	**105**	**$59,861**	**128**	**$75,271**	**145**	**$75,271**	13.3%	0.0%
Sequestration Reduction		($3,482)		($3,755)		$0		
Net Results	**105**	**$49,715**	**128**	**$42,858**	**145**	**$42,858**	**13.3%**	**0.0%**

1) The OFR is financed through assessments on certain bank holding companies and nonbank financial companies. See Treasury's final rule and interim final rule governing the Assessments process: https://www.financialresearch.gov/strategy-budget/files/final_rule_interim_final_rule.pdf
2) The funding for the first six months of operating expenses and 12 months of capital expenses are reflected in Unobligated Balances from Prior Years. This is because the first assessment covering the fiscal year beginning October 1 is collected on September 15 of the prior fiscal year.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2020 Estimated	**128**	**$75,271**
Changes to Base:		
Program Increases:	17	$2,155
Increased Staffing	17	$2,155
Non-Recurring Costs	0	($2,155)
Subtotal Changes to Base	17	$0
FY 2021 Current Services	**145**	**$75,271**
Program Changes:		
Subtotal Changes to Base	0	$0
FY 2021 Estimate	**145**	**$75,271**

C – Budget Increases and Decreases Description

Program Increases ....+$2,155,000 / +17 FTE

<u>Increased Staffing $+2,155,000 / +17 FTE</u>

In the wake of higher than anticipated attrition rates after the RIF conducted in FY 2019, 17 FTEs are returned in the FY 2021 request relative to FY 2020. OFR will continue to fill positions that OFR identified pre-RIF as critical to the OFR's future state and will fill critical vacancies created by attrition.

Non-Recurring Costs .... -$2,155,000 / +0 FTE

<u>Non-Recurring Costs -$2,155,000 / +0 FTE</u>

One-time costs related to post-RIF contractor staffing and space reconfiguration, as well as certain technology support costs, will non-recur.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2019 Actual Obligations	FY 2020 Estimated Obligations	FY 2021 Estimated Obligations
11.1 - Full-time permanent	17,870	21,872	23,381
11.3 - Other than full-time permanent	5	0	0
11.5 - Other personnel compensation	374	0	0
11.9 - Personnel Compensation (Total)	**18,249**	**21,872**	**23,381**
12.0 - Personnel benefits	6,929	9,374	10,020
13.0 - Benefits for former personnel	820	0	0
Total Personnel and Compensation Benefits	**$25,998**	**$31,246**	**$33,401**
21.0 - Travel and transportation of persons	164	386	415
22.0 - Transportation of things	1	0	0
23.3 - Communication, utilities, and misc charges	69	140	80
24.0 - Printing and reproduction	13	0	0
25.1 - Advisory and assistance services	15,810	6,284	6,515
25.2 - Other services	20	9,321	6,918
25.3 - Other purchases of goods & serv frm Govt accounts	6,655	14,686	14,687
25.4 - Operation and maintenance of facilities	0	89	89
25.7 - Operation and maintenance of equip	4,445	1,967	2,007
26.0 - Supplies and materials	6,187	7,704	7,612
31.0 - Equipment	329	3,448	3,547
32.0 - Land and structures	170	0	0
Total Non-Personnel	**33,863**	**44,025**	**41,870**
Total Budgetary Resources	**$59,861**	**$75,271**	**$75,271**

Full-time Equivalents (FTE)	**105**	**128**	**145**

1) Personnel compensation and benefits include direct OFR staff members only. Object Classification 25.3, “Other goods and services from Federal sources,” and expenditures of “Operations and Support Services” include reimbursable support received from Treasury’s Departmental Offices; personnel benefits services from the Office of the Comptroller of the Currency; and services from Treasury’s Bureau of the Fiscal Service Administrative Resource Center, including human resource, procurement, travel, and financial management services.

D – Appropriations Language and Explanation of Changes

The OFR receives no appropriations from Congress.

E – Legislative Proposals

The Budget proposes to impose appropriate Congressional oversight of OFR functions by subjecting its activities to the annual appropriations process beginning in FY 2022.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

The OFR was established by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 to assist the Financial Stability Oversight Council (FSOC) and Congress though research, analytic tools, and data-related support on issues related to financial stability. The OFR's efforts, focused through consultation with the FSOC, the Department of the Treasury, and other important stakeholders, will help drive toward the vision of a stable, transparent, and efficient financial system.

The OFR's mandated work is in direct alignment with Treasury's Strategic Plan for FY 2018-2022 under the following goals:

- Goal 2 - Promote Financial Stability
- Goal 5 - Achieve Operational Excellence

OFR priorities for FY 2020 and FY 2021 that support these strategic goals include:

1. Conducting relevant research and providing timely financial stability analysis and data products to FSOC, Congress, and the Public.
2. Administering highly secure and efficient service-oriented technology, data collection, data management, and data mandate-oriented programs; continuing engagement as an essential source of standards expertise and becoming a source of standardized data necessary for financial stability risk measurement and monitoring.
3. Strengthening management accountability and employee engagement to continuously improve support for the Financial Stability Oversight Council (FSOC) and its member agencies.

OFR's first two priorities for fiscal years 2020 and 2021 contribute to Treasury's Goal 2: Promote Financial Stability. The focus will be in monitoring risks to financial stability and in enhancing and expanding tools for the OFR, FSOC members, and the public to use in monitoring those risks. Another key area of focus for the OFR will be to provide research and policy analysis that informs decision-makers and balances the need for stability with the need for efficient and effective regulation. The OFR will also continue its work to identify and fill financial data gaps; and to develop and implement financial data standards. Data standards underpin the quality and comparability of financial data needed for regulatory oversight work.

Specific examples of this work include the OFR's ongoing data collection of centrally-cleared repo agreements as well as support for the Secured Overnight Financing Rate planned as an alternative to The London Inter-bank Offered Rate. The OFR will also continue to publish its statutorily-mandated Annual Report that assesses the state of the U.S. financial system and presents key findings from the OFR's research in addition to assisting the FSOC Secretariat with data, analysis, and other resources needed for its annual report to Congress. Across all of the OFR's work, high quality data and strong research expertise, supported by strong information technology (IT), are essential.

The OFR's third priority aligns with Treasury's Goal 5: Achieve Operational Excellence. As a result of an organization-wide reexamination conducted in FY 2018, the OFR completed a workforce reshaping in FY 2019. At the end of FY 2019, a new Director was appointed to lead the Office. The Director implemented a broad human capital strategy to strengthen management accountability and employee engagement. In recognition that organizational excellence is necessary for the OFR to achieve its mission, work slated for FY 2020 and FY 2021 include initiatives related to the Employee Viewpoint Survey, internal communications, process improvements, and performance management, among others.

The OFR is in the process of finalizing its FY 2020-2024 Strategic Plan and has made additions to its performance measures to better capture progress in some of the areas described above. With the upcoming publication of its strategic plan, the OFR may add or refine performance measures and indicators to the FY 2022 Budget.

B – Budget and Performance by Budget Activity
2.1.1 – Data Center Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
Expenses/Obligations	$17,240	$16,477	$17,833	$15,967	$5,849	$3,499	$3,575
Budget Activity Total	**$17,240**	**$16,477**	**$17,833**	**$15,967**	**$5,849**	**$3,499**	**$3,575**
Full-time Equivalents (FTE)	**51**	**37**	**44**	**42**	**9**	**11**	**12**

Note: In FY 2015 and prior, the Data and Technology Centers jointly referred to as the Data Center.

Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Number of LEIs Issued Cumulatively in the United States and Internationally	395,861	464,412	587,941	1,300,832	1,487,695	I	I	I
Number of Times That Financial Data Standards are Incorporated in Rules and Regulations	2	9	4	1	1	I	I	I

Key: I – Indicator

Data Center

($3,575,000 from Assessments):

The Data Center seeks new ways to promote and share the OFR's data and data analytic products with external stakeholders and promotes the development and use of data standards to improve the quality and sharing of data across the regulatory system. As a result of recent restructuring, the Data Center's data operations functions transitioned to the Technology Center, which is now responsible for collecting, validating, safeguarding, and disseminating financial data necessary to achieve OFR's mandate. The Data Center's efforts are divided into two major focus areas, Data Products and Data Standards.

Data Products

The Data Products Team, created during the restructuring, develops new and innovative financial stability monitoring tools. The team also identifies enhancements to existing tools that meet the needs of OFR's stakeholders.

Product managers will oversee a portfolio of data products designed to monitor stability in the financial markets. Stakeholder liaisons will continue the OFR's engagement with the FSOC

Secretariat, FSOC member agencies, the financial services industry, and others to ensure OFR's data products meet stakeholders' needs as well as get a better understanding of unmet or underserved data needs.

The OFR envisions its data products as high-quality monitoring tools to be used by key stakeholders, such as the FSOC and its members, members of Congress, financial industry participants, academics, the news media, and the public. Current tools include four online monitors, described in more detail below in Section D on Evidence-Building Activity. In FY 2020 and FY 2021, the OFR will continue to enhance existing products.

Data Standards
The Data Center leads work on the OFR's priority to continue engagement as an essential source of standards expertise necessary for financial stability risk measurement and monitoring. Standards for financial data will benefit regulators and financial market participants by making data aggregation easier, improving analysis, and reducing data collection costs. The OFR monitors progress through the following key performance indicators. Note that these are not measures but indicators because the OFR, through mechanisms such as its leadership in standards and regulatory oversight bodies and providing technical guidance to other regulators, can influence these metrics but cannot directly control them.

Data Center Description of Performance:

- Number of Legal Entity Identifiers (LEIs) Issued Cumulatively in the United States and Internationally – This indicator tracks the progress over time of industry's use of the LEI. The Data Center monitors this indicator with the expectation that it will continue to rise over time. If that trend were to reverse, it would revisit its strategies for promoting the adoption of this important identifier.
- Number of Times that Financial Data Standards are Incorporated in Rules and Regulations – This data point serves as an indicator of regulators' awareness of the importance of data standards and the extent to which data standards are being adopted in rules and regulations. Similar to the indicator above, the Data Center monitors activity in this area to determine whether relevant pending rules and regulations incorporate financial data standards as appropriate.

During FY 2019, the number of LEIs issued continued its upward trend, increasing by approximately 14 percent from the prior year. The Data Center will continue its strategy of engagement with financial data standards-setting organizations.

For FY 2019, the OFR was directly responsible for having a financial data standard incorporated into a rule or regulation: the OFR passed a final rule to collect repurchase agreements (repo) data that includes the reporting of LEIs.

2.1.2 – Technology Center Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
Expenses/Obligations	$30,970	$32,132	$29,235	$23,530	$28,278	$34,450	$35,986
Budget Activity Total	**$30,970**	**$32,132**	**$29,235**	**$23,530**	**$28,278**	**$34,450**	**$35,986**
Full-time Equivalents (FTE)	**51**	**61**	**63**	**52**	**47**	**57**	**63**

Note: In FY 2015 and prior the Data and Technology Centers jointly referred to as the Data Center.

Technology Center

($35,986,000 from Assessments):

The OFR Technology Center provides mission-critical analytic services that support complex and sensitive financial data research for the FSOC and OFR. As a result of a recent restructuring, the Technology Center is currently responsible for collecting, validating, safeguarding and disseminating financial data necessary to achieve the OFR mission. The Center also acquires and maintains analytic platforms, software, telecommunications, client applications, and office automation solutions as required to meet the Office mission.

U.S. Centrally-Cleared Repurchase Agreement Data Collection

The OFR has begun a phased-in collection of data pursuant to a final rule regarding U.S. centrally-cleared repurchase agreements (repos), which represents the OFR's first daily data collection. The Technology Center will continue to operationalize the daily collection processes that include validation and transformation of the collected data to support business uses. This budget request provides for the needed capacity and capabilities to support this critical daily collection. The OFR intends to develop performance measures related to the data collection and series publication after establishing baseline experience during the coming year.

Cloud Transition

OFR's mission requires the use of vast amounts of data to identify financial risks while reducing the burden of regulation and direct costs to the public. During the most recent technology refresh cycle, the OFR took the opportunity to reevaluate its Information Technology systems and services, taking into account risk management and compliance practices to ensure proper protection of all managed data assets. As a result of this evaluation, an $800,000 per year cost savings was realized by moving a large quantity of IT equipment and services to a cloud based platform. This funding has been reinvested in other OFR priorities. Future years of services are expected to result in as much as $12 million in cost savings every four to five years compared to previous information technology refreshes upon migration to the cloud. The OFR has internal performance measures for this activity, however they are not public because the measures contain sensitive information.

2.1.3 – Research and Analysis Center Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
Expenses/Obligations	$10,396	$14,239	$15,605	$12,302	$8,238	$14,111	$14,290
Budget Activity Total	**$10,396**	**$14,239**	**$15,605**	**$12,302**	**$8,238**	**$14,111**	**$14,290**
Full-time Equivalents (FTE)	**43**	**54**	**53**	**42**	**24**	**31**	**36**

Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Percent of Monitors Updated or Expanded During the Reporting Period (%)	N/A	N/A	N/A	N/A	N/A	N/A	90	95
Timeliness of Responses to FSOC Research and Analysis Requests (%)	N/A	N/A	N/A	N/A	N/A	N/A	90	95

Research and Analysis Center

($14,290,000 from Assessments):

The Research and Analysis Center conducts research and analysis on systemic risk, macroprudential policy, and financial stability. Working closely with the FSOC, the Treasury, the Financial Research Advisory Council, and other key stakeholders, the OFR collaboratively identifies important issues that need to be addressed and focuses its resources on delivering impactful results.

Supporting the FSOC and Congress with Timely and Relevant Research, Analysis, and Risk monitoring tools.

The Research and Analysis Center contributes to nearly all of the OFR's priorities. In particular, the Center is focused on engaging with FSOC and others to drive its research agenda and to help identify the tools needed for risk monitoring. The Research and Analysis Center will also work on enhancing its existing monitoring tools. Throughout FY 2020 and FY 2021, the Research and Analysis Center will continue its direct work for the FSOC Secretariat, providing support for its annual report to Congress in the form of research, analysis, and other resources. The Center will contribute to the FSOC's transition to an activities-based approach for the non-bank designation process and will continue to respond to specific requests for research and analysis as needed.

The OFR has introduced two new measures which reflect its focus on meeting FSOC's research and analysis needs; and its priority around risk monitoring tools. As noted above, once the OFR has finalized its FY 2020-2024 Strategic Plan, it may identify additional metrics to help track progress toward its strategic goals and objectives.

<u>*Research and Analysis Center Description of Performance:*</u>

- <u>Percent of Monitors Updated or Expanded during the Reporting Period (new)</u>: Percentage is defined as the number of monitors updated or expanded divided by the total number of monitors during the reporting period. This will be reported both quarterly and annually. This measure tracks performance on OFR's priority area related to risk monitoring tools and also serves as an indicator that update processes are operating without issues. The data will come from internal logs.

- Timeliness of Responses to FSOC Research and Analysis Requests (new): Percentage is defined as the number of timely responses divided by the total number of requests, where timely is defined as by the agreed-upon date of delivery. This measure helps track performance on OFR's priority to provide timely service delivery to FSOC as OFR's primary stakeholder. The data is recorded in an excel spreadsheet recording request dates, due dates, and actual delivery dates.

2.1.4 – Operations and Support Services Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
Expenses/Obligations	$26,110	$32,026	$26,533	$24,226	$17,496	$23,211	$21,420
Budget Activity Total	**$26,110**	**$32,026**	**$26,533**	**$24,226**	**$17,496**	**$23,211**	**$21,420**
Full-time Equivalents (FTE)	**49**	**56**	**59**	**49**	**25**	**29**	**34**

Operations and Support Services
($21,420,000 from Assessments):
The category "Operations and Support Services" contains the activities of the Director's Office, Operations, and Chief Counsel. The category includes support provided through a shared services model and reimbursable arrangements with Treasury's Departmental Offices; personnel benefits services from the Office of the Comptroller of the Currency; and services from Treasury's Bureau of the Fiscal Service Administrative Resource Center, including services related to human resources, procurement, travel, and financial management.

Following the significant restructuring of its organization, the OFR has made organizational excellence a critical priority. Initiatives related to the Employee Viewpoint Survey, internal communications, process improvements, and performance management will be led by Operations and guided by the Director's Office and Chief Counsel. As these initiatives are planned and implemented, Operations will identify measures to track progress in these areas. As appropriate, these measures may be included in the FY 2022 request.

C – Changes in Performance Measures

Performance Measure or Indicator	Proposed Change and Justification
1. Percent of Monitors Updated or Expanded during the Reporting Period (new)	Percentage is defined as the number of monitors updated or expanded divided by the total number of monitors during the reporting period. This will be reported both quarterly and annually. This measure tracks performance on OFR's priority area related to risk monitoring tools and also serves as an indicator that update processes are operating without issues. The data will come from internal logs.
2. Timeliness of Responses to FSOC Research and Analysis Requests (new)	Percentage is defined as the number of timely responses divided by the total number of requests, where timely is defined as by the agreed-upon date of delivery. This measure helps track performance on OFR's priority to provide timely service delivery to FSOC as OFR's primary stakeholder. The data is recorded in an excel spreadsheet recording request dates, due dates, and actual delivery dates.

D – Evidence-Building Activity

The OFR's overall function and purpose—on behalf of the FSOC—is to provide high-quality financial data and data-driven research and analysis to inform policymakers, regulators, financial market participants, and the American public about threats to the financial stability of the U.S. In FY 2019, the OFR conducted data-driven research and analysis to deliver a report to Congress covering the following risk areas: macroeconomic, market, credit, solvency and leverage, funding and liquidity, and contagion. Similar work assessing the state of the U.S. financial system will continue during FY 2020 and beyond.

The OFR has also worked to fulfill its data-related mandates through an array of initiatives, including issuing a final rule to collect data on transactions in the $4 trillion market for repurchase agreements (repos), which provides funding to securities dealers and others. This collection will improve transparency and risk monitoring on the market. Implementation began in FY 2019 and will continue into the next fiscal year.

The OFR has also continued its work to provide data-driven tools for risk measurement and monitoring and make them available to the public.

Current offerings include:

- **Financial Stress Index**:
  The daily index supports the monitoring of stress in the financial system. It is constructed from 33 financial market indicators, such as yield spreads, valuation measures, and interest rates.
- **Financial System Vulnerabilities Monitor:**
  The quarterly monitor is a heat map of 58 indicators of vulnerabilities in the financial system. It is a starting point for monitoring U.S. financial stability. It is designed to provide early warning signals of potential vulnerabilities that merit further investigation.
- **G-SIB Interactive Chart:**
  The interactive online tool shows systemic importance scores and score components for global systemically important banks.
- **U.S. Money Market Fund Monitor:** The monthly monitor converts data from a Security and Exchange Commission reporting form into a user-friendly format. Users can examine individual funds and the industry as a whole.

In FY 2020 and FY 2021, the OFR will continue to produce the monitoring tools described above, and will explore the addition of new ones as appropriate.

Section III – Additional Information

A – Summary of Capital Investments

The OFR has no capital investments. Capital investments that support OFR are included in the Departmental Offices plan. A summary of capital investment resources, including major IT and non-IT investments can be found at: https://home.treasury.gov/about/budget-financial-reporting-planning-and-performance/budget-requestannual-performance-plan-and-reports. This website contains a digital copy of this document.

Department of the Treasury Financial Stability Oversight Council

Congressional Budget Justification and Annual Performance Plan and Report

FY 2021

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Section I – Budget Request

A – Mission Statement
To identify risks to the financial stability of the United States, to promote market discipline, and to respond to emerging threats to the stability of the U.S. financial system.

B – Summary of the Request
The Financial Stability Oversight Council (FSOC or Council) is estimating a fiscal year (FY) 2021 funding level of $10.439 million, which is an increase of $1.410 million from the FY 2020 estimated funding level. This request includes $6.138 million for the FSOC Secretariat and the Office of the Independent Member with Insurance Expertise, and $4.301 million to reimburse the Federal Deposit Insurance Corporation (FDIC) for certain expenses as required by law. This is a projected increase of $1.308 million in FDIC reimbursable activity when compared to FY 2019. On December 4, 2019, the Council approved new interpretive guidance regarding FSOC's nonbank financial company determinations. The guidance implements an activities-based approach for identifying and addressing potential risks to financial stability and enhances the analytical rigor and transparency of the Council's process for designating nonbank financial companies. The FY 2021 Budget also proposes to impose appropriate Congressional oversight of Council functions by subjecting its activities to the annual appropriations process beginning in FY 2022.

1.1 – Appropriations Detail Table
Dollars in Thousands

Budgetary Resources	FY 2019 Actual		FY 2020 Estimated		FY 2021 Estimated		FY 2020 to FY 2021 % Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Revenue/Offsetting Collections								
Assessments	0	$8,957	0	$10,001	0	$9,438	NA	-5.6%
Interest	0	$236	0	$171	0	$171	NA	0.0%
Recoveries	0	$194	0	$195	0	$195	NA	0.0%
Restoration of Sequestration Rescission	0	$531	0	$567	0	$600	NA	5.8%
Unobligated Balances from Prior Years	0	$7,777	0	$7,581	0	$8,886	NA	17.2%
Total Revenue/Offsetting Collections	**0**	**$17,695**	**0**	**$18,515**	**0**	**$19,290**	**NA**	**4.2%**
Expenses/Obligations								
FSOC	14	$5,246	18	$6,036	18	$6,138	0.0%	1.7%
FDIC	0	$4,301	0	$2,993	0	$4,301	NA	43.7%
Total Expenses/Obligations	**14**	**$9,547**	**18**	**$9,029**	**18**	**$10,439**	0.0%	15.6%
Sequestration Reduction	0	($567)		($600)		$0		
Net Results	**14**	**$7,581**	**18**	**$8,886**	**18**	**$8,851**	**0.0%**	**-0.4%**

1) The FSOC is financed through assessments on certain bank holding companies and nonbank financial companies. See Treasury's final rule and interim final rule governing the Assessments process: https://www.financialresearch.gov/strategy-budget/files/final_rule_interim_final_rule.pdf
2) The funding for the first six months of operating expenses and 12 months of capital expenses are reflected in Unobligated Balances from Prior Years. This is because the first assessment covering the fiscal year beginning October 1 is collected on September 15 of the prior fiscal year.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2020 Estimate	**18**	**$9,029**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$102
Pay Annualization (2020 3.1% average pay raise)	0	$18
Pay-Raise (1.0% average pay raise)	0	$35
FERS Contribution Increase		$17
Non-Pay	0	$32
Subtotal Changes to Base	0	$102
FY 2021 Current Services	**18**	**$9,131**
Program Changes:		
Program Increases:	0	$1,308
FDIC Cost Adjustment	0	$1,308
Subtotal Changes to Base	0	$1,308
FY 2021 Estimate	**18**	**$10,439**

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) ....+$102,000 / +0 FTE

Pay Annualization (3.1%) +$18,000 / +0 FTE

Funds are requested for annualization of the January 2020 3.1% average pay raise.

Pay Raise (1.0% in 2021) +$35,000 / +0 FTE

Funds are requested for a 1.0% average pay raise in January 2021.

FERS Contribution Increase +$17,000 / +0 FTE

Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2021.

Non-Pay +$32,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Program Increases ....+$1,308,000 / +0 FTE

FDIC Cost Adjustment +$1,308,000 / +0 FTE

Cost increase for FDIC reimbursable expenses based on indications from FDIC that reimbursable activities will increase during fiscal year 2020.

1.3 Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2019 Actual Obligations	FY 2020 Estimated Obligations	FY 2021 Estimated Obligations
11.1 - Full-time permanent	1,789	2,578	2,648
11.3 - Other than full-time permanent	168	175	175
11.5 - Other personnel compensation	15	0	0
11.9 - Personnel Compensation (Total)	**1,972**	**2,753**	**2,823**
12.0 - Personnel benefits	567	793	813
Total Personnel and Compensation Benefits	**$2,539**	**$3,546**	**$3,636**
21.0 - Travel and transportation of persons	44	45	48
25.1 - Advisory and assistance services	145	291	296
25.2 - Other services from non-Federal sources	17	16	16
25.3 - Other goods and services from Federal sources	6,351	4,594	5,901
25.4 - Operation and maintenance of facilities	2	0	0
26.0 - Supplies and materials	307	527	532
31.0 - Equipment	72	10	10
32.0 - Land and structures	70	0	0
Total Non-Personnel	**7,008**	**5,483**	**6,803**
Total Budgetary Resources	**$9,547**	**$9,029**	**$10,439**
Full-time Equivalents (FTE)	**14**	**18**	**18**

D – Appropriations Language and Explanation of Changes

The FSOC receives no appropriations from Congress.

E – Legislative Proposals

Consistent with previous budget proposals the FY 2021 Budget proposes to impose appropriate Congressional oversight of Council functions by subjecting its activities to the annual appropriations process beginning in FY 2022.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

The FSOC supports the Department of the Treasury's Strategic Plan for FY 2018-2022 as follows:

- Goal 1: Boost U.S. Economic Growth
  - Objective 1.2 – Strong Economic Fundamentals
- Goal 2: Promote Financial Stability
  - Objective 2.4 – Financial Sector Critical Infrastructure & Cybersecurity

The Council is chaired by the Secretary of the Treasury and consists of 10 voting members and five nonvoting members who serve in an advisory capacity. 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 statutory purposes are to:

1) 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) promote market discipline, by eliminating expectations on the part of shareholders, creditors, and counterparties of such companies that the Government will shield them from losses in the event of failure; and
3) respond to emerging threats to the stability of the U.S. financial system.

The Council has a statutory duty to facilitate information sharing and coordination among the member agencies regarding domestic financial services policy development, rulemaking, examinations, reporting requirements, and enforcement actions.

Over the next year, the Council will continue to: monitor the financial system for emerging risks; facilitate interagency cooperation to identify and analyze emerging threats; and facilitate information sharing and interagency coordination with respect to various regulatory initiatives.

Over the last year, the Council continued to identify and monitor potential risks to U.S. financial stability; fulfilled its statutory requirements, including transmission of its ninth annual report to Congress; and served as a forum for coordination among member agencies. On December 4, 2019, the Council issued final guidance regarding nonbank financial company designations. The guidance implements an activities-based approach for identifying and addressing potential risks to financial stability, and enhances the analytical rigor and transparency of the Council's process for designating nonbank financial companies.

By law, the Council is required 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 FY 2019, the Council convened five times. The Council will continue to remain focused on 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 with the public about Council activities and decisions.

The Council is an executive agency and is not an office or bureau of the Department of the Treasury (Treasury). However, by law, the Council's expenses (and, indirectly, FDIC reimbursements) are considered expenses of the Office of Financial Research, an office within Treasury.

B – Budget and Performance by Budget Activity

2.1.1 – Financial Stability Oversight Council Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimated	FY 2021 Estimated
Appropriated Resources	$6,236	$7,157	$5,655	$4,966	$5,246	$6,036	$6,138
Budget Activity Total	**$6,236**	**$7,157**	**$5,655**	**$4,966**	**$5,246**	**$6,036**	**$6,138**
Full-time Equivalents (FTE)	**22**	**22**	**17**	**13**	**14**	**18**	**18**

The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

Financial Stability Oversight Council

($6,138,000 from Assessments):

There are no measures specified for managing Council performance. The FSOC's annual reports and other public documents, as well as individual Council member agencies' performance documents, provide information to the public relevant to the Council's performance. Information on the Council is provided on www.treasury.gov, www.fsoc.gov, and member agency websites to provide transparency and accountability.

2.1.2 – FDIC Reimbursement Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimated	FY 2021 Estimated
Appropriated Resources	$7,628	$6,571	$5,126	$4,162	$4,301	$2,993	$4,301
Budget Activity Total	**$7,628**	**$6,571**	**$5,126**	**$4,162**	**$4,301**	**$2,993**	**$4,301**
Full-time Equivalents (FTE)	**0**	**0**	**0**	**0**	**0**	**0**	**0**

The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

FDIC Reimbursement

($4,301,000 from Assessments):

Certain FDIC expenses are treated as expenses of the Council. By law, the Council's expenses include reimbursement of certain reasonable implementation expenses incurred by the FDIC in implementing Orderly Liquidation Authority. The FDIC must periodically submit requests for reimbursement to the Chairperson of the Council, who shall arrange for prompt reimbursement to the FDIC. FDIC expenses are for rule writing and resolution planning.

C – Changes in Performance Measures

FSOC has no changes in performance measures.

D – Evidence-Building Activity

To ensure all research, recommendations, and decisions of the Council are evidence-based, the Council routinely uses a variety of data sources obtained independently or in conjunction with the Office of Financial Research (OFR). These include commercially available products widely used throughout the financial services and markets, publically available data from U.S. federal and state agencies, international governments, trade associations, academic and public policy groups, and non-public data from financial regulatory agencies. At the direction of the Council, member agency staff may also produce original research and analysis on specific financial and economic topics.

Section III – Additional Information

A – Summary of Capital Investments

The FSOC has no capital investments. Capital investments that support the FSOC are included in the Treasury Franchise Fund Plan.

A summary of capital investments, including major information technology and non-technology investments, can be accessed at:
https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx.

Department of the Treasury
Treasury Franchise Fund

Congressional Budget Justification and Annual Performance Plan and Report

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Section I – Budget Request

A – Mission Statement
To assist customer agencies in meeting their mission by providing responsive, customer-focused, cost-effective administrative and information technology support services.

B – Summary of the Request
The Treasury Franchise Fund (TFF) supports effective administrative and information technology services through commitment to service, efficient operations, openness to change, and values-based behavior. The TFF achieves cost savings, promotes economies of scale, and increases productivity and efficiency in the use of resources by shared service providers.

The TFF providers include Departmental Offices' Treasury Shared Services Programs (TSSP), Departmental Offices' Centralized Treasury Administrative Services (CTAS), and the Bureau of the Fiscal Service's Administrative Resource Center (ARC). TFF providers offer financial management, procurement, travel, human resources, information technology, and other administrative services to federal customers on a fully cost recoverable, fee-for-service basis.

The TFF FY 2021 Congressional Budget Justification reflects revised estimates for FY 2020 along with funding requests for FY 2021. The revised estimates in FY 2020 include an increase operations and maintenance costs for ARC Administration (Admin) for administrative support services to support an expansion in the customer base. The FY 2020 revised estimates also include an increase for the expansion of ARC Information Technology (IT) services to the support technology modernization implementation of an onpremise cloud environment, and increased investment in cybersecurity measures that will protect the National Critical Financial Infrastructure.

The TFF FY 2021 budget submission will support the efforts in cybersecurity with transferred operations and maintenance from the Cybersecurity Enhancement Account (CEA) program to implement as a shared service provided to Treasury bureaus. FY 2021 initiatives in TSSP will increase efforts to support a strategic path-forward for a Treasury Enterprise-wide cloud solution, key systems modernizations and program support aimed at reducing redundant efforts by the bureaus.

The FY 2021 budget submission will also support an increase in ARC Admin for operations and maintenance costs to address expected customer growth. ARC Admin will continue to increase the efficiency and quality of services while ensuring customer compliance with new or changes to federal requirements through initiatives such as G-Invoicing implementation, customer workflow, financial statement reconciliation automation, and Robotic Process Automation.

1.1 – Resource Detail Table

Dollars in Thousands

Treasury Franchise Fund	FY 2019		FY 2020		FY 2021		FY 2020 to FY 2021			
Budgetary Resources	Actual		Estimate		Estimate		$ Change		% Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Revenue/Offsetting Collections										
Treasury Shared Services Programs		$244,456		$274,017		$299,891		$25,874		9.44%
Centralized Treasury Administrative Services		$141,207		$166,591		$162,262		($4,329)		-2.60%
Administrative Support Services		$167,613		$176,521		$190,172		$13,651		7.73%
Information Technology Services		$179,603		$212,481		$216,996		$4,515		2.12%
Recoveries from Prior Years		$8,002		$24,123		$24,016		($107)		-0.44%
Unobligated Balances from Prior Years		$196,219		$209,795		$233,918		$24,123		11.50%
Total Revenue/Offsetting Collections		**$937,100**		**$1,063,528**		**$1,127,255**		**$63,727**		**5.99%**
Expenses/Obligations										
Treasury Shared Services Programs	225	$240,925	260	$274,017	269	$299,891	9	$25,874	3.46%	9.44%
Centralized Treasury Administrative Services	196	$136,565	201	$166,591	197	$162,262	(4)	($4,329)	-1.99%	-2.60%
Administrative Support Services	898	$170,184	1,077	$176,521	1,142	$190,172	65	$13,651	6.04%	7.73%
Information Technology Services	488	$179,631	504	$212,481	504	$216,996	0	$4,515	0.00%	2.12%
Total Expenses/Obligations	**1,807**	**$727,305**	**2,042**	**$829,610**	**2,112**	**869,321**	**70**	**$39,711**	3.43%	4.79%
Net Results		**$209,795**		**$233,918**		**$257,934**		**$24,016**		**10.27%**

1.2 – Budget Adjustments Table

Dollars in Thousands

Treasury Franchise Fund	FTE	Amount
FY 2020 Original Estimate	**2,023**	**$801,114**
Adjustments to FY 2020	**19**	**$28,496**
Increased Customer Base (ARC Admin/IT)	19	$28,496
FY 2020 Revised Estimate	**2,042**	**$829,610**
Changes to Base:		
Adjustment to Base		
Continuous Diagnostic and Mitigation (CDM) Licenses Phase I and II		($10,000)
Maintaining Current Levels (MCLs):		$17,696
Pay Annualization (2020 3.1% average pay raise)		$1,956
Pay Raise (1.0% average pay raise)		$1,907
FERS Contribution Increase		$2,288
Non-Pay		$11,545
Subtotal Changes to Base	0	$7,696
Total FY 2021 Current Services	**2,042**	**$837,306**
Program Changes:		
Program Increases:	74	$39,810
Cybersecurity Enhancement Account (CEA) Operations and Maintenance (TSSP)	0	1,222
Treasury Enterprise-wide Cloud Infrastructure (TSSP)	3	3,153
Systems Modernization and Program Support (TSSP)	2	$5,909
Realignment of CTAS Programs to TSSP (TSSP)	4	$7,795
Customer Growth (ARC Admin)	65	$9,631
Continuous Diagnostic and Mitigation (CDM) Licenses Phase I and II	0	$12,100
Program Decreases:	(4)	($7,795)
Realignment of CTAS Programs to TSSP (CTAS)	(4)	($7,795)
Subtotal Changes to Base	70	$32,015
FY 2021 Estimate	**2,112**	**$869,321**

C – Budget Increases and Decreases Description

FY 2020 Adjustments ……………………………………….………. +$28,496,000/ +19 FTE

Increased Customer Base (ARC Admin/IT) +$28,496,000 / +19 FTE

Increased customer base for ARC Administrative support with five agencies resulting in program increases of $5,986,000 for operations and maintenance costs, and provides cost sharing and avoidance opportunities for both new and current agencies. Additional increases of $22,510,000 for ARC IT will support technology modernization, implementation of an on premise cloud environment, and increased investment in cybersecurity measures that will protect the National Critical Financial Infrastructure.

FY 2021 Changes to Base……....…………………………………………-$10,000,000/ -0 FTE
Continuous Diagnostic and Mitigation (CDM) Licenses (TSSP), -$10,000,000 / -0 FTE
In accordance with Office of Management and Budget (OMB) Memorandum 20-04, this reduction from the base budget will enable the TFF to show a specific line item increase in FY 2021 for the estimated costs for the Continuous Diagnostic and Mitigation (CDM) licenses.

Maintaining Current Levels (MCLs) ....+$17,696,000 / +0 FTE
Pay Annualization (3.1%) +$1,956,000 / +0 FTE:
Funds are required for annualization of the January 2020 3.1% average pay raise.

Pay Raise (1.0% in 2021) +$1,907,000 / +0 FTE:
Funds are required for a 1.0% average pay raise in January 2021.

FERS Contribution Increase +$2,288,000 / +0 FTE
Funds are required for the Federal Employee Retirement System (FERS) contribution rates effective FY 2021.

Non-Pay +$11,545,000 / +0 FTE
Funds are required for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Program Increases ....+$39,810,000 / +74 FTE
Cybersecurity Enhancement Account (CEA) Operations and Maintenance (O&M) (TSSP) +$1,222,000 / +0 FTE
Treasury requires an increase to TSSP by $1,222,000 to transition additional operations and maintenance costs from CEA to TSSP. Treasury uses the CEA account to fund new investment to enhance enterprise protections against cyber threats. Once the new functionality is built, ongoing O&M is funded by customers through the Franchise Fund. Total CEA O&M in FY 2021 is $10,100,000, this includes a base level of $8,821,000 that was transferred to TSSP in FY 2020 plus the requested increase. The FY 2021 increase will support the operations and maintenance costs for the Fiscal Service Trusted Internet Connection (TIC).

Treasury Enterprise-wide Cloud Infrastructure (TSSP) +$3,153,000 / +3 FTE
Treasury requires an increase to TSSP by $3,153,000 to support the expansion of the Workplace Community Cloud (WC2) to consolidate Treasury-wide cloud services into an enterprise-wide solution.

Systems Modernization and Program Support (TSSP) +$5,909,000 / +2 FTE
Treasury requires an additional $5,909,000 to fund capital expenditures for platform upgrades, technical refreshes and expanded support for new system capabilities such as the Freedom of Information Act (FOIA) system replacement, Single-Sign and robust dashboard reporting tools. The additional staff will provide support for the implementation of the Secretary's strategic priorities and the President's Management Agenda. The additional staff will also manage new statutory responsibilities such as the Program Management Improvement Accountability Act (PMIAA) and Title I of the Foundations in Evidence-based Policy (FEBP) Making Act.

Realignment of Centralized Treasury Administrative Services (CTAS) to Treasury Shared Services Programs (TSSP) +$7,795,000 / +4 FTE

The Treasury Secured Data Network (TSDN) and Communication Security (COMSEC) programs will be realigned from CTAS to TSSP. The shift will result in a more efficient approach to program budget formulation and executing customers billing by consolidating these programs into TSSP. The shift has a net neutral effect on FTEs and budgetary resources for the TFF.

Customer Growth (ARC Admin) +$9,631,000 / +65 FTE

Increase reflects operations and maintenance costs, and provides cost sharing and avoidance opportunities for both the new and current agencies supported by ARC. In FY 2019, ARC expanded services with FinCEN and supported shared services transitions with five agencies:

- Corporation for National and Community Service
- Office of Personnel Management
- Federal Mediation and Conciliation Service
- Federal Trade Commission
- U.S. Tax Court

Continuous Diagnostic and Mitigation (CDM) Licenses (TSSP) +$12,100,000 / +0 FTE

The FY 2021 estimated costs for the Continuous Diagnostic and Mitigation (CDM) licenses is $12,100,000 for both Phase I ($5,700,000) and Phase II ($6,400,000). These licenses are provided by the Department of Homeland Security with the costs allocated to the Treasury bureaus through the TSSP. The CDM Program enhances the overall security posture of the Federal Government by providing Federal agencies with capabilities to monitor vulnerabilities and threats to their networks in near real-time. This increased situational awareness allows agencies to prioritize actions to mitigate or accept cybersecurity risks based on an understanding of the potential impacts to their mission.

Program Decreases ....-$7,795,000 / -4 FTE

Realignment of Centralized Treasury Administrative Services (CTAS) to Treasury Shared Services Programs (TSSP) -$7,795,000 / -4 FTE

The TFF will realign the Treasury Secured Data Network (TSDN) and Communication Security (COMSEC) programs from CTAS to TSSP. The shift has a net neutral effect on FTEs and budgetary resources for the TFF.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Treasury Franchise Fund Object Classification	FY 2019 Actual Obligations	FY 2020 Estimate Obligations	FY 2021 Estimate Obligations
11.1 - Full-time permanent	163,821	177,013	187,097
11.3 - Other than full-time permanent	928	926	965
11.5 - Other personnel compensation	5,851	2,794	2,866
11.6 - Overtime	271	2,843	3,004
11.9 - Personnel Compensation (Total)	**170,871**	**183,576**	**193,931**
12.0 - Personnel benefits	57,195	68,789	73,043
Total Personnel and Compensation Benefits	**$228,066**	**$252,365**	**$266,974**
21.0 - Travel and transportation of persons	1,506	1,523	1,586
22.0 - Transportation of things	81	43	43
23.1 - Rental payments to GSA	34,430	37,461	37,461
23.2 - Rental payments to others	53	320	324
23.3 - Communication, utilities, and miscellaneous charges	70,929	79,287	86,626
24.0 - Printing and reproduction	159	369	369
25.1 - Advisory and assistance services	113,683	120,304	125,613
25.2 - Other services from non-Federal sources	15,272	16,161	16,875
25.3 - Other goods and services from Federal sources	133,829	141,622	149,973
25.4 - Operation and maintenance of facilities	1	42	42
25.7 - Operation and maintenance of equipment	80,378	104,729	107,444
26.0 - Supplies and materials	4,889	3,864	3,893
31.0 - Equipment	36,865	59,499	60,077
32.0 - Land and structures	7,165	12,021	12,021
Total Non-Personnel	**499,240**	**577,245**	**602,347**
Total Obligations	**$727,306**	**$829,610**	**$869,321**
Full-time Equivalents (FTE)	**1,807**	**2,042**	**2,112**

D – Appropriations Language and Explanation of Changes

The TFF receives no annually appropriated resources from Congress.

E – Legislative Proposals

The TFF does not have legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

Alignment with the Treasury Strategic Plan:

The Treasury Franchise Fund aligns to the following Treasury strategic goals and objectives as presented in the FY 2018 - 2022 strategic plan:

Goal 4: Transform Government-wide Financial Stewardship

- Objective 4.3 – Federal Financial Performance – Improve federal financial management performance using innovative practices to support effective government.

Goal 5: Achieve Operational Excellence

- Objective 5.1 – Workforce Management – Foster a culture of innovation to hire, engage, develop, and optimize a diverse workforce with the competencies necessary to accomplish our mission.

- Objective 5.2 – Treasury Infrastructure – Better enable mission delivery by improving the reliability, security, and resiliency of Treasury's infrastructure.

- Objective 5.3 – Customer Value – Improve customer value by increasing the quality and lowering the cost of Treasury's products and services.

The TFF is well positioned in FY 2021 to be a key federal resource. In direct alignment with the President's Management Agenda (PMA) Cross-Agency Priority (CAP) Goal 5- Share Quality Services, the TFF service providers aim to enhance federal mission effectiveness through increased use of cloud-based solutions, reduce cybersecurity risks, and build a modern Information Technology (IT) workforce. The TFF emphasizes this through a standardized "build once, use many" service model with a focus on providing economies of scale enabling agencies to concentrate on mission critical activities.

TFF continues to set the benchmark for federal mission support services and is committed to:

- Customer satisfaction
- Streamlining processes
- Implementing innovative and customer centric solutions

TFF also supports the President's Management Agenda by investing in a 21st Century workforce through:

- Developing an enterprise IT workforce transformation plan that includes an IT recruiting and training roadmap that enables evolution as technology trends change.
- Training staff on the latest technologies and methods; and
- Hiring adaptable technologists who are trained on industry-proven IT tools, and who have a passion for modernizing and securing the IT infrastructure of our government.

B – Budget and Performance by Budget Activity
2.1.1 – Treasury Shared Services Program Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 TBD	FY 2021 Request
Expenses/Obligations	225,024	229,070	235,811	241,845	235,515	274,017	299,891
Budget Activity Total	**$225,024**	**$229,070**	**$235,811**	**$241,845**	**$235,515**	**$274,017**	**$299,891**
Full-tim Equivalents (FTE)	**251**	**228**	**235**	**234**	**225**	**260**	**269**

The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Target	FY 2019 Actual	FY 2020 Target	FY 2021 Target
Average Cost per FTE	N/A	N/A	N/A	N/A	1,383.0	1,463.5	1,460.0	1,580.3
Annual Effective Spend Rate	N/A	N/A	N/A	N/A	96.0	97.1	96.0	96.0
Customer Satisfaction	N/A	N/A	N/A	N/A	B	75	80	80

Key: Disc - B - Baseline

Treasury Shared Services Programs Budget and Performance
($299,891,000 from offsetting collections):
Treasury Shared Services Programs (TSSP) provides administrative and information technology services on a competitive basis, and also delivers outstanding customer service. TSSP supports the goals and objectives for the current Treasury Strategic Plan by allowing customers to maximize their operations support resources and the benefit from centralized approaches to program support and administration.

<u>Description of Performance:</u>
In FY 2019, TSSP decreased the number of performance measures used in order to focus on measures that specifically gauge customer satisfaction and the value proposition of the services provided. TSSP finalized the following measures:
Average Cost per FTE
Annual Effective Spend Rate
Customer Satisfaction (baselined in FY 2019)

In order to provide greater transparency into the value proposition of shared services, TSSP established the average cost per FTE and annual effective spend rate measures. As agencies budgets shrink, it becomes increasingly important to demonstrate clear insight into the current cost of shared services and to assess the cost efficiency benefits of the shared approach.

The annual effective spend rate speaks to the financial management and oversight of the program. It gives insight into the how much of the resources collected from customers are being obligated for service delivery in the fiscal year. This measure speaks to the efficient use of resources by the service providers. In FY 2019, 97 percent of the funds collected from customers for the shared services was obligated which was above the 96 percent target rate set for the fiscal year. The target will remain at 96 percent for FY 2020 and FY 2021.

In FY 2019, the survey results yielded a 75 percent overall customer satisfaction rating for services provided through the TSSP. The target for this measure is set at 80 percent for both FY 2020 and 2021. Planned efforts to achieve this higher rating for customer satisfaction going forward will focus on identifying more opportunities for customer engagement and improved customer feedback mechanisms.

2.1.2 – Centralized Treasury Administrative Services Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 TBD	FY 2021 Request
Expenses/Obligations	NA	NA	NA	NA	136,565	166,591	162,262
Budget Activity Total	**$0**	**$0**	**$0**	**$0**	**$136,565**	**$166,591**	**$166,591**
Full-tim Equivalents (FTE)	**NA**	**NA**	**NA**	**NA**	**196**	**201**	**197**

Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2018 Actual	FY 2019 Target	FY 2019 Actual	FY 2020 Target	FY 2021 Target
Annual Effective Spend Rate	N/A	N/A	N/A	N/A	N/A	96.0	97.8	96.0	96.0
Customer Satisfaction	N/A	N/A	N/A	N/A	N/A	B	75	80	80

Key: Disc - B - Baseline

The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

Centralized Treasury Administrative Services Budget and Performance

($162,262,000 from offsetting collections):

The Centralized Treasury Administrative Services (CTAS) program provides administrative support to offices within Treasury's Departmental Offices. This support includes administrative functions such as financial management, travel, human resources, information technology, and facilities management. The programs formerly residing under DO SE fully transitioned to TFF in FY 2019.

Description of Performance:

FY 2019 was the first year of inclusion CTAS program into the TFF. CTAS has identified the following performance measures in FY 2019:

- Annual Effective Spend Rate
- Customer Satisfaction

In FY 2019, the annual effective spend rate was 98 percent, which was above the set target rate of 96 percent. The customer satisfaction rate was baselined in FY 2019. Results from a survey released in FY 2020, garnered a 75 percent satisfaction rating for the overall program.

The targets set for the annual effective spend rate and customer satisfaction measures are mirrored after the TSSP target to maintain consistency in overall financial management of the two shared services providers within Departmental Offices. The targets set in both FY 2020 and 2021 is 96 and 80 percent, for the annual effective spend rate and customer satisfaction measures respectively.

2.1.3 – Administrative Services Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 TBD	FY 2021 Request
Expenses/Obligations	$146,282	$156,869	$157,284	$150,876	$170,184	$176,521	$190,172
Budget Activity Total	**$146,282**	**$156,869**	**$157,284**	**$150,876**	**$170,184**	**$176,521**	**$190,172**
Full-time Equivalents (FTE)	**936**	**988**	**957**	**937**	**898**	**1,077**	**1,142**

Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Customer Unmodified Audit Opinions [%]	NA	NA	NA	100	100	100	100	100
Percentage of shared services service level agreement performance metrics met or exceeded [%]	NA	NA	NA	NA	89	94	94	94
Customer Satisfaction with ARC Admin Services [%]	NA	NA	NA	NA	TBD	B	80	80

Key: B - Baseline; TBD - To Be Determined

Note: Results from customer sastisfation survey are expected to be completed by end of Q2 in FY2020.

The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

Administrative Services Budget and Performance

($190,172,000 from offsetting collections):

ARC Admin is directly aligned with the Administration's CAP Goal 5 and supports OMB's Reform Plan and the Department of the Treasury's shared services initiatives. As a critical strategic partner to OMB and Treasury, ARC Admin supports:

the Financial Management Line of Business, designated Federal Shared Services Provider by OMB,

the Budget Formulation and Execution Line of Business, designated Federal Shared Service Provider by OMB, and

Treasury's Human Resources Line of Business.

ARC Admin's services allow agencies to focus on missions and avoid redundancies within administrative operations creating cost avoidance across government, including $113,400,000 in FY 2019 as reported in the Treasury Future of Federal Financial Management Vision progress statement.

<u>Description of Performance:</u>

In FY 2019, ARC Admin met the unmodified audit opinion and customer satisfaction measures, but fell short of the target for the percentage of service level agreement performance metrics met or exceeded. The shortfall was largely due to challenges managing workloads through periods of significant staff turnover. ARC continues to work with customer agencies to understand the changes thereby enabling them to align resources to support the demand. The following bullets highlight the Admin performance in FY 2019:

Expanded, improved, and implemented services and new requirements in support of current and future customers.

Completed upgrades to the core financial management system (Oracle) and fully integrated acquisition system; Procurement Information System for Management (PRISM).

Transitioned to SP3 credit card solution.

In FY 2020 and FY 2021, Admin Services is committed to meeting or exceeding service metrics, and continuing efforts to improve efficiency and effectiveness. These efforts are demonstrated through upgrades to the Oracle E-Business Suite and other support systems, deployment of business intelligence/data analytics and accounting reconciliation and financial statement solutions as well as, customer workflow solutions to improve efficiency and ARC customer experience.

2.1.4 – Information Technology Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 TBD	FY 2021 Request
Expenses/Obligations	$162,895	$192,877	$195,441	$194,952	$179,631	$212,481	$216,996
Budget Activity Total	**$162,895**	**$192,877**	**$195,441**	**$194,952**	**$179,631**	**$212,481**	**$216,996**
Full-time Equivalents (FTE)	**459**	**499**	**493**	**476**	**488**	**504**	**504**

Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Fiscal IT Hosting – Percentage of Time Service is Operational (Uptime Excluding Planned Maintenance)	N/A	99.8	99.2	99.8	99.9	99.0	99.0	99.0
Number of engagements in strategic sourcing, to include new IT customers, new scope of work for existing customers, or new FITARA compliant contracts available beyond Fiscal Service [#]	N/A	1.0	2.0	1.0	1.0	0.0	2.0	2.0

The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

Information Technology Services Budget and Performance
($216,996,000 from offsetting collections):
ARC Information Technology Services (ARC IT) provides shared services to a variety of federal customers. Value is provided through consolidated IT infrastructures and standardized IT service delivery in a modern, technically innovative, and secure environment.
ARC IT has embarked on a technology modernization initiative that will span several years to leverage an enterprise level Micro-services strategy that aligns business functions and capabilities. This approach will help rationalize the IT footprint, increase resiliency, reduce cyber vulnerabilities, and reduce overall IT costs. Additionally, this approach will result in better evaluation of IT costs and the level of service required to deliver value-added business solutions; more accurate IT portfolio performance measures; and ability to meet business requirements in an agile manner. Fiscal Service's objective is to use services and capabilities that are portable, reusable, scalable, and resilient, with the additional capability for automated deployment. The following actions are planned in FY 2020:
Expand the strategies established under the Cloud Sprint Teams [Leverage expert analysis where needed]
Establish Cloud Orchestration & Automation Toolsets
Begin building Micro-services
Phase 3 (Modernization Roadmap) Complete the IT Modernization Plan with outputs of:
Decision Guide ("Fit" Tool)
Assessment Outcomes

Target State Architecture/Capability Needs Roadmap
<u>Description of Performance:</u>
In FY 2019, ARC IT exceeded the hosting performance measure target, but did not achieve the target for number of engagements in strategic sourcing and achieve increased service levels. The following bullets highlight the IT performance in FY 2019:
Fiscal IT Hosting – In FY 2019, IT Services consistently exceeded the 99.0 percent infrastructure uptime target with a rating of 99.9 percent. Service value is achieved through cost effective hosting services and responsive, value-added support and customer service.
Number of engagements for strategic sourcing – This metric is defined as new work (Hosting, Security Services, Software Engineering, etc.) outside of the current scope for existing customers or establishment of a contract vehicle for Treasury or Government wide use. IT did not on-board new work or sponsor a crosscutting contract in FY 2019 due to increased priority to other key initiatives including IT modernization planning. ARC IT is currently on track to meet this target in FY 2020.
In FY 2020 and FY 2021, the IT service line performance measures are aligned with Treasury's IT strategy and the PMA, but also of most significance to its customers supported. IT has a long history of maintaining a high standard of hosting availability (99 percent), which reflects the commitment to minimize technology and cybersecurity risks though a highly skilled workforce and covering a 24/7 operation. In addition, IT will continue to emphasize and measure performance in executing IT acquisition strategies that leverage procurement awards that maximize federal buying power to reduce costs

C – Changes in Performance Measures
The TFF has no changes to any performance measures from the previous year President's Budget.

D – Evidence-Building Activity
As the shared services landscape evolves and expands to support the widening needs across the federal government, the TFF shifts to evidence based decision making for the management and oversight of the services provided. Using the policy analysis approach, the TFF issued a customer satisfaction survey for FY 2019 to a wide range of customers both internal and external. The TFF worked with the Office of Strategic Planning and Performance Improvements to develop a well-rounded survey tool that would give customers the opportunity to provide detailed feedback. Overall feedback was positive, the TFF receiving a 75 percent satisfaction rating (average is based on results from TSSP and CTAS FY 2019 surveys).

The feedback received from the survey will give much needed insight that can be used by fund's oversight body of the TFF to have more substantive conversations with service providers to focus on the following:

- Transparency efforts
- Customer engagement efforts
- Optimal service delivery model

The TFF will continue to pursue the use of evidence and data necessary to make critical decisions about program operations, policies and the overall management of the shared services programs.

Section III – Additional Information

A – Summary of Capital Investments

The TFF's planned investments enhance the capabilities and capacity of our financial management shared services. Investing in service oriented architecture will allow customers to streamline application connections resulting in benefits that include reducing development time, using industry development best practices for coding efforts, allowing real time processing of transactional data between systems, and independent communication between systems. This effort will also reduce redundancy, providing more flexible and efficient interfaces with customers' third-party applications.

The TFF plans to expand the use of an enterprise-wide financial statement reporting tool and update operational (transactional) reporting and analytical tools in order to provide a more efficient interpretation of large volumes of data, long-term stability, and improved presentation and distribution capabilities.

A summary of capital investment resources, including major information technology and non-technology investments can be found at: https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx. This website also contains a digital copy of this document. The Administrative Resource Center capital investments are contained within the Fiscal Service capital investment summary. The Treasury Shared Service Programs capital investments are contained within the Departmental Offices capital investment summary.

B – Treasury Franchise Fund Program Costs

This information is provided to fulfill requirements of Section 122 of the FY 2020 Financial Services and General Government appropriations bill.

Treasury Franchise Fund – Treasury Shared Services Programs, FY 2019 Total Charges by Customer

FY 2019 TSSP Customers	Enterprise Business Solutions	Infrastructure Operations	Cybersecurity	IT Strategy and Technology Management	Non-Information Technology Services	Total
Alcohol Tobacco Tax and Trade Bureau	$ 198,888.45	$ 610,584.28	$ 111,391.80	$ 15,879.52	$ 507,719.18	$ 1,444,463.23
Bureau of Printing and Engraving	$ 678,496.05	$ 4,218,556.71	$ 308,808.02	$ 56,576.53	$ 1,220,478.51	$ 6,482,915.83
Bureau of the Fiscal Service	$ 2,026,974.51	$ 671,246.91	$ 489,082.72	$ 65,115.23	$ 2,114,929.55	$ 5,367,348.91
Consumer Financial Protection	$ 917,582.44	$ -	$ -	$ -	$ 186,283.21	$ 1,103,865.65
DHS - Immigration & Customs Enforcement	$ -	$ -	$ -	$ -	$ 71,537.17	$ 71,537.17
DHS Office of Inspector General	$ -	$ -	$ -	$ -	$ 8,766.74	$ 8,766.74
DHS Customs and Immigration Service	$ -	$ -	$ -	$ -	$ 41,017.83	$ 41,017.83
DHS Headquarters	$ -	$ -	$ -	$ -	$ 108,970.78	$ 108,970.78
DHS U.S. Secret Service	$ 1,313,538.51	$ -	$ -	$ -	$ 56,937.49	$ 1,370,476.00
Community Development Financial Institutions Fund	$ 302,731.40	$ 20,846.85	$ 9,919.49	$ 2,365.03	$ 142,289.44	$ 478,152.22
DC Pensions	$ 25,124.95	$ 125,176.91	$ 2,834.14	$ 675.72	$ 71,551.71	$ 225,363.43
Federal Financing Bank	$ 1,640,795.65	$ 143,732.41	$ 4,380.04	$ 1,044.30	$ 94,707.70	$ 1,884,660.09
Financial Stability Oversight Council	$ 332,618.89	$ 67,944.71	$ 2,318.84	$ 552.87	$ 111,463.38	$ 514,898.68
Treasury Office of Financial Research	$ 253,907.51	$ 6,200,202.76	$ 396,998.99	$ 5,836.95	$ 419,854.24	$ 7,276,800.45
Treasury Office of Financial Stability	$ 1,264,585.37	$ 303,321.25	$ 4,380.04	$ 1,044.30	$ 243,002.13	$ 1,816,333.09
Treasury Office of Technical Assistance	$ 15,456.50	$ 68,863.90	$ 1,545.89	$ 368.58	$ 175,616.80	$ 261,851.67
Small Business Lending Fund Administration	$ 3,117.30	$ 25,464.32	$ 1,030.60	$ 245.72	$ 53,549.62	$ 83,407.55
Treasury Departmental Offices	$ 9,847,801.29	$ 5,662,580.33	$ 459,172.43	$ 43,399.91	$ 5,188,379.19	$ 21,201,333.15
State Small Business Credit Initiative Administration	$ -	$ -	$ -	$ -	$ 3,539.67	$ 3,539.67
Treasury Executive Office of Asset Forfeiture	$ 2,508,685.48	$ 168,495.30	$ 3,755.43	$ 798.58	$ 155,120.49	$ 2,836,855.28
Treasury Terrorism Risk Insurance Program	$ 1,818.34	$ 28,647.41	$ 1,159.42	$ 276.43	$ 47,309.65	$ 79,211.25
Department of Commerce	$ 9,682,765.35	$ -	$ -	$ -	$ 396,334.00	$ 10,079,099.35
DOC - National Oceanic & Atmosphere Administration	$ -	$ -	$ -	$ -	$ 24,481.99	$ 24,481.99
DOC - International Trade Administration	$ -	$ -	$ -	$ -	$ 19,826.59	$ 19,826.59
DOD - U.S. Air Force	$ -	$ -	$ -	$ -	$ 160,286.82	$ 160,286.82
Department of Energy	$ -	$ -	$ -	$ -	$ 4,157.37	$ 4,157.37
Department of Interior	$ 92,711.36	$ -	$ -	$ -	$ 3,660.31	$ 96,371.67
DOJ - Drug Enforcement Agency	$ -	$ -	$ -	$ -	$ 52,379.07	$ 52,379.07
DOJ - Executive Office of Immigration Review	$ -	$ -	$ -	$ -	$ 15,597.90	$ 15,597.90
DOJ - U.S. Marshal Service	$ -	$ -	$ -	$ -	$ 28,991.79	$ 28,991.79
DOJ Alcohol Tobacco Firearms and Explosives	$ 1,002,235.57	$ -	$ -	$ -	$ 92,565.30	$ 1,094,800.87
Department of Labor	$ 3,133,757.49	$ -	$ -	$ -	$ 201,875.83	$ 3,335,633.32
DOL - Bureau of Labor Statistics	$ -	$ -	$ -	$ -	$ 17,010.11	$ 17,010.11
DOL - Office of the Inspector General	$ -	$ -	$ -	$ -	$ 7,061.09	$ 7,061.09
Department of State	$ -	$ -	$ -	$ -	$ 136,060.89	$ 136,060.89
DOT- Federal Transit Agency	$ -	$ -	$ -	$ -	$ 13,416.08	$ 13,416.08
Department of Education	$ -	$ -	$ -	$ -	$ 62,685.01	$ 62,685.01
Export Import Bank-Office of the Inspector General	$ -	$ -	$ -	$ -	$ 2,824.44	$ 2,824.44
Environmental Protection Agency	$ -	$ -	$ -	$ -	$ 16,481.85	$ 16,481.85
Farm Credit Administration	$ -	$ -	$ -	$ -	$ (912.56)	$ (912.56)
Federal Communications Commission	$ 44,909.50	$ -	$ -	$ -	$ 1,727.70	$ 46,637.20
Federal Deposit Insurance Corporation	$ 96,000.00	$ -	$ -	$ -	$ 3,355.86	$ 99,355.86
Federal Deposit Insurance Corporation -Office of the Inspector General	$ -	$ -	$ -	$ -	$ 253.96	$ 253.96
Federal Emergency Management Agency	$ 204,509.55	$ -	$ -	$ -	$ 69,865.78	$ 274,375.33
Federal Housing Finance Agency	$ -	$ -	$ -	$ -	$ 35,305.47	$ 35,305.47
Financial Crimes Enforcement Network	$ 115,100.05	$ 1,252,991.08	$ 95,139.70	$ 9,367.99	$ 340,185.50	$ 1,812,784.32
Federal Reserve Board	$ -	$ -	$ -	$ -	$ 2,824.44	$ 2,824.44
Government Accountability Office	$ 582,780.16	$ -	$ -	$ -	$ 23,575.07	$ 606,355.23
General Service Administration	$ -	$ -	$ -	$ -	$ 68,286.88	$ 68,286.88
HHS - Agency for Healthcare Research and Quality	$ -	$ -	$ -	$ -	$ 2,760.95	$ 2,760.95
Housing and Urban Development	$ 2,946,256.81	$ -	$ -	$ -	$ 211,196.68	$ 3,157,453.49
HUD - Office of Inspector General	$ 60,804.04	$ -	$ -	$ -	$ 3,214.74	$ 64,018.78
Internal Revenue Service	$ 34,684,067.64	$ 69,875,511.74	$ 9,815,932.57	$ 2,300,656.20	$ 29,368,383.43	$ 146,044,551.57
Millennium Challenge Corporation	$ -	$ -	$ -	$ -	$ 23,041.83	$ 23,041.83
U.S. Mint	$ 989,116.05	$ 1,889,234.46	$ 265,814.46	$ 52,368.62	$ 1,315,642.73	$ 4,512,176.31
National Records and Archives Administration	$ -	$ -	$ -	$ -	$ 27,474.78	$ 27,474.78
National Transportation Safety Board	$ -	$ -	$ -	$ -	$ 9,117.62	$ 9,117.62
Office of the Comptroller of the Currency	$ 1,466,189.70	$ 1,213,369.04	$ 1,050,437.76	$ 121,169.61	$ 1,945,990.81	$ 5,797,156.92

Treasury Franchise Fund – Treasury Shared Services Programs, FY 2019 Total Charges by Customer (continued)

FY 2019 TSSP Customers	Enterprise Business Solutions	Infrastructure Operations	Cybersecurity	IT Strategy and Technology Management	Non-Information Technology Services	Total
Office of Government Ethics	$ -	$ -	$ -	$ -	$ 2,856.18	$ 2,856.18
Treasury Office of Inspector General	$ 148,123.37	$ 399,478.85	$ 23,743.91	$ 5,528.65	$ 207,664.59	$ 784,539.37
Overseas Private Investment Corporation	$ -	$ -	$ -	$ -	$ 12,709.97	$ 12,709.97
Peace Corps	$ 119,143.12	$ -	$ -	$ -	$ 4,593.12	$ 123,736.24
Small Business Administration	$ 366,663.13	$ -	$ -	$ -	$ 44,863.36	$ 411,526.49
Special Inspector General for TARP	$ 193,216.95	$ 958,582.49	$ 10,225.49	$ 4,300.06	$ 211,790.01	$ 1,378,115.00
National Gallery of Art	$ -	$ -	$ -	$ -	$ 16,946.62	$ 16,946.62
TFF - Administrative Resources Center	$ 1,755,848.19	$ 2,878,378.15	$ 349,646.93	$ 46,532.82	$ 770,046.16	$ 5,800,452.24
Treasury Inspector General for Tax Administration	$ 514,558.06	$ 2,295,768.78	$ 113,283.98	$ 24,633.21	$ 593,989.80	$ 3,542,233.84
USAID	$ 1,882,403.10	$ -	$ -	$ -	$ 46,235.58	$ 1,928,638.68
Veterans Affairs	$ -	$ -	$ -	$ -	$ 42,493.54	$ 42,493.54
Total	**$81,413,281.83**	**$99,078,978.66**	**$13,521,002.63**	**$2,758,736.85**	**$47,684,201.48**	**$244,456,201.45**

Treasury Franchise Fund – Centralized Treasury Administrative Services Programs, FY 2019 Total Charges by Customer

FY 2019 CTAS Customers	Information Technology Services	Treasury Facilities and Operations Services	Financial Management Services	Budget and Travel Services	Human Resources Services	Privacy, Transparency and Records Services	Other Administrative Services	Total
Bureau of the Fiscal Service	$ 210,116.00	$ -	$ -	$ -	$ -	$ -	$ 2,016.94	$ 212,132.94
Consumer Financial Protection	$ 24,765.70	$ 943,536.54	$ -	$ -	$ -	$ -	$ 43,924.37	$ 1,012,226.61
Community Development Financial Institutions Fund	$ 51,645.42	$ 1,398,671.70	$ 922,550.68	$ 107,261.77	$ 78,172.63	$ -	$ 43,924.37	$ 2,602,226.56
DC Pensions	$ 486,623.33	$ 643,023.89	$ -	$ 173,489.20	$ -	$ -	$ 21,962.18	$ 1,325,098.61
Federal Financing Bank	$ 2,918,122.68	$ 827,754.01	$ -	$ 64,749.02	$ -	$ -	$ 59,611.64	$ 3,870,237.35
Financial Stability Oversight Council	$ 191,393.00	$ 260,735.48	$ -	$ 193,996.66	$ -	$ -	$ 10,981.09	$ 657,106.23
Treasury Office of Financial Research	$ 92,573.44	$ 4,583,825.39	$ -	$ 2,222,863.98	$ 677,839.66	$ -	$ 138,048.01	$ 7,715,150.49
Treasury Office of Financial Stability	$ 845,187.04	$ 1,473,349.63	$ 856,275.80	$ 462,845.73	$ 82,823.55	$ 359,953.96	$ 84,263.07	$ 4,164,698.78
Treasury Office of Technical Assistance	$ 47,869.40	$ 637,253.27	$ -	$ 2,371,109.71	$ -	$ -	$ 49,078.76	$ 3,105,311.13
Small Business Lending Fund Administration	$ 128,850.32	$ 153,960.12	$ 411,599.78	$ 62,259.80	$ -	$ -	$ 14,566.75	$ 771,236.77
Treasury Departmental Offices	$ 31,192,076.87	$ 24,583,968.42	$ 1,603,000.00	$ 14,386,473.30	$ 3,140,412.00	$ 2,921,766.00	$ 1,169,598.33	$ 78,997,294.93
Treasury Executive Office of Asset Forfeiture	$ 786,709.08	$ 9,906,341.13	$ -	$ 1,964,704.00	$ -	$ -	$ 209,313.06	$ 12,867,067.27
Treasury Terrorism Risk Insurance Program	$ 57,865.64	$ 29,042.32	$ -	$ 34,053.70	$ -	$ -	$ 2,241.04	$ 123,202.70
DOC - National Oceanic & Atmosphere Administration	$ 724.00	$ 140.49	$ 10,791.41	$ -	$ -	$ -	$ 224.10	$ 11,880.00
DOD - Defense Security Cooperation Agency	$ -	$ -	$ 112,912.13	$ -	$ -	$ -	$ 3,809.77	$ 116,721.90
Department of Interior	$ -	$ -	$ 22,562.56	$ -	$ -	$ -	$ -	$ 22,562.56
DOS - South and Central Asian Affairs	$ 9,653.35	$ 1,844.70	$ -	$ -	$ -	$ -	$ 224.10	$ 11,722.16
DOT - Build American Bureau	$ -	$ -	$ 117,843.09	$ -	$ -	$ -	$ 1,792.83	$ 119,635.92
Department of Education	$ 18,582.70	$ 3,548.92	$ 424,800.62	$ -	$ -	$ -	$ 8,067.74	$ 454,999.98
Farm Credit Administration	$ -	$ -	$ 123,137.04	$ -	$ -	$ -	$ 4,925.48	$ 128,062.52
Financial Crimes Enforcement Network	$ -	$ 2,435,815.36	$ -	$ -	$ -	$ -	$ 41,683.33	$ 2,477,498.68
HHS - Centers for Medicare & Medicaid Services	$ 8,688.01	$ 1,660.23	$ 220,618.21	$ -	$ -	$ -	$ 4,033.87	$ 235,000.33
HUD - Public & Indian Housing	$ -	$ -	$ 59,634.16	$ -	$ -	$ -	$ 1,120.52	$ 60,754.68
Internal Revenue Service	$ 48,266.74	$ 31,654.93	$ -	$ -	$ -	$ -	$ 2,241.04	$ 82,162.71
Office of the Comptroller of the Currency	$ 168,536.00	$ -	$ -	$ -	$ -	$ -	$ 2,913.35	$ 171,449.35
Treasury Office of Inspector General	$ -	$ 17,274.94	$ -	$ -	$ -	$ -	$ 224.10	$ 17,499.04
Special Inspector General for TARP	$ 1,439,425.52	$ 1,902,459.89	$ -	$ 112,800.38	$ -	$ 9,000.00	$ 60,283.95	$ 3,523,969.75
TDP - Shared Services Program	$ 4,084,397.31	$ 6,395,090.59	$ -	$ 5,558,955.53	$ -	$ -	$ 264,442.62	$ 16,302,886.04
Treasury Inspector General for Tax Administration	$ 43,005.00	$ -	$ -	$ -	$ -	$ 3,377.00	$ 896.42	$ 47,278.42
Total	**$ 42,855,076.55**	**$ 56,230,951.95**	**$ 4,885,725.48**	**$ 27,715,562.78**	**$ 3,979,247.84**	**$ 3,294,096.96**	**$ 2,246,412.84**	**$ 141,207,074.40**

Treasury Franchise Fund – Administrative Resource Center, FY 2019 Total Charges by Customer

FY 2019 ARC Customers	Financial Management Services	FMLoB FEES	Human Resource Services	Procurement Services	Travel Services	Information Technology Services	Total
ACCESS BOARD	$ 262,149.00		$ 100,719.00	$ 50,434.00	$ 24,267.00		$ 437,569.00
ADMIN OFFICES OF THE US COURTS	$ 76,328.00						$ 76,328.00
ADMINISTRATION FOR CHILDREN AND FAMILIES	$ 106,525.00				$ 2,661.00		$ 109,186.00
AFRICAN DEVELOPMENT FOUNDATION	$ 884,456.00			$ 300,549.00	$ 21,503.00		$ 1,206,508.00
AGENCY FOR INTERNATIONAL DEVELOPMENT	$ 86,374.00	$ 95,819.00					$ 182,193.00
AGENCY FOR INTERNATIONAL DEVELOPMENT - OIG	$ 99,419.00						$ 99,419.00
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU	$ 802,356.00		$ 1,010,157.00	$ 891,934.00	$ 189,006.00		$ 2,893,453.00
ALCOHOL TOBACCO FIREARMS AND EXPLOSIVES					$ 972,916.00		$ 972,916.00
ARCHITECT OF THE CAPITOL	$ 60,384.46						$ 60,384.46
ARMED FORCES RETIREMENT HOME	$ 877,434.00		$ 1,171,872.00	$ 448,783.00	$ 13,349.00		$ 2,511,438.00
BUREAU OF ENGRAVING AND PRINTING			$ 2,057,069.00		$ 145,262.00		$ 2,202,331.00
BUREAU OF THE FISCAL SERVICE	$ 9,746,518.00		$ 4,956,474.00	$ 3,146,863.00	$ 452,298.00	$ 159,979,210.00	$ 178,281,363.00
CDFI PROGRAM FUND	$ 908,626.00		$ 172,288.00	$ 190,463.00	$ 15,028.00		$ 1,286,405.00
CENTER FOR DISEASE CONTROL					$ 1,887,052.00		$ 1,887,052.00
CHEMICAL SAFETY AND HAZARD BOARD	$ 312,315.00			$ 333,924.00	$ 27,835.00		$ 674,074.00
COMPTROLLER OF THE CURRENCY				$ 124,928.00			$ 124,928.00
CONSUMER FINANCIAL PROTECTION BUREAU	$ 1,005,871.00		$ 2,905,383.00	$ 1,002,227.00	$ 879,447.00		$ 5,792,928.00
CONSUMER PRODUCT SAFETY COMMISSION	$ 626,759.00			$ 581,828.00	$ 46,032.00		$ 1,254,619.00
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE	$ 540,887.40		$ 218,861.80	$ 191,958.20	$ 16,181.60		$ 967,889.00
DC PENSIONS PROJECT OFFICE	$ 2,157,895.00		$ 28,541.00	$ 40,542.00	$ 1,803.00	$ 1,628,083.00	$ 3,856,864.00
DEFENSE HEALTH AGENCY					$ 61,336.00		$ 61,336.00
DEFENSE LOGISTICS AGENCY	$ 299,777.60						$ 299,777.60
DENALI COMMISSION	$ 572,312.49		$ 86,957.00	$ 137,460.00	$ 16,993.00		$ 813,722.49
DEPARTMENT OF AGRICULTURE		$ 167,510.00					$ 167,510.00
DEPARTMENT OF COMMERCE		$ 95,819.00					$ 95,819.00
DEPARTMENT OF DEFENSE		$ 187,342.00					$ 187,342.00
DEPARTMENT OF EDUCATION		$ 230,616.00					$ 230,616.00
DEPARTMENT OF ENERGY	$ 152,195.00	$ 124,236.00					$ 276,431.00
DEPARTMENT OF HEALTH & HUMAN SERVICES		$ 230,616.00			$ 278,222.00		$ 508,838.00
DEPARTMENT OF HOMELAND SECURITY	$ 358,461.00	$ 187,342.00				$ 587,067.00	$ 1,132,870.00
DEPARTMENT OF HOMELAND SECURITY - CIS					$ 386,766.00		$ 386,766.00
DEPARTMENT OF HOMELAND SECURITY - OIG	$ 813,064.00		$ 86,239.00	$ 247,293.00	$ 343,129.00		$ 1,489,725.00
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	$ 17,795,602.29	$ 230,616.00	$ 12,341,997.00	$ 2,187,040.00	$ 2,520,798.00		$ 35,076,053.29
DEPARTMENT OF JUSTICE	$ 11,417.49						$ 11,417.49
DEPARTMENT OF JUSTICE JMD/OCIO/EGSS/BOG		$ 248,472.00					$ 248,472.00
DEPARTMENT OF LABOR	$ 105,328.00	$ 282,798.00					$ 388,126.00
DEPARTMENT OF STATE	$ 231,988.00	$ 191,784.00					$ 423,772.00
DEPARTMENT OF THE INTERIOR	$ 693,564.98	$ 124,236.00					$ 817,800.98
DEPARTMENT OF TRANSPORTATION		$ 230,616.00					$ 230,616.00
DEPARTMENT OF VETERANS AFFAIRS		$ 158,998.00			$ 8,602.00		$ 167,600.00
DEPARTMENT OF VETERANS AFFAIRS - OIG			$ 2,782,877.00				$ 2,782,877.00
DEPARTMENT OF VETERANS AFFAIRS - TAC	$ 145,262.00					$ 571,612.02	$ 716,874.02
ELECTION ASSISTANCE COMMISSION	$ 372,062.00			$ 137,473.00	$ 65,692.00		$ 575,227.00
ENVIRONMENTAL PROTECTION AGENCY		$ 95,819.00					$ 95,819.00

Treasury Franchise Fund – Administrative Resource Center, FY 2019 Total Charges by Customer (continued)

FY 2019 ARC Customers	Financial Management Services	FMLoB FEES	Human Resource Services	Procurement Services	Travel Services	Information Technology Services	Total
EXECUTIVE OFFICE OF THE PRESIDENT	$ 1,239,578.00			$ 280,073.00	$ 325,321.00		$ 1,844,972.00
FARM CREDIT ADMINISTRATION	$ 447,063.00			$ 68,165.00	$ 182,242.00		$ 697,470.00
FARM CREDIT SYSTEM INSURANCE CORPORATION	$ 213,719.00			$ 2,093.00	$ 5,054.00		$ 220,866.00
FEDERAL EMERGENCY MANAGEMENT AGENCY					$ 13,818.00		$ 13,818.00
FEDERAL HOUSING FINANCE AGENCY	$ 967,039.00			$ 188,310.00	$ 218,597.00		$ 1,373,946.00
FEDERAL HOUSING FINANCE AGENCY - OIG	$ 366,681.00		$ 264,943.00	$ 184,261.00	$ 76,903.00		$ 892,788.00
FEDERAL LABOR RELATIONS AUTHORITY	$ 499,529.00			$ 35,700.00	$ 55,901.00		$ 591,130.00
FEDERAL MARITIME COMMISSION	$ 365,425.00		$ 110,000.00	$ 79,177.00	$ 27,202.00		$ 581,804.00
FEDERAL MEDIATION & CONCILIATION SERVICE	$ 326,361.13			$ 53,333.34	$ 52,975.79		$ 432,670.26
FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION	$ 354,945.00		$ 130,188.00	$ 14,647.00	$ 28,248.00		$ 528,028.00
FEDERAL TRADE COMMISSION	$ 554,400.00			$ 123,291.67	$ 56,208.33		$ 733,900.00
FINANCIAL CRIMES ENFORCEMENT NETWORK	$ 602,188.00		$ 217,540.50	$ 865,566.00	$ 67,395.00	$ 2,035,081.00	$ 3,787,770.50
FOOD AND DRUG ADMINISTRATION					$ 537,437.00		$ 537,437.00
GENERAL SERVICE ADMINISTRATION		$ 41,332.00					$ 41,332.00
GULF COAST ECOSYSTEM RESTORATION COUNCIL	$ 289,115.00		$ 74,083.00	$ 75,069.00	$ 21,777.00		$ 460,044.00
INTER AMERICAN FOUNDATION	$ 662,254.00			$ 529,003.00	$ 30,827.00		$ 1,222,084.00
INTERNAL REVENUE SERVICE			$ 1,167,554.00		$ 8,475.00		$ 1,176,029.00
MERIT SYSTEMS PROTECTION BOARD	$ 576,709.00			$ 30,182.00	$ 55,006.00		$ 661,897.00
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION	$ 162,706.32	$ 124,236.00				$ 492,829.00	$ 779,771.32
NATIONAL ARCHIVES & RECORDS ADMINISTRATION	$ 3,794,537.00		$ 3,134,416.00	$ 524,341.00	$ 281,680.00		$ 7,734,974.00
NATIONAL CAPTIAL PLANNING COMMISSION	$ 233,814.67			$ 16,541.00	$ 7,161.00		$ 257,516.67
NATIONAL MEDIATION BOARD	$ 305,958.00			$ 147,482.00	$ 47,650.00		$ 501,090.00
NATIONAL SCIENCE FOUNDATION		$ 139,094.00			$ 30,584.00		$ 169,678.00
NUCLEAR REGULATORY COMMISSION	$ 1,692,077.45	$ 41,332.00			$ 291,875.63		$ 2,025,285.08
OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION	$ 292,348.00			$ 13,885.99	$ 25,674.00		$ 331,907.99
OFFICE OF FINANCIAL STABILITY	$ 308,728.00		$ 85,310.00	$ 70,430.00	$ 12,773.00		$ 477,241.00
OFFICE OF GOVERNMENT ETHICS	$ 374,685.00		$ 225,139.00	$ 144,190.00	$ 9,902.00		$ 753,916.00
OFFICE OF PERSONNEL MANAGEMENT	$ 356,163.40	$ 41,332.00					$ 397,495.40
OFFICE OF TECHNICAL ASSISTANCE	$ 888,506.00		$ 28,746.00	$ 39,358.00	$ 97,093.00		$ 1,053,703.00
OFFICE OF THE INSPECTOR GENERAL	$ 351,220.00		$ 520,166.00	$ 169,292.00	$ 70,179.00		$ 1,110,857.00
RAILROAD RETIREMENT BOARD					$ 6,447.00		$ 6,447.00
SECURITIES AND EXCHANGE COMMISSION	$ 337,609.00		$ 7,729.60				$ 345,338.60
SMALL BUSINESS ADMINISTRATION		$ 67,475.00					$ 67,475.00
SOCIAL SECURITY ADMINISTRATION		$ 67,475.00				$ 694,626.13	$ 762,101.13
SPECIAL INSPECTOR GENERAL - TARP	$ 378,869.00		$ 355,921.00	$ 256,194.00	$ 84,978.00	$ 22,928.00	$ 1,098,890.00
TREASURY DEPARTMENTAL OFFICES					$ 13,971.00	$ 3,839,828.00	$ 3,853,799.00
TREASURY EXECUTIVE OFFICE FOR ASSET FORFEITURE	$ 194,023.30			$ 5,538.30			$ 199,561.60
TREASURY FRANCHISE FUND/ADMINISTRATIVE SERVICES						$ 15,102,327.00	$ 15,102,327.00
TREASURY FRANCHISE FUND/INFORMATION TECHNOLOGY	$ 1,092,147.00		$ 1,069,014.00	$ 1,166,152.00	$ 113,072.00		$ 3,440,385.00
TREASURY FRANCHISE FUND/SHARED SERVICES PROGRAM	$ 3,569,465.00	$ 95,892.00	$ 5,125,568.00	$ 1,223,944.00	$ 605,042.00	$ 6,240,095.00	$ 16,860,006.00
TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION	$ 610,244.00		$ 1,451,283.00	$ 766,711.00	$ 392,455.00		$ 3,220,693.00
TRUST FUND - BLACK LUNG DISABILITY	$ 75,935.00						$ 75,935.00
TRUST FUND - FEDERAL DISABILITY	$ 210,263.00						$ 210,263.00
TRUST FUND - FEDERAL HOSPITAL INSURANCE	$ 277,947.00						$ 277,947.00
TRUST FUND - FEDERAL OLD AGE & SURVIVORS	$ 210,263.00						$ 210,263.00
TRUST FUND - FEDERAL SUPPLEMENT INSURANCE	$ 277,947.00						$ 277,947.00
TRUST FUND - OIL SPILL LIABILITY	$ 165,000.00						$ 165,000.00
TRUST FUND - UNEMPLOYMENT	$ 311,244.00						$ 311,244.00
U.S. DEPARTMENT OF COMMERCE OFFICE OF INSPECTOR GENERAL			$ 75,000.00				$ 75,000.00
UNITED STATES MARSHALS SERVICE					$ 11,219.00		$ 11,219.00
UNITED STATES MINT	$ 8,345,811.00		$ 2,916,073.00	$ 2,190,754.00	$ 215,030.00	$ 27,145.42	$ 13,694,813.42
US COURT OF APPEALS FOR VETERANS	$ 279,478.00			$ 11,578.00	$ 13,444.00		$ 304,500.00
US DEPARTMENT OF JUSTICE	$ 125,592.51						$ 125,592.51
US TAX COURT	$ 15,000.00			$ 1,000.00	$ 1,000.00		$ 17,000.00
USDA FOOD AND NUTRITION						$ 935,805.00	$ 935,805.00
USDA OCIO INTERNATIONAL TECHNOLOGY SERVICES			$ 1,484,099.00				$ 1,484,099.00
USDA OFFICE OF INSPECTOR GENERAL			$ 59,521.00				$ 59,521.00
Grand Total	**$ 72,807,919.49**	**$ 3,500,807.00**	**$46,421,728.90**	**$19,289,961.50**	**$12,470,795.35**	**$ 192,156,636.57**	**$ 346,647,848.81**

Appendix

Treasury Franchise Fund –FY 2021 Continuous Diagnostic and Mitigation (CDM) Program Spend Plan

In FY 2021, the TFF is expected to expend $12,100,000 to implement the Treasury-wide DHS CDM Program. The CDM Program provides cybersecurity tools, integration services and dashboards that modernize Treasury's infrastructures and improves situational awareness of the cybersecurity posture across Treasury and the Federal Government. The program's objective is to reduce agency threat surface and improve federal cybersecurity response capabilities and streamline Federal Information Security Modernization Act (FISMA) reporting.

FY 2021 CDM Estimate

TSSP Customer	Phase 1	Phase 2	Total
ATTB	$ 78,072	$ 33,160	$ 111,232
BEP	$ 195,635	$ 118,611	$ 314,246
BFS	$ 347,730	$ 137,742	$ 485,472
DO CDFI	$ 27,688	$ 4,464	$ 32,152
DO DC Pensions	$ 7,911	$ 1,275	$ 9,186
DO FFB	$ 12,226	$ 638	$ 12,864
DO FSOC	$ 6,473	$ 638	$ 7,110
DO OFR	$ 74,794	$ 7,015	$ 81,809
DO OFS	$ 12,226	$ 1,275	$ 13,501
DO OTA	$ 4,315	$ 638	$ 4,953
DO SBLF	$ 2,877	$ 638	$ 3,514
DO SE	$ 254,049	$ 56,755	$ 310,804
DO TEOAF	$ 9,349	$ 1,275	$ 10,625
DO TFI	$ 182,916	$ 33,160	$ 216,076
DO TRIP	$ 3,236	$ -	$ 3,236
FinCEN	$ 116,214	$ 18,493	$ 134,707
IRS	$ 3,210,335	$ 5,444,625	$ 8,654,960
Mint	$ 167,200	$ 105,219	$ 272,420
OCC	$ 490,216	$ 248,063	$ 738,279
OIG	$ 25,513	$ 10,841	$ 36,354
SIGTARP	$ 50,342	$ 5,739	$ 56,082
TDP - CTAS	$ 71,134	$ 12,754	$ 83,888
TFF - ARC	$ 248,496	$ 84,176	$ 332,672
TIGTA	$ 81,897	$ 49,740	$ 131,637
Total	**$ 5,680,847**	**$ 6,376,933**	**$ 12,057,779**

Note: Final costs will be included in FY 2021 TSSP Interagency agreements.

Department of the Treasury Treasury Executive Office of Asset Forfeiture

Congressional Budget Justification and Annual Performance Report and Plan

FY 2021

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Section I – Purpose

A – Mission Statement

To affirmatively influence the consistent and strategic use of asset forfeiture by law enforcement bureaus that participate in the Treasury Forfeiture Fund (TFF or the Fund) to disrupt and dismantle criminal enterprises.

B – Summary of the Request

The Treasury Executive Office for Asset Forfeiture (TEOAF) administers the Fund, which is the receipt account for deposit of non-tax forfeitures made pursuant to laws enforced or administered by participating Treasury and Department of Homeland Security (DHS) bureaus. Principal revenue-producing bureaus include U.S. Customs and Border Protection (CBP), U.S. Immigration and Customs Enforcement (ICE), the Internal Revenue Service (IRS), the U.S. Secret Service (USSS), the U.S. Coast Guard (USCG), and Alcohol and Tobacco Tax and Trade Bureau (TTB), among others. The Fund is a special fund, defined as a Federal fund account for receipts earmarked for specific purposes and the expenditure of those receipts. The law (31 U.S.C. 9705) allows TEOAF to use the funds for payment of all proper expenses of seizure or the proceedings of forfeiture and sale.

Revenues deposited in the Fund can be allocated and used as the result of a permanent indefinite appropriation provided by Congress. A forfeiture process begins once currency or property is seized. Seized currency is deposited into a suspense account (holding account) until forfeited. At that time, the forfeited amount is transferred (deposited) to the Fund as revenue. Forfeited properties are usually sold, and the proceeds are also deposited into the Fund as revenue. This revenue represents budget authority for meeting obligations and expenses of the program.

Expenses of the Fund are set in a relative priority so that operating costs are met first and may not exceed revenues.

- **Mandatory** expenses represent operating costs of the Fund, including storing and maintaining seized and forfeited assets, valid liens and mortgages, investigative expenses incurred in pursuing a seizure, information and inventory systems, remissions, victim restoration, and certain costs of local police agencies incurred in joint law enforcement operations. Following seizure, equitable shares may be paid to state and local law enforcement agencies that contributed to the seizure activity at a level proportionate to their involvement.
- **Secretary's Enforcement Fund (SEF)** expenses are funded from revenue from equitable shares received from Department of Justice (DOJ) or U.S. Postal Service (USPS) forfeitures. These shares are proportionate to Treasury's participation in the overall investigative effort that led to a DOJ or USPS forfeiture. SEF revenue is available for federal law enforcement-related purposes of any bureau participating in the Fund.
- **Strategic Support** authority, established by Congress in 31 U.S.C. 9705(g)(4)(B), allows TEOAF to fund priority federal law enforcement initiatives with remaining unobligated balances at the close of the fiscal year, after an amount is reserved for the next fiscal year's operations.

FY 2019 Case Highlights: The following case highlights are intended to provide examples of the types of investigative cases worked by the Fund's law enforcement bureaus during FY 2019 that resulted in the seizure and forfeiture of assets. Such cases as those profiled below are consistent with the strategic mission and vision of the Fund, which is to use high-impact asset forfeiture in investigative cases to disrupt and dismantle criminal enterprises.

- **Swiss bank forfeits $29.7 million for hiding U.S. taxpayers' assets**
  Swiss-based Basler Kantonalbank (BKB) has admitted in the Deferred Prosecution Agreement (DPA) that between 2002 and 2012 it conspired with its employees, external asset managers, and clients to defraud the United States with respect to taxes, commit tax evasion, and file false federal tax returns. According to the terms of the DPA, BKB agreed to cooperate with the Internal Revenue Service (IRS) and other U.S. authorities and pay a penalty of $60.4 million consisting of $17.2 million in restitution to the IRS for unpaid taxes, $29.7 million forfeiture and $13.5 million dollar fine. The investigation was conducted by IRS Criminal Investigation (CI).

- **Mobile Telesystems PJSC (MTS), Russian telecommunication company, has agreed to pay $850 million in penalties, including $40 million in criminal forfeiture, in a large Foreign Corrupt Practices Act (FCPA) case.**
  Gulnara Karimova, a former Uzbek government official, was charged in an indictment filed in the Southern District of New York with one count of conspiracy to commit money laundering related to a bribery scheme. Bekhzod Akhmedov, the former CEO of MTS, the largest telecommunication company in Russia, was charged in the same indictment with one count of conspiracy to violated the TCPA, two counts of violating the FCPA, and one count of conspiracy to commit money laundering. Akhmedov has facilitated the payment of bribes to Karimova to obtain lucrative business in the Uzbek telecommunications market. A substantial portion of the illicit funds were transmitted through financial institutions in the Southern District of New York before they were deposited into bank accounts controlled by Karimova in various countries. MTS has agreed to the imposition of an independent compliance monitor for three years, implementation of rigorous internal controls, and a criminal penalty of $850 million including $40 million in criminal forfeiture.
  The investigation was conducted jointly by Homeland Security Investigation and IRS-CI under the auspices of the GIFT taskforce in DC supported by TEOAF funding.

- **U.S. Secret Service recovers over $1.6 million in a business email compromise scam**
  The USSS Miami Electronic Crimes Task Force was contacted regarding a suspected business email compromise perpetrated against Precision Pipeline LLC. The investigation determined that the perpetrators sent an email to the accounting manager at Precision impersonating one of the company's vendors, and under false pretenses caused her to transfer $1.6 million to a fraudulent company. The investigation has revealed that the business email compromise was a part of a larger international scheme targeting U.S. businesses. The operation targeting the scheme was a collaborative effort of the USSS, the FBI, and the U.S. Postal Inspection Service, and led to 29 arrests in Nigeria and 23 in South Florida, as well as the forfeiture of over $1.6 million.

- **Coast Guard boards narco-sub carrying 17,000 lbs of cocaine**
  On June 18, 2019, in the East Pacific Ocean, the Coast Guard initially detected the semi-submersible with an aircraft and relayed that information to two guard boats which then

intercepted the vessel. After ordering the vessel to stop, the Coast Guard members boarded the semi-submersible while it was still in motion. 17,000 pounds of cocaine worth over $569 million dollars was retrieved from the semi-submersible.

Priorities: In FY 2021, TEOAF will continue to support the investigations and activities of the participating law enforcement bureaus. The bulk of TEOAF expenses include supporting seizures and forfeitures to protect the health and safety of U.S. citizens and the commercial interests of U.S. businesses from pernicious criminal activity. Funds are expended for seizure, storage, maintenance, disposition, and destruction and all costs associated with those activities.

TEOAF focuses on supporting cases and investigations that meet the mission of disrupting and dismantling criminal enterprises. To this end, TEOAF prioritizes major case[1] initiatives when allocating funding to member agencies, including the purchase of evidence and information, joint operations expenses, investigative expenses leading to seizure as well as software tools used for computer forensics and analysis of financial data. Major case initiatives are aligned directly to the National Money Laundering and Southwest Border strategies.

Often times, the assets identified in these investigations are proceeds of fraud schemes with multiple victims. TEOAF allocates significant resources to ensure that such investigations are adequately funded to yield successful prosecutions and forfeitures. The resulting forfeiture deposits are used to compensate the victims defrauded by the violators.

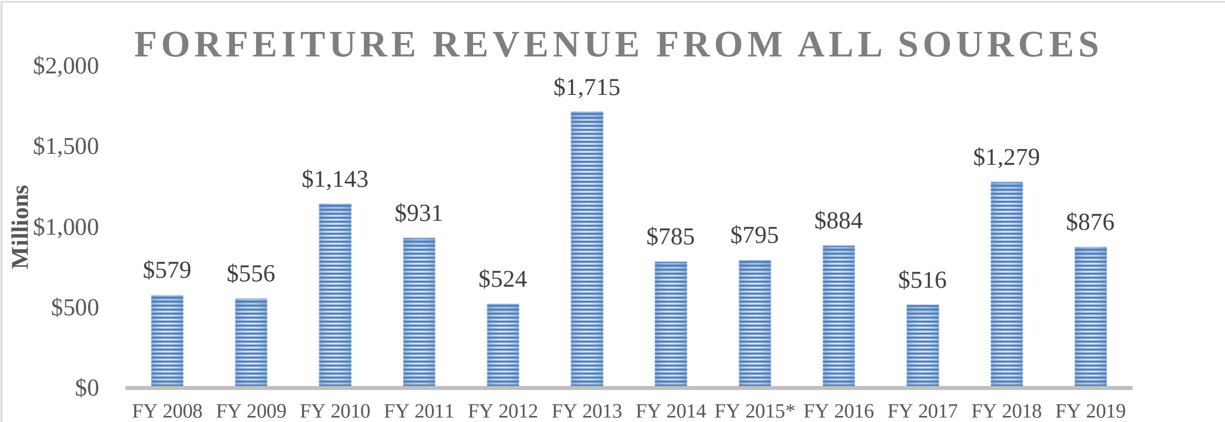
The most notable financial investigations conducted by the TFF agencies involve professional money launderers who utilize highly sophisticated money laundering methods, global trade and finance, and emerging technologies such as cryptocurrencies. These sophisticated financial crimes present a serious threat to our Nation's financial system, and targeting them requires extraordinary law enforcement efforts, manpower and resources. TEOAF prioritizes the support of such investigations, including not just their ongoing operation's needs, but also cutting edge technology capabilities required for big data analytics, dark net investigations, block chain analysis, and mobile forensics.

These investments buttress the anti-money laundering and countering the financing of terrorism (AML/CFT) strategy of the Departments of Homeland Security and the Treasury.

Challenges: Large rescissions enacted in prior years have had a severe negative impact on the participating member agencies' investigations. Insufficient and inconsistent funding support, uncertainty about future funding, investigations disrupted by cash flow problems, and inability to obtain necessary technology/infrastructure all undermine both current and future financial investigations and forfeitures. Participating agencies are seeing reluctance in the field to undertake complex major investigations due to the lack of assurance that their efforts would receive continuous support.

[1] A major case refers to a case where the forfeiture results in a deposit greater than $5 million, or a case that disrupts, dismantles, or interrupts money laundering networks or other financial activities that threaten the financial stability, financial system, or financial interests of the United States.

The table below reflects forfeiture revenue from all sources including revenue, reverse asset sharing, and interest earned.



*FY 2015 data does not include the BNP Paribas S.A. forfeiture in the amount of $3,839 million. Of that amount, $3,800 million was permanently rescinded and transferred to the newly-created U.S. Victims of State Sponsored Terrorism Fund (USVSST) as directed by Congress under the Consolidated Appropriations Act of 2016, Pub. L. 114-113, Div. O, Tit. IV, §404(e) and §405(b). The remainder has been returned to the General Fund in FY 2018.

The absence or, in the best case scenario, uncertainty of Strategic Support funding is especially harmful for the most meaningful, high-impact investigations that target financial networks of major criminal enterprises. The Strategic Support is critical as a strategic investment in the agencies' operational capabilities and infrastructure supporting major cases. It allows the law enforcement agencies to meet in real time unanticipated critical needs, such as those driven by new technology advancements or emerging criminal threats. It often serves as seed funding for innovations that need to be tested and refined in a pilot setting prior to full-scale implementation.

Undermining major financial investigations will directly impact the ability of Treasury and DHS to respond to priority threats and to protect the integrity of the U.S. financial system.

For operational support of TFF agencies' investigations, both Mandatory and SEF are critical funding sources. The Mandatory funding supports investigative expenses only for seizure cases, but vast majority of seizure cases don't initially start as financial cases. They grow out of other cases pursuing specified unlawful activities (SUAs) such as drug trafficking, human smuggling or cybercrime, which are all dependent on SEF funding for operational support.

In addition, TEOAF tracks future remission payments to third parties as contingent liabilities. However, these amounts are not recorded as obligations from the Fund until the Department of Justice grants the petition for remission. The third parties are predominantly victims of crimes that triggered the forfeiture (e.g., Ponzi scheme or kleptocracy victims). Amounts recorded are significant because remission payments from multiple years are recorded and carried forward. The amounts change constantly as payments are made and amounts for new remission cases are added. TEOAF considers the amounts recorded as contingent liabilities as unavailable and believes that consideration of contingent liabilities provides a more accurate representation of the financial position of the Fund.

1.1 – Appropriations Detail Table

Dollars in Thousands

Treasury Forfeiture Fund Budgetary Resources	FY 2019 Actual		FY 2020 Estimated		FY 2021 Estimated		FY 2020 to FY 2021 % Change	
Revenue/Offsetting Collections	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Interest	0	$70,395	0	$50,000	0	$50,000	NA	0%
Restored Prior Year Sequestration Reduction	0	$84,405	0	$54,340	0	$35,229	NA	-35%
Restored Prior Year Sequestration of Restored Rescission	0	$65,208	0	$0	0	$0	NA	NA
Forfeited Revenue	0	$806,049	0	$547,096	0	$547,096	NA	0%
Recovery from Prior Years Obligation	0	$35,427	0	$15,000	0	$15,000	NA	0%
Unobligated Balances from Prior Years	0	$825,172	0	$609,632	0	$769,239	NA	26%
Total Revenue/Offsetting Collections		**$1,886,656**		**$1,276,068**		**$1,416,564**	**NA**	**11%**
Expenses/Obligations								
Mandatory Obligations [1]	27	$394,628	27	$436,600	27	$445,332	0%	2%
Secretary's Enforcement	0	$24,614	0	$35,000	0	$35,700	NA	2%
Strategic Support [2]	0	$603,442	0	TBD	0	TBD	NA	NA
Total Expenses/Obligations	**27**	**$1,022,684**	**27**	**$471,600**	**27**	**$481,032**	0%	2%
Rescissions/Cancellations								
Sequestration Reduction [3]	0	($54,340)		($35,229)		TBD	NA	NA
Permanent Cancellation	0	($200,000)		$0		$0	NA	NA
Total Rescission/Cancellations		**($254,340)**		**($35,229)**		**$0**	**NA**	**-100%**
Net Results		**$609,632**		**$769,239**		**$935,532**	**NA**	**22%**
Contingent Liabilities		**$473,316**		**$385,000**		**$385,000**	NA	0%

1/ The Treasury Forfeiture Fund is staffed by Departmental Offices employees and positions are funded via reimbursable agreement. The FTE are shown here for clarity, but are also reflected in the Departmental Offices chapter in the reimbursable FTE total.

2/ For FY 2020 and FY 2021, Treasury will revise Strategic Support based on enacted appropriations and may submit a plan to Congress if funding is available, once more is known about collections and expenses.

3/ Treasury will compute the FY 2021 sequestration reduction once the OMB Report to Congress on the Joint Committee Sequestration for Fiscal Year 2021 is released.

1.2 – Obligations Detail Table

Dollars in Thousands

Treasury Forfeiture Fund Obligations	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate	% Change FY 2020 to FY 2021
Mandatory				
CBP	$45,551	$41,284	$42,110	2.0%
ICE	$107,218	$120,780	$123,195	2.0%
IRS	$80,099	$122,043	$124,484	2.0%
USSS	$50,080	$42,969	$43,829	2.0%
USCG	$875	$1,400	$1,428	2.0%
TEOAF	$91,003	$89,393	$91,180	2.0%
TTB	$569	$1,037	$1,058	2.0%
DOJ	$19,233	$17,694	$18,048	2.0%
Total Mandatory	$394,628	$436,600	$445,332	
SEF				
CBP	$4,000	$4,400	$4,488	2.0%
ICE	$7,885	$12,123	$12,365	2.0%
IRS	$7,339	$12,001	$12,241	2.0%
USSS	$4,790	$6,126	$6,249	2.0%
TTB	$600	$350	$357	2.0%
Total SEF	$24,614	$35,000	$35,700	
Strategic Support				
CBP	$601,000	TBD	TBD	NA
IRS [1]	$2,442	TBD	TBD	NA
Total Strategic Support	$603,442	$0	$0	
Total Expenses/Obligations	**$1,022,684**	**$471,600**	**$481,032**	**2.0%**

1/ The $2.4M Strategic Support for IRS was approved late in FY18, therefore was extended in FY19. The actual amount of Strategic Support that was requested and approved in FY19 was $601M.

1.3 – Operating Levels Table

Dollars in Thousands

Treasury Forfeiture Fund Object Classification	FY 2019 Actual	FY 2020 Estimated	FY 2021 Estimated
25.2 - Other services	68,598	45,961	47,003
25.3 - Other purchases of goods & serv frm Govt accts	166,475	139,866	140,994
26.0 - Supplies and materials	15	15	15
41.0 - Grants, subsidies, and contributions	71,252	110,907	114,008
43.0 - Interest and dividends	50	50	50
44.0 - Refunds	88,238	139,831	142,960
94.0 - Financial Transfers	628,056	34,970	36,002
Total Non-Personnel	**1,022,684**	**471,600**	**481,032**
New Budgetary Resources	**$1,022,684**	**$471,600**	**$481,032**
Budget Activities:			
Asset Forfeiture Fund	**$1,022,684**	**$471,600**	**$481,032**
FTE	**27**	**27**	**27**

E – Legislative Proposals

TEOAF has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

The purpose of the Fund is to ensure resources are managed to cover the costs of an effective asset seizure and forfeiture program, including the costs of seizure or the proceedings of forfeiture and sale, including the expenses of detention, inventory, security, maintenance, advertisement, or disposal of the property. Additionally, the Fund is used to support law enforcement priorities, financial investigative capabilities, and the seizure of physical and financial resources to disrupt and dismantle criminal enterprises. TEOAF supports the following Department of the Treasury strategic goal and associated objectives:

- Goal 3: Enhance National Security:
  - 3.1 Strategic Threat Disruption
  - 3.2 AML/CFT Framework

B – Budget and Performance by Budget Activity

2.1.1 Treasury Forfeiture Fund Resources and Measures

Dollars in Thousands

Treasury Forfeiture Fund Budget Activity Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimated	FY 2021 Estimated
Expenses/Obligations	$4,323,908	$508,746	$526,228	$1,007,426	$1,022,684	$471,600	$481,032
Budget Activity Total	**$4,323,908**	**$508,746**	**$526,228**	**$1,007,426**	**$1,022,684**	**$471,600**	**$481,032**
FTE	**25**	**25**	**25**	**26**	**27**	**27**	**27**

Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Target	FY 2021 Target
Percent of Forfeited Cash Proceeds Resulting from High-Impact Cases	89.09	81.79	80	94.19	90.8	80	80

The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

Treasury Forfeiture Fund Budget and Performance

($481,032,000 in obligations from revenue/offsetting collections):

The Fund continues to measure the performance of the participating law enforcement bureaus through the "percent of forfeited cash proceeds resulting from high-impact cases, "which are cases that yield a cash forfeiture deposit equal to or greater than $100,000.

The high-impact cases are the ones that pursue major criminal targets and their financial networks, and therefore are central to the mission of disrupting and dismantling criminal enterprises. At the same time, these cases are heavily dependent on TEOAF's funding due to their high operational costs and reliance on sophisticated technologies and analytical tools that are not adequately covered by the appropriated funds. The dominant share of high-impact forfeitures reflects TEOAF's effectiveness in supporting such major investigations.

While the specific numbers shown in the chart fluctuate due to the unusually big forfeitures, the consistently dominant (80% or more) share of major forfeiture year after year demonstrates TEOAF's consistent commitment to supporting high-impact cases. Member law enforcement bureaus participating in the Fund have met or exceeded the performance target since FY 2014.

For FY 2020 and FY 2021, the target will remain at 80 percent. The Fund maintains a target of 80 percent because some cases may be important to pursue, even if they are not high-impact cases and result in deposits of less than $100,000.

C – Changes in Performance Measures

TEOAF has no proposed changes to its performance measures.

D – Evidence-Building Activity

In FY 2019, TEOAF has conducted various analyses related to the TFF member agencies' investigative capabilities, resource needs and funding requests for the purpose of determining the most effective ways to allocate TEOAF's funds.

During the budget formulation process, TEOAF has reviewed and analyzed a large number of TFF agencies' funding requests. Following the in-depth discussions with the agencies regarding the specific requests and the overall priorities, TEOAF has formulated the FY2020 Financial Plan designed to meet the needs of the TFF agencies' Forfeiture program as well as advance their priority law enforcement efforts. TEOAF also have been actively analyzing over 100 cases designated for TEOAF's support thought the Third Party Money Laundering Program. This included analysis of deficiencies and emerging needs related to the TFF agencies' investigative capabilities and infrastructure, and possible ways to use TFF funds to facilitate improvements. For instance, TEOAF has identified a growing need for IT tools to support analyses of large volumes of email data in foreign languages, and with agency assistance formulated a plan to fund and build the required solutions. Additionally, TEOAF has been conducting outreach and exploratory discussions with TFF agencies' leadership in the field about the creation/enhancement of joint financial taskforces aimed at increasing the efficiency of TFF funding support through the shared use of TEOAF-funded resources.

In FY 2020 and FY 2021, TEOAF will continue performing in-depth review and analyses of funding requests from the TFF agencies. TEOAF is also planning to continue analyzing the agencies' investigative needs and exploring avenues to meet them using the TFF funds. One of the new efforts that has been recently launched is the upgrade of technology for scanning and analysis of financial records, to be funded by TEOAF and utilized jointly by TFF agencies.

Section III – Additional Information

A – Summary of Capital Investments

A summary of capital investments, including major information technology and non-technology investments, can be accessed at:
https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx.

Department of the Treasury
Bureau of Engraving and Printing

Congressional Budget Justification and Annual Performance Plan and Report

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Section I – Budget Request

A – Mission Statement

To develop and produce United States currency notes trusted worldwide.

B – Summary of the Request

The Bureau of Engraving and Printing (BEP) produces and delivers U.S. currency notes for the Federal Reserve System ordered by the Board of Governors of the Federal Reserve (FRB) and other security products for the Federal Government. BEP began printing currency in 1862 and 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 BEP 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 annual discretionary appropriations.

BEP provides technical assistance, advice, and some production services to other federal agencies in the development of security documents that require counterfeit deterrent features due to their innate value or other characteristics. Other activities at BEP include engraving plates and dies; manufacturing inks used to print security products; purchasing materials, supplies and equipment; and storing and delivering products in accordance with customer requirements. BEP supports Treasury's Strategic Goal 1: Boost U.S. Economic Growth and Strategic Goal 5: Achieve Operational Excellence.

BEP's FY 2021 request funds the following projects:

1. **Replacement Production Facility:** In FY 2019, BEP received legislative authority to acquire land and fund construction of a more efficient production facility to replace BEP's current aging Washington, D.C. facility. Additionally, a provision of the 2019 Farm Bill authorizes the transfer of a U.S. Department of Agriculture (USDA) land parcel in Beltsville, Maryland to the Department of the Treasury to be the site for BEP's replacement production facility. BEP is conducting a suitability assessment of the site with the support from the U.S. Army Corps of Engineers. The formal transfer from USDA to Treasury is anticipated in early 2020. A replacement facility will save an estimated $579 million over 10 years, as compared to the cost of the renovation of the existing facility. In addition, BEP will reduce its annual operating costs by at least $38 million through production, material handling, and other operational/support efficiencies. In FY 2020, the budget includes about $5 million for the remaining site evaluation tasks and relocation of several onsite USDA facilities that must be removed prior to the initiation of onsite BEP construction activities. Also anticipated in FY 2021 is the initiation of early site development construction activities estimated at $30 million to include site grading, roadway improvements, and utility system relocation to support the BEP development.

2. **Western Currency Facility Expansion:** BEP began expanding the Western Currency Facility in (WCF) FY 2018 to house and support the new equipment required for the next generation of currency design. Producing the next family of updated notes requires that BEP purchase and install new production equipment to support the new designs. The expansion will provide the space and infrastructure necessary to successfully meet the production requirements of the next family of U.S. currency banknotes that focus on the integration of strong, new security features.

Unforeseen weather-related delays caused the project to fall 4 to 6 months behind schedule. The expansion work is expected to be completed in FY 2021 with contract close out occurring in FY 2022. The FY 2021 projected cost for the WCF is $5 million.

3. **Banknote Design and Development:** In FY 2021, BEP will continue working with the Federal Government's Advanced Counterfeit Deterrent (ACD) Steering Committee to research and develop improved security features for the next family of updated notes. The ACD Committee is an inter-agency group established to monitor and explore existing and emerging technologies to deter the counterfeiting of U.S. currency. It includes representatives from BEP, the Department of the Treasury, the U.S. Secret Service, and the Federal Reserve Board (FRB). The updated notes will focus on innovative banknote security and anti-counterfeit technology that will enhance and ensure the security and integrity of U.S. currency. While many factors are taken into consideration when updating currency, the primary purpose for updating notes is to improve the security of U.S. banknotes and ensure they maintain their position as being trusted worldwide.

4. **Retooling:** BEP is conducting a multi-year effort to retool its manufacturing processes with state-of-the-art intaglio printing presses, electronic inspection systems, and finishing equipment. To ensure that BEP will meet the annual currency order, the FRB and BEP developed short, medium, and long-term strategic equipment replacement plans for the U.S. Currency Program. Successful implementation of advanced technology improves productivity, reduces environmental impact, and enhances counterfeit deterrence of U.S. currency notes. In FY 2020/2021, the major retooling initiatives include:
    - Upgrade and completely automate the $100 finishing line to integrate Single Note Inspection technology. The capability to inspect single notes provides a significant improvement over BEP's traditional sheet inspection process. Spoilage will be reduced significantly, and processing efficiency will increase resulting in cost savings.
    - Replace the existing hexavalent chromium plating line with a Physical Vapor Deposition Chrome system which has known environmental benefits and potential plate life improvement benefits.
    - Upgrade plate-making with Computer-to-Plate technology. Computer generated digital image transferred directly to a printing plate. This technology improves note image quality and plate making efficiency.
    - Develop a Crease Detection System to detect paper creases and improve print quality.
    - Acquire new security feature equipment to support production of the next generation of currency.

5. **Human Capital/Talent Management:** BEP will continue its designated talent management initiatives, while filling personnel gaps in needed STEM and cybersecurity skill sets. BEP has proactively continued to fill the gaps in the STEM and cybersecurity positions in FY 2020 by utilizing a variety of hiring authorities to onboard five new hires in the first quarter. Additionally, the BEP attended two Recruit Military events in the D.C. and Dallas/Ft. Worth locations in November 2019 to attract potential veteran candidates. As of January 9, 2020, twelve STEM selectees are pending pre-employment hiring reviews and entrance on duty. In terms of Employee Engagement, the Office of Human Resources made deliberate efforts to assess and track all engagement related activities and metrics including: implementation of a "Core Values" program; development and implementation of a Collaborative Communication Network; development of an Employee Appreciation program; and the establishment of a BEP

Community Spirit program that will take place during FY 2020. Throughout FY 2021, BEP will continue to develop, execute, and communicate the results of Employee Engagement Plans and the annual Federal Employee Viewpoint Survey (FEVS) results.

1.1 – Resources Detail Table

Dollars in Thousands

Budgetary Resources	FY 2019 Actual		FY 2020 Estimate		FY 2021 Estimate		FY 2020 to FY 2021 % Change	
Revenue/Offsetting Collections	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Currency Program	1,727	$944,993	1,804	$810,701	1,863	$878,400	3.27%	8.35%
Other Programs	0	$10,219	0	$9,000	0	$9,000	0	0.00%
Total Revenue/Offsetting Collections	**1,727**	**$955,212**	**1,804**	**$819,701**	**1,863**	**$887,400**	**3.27%**	**8.26%**
Expenses/Obligations								
Manufacturing								
Direct Manufacturing	817	451,661	853	$385,259	881	$417,078	3.28%	8.26%
Indirect Manufacturing Support	910	503,551	951	$434,442	982	$470,322	3.26%	8.26%
Total Expenses/Obligations	**1,727**	**955,212**	**1,804**	**$819,701**	**1,863**	**$887,400**	**3.27%**	**8.26%**
Net Results	**0**	**0**	**0**	**0**	**0**	**0**	**NA**	**NA**

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Materials	Operating & Capital	Total
FY 2020 Original Estimate	**1,863**	**$244,051**	**$642,836**	**$886,887**
Program Changes				
Program Decreases:	(59)	($50,000)	($53,236)	($103,236)
Currency Program decrease (7.0B to 5.2B)	0	($50,000)	$0	($50,000)
Washington D.C. Replacement Facility	0	$0	($44,950)	($44,950)
Hiring Lag	(59)	$0	($8,286)	($8,286)
Program Increases:	0	$0	$36,050	$36,050
R&D (New Note Features)	0	$0	$19,000	$19,000
Support Services Contract	0	$0	$3,500	$3,500
Pay Raise (3.1% average pay raise)	0	$0	$7,700	$7,700
WCF Expansion	0	$0	$5,850	$5,850
Subtotal Program Changes	(59)	(50,000)	($17,186)	($67,186)
FY 2020 Revised Estimate	**1,804**	**$194,051**	**$625,650**	**$819,701**
Changes to Base				
Maintaining Current Levels (MCLs)	0	$0	$14,686	$14,686
Pay Annualization (2020 3.1% average pay raise)	0	$0	$1,998	$1,998
Pay Raise (1.0% average pay raise)	0	$0	$1,948	$1,948
FERS Contribution Increase	0	$0	$3,383	$3,383
Non-Pay	0	$0	$7,357	$7,357
Efficiency Savings	0	$0	($5,000)	($5,000)
Overtime Reduction	0	$0	($5,000)	($5,000)
Subtotal Changes to Base	0	$0	$9,686	$9,686
FY 2021 Current Services	**1,804**	**$194,051**	**$635,336**	**$829,387**
Program Changes				
Program Decreases:	0	$0	($51,400)	($51,400)
Retooling	0	$0	($33,000)	($33,000)
New Equipment Initiatives	0	$0	($15,000)	($15,000)
WCF Expansion	0	$0	($3,400)	($3,400)
Program Increases:	59	$53,237	$56,176	$109,413
Washington D.C. Replacement Facility	0	$0	$24,890	$24,890
New Security Feature Equipment (WCF)	0	$0	$24,000	$24,000
Estimated Currency Program increase (6.8B)	0	$53,237	$0	$53,237
Complete Hiring Plan	59	$0	$7,286	$7,286
Subtotal Program Changes	59	$53,237	$4,776	$58,013
FY 2021 Estimate	**1,863**	**$247,288**	**$640,112**	**$887,400**

C – Budget Increases and Decreases Description

FY 2020 Revised Estimate

Program Decreases...-$103,236,000 / -59 FTE

<u>Currency Note Program -$50,000,000 / -0 FTE</u>

This decrease reflects the FY 2020 order of notes from the FRB. The order decreased from 7.0 billion notes in FY 2019 to 5.2 billion notes in FY 2020.

Washington D.C. Replacement Facility -$44,950,000 /-0 FTE
In FY 2019, BEP received legislative authority to acquire land and build a more efficient facility in the Washington, D.C. area. As a result of the new authority, BEP will not undertake the previously planned renovation to the existing facility in D.C.

Hiring Lag - $8,286,000/ -59 FTE
This adjustment is to reflect the impact of the hiring lag.

Program Increases..+$36,050,000 / +0 FTE
Research and Development +$19,000,000/ +0 FTE
To continue the research and development of the new security features for the new family of notes.

Support Service Contracts +$3,500,000/ +0 FTE
To mitigate the risks associated with the growing hiring backlog, the funding would be used to acquire support services to provide business continuity.

Pay Raise (3.1% in 2020) +$7,700,000/ +0 FTE
Funds are required for 3.1% average pay raise in January 2020.

WCF Expansion +$5,850,000/ +0 FTE
The funding will be used for unforeseen construction issues.

FY 2021 Maintaining Current Levels (MCLs) ....+$14,686,000 / +0 FTE
Pay Annualization (3.1%) +$1,998,000 / +0 FTE:
Funds are required for annualization of the January 2020 3.1% average pay raise.

Pay Raise (1.0% in 2021) +$1,948,000 / +0 FTE:
Funds are required for a 1.0% average pay raise in January 2021.

FERS Contribution Increase +$3,383,000 / +0 FTE:
Funds are required for the Federal Employee Retirement System (FERS) contribution rates effective FY 2021.

Non-Pay +$7,357,000 / +0 FTE
Funds are required for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

FY 2021 Efficiency Savings ………………………..-$5,000,000 / -0 FTE
Overtime Reduction -$5,000,000 / -0 FTE
The new production technologies would yield more efficiencies resulting in less overtime.

Program Decreases ....-$51,400,000 / -0 FTE
Retooling -$33,000,000 / -0 FTE
The FY 2021 anticipated requirements are estimated to be $33 million lower than that of FY 2020.

New Equipment Initiatives -$15,000,000 / -0 FTE
Requested funding supports the acquisition of new technology/equipment to be used in the testing of new security design features. The FY 2021 requirements are estimated to be $15 million less than that of FY 2020.

WCF Expansion -$3,400,000/ -0 FTE
The FY 2021 anticipated requirements are estimated to be $3.4 million lower than that of FY 2020.

Program Increases ....+$109,413,000 / +59 FTE
Washington D.C. Replacement Facility +$24,890,000 /+0 FTE
Funds are requested to reflect the increase from FY 2020 to FY 2021 to support pre-construction activities.

New Security Feature Equipment (WCF) +$24,000,000 / +0 FTE
Currency Redesign efforts require investment in new application equipment which is to be installed in WCF in FY 2021 and subsequently installed at the replacement D.C. Facility.

Currency Note Program +$53,237,000 / +0 FTE
Early indications suggest that the yearly currency order placed by the Federal Reserve Board will return to average order levels in FY 2021.

Complete Hiring Plan +$7,286,000 / +59 FTE
BEP has been experiencing a hiring lag over the last several years. BEP anticipates reducing the backlog of hiring actions in FY 2021 and plans to execute and complete proposed hiring actions and on board FTEs.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2019 Actual Obligations*	FY 2020 Estimated Obligations	FY 2021 Estimated Obligations
11.1 - Full-time permanent	166,750	176,850	182,750
11.3 - Other than full-time permanent	150	180	180
11.5 - Other personnel compensation	3,000	3,200	3,200
11.6 - Overtime	20,750	12,200	10,000
11.9 - Personnel Compensation (Total)	**190,650**	**192,430**	**196,130**
12.0 - Personnel benefits	62,000	65,350	72,733
Total Personnel and Compensation Benefits	**$252,650**	**$257,780**	**$268,863**
21.0 - Travel and transportation of persons	2,000	2,000	2,000
22.0 - Transportation of things	600	600	600
23.1 - Rental payments to GSA	4,000	4,000	4,000
23.2 - Rental payments to others	450	1,000	1,000
23.3 - Communication, utilities, and misc charges	15,000	16,350	16,350
24.0 - Printing and reproduction	250	250	250
25.1 - Advisory and assistance services	7,750	8,000	7,000
25.2 - Other services	136,432	117,000	112,500
25.4 - Operation and maintenance of facilities	32,000	28,000	28,000
25.5 - Research and development contracts	47,300	50,000	50,000
25.7 - Operation and maintenance of equip	17,000	16,500	16,252
26.0 - Supplies and materials	262,880	194,051	248,921
31.0 - Equipment	176,750	124,015	131,509
42.0 - Insurance claims and indemnities	150	155	155
Total Non-Personnel	**702,562**	**561,921**	**618,537**
Total Obligations	**$955,212**	**$819,701**	**$887,400**
Full-time Equivalents (FTE)	**1,727**	**1,804**	**1,863**

* The FY 2019 obligations reflect an updated object class breakout for corrections made after the reporting window and do not match the FY 2021 President's Budget Appendix. The adjustments did not affect the total FY 2019 obligations.

D – Appropriations Language and Explanation of Changes

The BEP does not need annual appropriations language.

E – Legislative Proposals

As proposed previously, BEP requests the authority to print security documents such as birth, marriage, and death certificates for state governments. Many states are unable to find an American printing firm to produce the documents. These states are turning to foreign companies or lowering their security standards.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

BEP's vision is to be the world's standard securities printer providing its customers and the public with superior products through excellence in manufacturing and innovation. BEP supports the following Department of the Treasury FY 2018-2022 strategic goals:

- Goal 1: Boost U.S. Economic Growth
  - Trusted Currency and Services

- Goal 5: Achieve Operational Excellence
  - Workforce Management
  - Treasury Infrastructure
  - Delivering Customer Value

U.S. currency is used globally and as its manufacturer, BEP needs to achieve and maintain best-in-class practices for U.S. currency to be accepted worldwide. Working closely with its partners in the U.S. Currency Program, BEP looks forward to updating the next series of secure notes. BEP continues to make every effort to meet its mission to manufacture sophisticated and technologically advanced notes that are dependable in commerce. This achievement requires the focus and determination of the entire agency, since BEP faces challenges and is committed to stay ahead of increasingly sophisticated counterfeiters.

B – Budget and Performance by Budget Activity
2.1 – Manufacturing Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
Expenses/Obligations	$778,592	$648,365	$712,920	$914,134	$955,212	$819,701	$887,400
Budget Activity Total	**$778,592**	**$648,365**	**$712,920**	**$914,134**	**$955,212**	**$819,701**	**$887,400**
Full-time Equivalents (FTE)	**1,781**	**1,790**	**1,818**	**1,748**	**1,727**	**1,804**	**1,863**

The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Currency Notes Delivered Returned Due to Defects (Parts per Million)	N/A	N/A	N/A	0.0031ppm	0.09ppm	<1ppm	<1ppm	<1ppm
Improved FEVS Satisfaction	66%	66%	68%	70%	68%	65%	65%	65%
Lost Time Accident Rate per 100 Employees	1.65	1.77	1.6	0.9	1.05	1.8	1.8	1.8
Manufacturing Costs For Currency (Dollar Costs Per Thousand Notes Produced)	$42.35	$44.25	$43.58	$47.41	$51.01	$51.66	$56.00	$56.00
Yearly Currency Order (percent of order completed versus planned)	N/A	N/A	N/A	N/A	100%	100%	100%	100%

Manufacturing Budget and Performance
($887,400,000 from reimbursable sources)
The BEP has one budget activity: Manufacturing. This budget activity supports all of BEP's strategic goals as well as supporting Treasury's Strategic Goals Boosting U.S. Economic Growth and Achieving Operational Excellence.

Description of Performance:
Currency Notes Returned Due to Defects (parts per million (ppm)) is an indicator of BEP's ability to provide a quality product. The target for this performance metric is <1 ppm. BEP was able to exceed the established target in FY 2019 due to improved quality assurance processes with an actual result of 0.09 ppm notes returned due to a defect. BEP's target for this performance metric will be held constant at <1 ppm for FY 2020 and FY 2021.

The Federal Employees Viewpoint Survey (FEVS) allows employees to share their opinion on what matters most to them. Based on the results of the survey, BEP can target areas for improvement or additional employee engagement. The measure uses the Department's standard FEVS Employee Engagement Index with a target of 65 percent. In FY 2020 and 2021, BEP will continue to strive for improvements in overall employee satisfaction.

The Lost Time Accident Rate per 100 employees measures the BEP's ability to reduce injuries and illnesses in the workplace. BEP's FY 2019 Lost Time Accident rate was at 1.05 cases per 100 employees, 42 percent lower than the target of 1.80 cases per 100 employees. This performance resulted from increased focus on following safe work practices, avoiding hazards, and being a Director's priority. For FY 2021, BEP remains committed to maintaining and improving the safety of its employees. BEP will continue to perform analysis to determine the root causes of any injury and to identify best practices in safety. BEP's target will be held at 1.80 cases per 100 employees for FY 2020 and FY 2021.

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, and the mix of denominations ordered. Actual performance against standard costs depends on BEP's ability to meet spoilage, efficiency, and capacity utilization goals. In FY 2019, the cost of manufacturing was lower than anticipated due to operational efficiencies. The FY 2019 cost was $51.01 per 1,000 notes produced, compared to a target of $51.66. BEP's target for this performance metric in FY 2020 and FY 2021 is set at $56.00 per 1,000 notes produced. Per unit cost for currency is projected to increase because of significant reduction to the currency order for 2020 and higher labor rates and material price increases.

The Yearly Currency Order measures BEP's success in delivering the total number of currency notes ordered by the Federal Reserve Board annually. In FY 2019, BEP met its target of delivering 100 percent of the currency notes ordered. In FY 2020 and FY 2021, BEP will continue to target delivering 100 percent of the FRB's currency order.

C – Changes in Performance Measures
N/A

D – Evidence-Building Activity

U.S. Currency notes are rapidly increasing in complexity to incorporate improved security, counterfeit deterrence, machine readability, and raised tactile functionality for the vision impaired. The BEP's Currency Quality Assurance (CQA) program was designed to integrate the current ISO 9001:2015 certified Quality Management System, new technologically advanced design features, new equipment, new processes, and ever higher quality and environmental demands to produce trusted U.S. currency at high volume and exceptional value.

A robust CQA program is necessary to address every aspect of the U.S. Currency lifecycle; from product development, acquisition of material, through process and production control, to final release and delivery. During the research and development phase of the new security features, each potential feature must undergo a rigorous feasibility study. BEP CQA collects study and testing data to determine feasibility. Features that are deemed unfeasible will not advance to the next phase. In FY 2019, BEP CQA devoted extensive effort to support series changes, verification, and validation work, and the new Catalyst family of note designs. In FY 2020 and FY 2021, BEP will continue to focus on research and development of the remaining security features for the new Catalyst Family of note designs and improving the overall CQA program.

Section III – Additional Information

A – Summary of Capital Investments

A summary of capital investment resources, including major information technology and non-technology investments can be found at:
https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx.

Department of the Treasury
United States Mint

Congressional Budget Justification and Annual Performance Plan and Report

FY 2021

Table of Contents

Section I – Budget Request

A – Mission Statement
The United States Mint (Mint) enables America's economic growth and stability by protecting assets entrusted to us and manufacturing coins and medals to facilitate national commerce.

B – Summary of the Request
In Fiscal Year (FY) 2021, the Mint's total estimated budgetary requirements for operations, metal, and capital investments are $2.55 billion. This budget will support the production of 14 billion circulating coins, as well as the production of bullion and other numismatic products sufficient to meet customer demand. The Mint has one budget activity: manufacturing, which encompasses the bureau's two major programs, circulating coinage and numismatic products (including bullion coins, collector coins, and national medals).

To maintain its reputation as one of the finest mints in the world, the Mint is committed to operating according to the core values of service, quality, and integrity. The Mint has three strategic goals to help fulfill its mission and values: 1) Advancing our circulating mission through innovation and technology; 2) Fostering a safe, flexible, diverse and engaged workforce; 3) Introducing diverse products to new customers and revitalizing the Mint customer base through the use of industry-proven marketing approaches. The Mint is currently updating their goals and expects to release a new plan in FY 2020. The goals in the plan align with Treasury Strategic Goal 1: Boost U.S. Economic Growth and Goal 5: Achieve Operational Excellence.

Mint operations are funded through the Mint Public Enterprise Fund (PEF), 31 U.S.C. § 5136. The Mint generates revenue through the sale of circulating coins to the Federal Reserve Banks (FRB), numismatic products to the public, and bullion coins to authorized purchasers. All circulating and numismatic operating expenses, along with capital investments incurred for the Mint's operations and programs, are paid out of the PEF. By law, all funds in the PEF are available without fiscal year limitation. Revenues determined to be in excess of the amount required by the PEF are transferred to the United States Treasury General Fund.

Circulating
Circulating coin production projections are based on current economic data and forecasts of FRB coin orders. Circulating coin production for FY 2020 and FY 2021 is forecasted at 14.0 billion coins for each year. This level reflects an 11 percent increase for FY 2020 and FY 2021 in shipments of all coin denominations, as compared to 12.5 billion in FY 2019. Circulating financial performance continues to be adversely affected by rising production costs. FY 2019 unit costs increased for all denominations compared to the prior year. The unit cost for both pennies (1.99 cents) and nickels (7.62 cents) remained above face value for the 14th consecutive fiscal year.

Numismatic Program
The numismatic program, which includes bullion coins, is designed to prepare and distribute premium products to collectors and those who desire quality versions of coinage. Numismatic products are priced to cover metal and production costs.

Bullion Coins
The bullion coin program provides the public a means to acquire precious metal coins as part of an investment portfolio. In FY 2019, bullion demand increased to 18.8 million ounces from the 15.3 million ounces sold in FY 2018. Demand for bullion is forecasted at 29.6 million ounces for both FY 2020 and FY 2021. Bullion revenue is forecasted to be $1.6 billion in FY 2020 and FY 2021.

Numismatic (Collector Coins and Medals)
The numismatic program provides high-quality versions of circulating coinage, precious metal coins, commemorative coins, and national medals for sale to the public. Numismatic revenue increased by 19.3 percent from $293.1 million in FY 2018 to $349.6 million in FY 2019 due to a $6.9 million increase from annual core sets and a $40.5 million increase from commemorative coin products. Total units increased by 28 percent from 3.3 million in FY 2018 to 4.3 million in FY 2019. FY 2020 and FY 2021 numismatic revenues are projected to be $311 million each year, based on projected demand for numismatic products of 3.8 million in both FY 2020 and FY 2020.

1.1 – Resource Detail Table

Dollars in Thousands

Budgetary Resources	FY 2019 Actual		FY 2020 Estimate		FY 2021 Estimate		FY 2020 to FY 2021 % Change	
Revenue/Offsetting Collections	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Other Income								
Circulating	0	$798,100	0	$840,000	0	$840,000	NA	0.00%
Bullion/Numismatic	0	$1,032,300	0	$1,929,081	0	$1,929,081	NA	0.00%
Total Revenue/Offsetting Collections	**0**	**$1,830,400**	**0**	**$2,769,081**	**0**	**$2,769,081**	**NA**	**0.00%**
Expenses/Obligations								
Manufacturing								
Circulating	829	531,265	902	761,339	921	$764,159	2.11%	0.37%
Bullion/Numismatic	707	1,024,197	769	1,776,457	784	$1,783,038	1.95%	0.37%
Total Expenses/Obligations	**1,536**	**1,555,462**	**1,671**	**2,537,795**	**1,705**	**$2,547,197**	**2.03%**	**0.37%**
Net Results	**1,536**	**$274,938**	**1,671**	**$231,286**	**1,705**	**$221,884**	**2.03%**	**-4.07%**

Coin Shipments (Units In Millions/Coins)	**FY 2019**	**FY 2020**	**FY 2021**	**% Change**
Circulating:				
One Cent	7,315	8,500	8,500	0.0%
5-Cent	1,153	1,300	1,300	0.0%
Dime	2,215	2,400	2,400	0.0%
Quarter	1,783	1,800	1,800	0.0%
Half-Dollar	-	-	-	0.0%
Dollar	-	-	-	0.0%
Total Circulating	**12,465**	**14,000**	**14,000**	0.0%

Budget Category	**FY 2019 Budget**	**FY 2020 Estimate**	**FY 2021 Estimate**	**% Change**
Administrative Operating Costs	$396,691	$417,295	$406,697	-2.5%
Capital Investments	$38,358	$40,500	$60,500	49.4%
Metals and Materials Costs	$1,120,413	$2,080,000	$2,080,000	0.0%
Total Budgetary Resources	**$1,555,462**	**$2,537,795**	**$2,547,197**	0.4%

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Materials	Operating & Capital	Total
FY 2020 Original Estimate	**1,705**	**$2,270,000**	**$458,168**	**$2,728,168**
Program Changes				
Program Decreases:	(34)	($190,000)	($7,669)	($197,669)
Metal Due to Forecasted Decrease in Circulating Coin Metal Prices	0	($30,000)	$0	($30,000)
Metal Due to Forecasted Decrease in Bullion Production	0	($160,000)	$0	($160,000)
FTE Reduction	(34)	$0	($4,097)	($4,097)
Operating Efficiencies	0	$0	($3,572)	($3,572)
Program Increases:	0	$0	$7,296	$7,296
FedRAMP Remediation Activities	0	$0	$4,000	$4,000
Pay Raise (3.1% average pay raise)	0	$0	$3,296	$3,296
Subtotal Program Changes	(34)	($190,000)	($373)	($190,373)
FY 2020 Revised Estimate	**1,671**	**$2,080,000**	**$457,795**	**$2,537,795**
Changes to Base				
Maintaining Current Levels (MCLs)	0	$0	$10,856	$10,856
Pay Annualization (2020 3.1% average pay raise)	0	$0	$1,629	$1,629
Pay Raise (1.0% average pay raise)	0	$0	$1,588	$1,588
FERS Contribution Increase	0	$0	$2,686	$2,686
Non-Pay	0	$0	$4,953	$4,953
Workforce and Succession Planning	34	$0	$4,901	$4,901
Efficiency Savings	0	$0	(6,355)	($6,355)
Cyber Security	0	$0	($1,500)	($1,500)
Operating Efficiencies	0	$0	($4,855)	($4,855)
Subtotal Changes to Base	34	$0	$9,402	$9,402
FY 2021 Current Services	**1,705**	**$2,080,000**	**$467,197**	**$2,547,197**
FY 2021 Estimate	**1,705**	**$2,080,000**	**$467,197**	**$2,547,197**

C – Budget Increases and Decreases Description

Program Decreases…………………………………………………-$197,669,000 / -34 FTE

<u>Metals Due to Forecasted Increase in Circulating Coin Metal Prices -$30,000,000 / -0 FTE</u>

FY 2020 forecasted circulating coin production will remain constant at 14.0 billion coins for the year. However, metal prices are forecasted to decrease. The net result is an overall decrease to circulating coin program costs.

<u>Metals Due to Forecasted Decrease in Bullion/Numismatic Production -$160,000,000 / -0 FTE</u>

FY 2020 forecasted demand for the bullion coin program decreased by 7 percent, causing a decrease of $200 million in bullion coin program costs. Conversely, numismatic program sales are forecasted to increase by 6 percent, causing a nominal increase of $40 million in metal costs. The net result of the numismatic and bullion program is an overall decrease in program costs.

<u>FTE Reduction -$4,097,000 / -34 FTE</u>

Salary savings will be realized through natural attrition across all directorates.

Operating Efficiencies -$3,572,000 / -0 FTE
The Mint will reduce its operating budget by continuing to monitor costs and implement various savings strategies.

Program Increases…………………………………………………………. +$7,296,000 / +0 FTE
FedRAMP Remediation Activities +$4,000,000 / +0 FTE
The Federal Risk Authorization Management Program (FedRAMP) certification is mandatory for cloud providers who wish to provide services to the Federal government. PFS (Priority Fulfillment Services), the service provider for the Mint's OMS II system, has identified system gaps that are non-compliant with FedRAMP requirements. In an effort to address these gaps, funding is needed to provide remediation solutions to bring PFS and the Mint's OMS II system into compliance.

Pay Raise (3.1% in 2020) +$3,296,000 / +0 FTE:
Funds are required for a 3.1% average pay raise in January 2020.

Maintaining Current Levels (MCLs).. +$10,856,000 / +0 FTE
Pay Annualization (3.1%) +$1,629,000 / +0 FTE
Funds are required for annualization of the January 2020 3.1% average pay raise.

Pay Raise (1.0% in 2021) +$1,588,000 / +0 FTE
Funds are required for a 1.0% average pay raise in January 2021.

FERS Contribution Increase +$2,686,000 / +0 FTE
Funds are required for the Federal Employee Retirement System (FERS) contribution rates effective FY 2021.

Non-Pay +$4,953,000 / +0 FTE
Funds are required for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Workforce and Succession Planning………………………………….. +$4,901,000 / +34 FTE
Workforce and Succession Planning +$4,901,000 / +34 FTE
The Mint has implemented initiatives to increase its FTE level. These initiatives include using intern programs to transfer knowledge and reduce risks from retirement eligible workforce, fill key vacancies more timely, and using flexible hiring authorities to shorten the lengthy hiring process where appropriate.

Efficiency Savings .... -$6,355,000 / -0 FTE
Cyber Security -$1,500,000 / -0 FTE
The cyber security program will reduce contract spending by insourcing some security assessment and authorization (SA&A) and audit management functions. Areas of focus include supporting FedRAMP activities in the OMS II program, and conducting risk assessments for industrial control systems.

Operating Efficiencies -$4,855,000 / -0 FTE
The Mint will continue to reduce costs through continuous monitoring and implementing cost savings strategies as appropriate. These strategies include prioritizing Mint activities to ensure operating costs are maintained.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2019 Actual Obligations	FY 2020 Estimated Obligations	FY 2021 Estimated Obligations
11.1 - Full-time permanent	130,300	145,071	152,240
11.3 - Other than full-time permanent	0	161	161
11.5 - Other personnel compensation	13,149	11,900	12,000
11.9 - Personnel Compensation (Total)	**143,449**	**157,132**	**164,401**
12.1 - Personnel benefits	49,767	52,018	55,553
13.0 - Benefits for former personnel	71	1,019	1,019
Total Personnel and Compensation Benefits	**$193,287**	**$210,169**	**$220,973**
21.0 - Travel and transportation of persons	2,035	2,957	2,957
22.0 - Transportation of things	28,009	21,651	21,400
23.2 - Rental payments to others	11,429	3,086	3,086
23.3 - Communication, utilities, and misc charges	17,141	18,860	18,960
24.0 - Printing and reproduction	1,606	3,366	3,366
25.1 - Advisory and assistance services	64,047	61,486	54,900
25.2 - Other services	22,559	39,931	25,180
25.3 - Other purchases of goods & serv frm Govt accounts	18,647	20,547	20,586
25.4 - Operation and maintenance of facilities	8,091	3,965	3,965
25.5 - Research and development contracts	297	900	900
25.6 - Medical care	958	735	735
25.7 - Operation and maintenance of equip	8,834	7,059	7,059
26.0 - Supplies and materials	17,537	19,003	19,050
26.7 - Raw Materials	1,120,413	2,080,000	2,080,000
31.0 - Equipment	29,156	32,266	52,266
32.0 - Land and structures	11,416	11,814	11,814
Total Non-Personnel	**1,362,175**	**2,327,626**	**2,326,224**
Total Budgetary Resources	**$1,555,462**	**$2,537,795**	**$2,547,197**
Full-time Equivalents (FTE)	**1,536**	**1,671**	**1,705**

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY United States Mint *Federal Funds* 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 [2020] *2021* under such section 5136 for circulating coinage and protective service capital investments of the United States Mint shall not exceed [$30,000,000] *$50,000,000. (Department of the Treasury Appropriations Act, 2020.)*	The increased capital limit will provide capital investment purchasing flexibility to procure the necessary equipment for production, safety, security, and technology improvements.

For more detailed information, please reference Section III p. 14.

E – Legislative Proposals

Capital Legislative Increase

The Mint's investments in capital are a critical part of regular manufacturing operations. To continue effective coin production, equipment replacements and facility maintenance is mandatory. Over time, the legislative limit on the Mint's capital budget has proven insufficient. Rather than upgrading and replacing worn and obsolete equipment as needed, under the current funding limit, capital projects must be prioritized and funded based on budget availability. This process has caused many needed projects to be postponed to out-years. Continuing to defer replacement of equipment presses, for example, creates the risk of additional downtime due to unexpected failures. This could substantially impact production schedules. Deferred replacement of presses also creates a cost risk associated with contracting the manufacturer to make emergency repairs. As such, the Mint's need for capital investments becomes more critical each year. The current limitation of $30 million for circulating and protection capital is below the amount needed to meet capital investment requirements.

The bureau has identified an urgent need to increase its legislative limit by $20 million. This will raise the current limit from $30 million to $50 million beginning in FY 2021. The increased capital limit will allow the Mint to execute a comprehensive capital investment strategy that focuses on safety, equipment replacements, protection, and facility improvements (see additional details in Section III).

Alternative Metal Composition

This proposal would give the Secretary the authority to prescribe the compositions of the 5-cent, dime, and quarter-dollar coins, provided that the new metal compositions do not affect the Electromagnetic Signature (EMS), the color, and weight of the coins. By authorizing the Secretary the flexibility and agility to implement small changes to the copper-nickel circulating coin metal compositions, the Mint could realize incremental material savings with little or no impact to the vending industry and general public.

New Proposal: Circulating Commemorative Coin Redesign
Estimated revenue: Approximately $8 billion over the life of the program, depending on program specifics

Circulating commemorative coin programs are very popular and generate significant revenue for the United States Mint and ultimately the general fund of the Treasury. To better advance the hobby of collecting coins and medals, the Mint requires authority for circulating commemorative programs that are shorter term in nature; are based on subject matter that will drive the program through sustainable, recognizable, and relatable themes; and that can appeal to a broad range of Americans and attract new collectors, especially youth.

The proposed Circulating Commemorative Coin Redesign Act (CCCRA) proposes new circulating and numismatic programs. In particular, the CCCRA would introduce a new quarter and half dollar program following the current America the Beautiful (AtB) Quarters Program, which will end in 2021. Because the AtB Quarters Program is scheduled to be discontinued in 2021, authorizing new circulating commemorative coin programs will contribute to the longevity and long-term growth of the Mint, serve the public interest, and deliver increased revenue to the Mint and the Department of the Treasury General Fund that otherwise may not be realized.

The Mint is proposing a new series of themes for circulating coins as a compelling way to engage young collectors and grow the Mint’s circulating and numismatic revenue. The themes proposed are quarter dollars and half dollars that represent historical milestones.

Section II – Annual Performance Plan and Report

A – Strategic Alignment
The Mint aligns with the following Department of the Treasury FY 2018-2022 strategic plan goals:

- Goal 1: Boost U.S. Economic Growth
  - Objective 1.3 Trusted Currency and Services: Deliver trusted currency and services that enable citizens and businesses to participate in the economy.
- Goal 5: Achieve Operational Excellence
  - Objective 5.1 Workforce Management: Deliver trusted currency and services that enable citizens and businesses to participate in the economy.
  - Objective 5.2 Treasury Infrastructure: Better enable mission delivery by improving the reliability, security, and resiliency of Treasury's infrastructure.
  - Objective 5.3 Customer Value and Experience: Enhance the experience of interacting with Treasury by providing high quality products and services and by delivering excellent customer service.

Circulating Coinage Program
Circulating coinage includes the minting and issuing of pennies, 5-cent coins, dimes, and quarter dollars. The Mint delivers circulating coinage to the FRBs in quantities to support their service to commercial banks and other financial institutions. These financial institutions then meet the coinage needs of retailers and the public. The Mint recognizes revenues from the sale of circulating coins at face value when they are shipped to the FRBs.

The Mint will continue to mint and issue circulating quarter-dollar coins honoring America's national parks and other national sites, in accordance with the America the Beautiful National Parks Quarter Dollar Coin Act of 2008 (Public Law 110-456). In 2020, the Mint will release quarters honoring National Park of American Samoa (American Samoa), Weir Farm National Historic Site (Connecticut), Salt River Bay National Historical Park and Ecological Preserve (United States Virgin Islands), Marsh-Billings-Rockefeller National Historical Park (Vermont), and Tallgrass Prairie National Preserve (Kansas). In 2021, the program will end with one final quarter honoring Tuskegee Airmen National Historic Site (Alabama).

Numismatic Program
Bullion Coins
The Mint produces and issues gold, silver, platinum, and palladium bullion coins to authorized purchasers through the American Eagle, American Buffalo, and America the Beautiful Silver Bullion Coin Programs. The authorized purchasers agree to maintain an open, two-way market for these coins, ensuring their availability for consumers who desire them for investment portfolios. Demand for bullion coins is greatly influenced by the performance of other investment options, such as equities 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 Mint's numismatic program provides high-quality versions of circulating coinage, precious metal coins, commemorative coins, and national medals for sale 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 Mint will continue to mint and issue $1 coins commemorating 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 addition, the Mint started the American Innovation $1 Coin Program (Public Law 115-197) in 2018. This is a multi-year $1 coin series to honor innovation and innovators for each of the 50 states, the District of Columbia and the five U.S. territories – Puerto Rico, Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands. Four new $1 coins with distinctive reverse designs will be released each year through 2032, in the order the states ratified the Constitution of the United States or were admitted to the Union. Once a coin is issued for each state, coins will be released for the District of Columbia and the territories.

Commemorative coins are authorized by law to recognize and honor people, places, events, institutions, and other subjects of historic or national significance. Each coin is minted and issued by the Mint in a limited quantity and is available only for a limited time. Included in the price is a surcharge that is authorized to be paid to the designated recipient organizations, assuming all legal requirements have been met. Recipient organizations must use the proceeds for the purposes specified in the enabling legislation. In 2021, the Mint has authorization to mint a commemorative coin honoring Christa McAuliffe (Public Law 116-65).

B – Budget and Performance by Budget Activity
2.1.1 – Manufacturing Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
Expenses/Obligations	$2,937,553	$3,272,106	$2,203,909	$1,424,770	$1,555,462	$2,537,795	$2,547,197
Budget Activity Total	**$2,937,553**	**$3,272,106**	**$2,203,909**	**$1,424,770**	**$1,555,462**	**$2,537,795**	**$2,547,197**
Full-time Equivalents (FTE)	**1,657**	**1,695**	**1,645**	**1,545**	**1,536**	**1,671**	**1,705**

The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Customer Satisfaction Index (%)	89.5	91	91.7	93.6	93.6	90.0	90.0	90.0
Numismatic Sales Units (Million Units)	5.4	4.2	3.9	3.3	4.3	3.9	3.8	3.0
Safety Incident Recordable Rate	3.42	2.53	1.96	1.90	1.45	2.39	2.32	2.25
Seigniorage per Dollar Issued ($)	0.49	0.52	0.45	0.37	0.40	0.36	0.36	0.36

Manufacturing Budget and Performance
($2,547,197,000 from offsetting collections) The Mint will mint and issue circulating coins and produce numismatic products, including bullion, to meet demand.

Description of Performance:
Several key performance measures are used to gauge the bureau's progress in achieving its strategic goals and to assess its Manufacturing Budget Activity performance.

Customer Satisfaction Index (CSI)
The Mint conducts a quarterly survey of a random sample of active numismatic customers. The survey is intended to capture customer satisfaction with the Mint's service performance as a coin products supplier and with the quality of specific products. The CSI metric is a quantitative score summarizing the survey's results into one consolidated value. This metric gauges performance results in the effort to achieve the Mint's internal strategic plan goal, "Improve mission critical activities and governance," and the Mint's internal strategic objective linked to this goal, "Drive a customer-centric organization." This also aligns with the Treasury Department strategic objective linked to this goal, "5.3 Customer Value and Experience."

In FY 2019, the CSI was 93.6 percent, exceeding its 90.0 percent target. The Mint was able to exceed its target by providing high-quality products, adding innovative features, and improving the Mint's customer loyalty program. The Mint anticipates that the CSI will remain steady and, thus, has set the target at 90.0 percent for FY 2020 and FY 2021.

Numismatic Sales Units
The numismatic sales unit metric measures public demand for coin products sold from numismatic operations. This metric also measures performance results achieving the Mint's internal strategic plan goal, "Improve mission critical activities and governance" and the Mint's internal strategic objective linked to this goal, "Drive a customer-centric organization." This also aligns with the Treasury Department strategic objective linked to this goal, "5.3 Customer Value and Experience."

Numismatics product sales for FY 2019 totaled 4.3 million units, exceeding the 3.9 million target. The Mint's numismatic unit sales grew substantially in FY 2019, driven by the popular Apollo 11 program, but the environment for numismatic sales overall remains challenging. The performance target for numismatic sales units is 3.8 million for FY 2020 and 3.0 million for FY 2021. Targets are representative of the programs for that year. Therefore, targets vary year over year. To meet these targets, the Mint will continue to provide high-quality products and maintain outstanding customer service, and deepen engagement with coin collectors.

Safety Incident Recordable Rate
The safety incident recordable rate is the number of injuries and illnesses meeting the Occupational Safety and Health Administration recording criteria per 100 full-time workers. It measures the occurrence of work-related incidents involving death, lost-time and restricted work, loss of consciousness, or medical treatment. The safety incident recordable rate indicates performance results in the effort to achieve the Mint's internal strategic plan goal, "Foster a safe,

flexible, diverse, and engaged workforce," and the corresponding Mint internal strategic objective linked to this goal, "Continue to cultivate a safe working environment." These also align with the Treasury Strategic Goal "5.1 Workforce Management."

In FY 2019, the total recordable case rate reached 1.45, well below the Mint's 2.39 FY 2019 target, and significantly below the most recent industry average rate of 4.9 for comparable private sector manufacturing operations. During FY 2019, the Mint continued implementing and updating risk management guidelines to prioritize resources and mitigate risks in advance of injuries or catastrophic events at each plant. Mint facility leadership and employees continue to interact on a daily basis on the importance of safety. The performance targets for the safety incident recordable rate are 2.32 for FY 2020 and 2.25 for FY 2021.

Seigniorage per Dollar Issued
Seigniorage per Dollar Issued is the financial return on circulating operations, calculated as seigniorage divided by the total face value of circulating coins shipped to the FRBs. Seigniorage is the difference between the face value and cost of producing circulating coinage. It measures the cost effectiveness of minting and issuing the United States' circulating coinage. It also measures performance results in achieving the Mint's internal strategic plan goal, "Improve mission critical activities and governance," as well as the Mint's internal strategic objective linked to the goal, "Improve mission critical activities and governance." This also aligns with the Treasury Strategic Goal "1.3 Trusted Currency and Services." At the end of FY 2019, Seigniorage per Dollar Issued was $0.40, above the FY 2019 performance target of $0.36. The FY 2019 increase is a result of lower metal costs for all denominations. The Seigniorage per Dollar Issued performance targets are set at $0.36 for both FY 2020 and FY 2021.

C– Evidence-Building Activity
United States Mint Evidence-Based Activities
The United States Mint complies with the requirements of the Foundations for Evidence-Based Policymaking Act of 2018, Public Law 115-435. As the Nation's sovereign coin manufacturer that enables commerce and financial stability, the Mint values service, quality, and integrity, while using modern manufacturing practices with increasing operational effectiveness. Like other world-class manufacturing organizations, the Mint drives improvements with data, metrics, and evidence along four operational activities—namely, safety in the work environment, quality products, on-time delivery to our customers and cost management. Over the last five years, the Mint completed an average of fifteen data-driven projects per year. Projects used charters, measurement system analysis, process maps, cause and effect matrices, failure mode analysis and design of experiments. The projects yield safer work places, higher customer satisfaction, lower cost and higher quality. To sustain improvements, the Mint conducts Management Reviews and internal audits to follow a Plan-Do-Check-Act System to evaluate and adjust our activities based upon the evidence outcomes.

<u>Lean Six Sigma</u>
To achieve greater effectiveness, the Mint uses Lean Manufacturing, Six Sigma, and Enterprise Risk Management methods. These three key methods or approaches empower all employees at the Mint to improve the bureau in statistical, data-driven ways. Over the last five years, the Mint completed an average of fifteen data-driven projects per year. Projects used charters,

measurement system analysis, process maps, cause and effect matrices, and failure mode analysis. The projects yield safer work places, higher customer satisfaction, lower cost, and higher quality. To sustain improvements, the Mint conducts Management Reviews and internal audits to follow a Plan-Do-Check-Act System to evaluate and adjust our activities based upon the evidence outcomes.

Numismatic Program

The Mint has employed Evidence-Based decision making to the Numismatic and Bullion Program. In late 2018, the Mint initiated an in-depth review of existing and potential future customer base and the types of products and marketing that would attract both groups. Out of this exercise, the Mint developed a five-year Sales and Marketing Plan (2020 - 2024), which will be used to inform the decision making process around new product development, sales and marketing activities, and new coin programs. Concurrent to this exercise, the Mint used real time market research and many of the insights gained from the holistic look at the program to develop and propose new coin programs and associated legislation moving into 2022-2030.

Section III – Additional Information

A – Summary of Capital Investments

The Mint's capital investment requirements are predominantly for manufacturing-type equipment. Capital investments, along with its operating expenses, are paid out of the Mint's PEF. Current annual appropriations legislation caps the aggregate amount of new liabilities and obligations incurred during a fiscal year for capital investments in circulating coinage operations and protective service at $30 million.

The Mint's manufacturing capital investment projects focus on safety, equipment replacement, protection, and facility improvements.

In addition, the Mint's capital investments encompass a robust information technology (IT) portfolio of investments and programs that modernize and secure the bureau's infrastructure. The bureau's governance structures ensure that the IT portfolio is managed in accordance with cost, schedule, risk, and performance goals, and that expected results and benefits are achieved. Enterprise architecture reviews assess and reinforce alignment to the bureau's strategic plan and the strategic enterprise direction of the Department of the Treasury.

In accordance with the Statement of Federal Financial Accounting Standard (SFFAS) No. 6, the Condition Index and the Deferred Maintenance assessments for purposes of Federal Real Property Profile, the Mint has no deferred maintenance for its equipment. Maintenance is scheduled and performed regularly to keep the manufacturing equipment operating at optimal levels.

Proposal: Capital Investments Increase

The Mint's need for capital investments is a critical part of regular ongoing manufacturing operations. Capital costs do not remain constant but increase over time. Therefore, a static capital limit does not allow the systematic replacement of production equipment and/or proper maintenance of Mint facilities. Because of this, the Mint is proposing to increase its legislative limit to $50 million in FY 2021.

The current $30 million capital limit impacts the bureau's ability to efficiently procure the equipment necessary for effective production operations by delaying projects to out-years. As a result, some production equipment is past its useful life. Continuing to defer needed equipment purchases could cause equipment such as steam heat exchangers to experience catastrophic failures in the form of pipe bursts if not properly replaced on schedule. Ventilation deficiencies could cause carbon monoxide buildup and other occupancy issues. The increased capital limit will allow the Mint to execute a comprehensive capital investment strategy that addresses these and other issues.

Currently, the Mint has a detailed ten-year plan that is a living document in constant update and use. The plan lists individual projects annually over a ten-year period. However, during the year, as emergent needs arise and/or when planned projects are no longer applicable (i.e. increased/reduced production capacity, old technology replaced by new methods or production practices change), changes are made to the plan and serves as the basis for subsequent years' capital plans. Internal reviews are conducted to ensure that all desired projects are listed and prioritized, as each year's requirements continue to exceed our funding level. Throughout the year, the project list is scrutinized and reprioritized as higher priority projects emerge.
The detailed master plan is summarized by source of funds – Circulating/Protection and Numismatic – and the following categories: ESHE (Environmental, Safety, Health and Energy), Improvements, Equipment, Facility, Protection, and Information Technology. The table below reflects the current plan by category.

CIRCULATING/PROTECTION	FY 2020	*FY 2020 (Addt'l $20M)***	FY 2021
Environmental, Safety, Health and Energy	-	-	$500,000
Improvements	$2,005,500	*$4,350,000*	$4,825,000
Equipment	$16,723,661	*$30,935,950*	$29,469,785
Facility	$5,440,000	*$5,085,000*	$4,635,000
Protection	$2,800,000	*$4,500,000*	$6,250,000
Information Technology	$3,000,000	*$4,960,000*	$4,000,000
Total	**$29,969,161**	***$49,830,950***	**$49,679,785**

***The Mint's capital investment plan if legislation were approved to increase the limit to $50 million in FY 2020.*

Environment, Safety, Health & Energy (ESHE)
This is our highest priority category and consists of projects that have a direct impact on the health and safety, environment and energy savings of the manufacturing facilities. Because ESHE is our highest priority, these projects tend to be approved ahead of other categories, leaving this category with few unfunded projects. Typical investments include:

- Multi-year projects to improve the seismic survivability of a 1935 building
- Waste water treatment upgrades
- Platform and ladder safety improvements

Improvements

This is our lowest priority and are projects identified by the manufacturing sites which would enhance or provide different production capabilities. These do not include incremental capacity or capability increases, but include:

- Hydraulic stamping press
- Ready to strike blank preparations
- Flexible robotic packaging system
- Ultrasonic cleaner for precious metal blanks

Equipment

Projects under this category are to *sustain* our current production capabilities and capacities. It includes replacement of equipment that is beyond its useful life and creates increased downtime and maintenance costs, can no longer be supported by the OEM for repair parts, or electronic component obsolescence. Some project examples include:

- Blanking press replacements
- Circulating stamping press replacements
- Circulating furnace line replacement
- Coin counters
- Proof press replacements
- Replacement die coating system (used for proof polish dies)
- Replacement die shop equipment – machine centers, grinders, lasers and heat treatment furnaces
- Replacement packaging line (uncirculated sets)
- Spaleck burnishers
- Replacement cartoning line

Facility

These are projects related to maintaining the four manufacturing sites in good repair and condition. They include the building, roof, elevators and utility systems such as electrical, piping and HVAC, as well as:

- Power system replacement
- Elevators
- Replace compressed air system and piping
- HVAC replacement
- Steam condensate piping replacement
- Facility renovations (restrooms, locker rooms and offices)

Protection

Projects include the protection of Mint employees and assets, including gold and silver reserves, through the use of state-of-the-art security equipment and technology for essential protection functions such as access control, intrusion detection, and surveillance of property. Projects also include building and grounds improvements. Protection projects include:

- Employee entrance remodel
- Perimeter bollards

- Observation post
- X-ray machines
- Radar intrusion detection

Information Technology
The Mint's Information Technology plan includes projects required to support the Mint's business initiatives, and maintain and upgrade the current infrastructure capabilities, such as:

- Riverbed Wide Area Network (WAN) Optimizer
- Network Security/Data Center storage replacement
- Uninterrupted Power Supply (UPS) upgrade
- Mobile App development and roadmap

A summary of capital investment resources, including major information technology and non-technology investments can be found at: https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx.

Department of the Treasury
Office of the Comptroller of the Currency

Congressional Budget Justification and Annual Performance Plan and Report

FY 2021

Table of Contents

Section I – Budget Request

A – Mission Statement
To ensure that national banks and federal savings associations operate in a safe and sound manner, provide fair access to financial services, treat customers fairly, and comply with applicable laws and regulations.

B – Summary of the Request
The Office of the Comptroller of the Currency (OCC) was created by Congress in 1863 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 federal savings associations.

As of September 30, 2019, the OCC supervised 840 national bank charters, 57 federal branches and agencies, and 303 federal savings associations. In total, the OCC supervises approximately $12.8 trillion in financial institution assets.

Goals:
The OCC has established three goals to affirm its mission: 1) The OCC fosters a safe, sound, and fair system of national banks, federal savings associations and federal branches of foreign banks and agencies of foreign banks that is a source of economic strength and opportunity that meets the evolving needs of consumers, businesses, and communities; 2) OCC employees are engaged, prepared, and empowered to meet its mission; 3) The OCC operates efficiently and effectively. To achieve its goals and objectives, the OCC organizes its programs under three activities: 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 four out of five Department of the Treasury's FY 2018-2022 strategic goals: Boost U.S. Economic Growth; Promote Financial Stability; Enhance National Security; and Achieve Operational Excellence.

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.

FY 2020 and 2021 Priorities

A major focus of the OCC's supervisory, regulatory, and charter programs for FY 2020 and forward involve reviews of existing regulations to consider changes consistent with safety and soundness and fair treatment of bank customers, with the goal of enhanced regulatory coordination, reducing unnecessary regulatory burden, and increasing examination efficiency.

The OCC is observing signs that credit risk is increasing because of accumulated risk in loan portfolios from successive years of incremental easing in underwriting, risk layering, concentrations, and rising potential impact from external factors. The potential impacts from external factors include responding to intense competition by easing underwriting or policy exceptions. Therefore, the OCC will continue to closely evaluate current underwriting standards by conducting targeted underwriting examinations and using the credit underwriting assessment tool.

The OCC will conduct examinations based on the risk profile of individual national banks and federal savings associations to ensure they are safe and sound, sufficiently capitalized, and comply with consumer protection laws and regulations. Priorities and activities will include supervisory reviews of cybersecurity and operational resiliency, commercial and retail credit underwriting practices and oversight and control functions, the impact of changing interest rate outlooks, preparedness for the current expected credit losses (CECL) accounting standard, preparation for the phaseout of the London Interbank Offering Rate (LIBOR), technological innovation and, Bank Secrecy Act/Anti Money Laundering (BSA/AML) under delegated authority from Treasury's Financial Crimes Enforcement Network (FinCEN) and in line with Federal Financial Institutions Examination Council (FFIEC) guidance, and fair access. Examiners will work to resolve problem national bank and federal savings association situations effectively by identifying problems at the earliest possible stage, clearly communicating concerns and expectations to bank management through appropriate enforcement actions and ensuring timely follow-up on needed corrective actions. An additional priority for the OCC involves the modernization of the Community Reinvestment Act to reflect the evolution of the banking industry and ensuring that its original intent to assess the degree which insured depository institutions are serving the credit needs of the communities in which they operate remains valid.

1.1 – Resources Detail Table

Dollars in Thousands

Budgetary Resources	FY 2019 Actual		FY 2020 Estimate		FY 2021 Estimate		FY 2020 to FY 2021 % Change	
	FTE	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Revenue/Offsetting Collections								
Assessments	0	$1,121,808	0	$1,035,671	0	$1,035,671	NA	0%
Interest	0	$31,604	0	$26,447	0	$26,447	NA	0%
Other Income	0	$17,926	0	$13,000	0	$13,000	NA	0%
Unobligated Balances from Prior Years	0	$1,541,608	0	$1,659,677	0	$1,632,000	NA	-2%
Total Revenue/Offsetting Collections	**0**	**$2,712,946**	**0**	**$2,734,795**	**0**	**$2,707,118**	**NA**	**-1%**
Expenses/Obligations								
Supervise	3,289	$939,193	3,202	$984,401	3,202	$984,401	0.00%	0%
Regulate	327	$93,323	318	$97,815	318	$97,815	0.00%	0%
Charter	71	$20,212	69	$21,185	69	$21,185	0.00%	0%
Total Expenses/Obligations	**3,687**	**$1,052,728**	**3,589**	**$1,103,401**	**3,589**	**$1,103,401**	0.00%	0%
Net Results		**$1,660,218**		**$1,631,394**		**$1,603,717**	**0.00%**	**-2%**

Notes:

- The Comptroller may impose and collect assessments, fees or other charges as necessary or appropriate to carry out his responsibilities and to meet the expenses of the OCC. 12 U.S.C. 482. At September 30, 2019, the net position of the OCC was $1.537 billion.
- The Comptroller has sole authority to determine how OCC funds are obligated and its expenses incurred and paid. 12 U.S.C. 16.
- OCC funds are not appropriated funds or government monies. 12 U.S.C. 481.
- As part of its annual budget formulation process, the OCC re-evaluates the size of the reserve based on a disciplined analysis of the impact of material events on its ability to fund operations.

1.3 Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2019 Actual Obligations	FY 2020 Estimated Obligations	FY 2021 Estimated Obligations
11.1 - Full-time permanent	543,392	542,738	542,738
11.3 - Other than full-time permanent	5,405	4,129	4,129
11.5 - Other personnel compensation	2,551	2,204	2,204
11.9 - Personnel Compensation (Total)	**551,347**	**549,071**	**549,071**
12.0 - Personnel benefits	238,251	269,068	269,068
13.0 - Benefits for former personnel	195	196	196
Total Personnel and Compensation Benefits	**$789,792**	**$818,335**	**$818,335**
21.0 - Travel and transportation of persons	42,801	44,479	44,479
22.0 - Transportation of things	1,211	795	795
23.1 - Rental payments to GSA	55	56	56
23.2 - Rental payments to others	64,423	66,863	66,863
23.3 - Communication, utilities, and misc charges	14,933	17,412	17,412
24.0 - Printing and reproduction	416	430	430
25.1 - Advisory and assistance services	16,311	17,772	17,772
25.2 - Other services	23,500	31,969	31,969
25.3 - Other purchases of goods & serv frm Govt accounts	8,583	8,543	8,543
25.4 - Operation and maintenance of facilities	4,731	5,578	5,578
25.7 - Operation and maintenance of equip	58,490	64,109	64,109
26.0 - Supplies and materials	4,364	5,936	5,936
31.0 - Equipment	22,472	20,260	20,260
32.0 - Land and structures	375	476	476
42.0 - Insurance claims and indemnities	271	388	388
Total Non-Personnel	**262,936**	**285,066**	**285,066**
Total Budgetary Resources	**$1,052,728**	**$1,103,401**	**$1,103,401**

Full-time Equivalents (FTE)	**3,687**	**3,589**	**3,589**

D – Appropriations Language and Explanation of Changes

The OCC receives no appropriations from Congress.

E – Legislative Proposals

The OCC has no legislative proposals.

Section II – Annual Performance Plan and Report

A - Strategic Alignment
For FY 2019 and FY 2020, the OCC's bank supervision program specifically supports the following Department of the Treasury's FY 2018 - 2022 strategic goals:

- Goal 1) Boost U.S. Economic Growth
  - 1.2 – Strong Economic Fundamentals
- Goal 2) Promote Financial Stability
  - 2.4 – Financial Sector Critical Infrastructure and Cybersecurity
- Goal 3) Enhance National Security
  - 3.1 – Strategic Threat Disruption
  - 3.2 – AML/CFT Framework
- Goal 5) Achieve Operational Excellence
  - 5.1 – Workforce Management
  - 5.2 – Treasury Infrastructure
  - 5.3 – Customer Value

As such, the OCC's nationwide staff of bank examiners conducts on-site reviews of banks and provides sustained supervision of these institutions' operations. Examiners analyze asset quality, capital adequacy, earnings, liquidity, and sensitivity to market risk for all banks, and assess compliance with federal consumer protection laws and regulations. Examiners also evaluate management's ability to identify and control risk, and assess banks' performance in meeting the credit needs of the communities in which they operate, pursuant to the Community Reinvestment Act (CRA).

In addition, under the bank supervision program, the OCC will also:

- 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; and
- Issue rules and regulations, legal interpretations, supervisory guidance, and corporate decisions governing investments, lending, and other practices.

B – Budget and Performance by Budget Activity
2.1.1 – Supervise Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
Expenses/Obligations	$873,414	$975,477	$993,680	$1,105,022	$939,193	$984,401	$984,401
Budget Activity Total	**$873,414**	**$975,477**	**$993,680**	**$1,105,022**	**$939,193**	**$984,401**	**$984,401**
Full-time Equivalents (FTE)	**3,337**	**3,441**	**3,498**	**3,434**	**3,289**	**3,202**	**3,202**

The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Percentage of National Banks and Federal Savings Associations with Composite CAMELS Rating 1 or 2	91.0	93.0	94.0	96.0	96.0	90.0	90.0	90.0
Percentage of National Banks and Federal Savings Associations That Are Categorized As Well Capitalized	95.0	96.0	97.0	95.0	98.0	95.0	95.0	95.0
Percentage of National Banks and Federal Savings Associations With Consumer Compliance Rating of 1 or 2	96.0	98.0	97.0	98.0	98.0	94.0	94.0	94.0
Rehabilitated National Banks and Federal Savings Associations As A Percentage Of Problem National Banks One Year Ago (CAMEL 3,4, or 5)	39.0	43.0	40.0	44.0	15.0	40.0	40.0	40.0
Total OCC Costs Relative To Every $100,000 in Bank and Federal Savings Associations Assets Regulated ($)	9.37	9.65	9.49	9.12	8.07	8.50	8.10	8.10

Supervise Budget and Performance

($984,401 from revenue/offsetting collections):
An effective supervision program is the cornerstone of the OCC's activities that support its strategic goals. Specifically, the Supervise Program consists of ongoing supervision and enforcement activities that directly support the OCC's strategic goal to foster a safe, sound, and fair system of national banks, federal savings associations and federal branches of foreign banks and agencies of foreign banks that is a source of economic strength and opportunity that meets the evolving needs of consumers, businesses, and communities. the condition and risk management practices of national banks and federal savings associations, and requiring corrective actions when weaknesses are found, directly supports Treasury's goal to promote financial stability. In FY 2019, the OCC took a number of enforcement actions, including imposition of Civil Money Penalties (CMPs) to address violations of the Bank Secrecy Act and Anti-Money Laundering requirements.

Description of Performance:

Percentage of National Banks and Federal Savings Associations with Composite CAMELS Rating of 1 or 2:

The composite Capital Adequacy, Asset Quality, Management, Earnings, Liquidity, and Sensitivity (CAMELS) rating reflects the overall condition of a national bank or federal savings association. 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 national bank or federal savings association. The rating scale is 1 through 5 of which 1 is the highest rating granted. These CAMELS ratings are assigned at the completion of every supervisory cycle or when there is a significant event leading to a change in CAMELS.

The OCC established a target outcome measure that 90 percent of the institutions under its supervision have a composite CAMELS rating of 1 or 2. Such a rating is consistent with the strategic goal of a safe and sound banking system, that banks maintain adequate capital and liquidity and have strong risk management practices. As of September 30, 2019, 96 percent of national banks and federal savings associations earned composite CAMELS ratings of either 1 or 2. Degradation in CAMELS can reflect weaknesses in risk management systems that need corrective action. The OCC, consistent with Treasury's goals of boosting U.S. economic growth and promoting financial stability, has instructed bank examiners to identify and seek corrective action at an earlier stage to address potential problems or weaknesses. The OCC's primary focus is to ensure that CAMELS ratings are an accurate reflection of each institution's current financial position, and thus the OCC would not take action to prematurely restore a favorable CAMELS rating.

Percentage of National Banks and Federal Savings Associations that are Considered Well-Capitalized:
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. The OCC established a target outcome measure that 95 percent of national banks and federal savings associations will meet or exceed the well-capitalized threshold.

The OCC works closely with problem national banks and federal savings associations to develop rehabilitation plans. Such plans typically include directives to improve or restore capital levels. These efforts, combined with a more stable operating environment, have resulted in improvement in this performance measure since FY 2009. As of September 30, 2019, 98 percent of national banks and federal savings associations were classified as well capitalized.

Percentage of National Banks and Federal Savings Associations with Consumer Compliance Rating of 1 or 2:
To ensure fair access to financial services and fair treatment of national bank and federal savings association customers, the OCC evaluates an institution'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 evaluating significant consumer compliance factors inherent in an institution. Each 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 of which 1 is

the highest rating granted. The target for FY 2020 remains unchanged at 94 percent. As of September 30, 2019, national banks and federal savings associations continue to show strong compliance with consumer protection regulations with 98 percent earning a consumer compliance rating of either 1 or 2. Under the Dodd-Frank Act, the OCC has enforcement and supervisory authority for those institutions with total assets of no more than $10 billion.

Rehabilitated National Banks and Federal Savings Associations as a Percentage of Problem National Banks and Federal Savings Associations One Year Ago:
The OCC's early identification and intervention with problem financial institutions can lead to a successful rehabilitation. As of September 30, 2019, 15 percent of national banks and federal savings associations with composite CAMELS ratings of 3, 4, or 5 one year ago have improved their ratings to either 1 or 2 this year. The target is 40 percent for FY 2019 and FY 2020. The OCC continues to focus on the early identification and rehabilitation of problem institutions. The low percentage is an indicator of a shrinking population base of problem banks. Two years ago, there were about 80 problem banks, last year 60 problem banks and currently less than 50 problem banks.

As previously noted, the OCC continuously takes steps through its Supervise and Regulate programs to make national banks and federal savings associations more resilient to financial stresses and to identify and obtain corrective action at an earlier stage, when problems can be addressed most successfully. These efforts include heightened capital and liquidity standards and increased emphasis on the need for stress testing, designed to provide financial institutions with stronger capital buffers to withstand unforeseen events. These are multi-year efforts that will continue in FY 2020 and beyond.

Total OCC Costs Relative to Every $100,000 in National Bank and Federal Savings Association Assets Regulated:
The OCC measures the efficiency of its operations while meeting the increasing supervisory demands of a growing and more complex national banking system.

The OCC costs are those reported as total program operating costs that include obligations incurred in each fiscal year. National bank and federal savings association assets are those reported quarterly by national banks and federal savings associations on the Reports of Condition and Income. Total national bank and federal savings association assets represent the growth and complexity of the financial institutions under the jurisdiction of the OCC. 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. As of September 30, 2019, total OCC cost relative to every $100,000 in assets regulated was $8.07 compared to the FY 2019 target of $8.50. The OCC continues to meet its efforts to ensure that resources are used prudently and that programs are carried out in a cost-effective manner ensuring that the OCC operates as efficiently and effectively as possible.

2.1.2 – Regulate Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
Expenses/Obligations	$103,574	$90,463	$92,151	$106,649	$93,323	$97,815	$97,815
Budget Activity Total	**$103,574**	**$90,463**	**$92,151**	**$106,649**	**$93,323**	**$97,815**	**$97,815**
Full-time Equivalents (FTE)	**396**	**319**	**324**	**331**	**327**	**318**	**318**

The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

Regulate Budget and Performance

($97,815 from revenue/offsetting collections):

The Regulate Program supports the OCC's strategic goal of a vibrant and diverse system of national banks and federal savings associations that supports a robust U.S. economy. Specifically, 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 national banking and federal savings association practices, provide guidance on risks and responsibilities facing national banks and federal savings associations, or prohibit (or restrict) national banking or federal savings association practices deemed to be imprudent or unsafe. They also establish standards for ensuring fair access to financial services and fair treatment of national bank and federal savings association customers. This program includes establishing examination policies and handbooks; interpreting administrative, judicial, and congressional proceedings; and establishing the applicable legal and supervisory framework for new financial services and products.

Description of Performance:

The OCC has recently undertaken a number of activities to reduce regulatory burden on and expand economic opportunity, including supporting responsible innovation by regulated institutions. OCC continued progress under the provisions of the Economic Growth, Regulatory Relief and Consumer Protection Act to reduce regulatory burden on community banks, including adopting a final rule to exclude community banks from the Volcker Rule. The agency also adopted a final rule to simplify capital calculations for community banks. The OCC also issued a final rule to provide more business flexibility to federal savings associations.

To implement the Economic Growth, Regulatory Relief and Consumer Protection Act, the OCC expanded eligibility for streamlined regulatory reporting requirements for small institutions, issued a final rule to increase the threshold for residential real estate transactions requiring an appraisal, and expanded the number of institutions eligible for an extended 18-month examination cycle. The agency also issued proposed rules to update the calculation of derivative contract exposure amounts under the regulatory capital rules and to tailor the OCC's stress testing rule. The OCC continued to seek input on and work collaboratively with the other federal banking agencies on amending the Community Reinvestment Act.

OCC continued to support responsible industry innovation by offering a program of Office Hours and Listening Sessions, sponsored by its Office of Innovation, and proposed a voluntary pilot program to support the testing of innovative products, services, and processes that could benefit consumers, businesses, and communities.

2.1.3 – Charter Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimated	FY 2021 Estimated
Expenses/Obligations	$18,922	$23,978	$24,426	$24,033	$20,212	$21,185	$21,185
Budget Activity Total	**$18,922**	**$23,978**	**$24,426**	**$24,033**	**$20,212**	**$21,185**	**$21,185**
Full-time Equivalents (FTE)	**72**	**85**	**86**	**75**	**71**	**69**	**69**

The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents, reimbursables, and user fees

Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Percentage of Licensing Applications and Notices Completed within Established Timeframes	97.0	98.0	96.0	97.0	99.0	95.0	95.0	95.0

Charter Budget and Performance

($21,185 from revenue/offsetting collections):
The Charter Program consists of ongoing activities that result in the chartering of national banks and federal savings associations and the evaluation of the permissibility of structures and activities of national banks and federal savings associations and their subsidiaries. This includes the review and approval of new national bank and federal savings association charters, federal branches and agencies, mergers, acquisitions, conversions, business combinations, corporate reorganizations, changes in control, operating subsidiaries, branches, relocations, and subordinated debt issuances. By supporting the entry of new products and institutions into the financial system with a national charter in a manner consistent with safety and soundness, the Charter Program supports the OCC's strategic goals of assuring safety and soundness while allowing national banks and federal savings associations to offer a full competitive array of financial services.

<u>*Description of Performance:*</u>
Percentage of Licensing Applications and Notices Completed within Established Time Frames:
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 national bank or federal savings association 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. As of September 30, 2019, the OCC completed 99 percent of national bank and federal savings association applications and notices within the required time frame, above the target of 95 percent. The OCC will continue to meet its Charter Program goals by providing staff training, coordinating efforts between charter and supervisory staff on safety and soundness and

compliance matters, issuing updated procedures, and maintaining an emphasis on accessibility and early consultation with national bank and federal savings association organizers and others proposing national bank and federal savings association structure changes.

C – Changes in Performance Measures
OCC has no changes in performance measures.

D – Evidence-Building Activity
In FY 2019 and continuing into FY 2020, OCC began the Business Practice and Technology (BPAT) Initiative. BPAT is an enterprise effort to devise ways to better enable OCC to optimize enterprise services and our ability to proactively manage expectations with OCC customers. This proactive management of resources to optimize service delivery is core to achieving OCC's strategy. When consistent, repeatable processes are in place across OCC, the agency can more easily consider opportunities to manage services more effectively with technology or to automate recurring processes. Such use of technology yields time back to the organization to dedicate to the most complex activities, seek improvements, or provide new services.

In addition, to augment the economic and financial research function already performed by the OCC, the agency is undertaking a more formal strategic analysis and studies program in FY 2020. This function will be future looking in its outlook by conducting research and studies on items and issues having a potential impact on OCC operations and/ or the financial industry in the next five to ten years.

Section III – Additional Information

A – Summary of Capital Investments
The OCC Chief, Information Officer's (CIO) Vision aligns information technology initiatives and investments to the OCC's core mission, including the development of new or enhanced applications and services and the disposition of redundant or "end-of-lifecycle" applications, capabilities, and services.

The CIO Vision is implemented through the budget formulation and the Capital Planning and Investment Control processes (transitioning to Technology Business Management). These processes ensure that all IT investments are aligned with the OCC's mission, goals, objectives, and target enterprise architecture before a project is funded. The OCC ensures funding and staff resources to address IT investment priorities and considers risk mitigation strategies for IT investments that are not meeting stated performance goals. Performance metrics are linked to the delivery, alignment, and achievement of the OCC's strategic program objectives to support evaluation of cost effectiveness for each investment.

FY 2020 and 2021 Plans - The OCC has 4 major IT initiatives in FY 2020 and 2021:
- *Servers Support Services (SSS)* - The SSS supports the OCC's server Operations and Maintenance, including refreshes of End-of-Life hardware. The infrastructure staff continues to manage capability to support enterprise requirements.
- *Telecommunications Services and Support (TSS)* - TSS includes telecommunications Wide Area Network (WAN) and Local Area Network (LAN) infrastructure. Remote access to the OCC systems is facilitated via a virtual private network, dial-in, and cellular wireless access

using two-factor authentication. This also includes messaging services supporting highly-mobile bank examiners and the OCC staff. In FY 2020, the OCC will continue an on-going effort to upgrade the headquarters and field office phone systems and telecom infrastructure including LAN/WAN hardware and Voice Over Internet Protocol.

- *End User Services and Support (EUSS)* - EUSS includes help desk/customer service support, personal computer hardware and software operations and maintenance, asset management, and desktop engineering and image management. New computers and peripherals deployment to the workforce will be completed in FY 2020.
- *Cyber Security* (CS) – CS includes technologies, processes and practices aligned to protect networks, computers, programs and data from attack, damage or unauthorized access. In alignment with Federal and Treasury requirements, the OCC has transitioned the Agency's systems and applications into Information System Continuous Monitoring (ISCM) and Ongoing Authorization (OA). In FY 2020 the OCC will continue to deploy additional cloud-based services and to minimize our dependence on the OCC Data Center for critical network services and infrastructure services.

A summary of capital investment resources, including major information technology and non-technology investments, can be viewed and downloaded at: https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx.

International Programs

The Department of the Treasury's FY 2021 budget request for International Programs is included in the State, Foreign Operations, and Other Related Programs Appropriation.

Treasury's International Programs Justification of Appropriations can be found at the following: https://home.treasury.gov/about/budget-financial-reporting-planning-and-performance/budget-requestannual-performance-plan-and-reports/treasury-international-programs-justification-of-appropriations