Message from the Secretary of the Treasury

Dear Member:

On behalf of President Biden, it is my pleasure to submit the Department of Treasury's budget request for Fiscal Year 2022. This request comes during a time of four converging crises: ending the COVID-19 pandemic, providing economic relief, tackling climate change, and advancing racial equity. The budget proposes investments that address each of these areas. Additionally, the Fiscal Year (FY) 2022 President's Budget invests in the core foundations of our country's strength and advances key Treasury Department priorities that will be reflected in the upcoming Treasury Strategic Plan for FYs 2022-2026, including ensuring that all Americans are treated fairly by our tax system, expanding programs that offer loans to start-ups and small businesses to promote affordable housing and community revitalization projects, and closing loopholes that allow illicit actors to evade scrutiny, mask their dealings, and shield illegal activity.

Treasury's request includes $13.2 billion for the IRS to ensure increased oversight of high-income and corporate tax returns to ensure compliance; provide new and improved online tools for taxpayers to communicate with the IRS easily and quickly; and improve telephone and in-person taxpayer customer service, including outreach and assistance to underserved communities. In addition, the American Families Plan includes proposals to overhaul tax administration and provide the IRS the resources and information it needs to address tax evasion. All told, these reforms will generate an additional $700 billion in tax revenue over the course of a decade, net of the investments made.

The budget provides $330 million, an increase of 22.2 percent above the 2021 enacted level, to support expanding the role of Community Development Financial Institutions (CDFI) with the goal of empowering the nation's most vulnerable communities, including many rural and Tribal communities. This investment builds on an unprecedented level of support for the CDFI industry in 2021, including more than $3 billion in direct funding, $9 billion for investments in CDFIs and Minority Depository Institutions (MDI), and provisions in the American Rescue Plan encouraging CDFI participation in the $10 billion State Small Business Credit Initiative.

The budget includes $191 million for the Financial Crimes Enforcement Network, $64 million above the 2021 enacted level, to create a database as required by statute, that tracks the ownership and control of certain companies and organizations and helps combat the use of complex corporate structures to shield illegal activity.

The FY 2022 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,

Janet L. Yellen

Janet L. Yellen

FY 2022 EXECUTIVE SUMMARY

President's Budget Discretionary Appropriation Request

Dollars in Thousands

	FY 2020 Enacted (post IRS transfer)[3]	FY 2021 Enacted[3]	FY 2021 Enacted (post IRS transfer)[3]	FY 2022 President's Budget
Management & Financial	**$1,538,377**	**$1,554,281**	**$1,554,281**	**$1,841,265**
Departmental Offices Salaries and Expenses	$228,373	$233,000	$233,000	$270,669
Committee on Foreign Investment in the United States (CFIUS) Fund[1]	$20,000	$20,000	$20,000	$20,000
CFIUS Fees[1]	($10,000)	($20,000)	($20,000)	($20,000)
Subtotal CFIUS Fund (non add)[1]	**$10,000**	**$0**	**$0**	**$0**
Office of Terrorism and Financial Intelligence	$169,712	$175,000	$175,000	$185,192
Cybersecurity Enhancement Account	$18,000	$18,000	$18,000	$132,027
Department-wide Systems and Capital Investments Program	$6,118	$6,118	$6,118	$6,118
Office of Inspector General	$41,044	$41,044	$41,044	$42,362
Treasury Inspector General for Tax Administration	$170,250	$170,250	$170,250	$175,762
Special Inspector General for TARP	$22,000	$19,000	$19,000	$17,000
Community Development Financial Institutions Fund	$262,000	$270,000	$270,000	$330,000
Financial Crimes Enforcement Network	$126,000	$126,963	$126,963	$190,539
Alcohol and Tobacco Tax and Trade Bureau	$119,600	$124,337	$124,337	$131,330
Bureau of the Fiscal Service	$340,280	$345,569	$345,569	$360,266
Digitization of Unredeemed Matured Savings Bonds Records	$25,000	$25,000	$25,000	$0
Tax Administration[2]				
Taxpayer Services	$2,535,554	$2,555,606	$2,587,606	$2,940,876
Enforcement	$4,909,500	$5,212,622	$5,004,622	$5,462,823
Operations Support	$3,885,000	$3,928,102	$4,104,102	$4,448,195
Business Systems Modernization	$180,000	$222,724	$222,724	$305,032
IRS Total Excluding Program Integrity Allocation Adjustment (PIAA)	**$11,510,054**	**$11,919,054**	**$11,919,054**	**$13,156,926**
PIAA	$0	$0	$0	$416,897
IRS Total, Including PIAA Adjustment	***$11,510,054***	***$11,919,054***	***$11,919,054***	***$13,573,823***
Subtotal, Treasury Appropriations excluding PIAA and TEOAF	**$13,048,431**	**$13,473,335**	**$13,473,335**	**$14,998,191**
Treasury Forfeiture Fund Total	**$0**	**($75,000)**	**($75,000)**	**$0**
Temporary Rescission	$0	$0	$0	$0
Permanent Rescission	$0	($75,000)	($75,000)	$0
Subtotal, Treasury Appropriation including TEOAF and excluding PIAA	**$13,048,431**	**$13,398,335**	**$13,398,335**	**$14,998,191**
Treasury International Programs	**$1,736,780**	**$1,890,319**	**$1,890,319**	**$3,278,034**
Multilateral Development Banks	$1,522,205	$1,481,244	$1,481,244	$1,953,746
Food Security	$30,000	$32,500	$32,500	$43,000
IMF PRGT Load Subsidy Cost	$0	$0	$0	$2,000
IMF PRGT Grant	$0	$0	$0	$100,000
Environmental Trust Funds	$139,575	$139,575	$139,575	$1,074,288
Office of Technical Assistance	$30,000	$33,000	$33,000	$38,000
Debt Restructuring - Tropical Forest Conservation Act	$15,000	$15,000	$15,000	$15,000
Debt Service Suspension Initiative and Common Framework	$0	$0	$0	$52,000
Somalia - Bilateral Debt Relief	$0	$78,000	$78,000	$0
Sudan - Bilateral and Multilateral Debt Relief[4]	$0	$111,000	$111,000	$0
Total, Treasury Appropriations excluding PIAA and TEOAF	**$14,785,211**	**$15,363,654**	**$15,363,654**	**$18,276,225**
Total, Treasury Appropriations excluding PIAA	**$14,785,211**	**$15,288,654**	**$15,288,654**	**$18,276,225**
Total, Treasury	**$14,785,211**	**$15,288,654**	**$15,288,654**	**$18,693,122**

1/ The overall request for Treasury's CFIUS costs is $39.57 million, which includes $15 million from the CFIUS Fund and $24.57 million from Departmental Offices Salaries and Expenses. CFIUS fee estimates assume full year actual collections of $20 million in FY 2021. The Congressional Budget Office estimated $5 million to be collected in the Consolidated Appropriations Act, PL 116-260 due to the timing of the rulemaking final notice and other implementation factors.

2/ FY 2021 Enacted (est. post IRS Transfer) includes a proposed transfer of $208 million from Enforcement to Taxpayer Services ($32 million) and Operations Support ($176 million).

3/ Excludes funding provided for COVID-19 Pandemic response.

4/ In FY 2021, Congress also appropriated $120 million to Treasury's debt restructuring account for clearing Sudan's arrears with the IMF on an emergency basis.

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 $15.0 billion in base discretionary resources for the Department of the Treasury's domestic programs, a $1.5 billion or 11.3 percent increase from the FY 2021 enacted level.

- Provides the IRS with $13.2 billion from base discretionary appropriations to collect more than $3 trillion in revenue, process more than 245 million tax returns, ensure compliance; provide new and improved online tools for taxpayers to communicate with the IRS easily and quickly; and improve telephone and in-person taxpayer customer service, including outreach and assistance to underserved communities.
    - The request provides $305 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 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 $176 million for Taxpayer First Act implementation to expand digital services, provide taxpayers with a seamless user experience, and develop and implement strategies for reaching underserved communities.
    - The request includes $5.5 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 proposal to invest $80 billion in the IRS to overhaul tax administration and provide it the information it needs to address tax evasion. This investment is split between a program integrity allocation ($417 million in FY 2022) and a mandatory provision and is expected to yield approximately $700 billion in total revenue over ten years including the impact of the enforcement increases and the new information reporting requirements.

- Includes $132 million for the Department-wide Cybersecurity Enhancement Account to address Department-wide breach mitigation activities due to SolarWinds and other emerging risk areas.

- Requests $190.5 million for the Financial Crimes Enforcement Network (FinCEN), a $63.5 million increase over the FY 2021 enacted level. This increase will allow FinCEN to fully implement the provisions in the Anti-Money Laundering Act of 2020 (AML Act) and the Corporate Transparency Act (CTA). This includes the design and development of an information technology database system to collect and safely secure beneficial ownership information. In addition, the budget includes resources to address the expansion of FinCEN's role in administering the Bank Secrecy Act to include innovation, regulatory reform, and industry engagement.

- Includes $330 million for the Community Development Financial Institutions (CDFI) Fund, a $60 million increase over FY 2021 enacted and the highest level in the history of the Fund. The request supports the need for increased capital flow to communities and geographies where access to capital is least efficient and most needed – including rural areas and persistent poverty counties, and in communities that are experiencing long term and structural impacts from historically discriminatory economic and housing policies. In addition, the budget proposes to increase funding for the Capital Magnet Fund by $12 billion over ten years through an American Jobs Plan initiative.

- Provides $270.7 million for Treasury Departmental Offices (including $24.6 million for the Committee on Foreign Investment in the United States) to continue to support pandemic recovery efforts, address climate change, income equality and racial equity, and restore the Treasury Department staffing levels to support key programs and other emerging risks.

- Requests $25 million for the Special Inspector General for Pandemic Recovery by repurposing unobligated CARES Act balances.

- Proposes legislation establishing a manufacturing financing facility to support increasing the size, competitiveness, and innovation of the U.S. manufacturing sector. The program will provide capital support including direct lending, loan guarantees, and potentially public-private risk-sharing models. Investments under the facility will attract private capital where risk otherwise precludes sufficient private market participation and will target building of long-term sustainable, globally competitive manufacturing production.

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

Appropriation	2020 Actual			2021 Operating Plan[1]			2022 President's Budget		
	Direct	Reimb.	Total	Direct	Reimb.	Total	Direct	Reimb.	Total
Departmental Offices Salaries and Expenses[2]	638	39	**677**	721	39	**760**	836	39	**875**
Terrorism and Financial Intelligence	477	39	**516**	551	35	**586**	575	41	**616**
Cybersecurity Enhancement	4		**4**	6		**6**	10		**10**
Office of Inspector General	150		**150**	180		**180**	190		**190**
Treasury Inspector General for Tax Administration	731	2	**733**	760	2	**762**	760	2	**762**
Special Inspector General for TARP	80		**80**	74		**74**	68		**68**
Community Development Financial Institutions Fund	70		**70**	82		**82**	89		**89**
Financial Crimes Enforcement Network	264	1	**265**	300	3	**303**	380	3	**383**
Alcohol and Tobacco Tax and Trade Bureau	484	11	**495**	508	12	**520**	508	12	**520**
Bureau of the Fiscal Service	1,499	358	**1,857**	1,577	412	**1,989**	1,617	412	**2,029**
Internal Revenue Service funded from regular appropriations[3]	73,240	1,179	**74,419**	73,409	2,359	**75,768**	79,348	935	**80,283**
Subtotal, Treasury Appropriated Level	**77,637**	**1,629**	**79,266**	**78,168**	**2,862**	**81,030**	**84,381**	**1,444**	**85,825**
Office of Financial Stability (Administrative Account)	14		**14**	11		**11**	10		**10**
Small Business Lending Fund Program	3		**3**	3		**3**	3		**3**
Capital Magnet Fund	5		**5**	5		**5**	6		**6**
Office of Financial Research	102		**102**	128		**128**	145		**145**
Financial Stability Oversight Council	15		**15**	18		**18**	21		**21**
Treasury Franchise Fund		1,945	**1,945**		2,154	**2,154**		2,219	**2,219**
Bureau of Engraving and Printing		1,740	**1,740**		1,863	**1,863**		1,863	**1,863**
United States Mint		1,539	**1,539**		1,671	**1,671**		1,671	**1,671**
Office of the Comptroller of the Currency		3,589	**3,589**		3,523	**3,523**		3,523	**3,523**
Terrorism Insurance Program	5		**5**	7		**7**	8		**8**
IRS Private Collection Agent Program	274		**274**	434		**434**	434		**434**
Special Inspector General for Pandemic Recovery	2		**2**	66		**66**	76		**76**
Subtotal, Treasury Non-Appropriated Level	**420**	**8,813**	**9,233**	**672**	**9,211**	**9,883**	**703**	**9,276**	**9,979**
Total, Treasury	**78,057**	**10,442**	**88,499**	**78,840**	**12,073**	**90,913**	**85,084**	**10,720**	**95,804**

1/ Excludes funding provided for COVID-19 Pandemic response.

2/ FY 2022 Direct FTE includes 18 positions funded by transfer from CFIUS Fund.

3/ Amounts for the IRS include 86 FTE funded from user fees in FY 2022 and exclude the proposed $417 million program integrity allocation adjustment that, if enacted, would increase IRS levels by an estimated 2,554 FTE in FY 2022.

Summary of FY 2022 Increases and Decreases

(Dollars in Thousands)

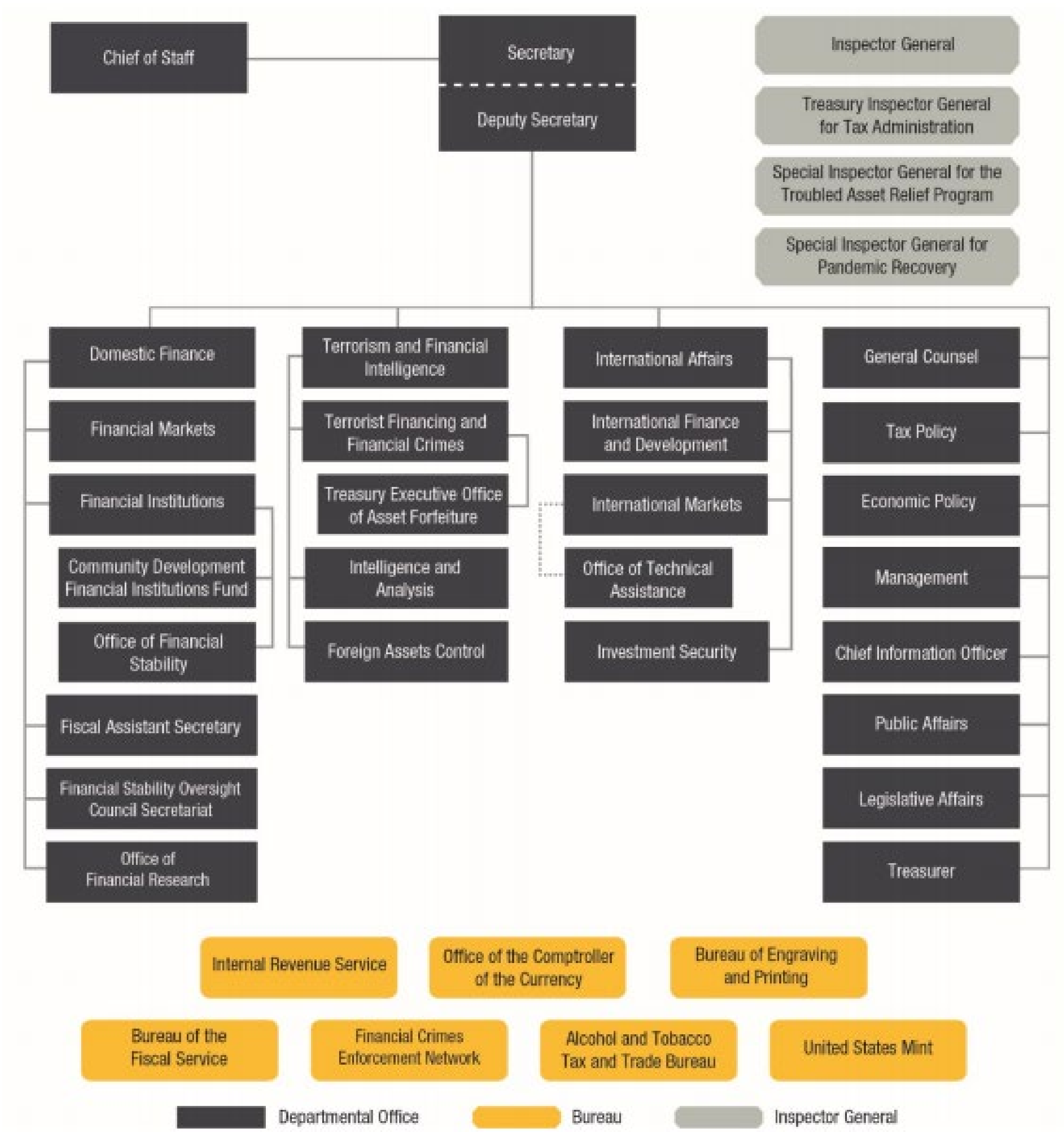
	DO	CFIUS[2]	TFI	Cyber	DSCIP	OIG	TIGTA	SIGTARP	CDFI	FinCEN	TTB	FS	IRS	Total
FY 2021 Operating Plan[1]	**$233,000**	**$20,000**	**$175,000**	**$18,000**	**$6,118**	**$41,044**	**$170,250**	**$19,000**	**$270,000**	**$126,963**	**$124,337**	**$370,569**	**$11,919,054**	**$13,493,335**
Maintaining Current Levels (MCLs)	$6,540	$0	$4,817	$0	$0	$1,258	$5,300	$544	$0	$3,210	$3,885	$10,234	$327,995	$363,783
Pay Annualization	$349		$234			$75	$349	$39		$137	$196	$557	$22,442	$24,378
Pay Raise	$3,160		$2,119			$677	$3,165	$313		$1,109	$1,774	$5,049	$182,239	$199,605
FERS Contribution Increase	$1,163		$836			$284	$1,177	$120		$517	$995	$1,676	$67,673	$74,441
Non-Pay	$1,868		$1,628			$222	$609	$72		$1,447	$920	$2,952	$55,641	$65,359
Non-Recurring Costs	(1,390)			($18,000)	($6,118)							($25,000)		($50,508)
Efficiency Savings/Reinvestment												($5,428)	($5,585)	($11,013)
Other Adjustment/Initiative Annualization												$5,428		$5,428
Adjustments to Base	**$5,150**	**$0**	**$4,817**	**($18,000)**	**($6,118)**	**$1,258**	**$5,300**	**$544**	**$0**	**$3,210**	**$3,885**	**($14,766)**	**$322,410**	**$307,690**
FY 2022 Base	$238,150	$20,000	$179,817	$0	$0	$42,302	$175,550	$19,544	$270,000	$130,173	$128,222	$355,803	$12,241,464	$13,801,025
Program Decreases						($1,709)		($2,544)						($4,253)
CFIUS User Fees		($20,000)												($20,000)
Program Increases/Reinvestments	$32,519		$5,375	$132,027	$6,118	1,769	212		60,000	$60,366	$3,108	$4,463	$915,462	$1,221,419
Subtotal, Program Changes	**$32,519**	**($20,000)**	**$5,375**	**$132,027**	**$6,118**	**$60**	**$212**	**($2,544)**	**$60,000**	**$60,366**	**$3,108**	**$4,463**	**$915,462**	**$1,197,166**
FY 2022 President's Budget funded from discretionary resources	**$270,669**	**$0**	**$185,192**	**$132,027**	**$6,118**	**$42,362**	**$175,762**	**$17,000**	**$330,000**	**$190,539**	**$131,330**	**$360,266**	**$13,156,926**	**$14,998,191**
Program Integrity Allocation Adjustment													$416,897	$416,897
FY 2022 President's Budget including program integrity allocation adjustment	**$270,669**	**$0**	**$185,192**	**$132,027**	**$6,118**	**$42,362**	**$175,762**	**$17,000**	**$330,000**	**$190,539**	**$131,330**	**$360,266**	**$13,573,823**	**$15,415,088**

1/ Excludes funding provided for COVID-19 Pandemic response.

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

ORGANIZATION

Treasury is organized into the Departmental Offices, seven bureaus, and four 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, provides revenue estimates for proposals, and receipt 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, diversity issues, and CARES Act Operations.

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

INSPECTORS GENERAL

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

BUREAUS

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 the 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, combats money laundering and its related crimes including terrorism; promoting national security through the strategic use of financial authorities and the collection, analysis, and dissemination of financial intelligence.

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, while aiming to prevent tax-related fraud.

The **United States Mint (U.S. Mint)** designs, mints, and issues U.S. circulating coins, as well as numismatic and bullion coins; in addition to striking Congressional gold medals and other medals of national significance. It 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.

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 allow stakeholders within and outside of the organization to assess the organization's health and impact, while promoting effective decision-making, and improved strategy execution and resource allocations. In this spirit, Treasury developed a strategic framework using best-in-class organizational performance practices to help achieve our strategic goals and objectives. Currently, we are developing Treasury's FY 2022-2026 Strategic Plan.

ORGANIZATIONAL PERFORMANCE REVIEW CYCLE

Our organizational performance reviews provide a regular forum for open dialogue and coordination between bureau and Departmental Offices' management and leadership. We bring together different perspectives to set and align priorities, identify and solve problems, review agency performance, and drive results. The performance review cycle integrates statutory requirements to conduct quarterly reviews of agency results toward goals, with an annual exercise to validate our supporting objectives through our Strategic Objective Annual Review (SOAR) process. We also integrate portfolio reviews of programs within our performance review cycle activities, as required by the *Program Management Improvement Accountability Act (PMIAA)*. The SOAR process includes analyzing cross-cutting performance and identifying a set of strategic objectives as priority focus areas Treasury also leverages the strategic management framework, including the SOAR, to gather information on evidence-building activities across the department and identify agency priority questions for the 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 on the following page. In addition to these department-level reviews, bureaus and offices validate performance data each quarter and many run their own internal performance reviews[1].

[1] The FY 2020 Verification and Validation Report is available at: https://home.treasury.gov/about/budget-financial-reporting-planning-and-performance/budget-requestannual-performance-plan-and-reports

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 • Recognize successes • Set priorities for year ahead • Identify shortfalls/risks; accountability; assess organizational health • Deep dives on select critical programs/projects	• Evaluate cross-agency progress toward strategic objectives • Identify strategic shifts/ validate Treasury priorities Outline potential topics for annual review with OMB	• Issue-based sessions: Dive deep on cross-cutting issues identified in the SOAR with relevant leadership; surface problems and needed assistance, identify near-term improvement strategies • Program-based sessions: check in on critical programs/projects identified in the SOAR as needing a deep dive with Treasury leadership; identify assistance needed	• Connect priorities to future funding • Align funding to performance impacts and risk mitigation • Strengthen IT acquisition, budgeting, and accountability • Identify efficiencies and redundancies in request • Update list of critical programs/projects based on budget requests

To close out the FY 2018-2022 Strategic Plan, Treasury used the FY 2021 SOAR to determine the final status of the FY 2018 – 2022 Strategic Objectives, designating each objective as "sunset" or "re-focused," based on whether sufficient progress was made towards the desired outcomes and the extent to which the area remains a priority for the coming years. Additionally, Treasury completed a scan of the agency's internal and external environment to also inform the FY 2021 SOAR, during which Treasury identified proposed goals and objectives for the FY 2022-2026 Strategic Plan (including promoting equitable economic recovery and growth, tackling climate change, and workforce equity). The Annual Performance Plan will be updated in FY 2023 to reflect the final strategic plan.

In the first quarter of FY 2021, OMB issued an updated to Circular A-11, removing the requirement to report on progress towards FY 2020 – FY 2021 Agency Priority Goals (APGs). Treasury is currently in the process of identifying potential APGs for FY 2022 and FY 2023, in alignment with the proposed goals and objectives for the FY 2022 – 2026 Strategic Plan.

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, as well as 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 that impact our programs and operations.

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 50 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 2020 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 complexities rooted in technology and the increased use of attacks from cyber criminals and state actors that threaten the confidentiality, integrity, or availability of sensitive information housed within our information systems. These malign efforts also challenge the effective operations of our financial sector firms. On December 11, 2020, Treasury was notified by a service provider of malicious activity related to services provided to the Department. Treasury is still assessing the overall impact, if any of this breach to its financial management and other systems. Based on assessments performed this far, we are not aware of any evidence that the breach impacted the accuracy of our financial information presented herein.

Significant Disruptions to Operations: Treasury could face significant disruptions to operations due to natural disasters, terrorist events, pandemics, or lapses in appropriations, resulting in the inability to successfully deliver on mission. These potential disruptions may impose challenges for employees, contractors, and taxpayers, and may constrain progress in critical areas.

Workforce Management: Treasury's mission capability may be eroded due to operational challenges in human resources, such as: recruitment, training and development, personnel security, and diversity and inclusion. These challenges may be intensified when paired with changing mission and skill requirements.

Data Analytics Capabilities, Sharing, and Infrastructure: Treasury's ability to support critical decisions with data may be negatively affected by a lack of data accessibility and reliability, inability to successfully use and interpret the data, or inability to process or analyze data due to insufficient or aging infrastructure.

Procurement, Acquisition, and Vendors: Treasury may be unable to acquire necessary products and services, initiate work under contracts, and effectively monitor contract execution due to supply chain vulnerabilities such as supplier risk, single vendors, lost time, and inefficient contracts. This may result in a failure to deliver on mission needs

Prioritizing Objectives to Effectively Leverage Limited Resources: Treasury maintains a variety of important programs and services, while being at the forefront of new and evolving initiatives to improve our economy and keep it on a stable footing. Due to uncertain funding amounts and timing, new or changing legislative requirements, and reduced capacity, Treasury may not be agile enough to sufficiently balance new initiatives with existing requirements or projects.

ADDITIONAL INFORMATION

HUMAN CAPITAL PLAN IMPLEMENTATION

In FY 2022, 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 2022:

- Develop and implement a curriculum to aide in the development of diversity, equity, and inclusion competencies for employees at all levels. (DASHR-OCHCO, OCRD, OMWI)
- Continue the evaluation and design of Training and Development Programs (OIG)
- Implement an HR Office Performance and Accountability section (OIG)
- Continue the development and implementation of effective workforce planning processes (TTB)
- Develop a hiring plan for high-risk/critical positions (BEP)
- Implement strategies to improve the FEVS Engagement Index (BEP)
- Continue implementing enterprise Workforce Planning (IRS)
- Assess customer satisfaction and modernize the employee exit survey by collaborating with customers to identify areas for improvements. (TIGTA)
- Ensure the EEO Director and Human Capital Director meet regularly to assess whether personnel programs, policies and procedures conform to EEOC laws, instructions and management directives. (TIGTA)
- Implementation of NDAA to include the Direct Hire Authority. Hire Mission Critical and Mission Support positions using DHA. (FinCEN)

- Increase outreach by developing and/or strengthening partnerships with veteran's organizations and Historically Black Colleges and Universities (FinCEN)
- Retention as we prepare for sunset (SIGTARP)
- Preparing employees for careers beyond SIGTARP (SIGTARP)

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 B of *Part 3, Other Information*, in the FY 2020 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

- COVID-19 Pandemic Relief (New)
- Operating in an Uncertain Environment (Repeat)
- Cyber Threats (Repeat)
- Anti-Money Laundering/ Terrorist Financing and Bank Secrecy Act Enforcement (Repeat)
- Efforts to Promote Spending Transparency and to Prevent and Detect Improper Payments (Repeat)
- Information Technology Acquisition and Project Management (Repeat)

TIGTA – Identified Management Challenges

- Responding to the COVID-19 Pandemic;
- Enhancing Security of 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;
- Increasing International Tax Compliance; and

Protecting Taxpayer Rights.**GAO – Identified High-Risk Areas**

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

[2] The FY 2020 AFR is available at https://home.treasury.gov/system/files/266/Treasury-FY-2020-AFR.pdf. The response letters are on pages 231-241.

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 inspector(s) 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 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 completed PCAs, this report indicates the status as "Implemented and Awaiting Auditor Verification." For recommendations with which Treasury disagreed or did not implement corrective actions 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 the 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 differences in reporting criteria.

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

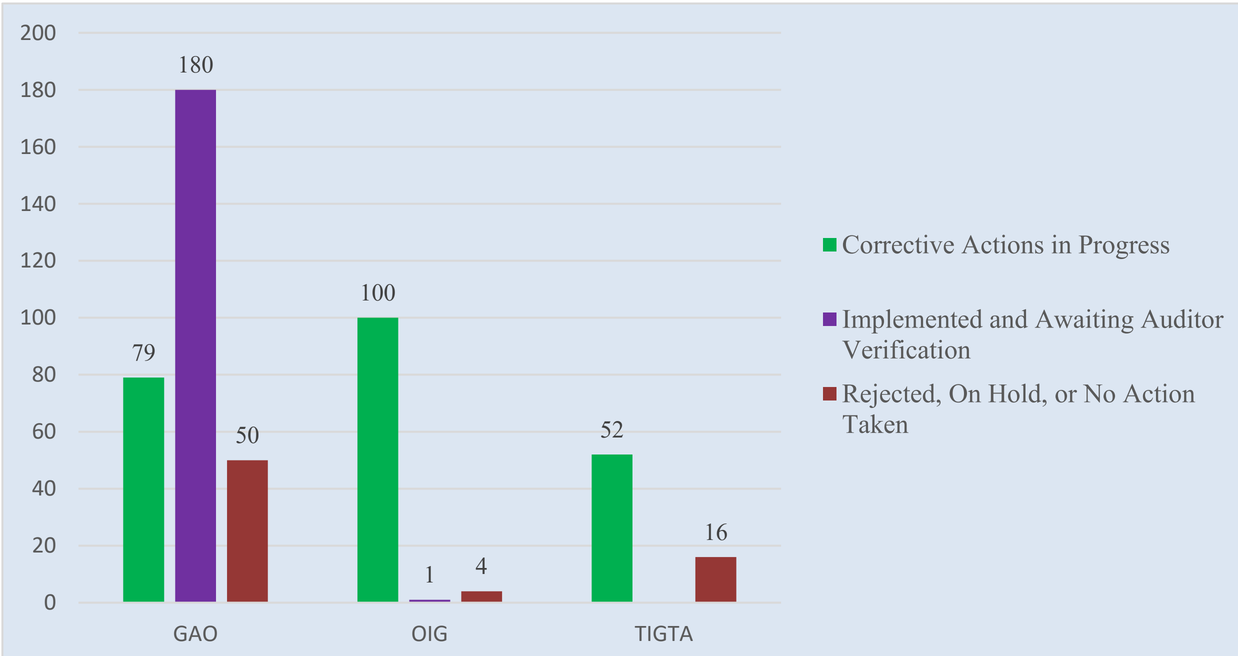
Reporting Methodology and Report Structure

This report includes GAO, OIG, and TIGTA recommendations issued between 2/1/2013 and 1/31/2020 (7 years per Treasury’s record retention policy) that remained unimplemented for one year or more from the planned fiscal year 2022 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.

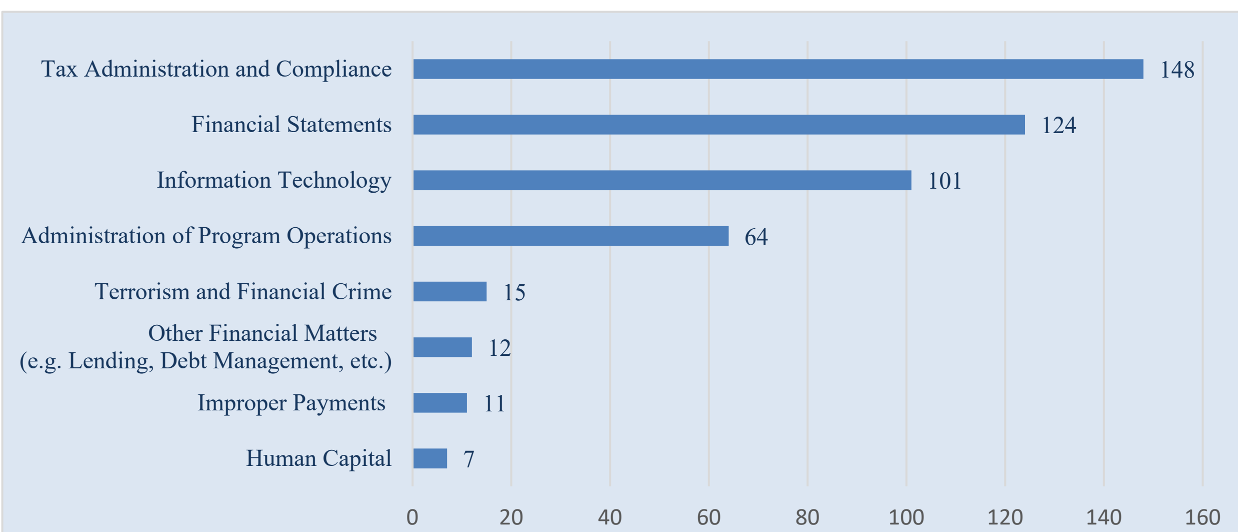
Status of Unimplemented Recommendations

Out of a total of 482 unimplemented recommendations, 231 have corrective actions in progress, 181 have been implemented and are awaiting auditor verification, and 70 are in "rejected," "on hold," or "no actions taken" status.



Unimplemented Recommendations By Audit Area

Out of a total of 482 unimplemented recommendations, the top audit areas of Tax Administration and Compliance, Financial Statements, Information Technology, and Administration of Program Operations account for 90% of all unimplemented recommendations.



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 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 is provided in the Annual Performance Plan and Report section of each budget chapter (Section II, part D). This section provides an overview of the major evidence-building activities currently taking place and planned for the following fiscal year. Additionally, this section describes the estimated level of resources, relative level of effort devoted to each type of evidence-building activity. Finally, the evidence tables highlight the various ways in which evidence generated within Treasury is used in key policymaking and decision-making processes, and by internal and external stakeholders.

Prior to the passage of the Evidence Act, Treasury did not have an agency-wide evidence or evaluation community or governance structure. Treasury's components have varying levels of maturity in evidence-building practices, with some bureaus having long-standing research or analytics functions, and others having minimal resources devoted to evidence-building. Additionally, the institution of the Data Governance Board, chaired by the Chief Data Officer, has provided a forum for the coordination of evidence and data issues at the enterprise level. Across the four types of evidence-building activities, Treasury's bureaus and offices spend the most time and resources on analysis and research. Evidence generated through evaluation, research, analysis, and statistical activities is integrated into key policymaking and decision-making processes throughout the department. Evidence is used by stakeholders within Treasury and by external partners including other federal agencies and unaffiliated academic researchers.

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 highlighting progress across the enterprise and an integrated approach to modernize agency websites and digital services. This report will include major accomplishments and continued progress in design standardization, bureau website and application modernization, and IDEA compliance for recovery efforts. As required in Section 4(d), Treasury will also continue to digitize all paper-based forms related to serving the public and centralize access to these forms. Please see https://home.treasury.gov/system/files/286/2020-Treasury-Report-to-OMB-21st-Century-IDEA-FINALv.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 2022 Congressional Justification. Please see https://home.treasury.gov/about/budget-financial-reporting-planning-and-performance/budget-requestannual-performance-plan-and-reports for more information.

Summary of FY 2022 Appropriations Language

Below is a summary of proposed Treasury appropriations language changes from the FY 2021 enacted bill. Please note that brackets indicate which material will be deleted, and italics indicate which material will be inserted.

DEPARTMENTAL OFFICES

SALARIES AND EXPENSES

For necessary expenses of the Departmental Offices including operation and maintenance of the Treasury Building and 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, [$233,000,000] *$270,669,000*: 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] *$34,000,000* shall remain available until September 30, [2022]*2023*, 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 Cybersecurity and Critical Infrastructure Protection, including entering into co- operative agreements; (E) operations and maintenance of facilities; and (F) international operations.

OFFICE OF TERRORISM AND FINANCIAL INTELLIGENCE

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,**[** $175,000,000,**]** *$185,192,000* 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, **[**2022**]** *2023*.

CYBERSECURITY ENHANCEMENT ACCOUNT

For salaries and expenses for enhanced cybersecurity for systems operated by the Department of the Treasury, **[**$18,000,000**]** *$132,027,000*, to remain available until September 30, **[**2023**]** *2024*: *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] *$4,000,000* 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-WIDE SYSTEMS AND CAPITAL INVESTMENTS PROGRAM

For development and acquisition of automatic data processing equipment, software, and services and for repairs and renovations to buildings owned by the Department of the Treasury, $6,118,000, to remain available until September 30, [2023] *2024*: *Provided*, That these funds shall be transferred to accounts and in amounts as necessary to satisfy the requirements of the Department's offices, bureaus, and other organizations: *Provided further*, That this transfer authority shall be in addition to any other transfer authority provided in this Act: *Provided further*, That none of the funds appropriated under this heading shall be used to support or supplement "In- ternal Revenue Service, Operations Support" or "Internal Revenue Service, Business Systems Modernization".

OFFICE OF THE INSPECTOR GENERAL

SALARIES AND EXPENSES

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, [$41,044,000] *$42,362,000*, 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, [2022] *2023*, 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.

COMMITTEE ON FOREIGN INVESTMENT IN THE UNITED STATES

For necessary expenses of the Committee on Foreign Investment in the United States, $20,000,000, to remain available until expended: *Provided*, That the chair-person 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 re-main 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 ap-propriated under this heading from the general fund shall be reduced as such offset-ting collections are received during fiscal year [2021] *2022*, so as to result in a total appropriation from the general fund estimated at not more than [$15,000,000] *$0*.

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses of the Treasury Inspector General for Tax Administration in carrying out the Inspector General Act of 1978, as amended, including purchase and hire of passenger motor vehicles (31 U.S.C. 1343(b)); and services authorized by 5 U.S.C. 3109, at such rates as may be determined by the Inspector General for Tax Administration; **[**$170,250,000**]** *$175,762,000*, of which $5,000,000 shall remain available until September 30, **[**2022**]** *2023*; 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.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND PROGRAM ACCOUNT

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, [$270,000,000]*$330,000,000.* Of the amount appropriated under this heading—(1) not less than [$167,000,000] *$217,383,000*, 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, [2022] *2023*, 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 (12U.S.C. 4708), of which up to [$2,374,500] *$3,153,750* may be used for the cost of direct loans, of which up to $6,000,000, 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 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 territory or possession of the United States; (2) Not less than [$16,500,000]*$21,500,000*, notwithstanding section 108(e) of Public Law 103–325 (12 U.S.C. 4707(e)), is available until September 30, [2022] *2023*, 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 $26,000,000 is available until September 30, [2022] *2023*, for the Bank Enterprise Award program; (4) not less than $23,000,000, 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, [2022] *2023*, 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 dis- tressed communities; (5) not less than $8,500,000 is available until September 30, [2022] *2023*, 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; up to [$29,000,000] *$33,617,000* is available until September 30, [2021]*2022*, 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 the development of tools to better assess and inform CDFI in- vestment performance and CDFI Fund program impacts, and up to $300,000 is for administrative expenses to carry out the direct loan program; and (7) during fiscal year [2021] *2022*, none of the funds available under this heading are available for the cost, as defined in section 502 of the Congressional Budget Act of 1974, of commitments to guarantee bonds and notes under section 114A of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4713a): Provided, That commitments to guarantee bonds and notes under such section 114A shall not exceed $500,000,000: Provided further, That such section 114A shall remain in effect until December 31, [2021] *2022*: Provided further, That of the funds awarded under this heading, except those provided for the Economic Mobility Corps, 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.

SPECIAL INSPECTOR GENERAL FOR THE TROUBLED ASSET RELIEF PROGRAM

SALARIES AND EXPENSES

For necessary expenses of the Office of the Special Inspector General in carrying out the provisions of the Emergency Economic Stabilization Act of 2008 (Public Law 110−343), **[**$19,000,000**]** *$17,000,000*.

FINANCIAL CRIMES ENFORCEMENT NETWORK

SALARIES AND EXPENSES

For necessary expenses of the Financial Crimes Enforcement Network, including hire of passenger motor vehicles; travel and training expenses of non-Federal and foreign government personnel to attend meetings and training concerned with domestic and foreign financial intelligence activities, law enforcement, and financial regulation; services authorized by 5 U.S.C. 3109; not to exceed **[**$12,000**]** *$45,000* for official reception and representation expenses; and for assistance to Federal law enforcement agencies, with or without reimbursement, **[**$126,963,000**]** *$190,539,000*, of which not to exceed **[**$34,335,000**]** *$94,600,000* shall remain available until September 30, **[**2023**]** *2024 for information technology and to implement Division F of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 (Public Law 116–283)*.

BUREAU OF THE FISCAL SERVICE

SALARIES AND EXPENSES

For necessary expenses of operations of the Bureau of the Fiscal Service, **[**$345,569,000**]** *$360,266,000*; of which not to exceed $8,000,000, to remain available until September 30, **[**2023**]** *2024*, 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.

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, **[**$124,337,000**]** *$131,330,000*; of which *$5,000,000 shall remain available until September 30, 2023; of which* not to exceed $6,000 shall be available 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, 2022, shall be for the costs associated with enforcement of and education regarding the trade practice provisions of the Federal Alcohol Administration Act (27 U.S.C. 201 et seq.)**]**.

UNITED STATES MINT PUBLIC ENTERPRISE FUND

Pursuant to section 5136 of title 31, United States Code, the United States Mint is provided funding through the United States Mint Public Enterprise Fund for costs associated with the production of circulating coins, numismatic coins, and protective services, including both operating expenses and capital investments: *Provided*, That the aggregate amount of new liabilities and obligations incurred during fiscal year **[**2021**]** *2022* under such section 5136 for circulating coinage and protective service capital investments of the United States Mint shall not exceed $50,000,000.

INTERNAL REVENUE SERVICE

TAXPAYER SERVICES

For necessary expenses of the Internal Revenue Service to provide taxpayer ser- vices, 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, **[**$2,555,606,000**]** *$2,940,876,000*, of which not less than *$11,000,0000* shall be for the Tax Counseling for the Elderly Program, of which not less than *$13,000,000* shall be available for low-income taxpayer clinic grants, of which not less than *$30,000,000*, to remain available until September 30, **[**2022**]** *2023*, shall be available for the Community Volunteer Income Tax Assistance Matching Grants Program for tax return preparation assistance, and of which not less than

$211,000,000 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, **[**$5,212,622,000**]** *$5,462,823,000*, of which not to exceed $250,000,000 shall remain available until September 30, **[**2022**]** *2023*; 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**]** *$21,000,000* 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. *In addition, $287,452,000, for an additional amount to meet the terms of a concurrent resolution on the budget for tax enforcement activities under this heading, including tax compliance to address the Federal tax gap:*

Provided, That such additional amounts may not be transferred or reprogrammed for any other activity.

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; **[**$3,928,102,000**]** *$4,448,195,000*, of which not to exceed $275,000,000 shall remain available until September 30, **[**2022**]** *2023*; 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, **[**2023**]** *2024*, 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 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 **[**2022**]** *2023*, a summary of cost and schedule performance information for its major information technology systems. *In addition, $129,445,000, for an additional amount to meet the terms of a concur-rent resolution on the budget for tax enforcement activities under this heading, including tax compliance to address the Federal tax gap: Provided, That such additional amounts may not be transferred or reprogrammed for any other activity.*

BUSINESS SYSTEMS MODERNIZATION

For necessary expenses of the Internal Revenue Service's business systems modernization program, **[** $222,724,000**]** *$305,032,000*, to remain available until September 30, **[**2023**]** *2024*, for the capital asset acquisition of information techno-logy 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 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

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**]** *notice to* 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. *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.*

SEC. 112*. There is hereby established the Internal Revenue Service Working Capital Fund (Fund), which shall be available without fiscal year limitation, for expenses necessary for facility services, technology, and other centralized services that the Commissioner of Internal Revenue, subject to prior notice to the Office of Management and Budget, deems appropriate and advantageous to provide on a reimbursable basis: Provided, That amounts deposited in the Fund shall be in addition to funds otherwise available for such purposes, and shall remain available until expended: Provided further, That the Fund may receive advances and reimbursements from funds available to the business units and offices of the Internal Revenue Service for which such centralized services are performed at rates which will return in full all expenses of operation: Provided further, That unobligated balances of expired amounts appropriated or otherwise made available for this or any succeeding fiscal year to the Internal Revenue Service may be transferred and merged into the Fund no 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: Provided further, That no funds may be transferred pursuant to the previous proviso unless advance notification is provided to the Committees on Appropriations of the House of Representatives and the Senate.*

ADMINISTRATIVE PROVISIONS—DEPARTMENT OF THE TREASURY

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

SEC. 112. Not to exceed 2 percent of any appropriations in this title made available under the headings "Departmental Offices—Salaries and Expenses", "Office of Inspector General", "Special Inspector General for the Troubled Asset Relief Program", "Financial Crimes Enforcement Network", "Bureau of the Fiscal Service", and "Alcohol and Tobacco Tax and Trade Bureau" may be transferred between such appropriations upon the advance **[**approval**]** *notification* of the Committees on Appropriations of the House of Representatives and the Senate: *Provided*, That no transfer under this section may increase or decrease any such

appropriation by more than 2 percent.
SEC. 113. Not to exceed 2 percent of any appropriation made available in this Act to the Internal Revenue Service may be transferred to the Treasury Inspector General for Tax Administration's appropriation upon the advance **[**approval**]** *notification* of the Committees on Appropriations of the House of Representatives and the Senate: *Provided*, That no transfer may increase or decrease any such appropriation by more than 2 percent.
SEC. 114. None of the funds appropriated in this Act or otherwise available to the Department of the Treasury or the Bureau of Engraving and Printing may be used to redesign the $1 Federal Reserve note.
SEC. 115. The Secretary of the Treasury may transfer funds from the "Bureau of the Fiscal Service—Salaries and Expenses" to the Debt Collection Fund as necessary to cover the costs of debt collection: *Provided*, That such amounts shall be reimbursed to such salaries and expenses account from debt collections received in the Debt Collection Fund.
SEC. 116. None of the funds appropriated or otherwise made available by this or any other Act may be used by the United States Mint to construct or operate any museum without the **[**explicit approval**]** *prior notification* of the Committees on Appropriations of the House of Representatives and the Senate, the House Committee on Financial Services, and the Senate Committee on Banking, Housing, and Urban Affairs.
SEC. 117. None of the funds appropriated or otherwise made available by this or any other Act or source to the Department of the Treasury, the Bureau of Engraving and Printing, and the United States Mint, individually or collectively, may be used to consolidate any or all functions of the Bureau of Engraving and Printing and the United States Mint without the **[**explicit approval**]** *prior notification* of the House Committee on Financial Services; the Senate Committee on Banking, Housing, and Urban Affairs; and the Committees on Appropriations of the House of Representatives and the Senate.
SEC. 118. Funds appropriated by this Act, or made available by the transfer of funds in this Act, for the Department of the Treasury's intelligence or intelligence related activities are deemed to be specifically authorized by the Congress for purposes of section 504 of the National Security Act of 1947 (50 U.S.C. 414) during fiscal year **[**2021**]** *2022* until the enactment of the Intelligence Authorization Act for Fiscal Year **[**2021**]** *2022*.
SEC. 119. Not to exceed $5,000 shall be made available from the Bureau of Engraving and Printing's Industrial Revolving Fund for necessary official reception and representation expenses.
SEC. 120. The Secretary of the Treasury shall submit a Capital Investment Plan to the Committees on Appropriations of the House of Representatives and the Senate not later than 30 days following the submission of the annual budget submitted by the President: *Provided*, That such Capital Investment Plan shall include capital investment spending from all accounts within the Department of the Treasury, including but not limited to the Department-wide Systems and Capital Investment Programs account, Treasury Franchise Fund account, and the Treasury Forfeiture Fund account: *Provided further*, That such Capital Investment Plan shall include expenditures occurring in previous fiscal years for each capital investment project that has not been fully completed.
SEC. 121. Within 45 days after the date of enactment of this Act, the Secretary of the Treasury shall submit an itemized report to the Committees on Appropriations of the House of

Representatives and the Senate on the amount of total funds charged to each office by the Franchise Fund including the amount charged for each service provided by the Franchise Fund to each office, a detailed description of the services, a detailed explanation of how each charge for each service is calculated, and a de-scription of the role customers have in governing in the Franchise Fund.

SEC. 122. During fiscal year [2021] *2022*— (1) none of the funds made available in this or any other Act may be used by the Department of the Treasury, including the Internal Revenue Service, to issue, revise, or finalize any regulation, revenue ruling, or other guidance not limited to a particular taxpayer relating to the standard which is used to determine whether an organization is operated exclusively for the promotion of social welfare for purposes of section 501(c)(4) of the Internal Revenue Code of 1986 (including the proposed regulations published at 78 Fed. Reg. 71535 (November 29, 2013)); and (2) the standard and definitions as in effect on January 1, 2010, which are used to make such determinations shall apply after the date of the enactment of this Act for purposes of determining status under section 501(c)(4) of such Code of organizations created on, before, or after such date.

SEC. 123. (a) Not later than 60 days after the end of each quarter, [the Office of Financial Stability and] *the Office of Financial Research* shall submit reports on their activities to the Committees on Appropriations of the House of Representatives and the Senate, the Committee on Financial Services of the House of Representatives and the Senate Committee on Banking, Housing, and Urban Affairs. (b) The reports required under subsection (a) shall include— (1) the obligations made during the previous quarter by object class, office, and activity; (2) the estimated obligations for the remainder of the fiscal year by object class, office, and activity; (3) the number of full-time equivalents within each office during the previous quarter; (4) the estimated number of full-time equivalents within each office for the remainder of the fiscal year; and (5) actions taken to achieve the goals, objectives, and performance measures of each office. (c) At the request of any such Committees specified in subsection (a), [the Office of Financial Stability and] the Office of Financial Research shall make officials available to testify on the contents of the reports required under subsection (a).

[SEC. 124. In addition to the amounts otherwise made available to the Department of the Treasury, $25,000,000, to remain available until expended, shall be for expenses associated with digitization and distribution of the Department's records of matured savings bonds that have not been redeemed.]

SEC. 124. *Of the amounts appropriated in section 4027(a) of the Coronavirus Aid, Relief, and Economic Security Act (15 U.S.C. 9061) that are available for obligation as a result of the deobligation of amounts that were, as of January 9, 2021, obligated for the credit subsidy cost of loans and loan guarantees that the Secretary of the Treasury had committed under paragraphs (1) through (3) of section 4003(b) of the Coronavirus Aid, Relief, and Economic Security Act (15 U.S.C. 9042(b)(1)-(3)), $25,000,000 shall be available to the Special Inspector General for Pandemic Recovery to carry out section 4018 of the Coronavirus Aid, Relief, and Economic Security Act (15 U.S.C. 9053): Provided, That such amounts shall be in addition to any other amounts available for such purpose.*

SEC. 125*. Notwithstanding any other provision of law, the unobligated balances from amounts* *made available to the Secretary of the Treasury for administrative expenses pursuant to sections 4003(f) and 4112(b) of the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116–136); section 421(f)(2) of Division N of the Consolidated Appropriations Act, 2021 (Public Law 116–260); sections 3201(a)(2)(B), 3206(d)(1)(A), and 7301(b)(5) of the American Rescue Plan Act of 2021 (Public Law 117–2); and section 602(a)(2) of the Social Security Act, as added by section 9901 of the American Rescue Plan Act of 2021 (Public Law 117–2), shall be available for any administrative expenses determined by the Secretary of the Treasury to be necessary to respond to the coronavirus, including but not limited to expenses necessary to implement any provision of the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116–136), Division N of the Consolidated Appropriations Act, 2021 (Public Law 116–260), the American Rescue Plan Act (Public Law 117–2), or title VI of the Social Security Act: Provided, That such un-obligated balances shall be available in addition to any other appropriations provided for such purposes.*

***SEC. 126**. Section 121 of the Emergency Economic Stabilization Act of 2008 (12U.S.C. 5231) is amended in subsection (e)(1)(B)(ii) by striking "subparagraph" and all that follows through the period at the end and inserting "subparagraph, the Special Inspector General may not make any appointment that exceeds 24 months or that extends beyond the date on which the Special Inspector General terminates under subsection (k)."*

Department of the Treasury
Internal Revenue Service

Congressional Budget Justification and Annual Performance Plan and Report

FY 2022

Table of Contents

Section I – Budget Request

A – 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 2020 Operating Plan[1]		FY 2021 Operating Plan[2]		FY 2022 Request	Change FY 2021 to FY 2022 Request	% Change FY 2021 to FY 2022 Request
	FTE	AMOUNT	FTE	AMOUNT	AMOUNT	AMOUNT	AMOUNT
New Appropriated Resources:							
Taxpayer Services	**26,760**	**$2,535,554**	**25,989**	**$2,587,606**	**$2,940,876**	**$353,270**	**13.65%**
Pre-Filing Taxpayer Assistance and Education	4,524	647,066	4,514	657,618	713,346	55,728	8.47%
Filing and Account Services	22,236	1,888,488	21,475	1,929,988	2,227,530	297,542	15.42%
Enforcement	**35,388**	**$4,909,500**	**34,989**	**$5,004,622**	**$5,462,823**	**$458,201**	**9.16%**
Investigations	2,971	648,819	3,012	698,193	773,605	75,412	10.80%
Exam and Collections	31,467	4,081,409	30,987	4,120,886	4,497,709	376,823	9.14%
Regulatory	950	179,272	990	185,543	191,509	5,966	3.22%
Operations Support	**11,970**	**$3,885,000**	**12,037**	**$4,104,102**	**$4,448,195**	**$344,093**	**8.38%**
Infrastructure		881,670		886,713	971,008	84,295	9.51%
Shared Services and Support	4,947	990,690	5,122	1,024,654	1,088,217	63,563	6.20%
Information Services	7,023	2,012,640	6,915	2,192,735	2,388,970	196,235	8.95%
Business Systems Modernization	**426**	**$180,000**	**394**	**$222,724**	**$305,032**	**$82,308**	**36.96%**
Subtotal New Appropriated Resources	**74,544**	**$11,510,054**	**73,409**	**$11,919,054**	**$13,156,926**	**$1,237,872**	**10.39%**
Other Resources:							
Reimbursables	790	106,965	808	179,759	189,645	9,886	5.50%
Offsetting Collections - Non Reimbursables		6,728		21,300	22,472	1,172	5.50%
User Fees	4	485,997	1,536	585,244	435,400	(149,844)	-25.60%
Recovery from Prior Years	11	16,457		16,764	16,764		
Unobligated Balances from Prior Years	385	171,189	15	318,017	327,299	9,282	2.92%
Transfers In/Out		137		140	140		
Recoveries Paid				3,604	3,604		
Resources from Other Accounts	274		434	123,039	98,153	(24,886)	-20.23%
Subtotal Other Resources	**1,464**	**$787,473**	**2,793**	**$1,247,867**	**$1,093,477**	**($154,390)**	**-12.37%**
Total Budgetary Resources	**76,008**	**$12,297,527**	**76,202**	**$13,166,921**	**$14,250,403**	**$1,083,482**	**8.23%**

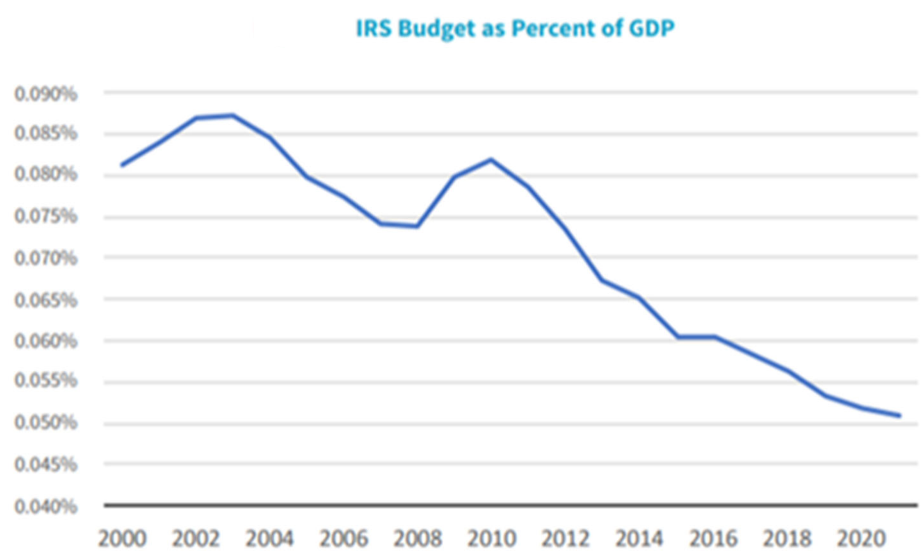
[1] FY 2020 Other Resources represent actuals.

[2] FY 2021 Operating Plan includes a $176 million interappropriation transfer from Enforcement to Operations Support to cover anticipated operations and maintenance requirements in FY 2021. FY 2021 Enacted amount also includes a $32 million transfer from Enforcement to Taxpayer Services.

Note: This table does not include the $15 million in the Families First Coronavirus Response Act (FFCRA) (P.L 116-127), $750.7 million under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-36), the $509 million provided in the Consolidated Appropriations Act, 2021 (P.L. 116-260), the $1.86 billion provided by the American Rescue Plan (ARP) (P.L. 117-2), the $417 million Program Integrity Allocation Adjustment, and the $79 billion mandatory funding proposal.

Introduction

The Internal Revenue Service (IRS) FY 2022 budget request is $13.2 billion, $1.2 billion (10.4 percent) more than the FY 2021 enacted level, to administer the nation's tax system fairly, collect $3.5 trillion in taxes to fund the government, and strengthen tax compliance. In addition, the budget request proposes a $417 million program integrity allocation adjustment investment in FY 2022 that will increase tax compliance and revenue and reduce the tax gap. In addition, the Budget includes a multi-year initiative (see Appendix 4.2) to improve tax compliance and enforcement, modernize IRS IT systems, support increased information reporting, and support the Administration's proposal to make the Child Tax Credit expansion and the advance payments permanent as well as additional authority to improve tax administration efforts. The budget request includes discussion on how the IRS assisted taxpayers by implementation initiatives supported by the Coronavirus Aid, Relief, and Economic Security Act (CARES) Act and Families First Coronavirus Response Act in section 4.2.

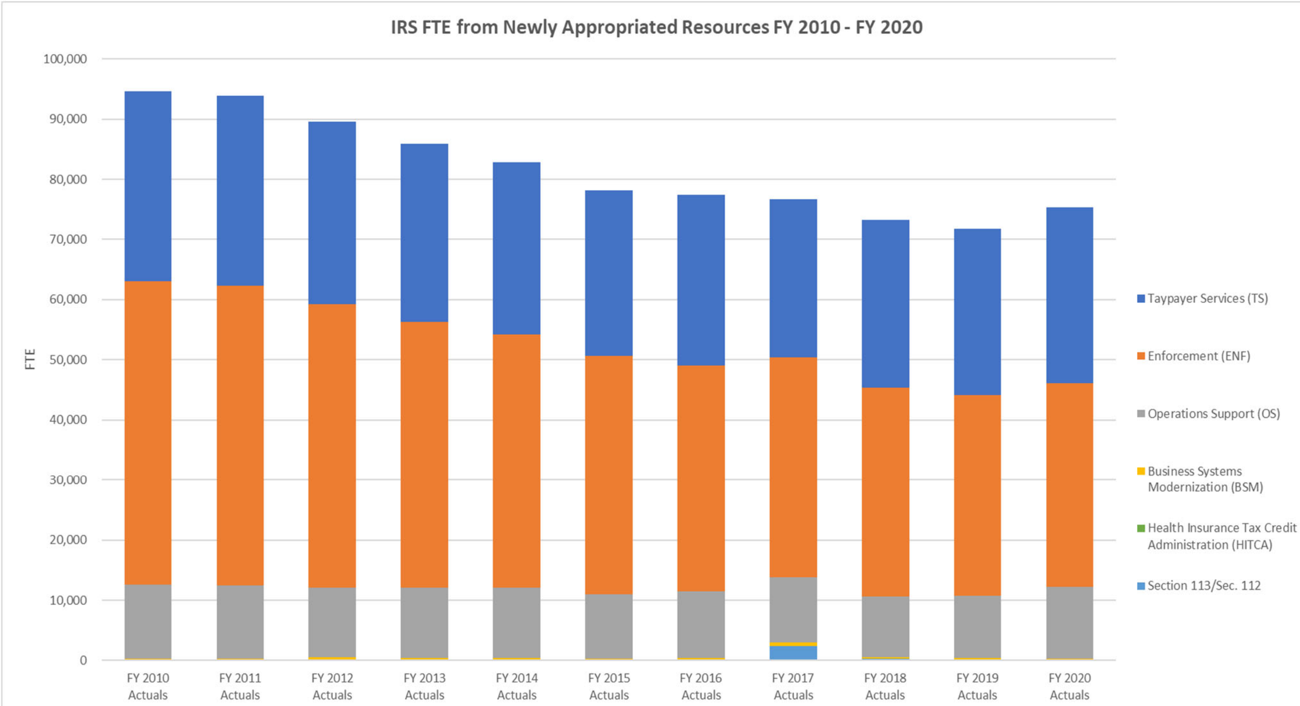


The IRS has an overall return on investment (ROI) of about $5 for every $1 invested, excluding significant deterrence effects. Overall, this request supports fair and equitable tax administration for all Americans, including increasing oversight of high-income/high-wealth individuals and corporations to ensure compliance. It also improves taxpayer experience by providing new and improved online tools for taxpayers to communicate with the IRS easily and quickly. This IRS continues to improve telephone and in-person taxpayer customer service. Additionally, it is expanding outreach and assistance to underserved communities. The FY 2022 Budget requests a total program increase of $915.5 million including:

- $176.1 million for continuing the implementation of the Taxpayer First Act implementation activities;
- $340.0 million for establishing enforcement strategies that will ensure a fair tax system;
- $318.0 increase live assistance including telephone level of service, correspondence, and in-person visits;
- $78.1 million for IT modernization activities; and
- $3.0 million to lease and maintain a fleet of electric vehicles.

Through IRS enforcement efforts and strategies for meeting the needs of taxpayers, the IRS intends to decrease the tax gap. The IRS dedicates itself to improving the taxpayer experience so that taxpayers and their representatives can understand and meet their tax obligations with minimal burden. The IRS's aim is to increase voluntary compliance through simplifying the tax filing, correction, and payment processes. To help achieve this, the IRS will focus on improving education and outreach on taxpayer rights and obligations and enhancing service channels to meet taxpayer needs. In addition to improving the taxpayer experience, another priority of the IRS is to ensure taxpayers comply with the tax law. The IRS continues to develop innovative approaches to understanding, detecting, and resolving potential noncompliance to maintain taxpayer confidence in the tax system. The IRS's efforts to improve the taxpayer experience and enforce the tax laws will lead to a reduction in the tax gap over time. Reducing the tax gap requires the IRS to maintain a robust enforcement program.

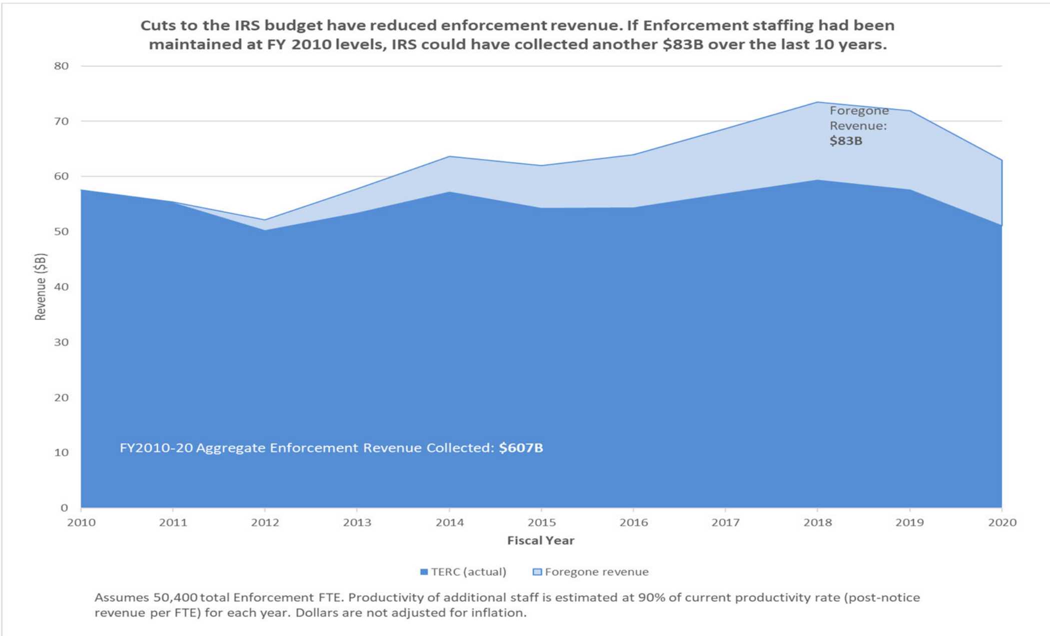
Appropriations for the IRS fell by about 20 percent (adjusted for inflation) since FY 2010. About 70 percent of the IRS's overall budget is for labor, and thus the decline in the overall IRS budget resulted in a 15 percent decline in the number of full-time employees at the agency (since FY 2010) and a 31 percent decline in the number of full-time employees working in enforcement roles (since FY 2010). The IRS lost more than 33,378 full-time personnel between FY 2010 and FY 2020, including more than 13,388 key enforcement personnel. These losses included revenue agents and revenue officers, who audit tax returns and perform collection activities, as well as special agents who investigate tax-related crimes and other issues. The number of examining revenue agents, who handle complex enforcement cases, fell by 35 percent, and field collection revenue officers, who manage difficult collections cases, dropped by 48 percent. The loss of enforcement employees since 2010 has resulted in the examination rate for individual returns falling by about 45 percent; for businesses with assets equal to or exceeding $10 million, the examination rate fell by about 72 percent.



The effect of personnel lost is most visible in enforcement activities. Among the 33,378[1] full-time personnel lost between FY 2010 and FY 2020, more than 13,388 were enforcement personnel. These losses included revenue agents and revenue officers, who audit tax returns and perform collection activities, as well as special agents who investigate tax-related crimes and other issues. Although the IRS workforce increased over the past year, IRS staffing levels are comparable to where the IRS was in 1973, when the U.S. population was about 210 million, versus today's population of about 333 million.

[1] FY 2010 through FY 2020 full-time personnel lost, is not a net loss of FTE. This statistic does not include the number of personnel hired during the same time.

Reductions to enforcement staffing levels between FY 2010 and 2020 likely reduced total enforcement revenue collected (TERC) by around $83 billion.



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 allocation adjustment, which includes targeted investments in enforcement activities that will increase revenue and lower the tax gap.

The FY 2022 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 that making it easier for taxpayers to meet their obligations with self-service tools and user-friendly customer service improves compliance.

Program Integrity Allocation Adjustment

In addition to the base appropriations request of $13.2 billion, the Budget proposes a $417 million discretionary program integrity allocation adjustment in FY 2022 to fund investments in expanding and improving the effectiveness and efficiency of the IRS's overall tax enforcement program. The budget proposes $287 million for the Enforcement account and $129 million for the Operations Support account. These investments will generate $38.6 billion in new direct revenue and protect $11.6 billion over 10 years, costing $6.7 billion. This return on investment (ROI) is likely understated because it does not reflect the effect that enhanced enforcement has on deterring non-compliance.

B – 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 2020 the IRS collected $3.5 trillion in taxes (gross receipts before tax refunds) and generated 96 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.

242M	$3.5T	$2,034	$51.1B
Federal Tax Returns and Forms Processed	Collected in Gross Taxes	Average Individual Refund	Enforcement Revenue Collected

Almost 96 percent of the gross revenue of the United States flows through the IRS. Every American is important to the IRS, and the IRS is important to every American. The IRS is endeavoring to continue earning the respect and trust of every American. We proudly serve all taxpayers, none more or less so than any other. We must continue to operate through their eyes, from their perspective, enhancing their experiences while striving to provide clear, meaningful guidance and services, in the language of their choice, wherever possible. In support of compliant taxpayers, we will continue to aggressively pursue non-compliant taxpayers by maintaining robust, visible, civil, and criminal enforcement efforts. To continue to deliver on our mission, the IRS requires consistent, timely, multi-year funding. The entire IRS workforce wants to do more, and with adequate resources provided by Congress to help us reach our vision, we will.

Chuck Rettig
Commissioner

FY 2022 Budget Request and Priorities

The FY 2022 request is $13.2 billion, $1.2 billion or 10.4 percent more than the FY 2021 operating level of $11.9 billion. The base budget request provides funding to carry out the IRS mission.

Appropriation Account	**($ in Millions)**
Taxpayer Services	$2,940.9
Enforcement	5,462.8
Operations Support	4,448.2
Business Systems Modernization	305.0
Total Appropriated Resources	$13,156.9

This funding level includes a program increase of $915 million for Putting Taxpayers First ($176 million), Ensuring Fairness of the Tax System ($340 million), Improving Live Assistance ($318 million), and the continuance of IT Modernization efforts ($78 million).

1.2 – Budget Adjustments Table

Dollars in thousands

Bureau: Internal Revenue Service Summary of Proposed FY 2021 Request	FTE	Amount
FY 2021 Operating Plan	**73,409**	**$11,919,054**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$327,995**
Pay Annualization (1.0% average pay raise)		22,442
Pay Raise (2.7% average pay raise)		182,239
Non-Pay		55,641
FERS Contribution Increase		67,673
Efficiencies/Savings:	**(409)**	**($5,585)**
Increase e-File Savings	(101)	(5,585)
Personnel Savings	(308)	
Subtotal FY 2022 Changes to Base	**(409)**	**$322,410**
FY 2022 Current Services	**73,000**	**$12,241,464**
Program Changes:		
Program Increases		
Putting Taxpayers First	294	176,086
User Authentication		27,000
Taxpayer Experience Strategy	294	149,086
Ensure Fairness of the Tax System	1,833	340,267
Improve Live Assistance	4,203	318,000
Integrated Modernization Business Plan	18	78,143
Electric Vehicles and Associated Infrastructure		2,966
Subtotal FY 2022 Program Increases	**6,348**	**$915,462**
Total FY 2022 Budget Request	**79,348**	**$13,156,926**
PIAA Program Increases		
Increase Audit Coverage	1,043	148,810
Increase Collection Coverage	1,184	159,456
Expand Coverage in the Tax-Exempt Sector	244	37,950
Enhance Return Review Program	60	38,341
Enhance Enforcement Operations	23	32,340
Subtotal FY 2022 PIAA Program Increases	**2,554**	**$416,897**
Total FY 2022 Request Including PIAA	**81,902**	**$13,573,823**

See footnotes in 1.1 -- Appropriations Detail Table

C – Base Adjustment and Program Changes Description

Base Adjustment..+$0 / +0 FTE
The FY 2021 operating level of $11.9 billion includes an inter-appropriation transfer of $208 million from the Enforcement appropriation to the Taxpayer Services appropriation ($32 million) and the Operations Support appropriation ($176 million). The transfer will fund the necessary support costs for increased staffing levels in Enforcement and filing season activities in Taxpayer Service.

Maintaining Current Levels.. +$327,995,000 / +0 FTE

Pay Annualization (1.0%) +$22,442,000 / +0 FTE

Funds are requested for annualization of a 1 percent average pay raise implemented in January 2021.

Pay Raise (2.7%) +$182,239,000 / +0 FTE

Funds are requested for a 2.7 percent average pay raise effective January 2022.

Non-Pay +$55,641,000 / +0 FTE

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

Federal Employee Retirement System (FERS) Contribution Increase +$67,673,000 / +0 FTE

Funds are requested for the FERS contribution rates effective FY 2022.

Efficiencies / Savings... -$5,585,300 / -409 FTE

Increase e-File Savings -$5,585,300 / -101 FTE

The IRS projects a total of 1,426,500 fewer returns filed on paper (752,200 individual and 674,300 business returns). As a result, the IRS would need 101 fewer FTE in submission processing, generating a savings of $5.6 million.

Personnel Savings +$0 / -308 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 $328 million in inflationary and labor cost increases for existing personnel, including annualization of the FY 2021 pay raise, the proposed FY 2022 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.. +$915,462,000 / +6,348 FTE

Putting Taxpayers First +$176,086,000 / +294 FTE

Position Type/Other Costs	FTE	Positions	$000
User Authentication			**$27,000**
Contract Services			27,000
Expand Digital Services	**168.50**	**337**	**$101,754**
Appeals Officer	9	18	1,273
Attorney	2	4	484
IT Specialist	157.5	315	25,188
Contract Services			74,809
Seamless Experience	**115.50**	**231**	**$35,063**
Revenue Agent	50	100	12,495
Appeals Officer	16	32	2,966
IT Specialist	49.5	99	15,544
Contract Services			4,058
Underserved Strategies	**10.00**	**20**	**$12,269**
Tax Law Specialist	3.5	7	456
Program Analyst	6.5	13	7,313
Contract Services			4,500
Total	**294.00**	**588**	**$176,086**

The Taxpayer First Act (TFA), Public Law 116-25, mandates the IRS to reimagine and enhance the way it serves taxpayers, enforces the tax laws in a fair and impartial manner, and the way it prepares the agency's employees to deliver a world-class customer experience. The TFA consists of 45 provisions, including specific mandates to improve the taxpayer experience. Implementing the TFA will dramatically change how the IRS engages with taxpayers. These efforts will improve the experience of taxpayers as they interact with the IRS and increase the IRS's ability to secure taxpayer information, protect taxpayer identities, develop additional online capabilities for taxpayers, and develop comprehensive training for IRS employees. This investment includes:

User Authentication (+$27,000,000 / +0 FTE)

As the IRS moves to implement the provisions of the TFA, such as the Identity Protection PIN (IP PIN) and the Taxpayer Experience Strategy. The IRS will incorporate National Institute of Standards and Technology (NIST) Special Publication 800-63-3, Digital Identity Guidelines, and the recommendations of the Electronic Tax Administration Advisory Committee regarding identity theft refund fraud. These standards and recommendations guide how the IRS identity proofs and authenticates taxpayers to allow secure access to taxpayer online services. Resources are needed to enter a contract with a third-party vendor to be able to authenticate taxpayers. This funding will allow the IRS to authenticate approximately 8 million new taxpayers who sign up for an online account. After the initial authentication, the new NIST standards require reauthenticating annually. Besides IP PIN, examples of other IRS applications taxpayers access online include Get Transcript Online, the suite of e-Services applications for tax professionals, Online Payment Agreements, and the Child Tax Credit portal.

Taxpayer Experience Strategy (+$149,086,000 / +294 FTE)

The TFA requires the IRS to develop and implement a Taxpayer Experience Strategy (TXS) to improve the taxpayer experience with the IRS. To fulfill the TXS requirement, the IRS's Taxpayer First Act Office (TFAO), in partnership with key internal and external stakeholders and subject matter experts, identified six areas of focus to inform the development and implementation of the TFA TXS including Community of Partners, Proactive Outreach & Education, Data Management & Analytics, Expanded Digital Services, Seamless Experience, and Focused Strategies for Reaching Underserved Communities. The FY 2022 request includes additional funding for Expanded Digital Services, Seamless Experience, and Focused Strategies for Reaching Underserved Communities. These investments include:

- Expanded digital services that include secure document exchange, expanded payment options for taxpayers, and established digital authorization with eSignature;
- Deliver a more seamless experience through expanded automated callback, increased use of the appointment process tool, and expanded AI-powered interactions such as chat-bot appointments;
- Strengthened community presence by hiring and training new professionals in hard-to-reach communities;
- Improved assistance for taxpayers living abroad by establishing authentication protocols;
- Expanded multilingual strategies to increase the number of languages that forms, publications, and notices are translated into while also leveraging employee multi-lingual skills to provide multi-lingual assistance and services; and

- Strengthened access to and use of data to improve program delivery, inform Artificial Intelligence (AI) service delivery, and create a continuous feedback loop.

Expand Digital Services (+$101,754,000 / +169 FTE)

Funding for this initiative will enhance the IRS's Online Account for individual taxpayers and expand this service to tax professionals. Some aspects of this initiative will rely on strengthening and expanding use of data. Additional authenticated online self-services will include account updates, secure messaging and notice delivery, full interaction history and issue status, refund tracking, expand digital payment options, increase electronic receipt of filings and scanning/data capture for paper filings, document upload, and more. Taxpayers will see expanded scope for e-signatures, secure document exchange and expanded payment options like Venmo and PayPal, and web chat and other digital assisted services, including:

- Expanded Online Account features:
  - View Payment, Make a Payment, and Create A Payment Plan;
  - Digital Notices w/ Opt-in Subscription for Notifications;
- Tax Professional Account: Establish Digital Power of Attorney (Form 2848) with eSignature;
- Secure document exchange: Large and Small Business Secure Messaging/File Sharing (Document Upload);
- Digitize more tax forms;
- Expanded payment options to include tools like Venmo, PayPal, Apple Wallet, and Google Pay; and
- Foundational IT infrastructure enhancements for eSignature solutions.

Seamless Experience (+$35,063,000 / +115 FTE)

The IRS will provide taxpayers with their preferred channel of service (web, phone, in person, etc.) and guide them through the necessary assistance to fulfill their needs. Information about the taxpayer's entire experience (past and present) will be available to every representative of the organization and across all channels in real time. With the introduction of an integrated omni channel model, a taxpayer could begin on IRS.gov and then shift to click to-call or chat options to engage an assistor without leaving the website. With the introduction of AI and robotics, the IRS can help the taxpayer. The following are highlights of what will be accomplished with FY 2022 funding:

- Expand Automated Callback by adding 10 additional applications and provide Wait Time Transparency to the taxpayer. Currently, there is callback on 5 applications, representing 19 percent of total average demand;
- Continue integrating ECM systems towards a 360-degree view of the taxpayer for all taxpayer-facing employees;

- Expand appointment process and system to all taxpayer-facing employees, including both service and compliance (currently, taxpayers can only make appointments with Taxpayer Assistance Center (TAC) employees);
- Expand and improve routing options and create an escalation process to resolve issues outside the scope of the initial contact employee;
- Develop AI-Powered Digital Appointments that will allow the taxpayer to use a chatbot to make appointments.

Focused Strategies for Reaching Underserved Communities (+$12,269,000 / +10 FTE)

Bringing together ongoing efforts within the IRS and leveraging its ecosystem of partnerships, the IRS will establish a consolidated program to engage with historically underserved communities to address issues of communication, education, transparency, trust, and limited access to quality products and services. As shown by the Earned Income Tax Credit (EITC) Underserved Outreach Project in 2014, developing specific strategies for underserved communities is crucial to increasing voluntary compliance. The EITC project increased filing rates by adding 53,000 filers and $27 million in additional taxes paid. The IRS will develop strategies for each underserved segment based on focused research, best practices, and lessons from partners on ways to improve interactions within these communities. Immediate benefits to the taxpayer will include new assistance in hard-to-reach areas where receiving help is currently difficult, convenience via virtual chatroom authentication procedures, and expanded access to additional information to assist international taxpayers. Aspects of this initiative will rely on improving the IRS's proactive outreach; expanding and strengthening the IRS's network of partnerships and leveraging relationships across public, private, and non-profit sectors. The following are highlights of what will be accomplished with FY 2022 funding:

- Establish an organization within the IRS dedicated to developing, overseeing, and implementing these strategies with an agency-wide perspective and scope;
- Establish stronger community presence by hiring and training new staff to add new professionals in hard-to-reach communities;
- Use a data-driven approach to identifying content for translation to four additional languages;
- Increase multi-lingual staffing and better leverage employee multilingual skills;
- Authenticate international online accounts;
- Host virtual chat rooms and live forums for international taxpayers; and
- Expand access to information and services to taxpayers living abroad.

Ensure Fairness of the Tax System +$340,267,000 / +1,833 FTE

A successful economy depends on an effective tax collection system. For a tax system to operate productively, all citizens must pay their fair share. The IRS must serve taxpayers in a manner that facilitates their voluntary compliance by providing proper levels of staffing and support at points of significant taxpayer interaction. The IRS will continue to deter those who might evade their legal tax obligations and must appropriately pursue those who do so through strong, visible, and robust tax enforcement programs.

Increase Large Corporation and Global High Wealth Returns (+$154,870,000 / +668 FTE)

Position Type/Other Costs	FTE	Positions	$000
Increase Enforcement Returns	**540**	**1,080**	**$131,246**
Revenue Agent	389	778	102,751
Manager	67.5	135	16,903
Economist	5	10	1,322
Engineer	5	10	1,292
Analyst	6	12	1,238
Support Staff	31.5	63	3,672
Tax Examiner	36	72	4,068
Other Direct Costs	**128**	**256**	**$23,624**
Attorney	21	42	4,757
Support Staff	3	6	290
Appeals Officer	78	156	14,461
Revenue Agent	12	24	2,346
Tax Examiner	14	28	1,770
Total	**668**	**1,336**	**$154,870**

The IRS contends with a wide variety of business organizations operating in the United States and abroad with different filing requirements. These organizations include businesses, such as sole proprietors, corporations, partnerships, and S-corporations, as well as trusts and non-profits. Partnership businesses continue to be the fastest growing segment of all tax returns filed. Due to their complexity, these returns represent a significant compliance risk. The 2019 IRS Data Book reflects that in FY 2019, partnership return filings with the IRS exceeded 4.2 million – more than double the number of returns filed by corporations other than S corporations. Publication 6292, *Fiscal Year Return Projections for the United States: 2020–2027,* shows that on average, annual partnership filings will continue to outpace 1120s (4.976 million vs. 1.6 million) from FY 2021 to FY 2027.

Another increasing source of compliance risk are high income/high wealth individuals, who frequently operate complex enterprises consisting of multiple related entities that often have international components. The IRS takes a unified look at the entire web of entities controlled by high wealth individuals to better assess the risks of noncompliance. This investment will allow the IRS to eventually double its compliance efforts on partnerships and high wealth returns. The resources sought in this investment will also allow the IRS to devote more resources to examining large corporations with balance sheet assets > $10 million. Audits on large corporations fell significantly over the past decade, falling from an overall audit coverage rate of 16.6 percent in FY 2010 to just 6.2 percent in FY 2019. In FY 2010, virtually all corporations with assets over $20 billion were audited. In FY 2019, only 50 percent were under audit. Finally, this investment will allow the IRS to increase its work in the Cross Border and Treaty and Transfer Pricing Operations to fully support corporate, partnership and high wealth exams.

According to the 2019 IRS Data Book, audits on partnership returns dropped from over 12,000 audits against 3.4 million returns filed in FY 2010 to 7,500 audits against 4.2 million partnership returns in FY 2019. The taxation of partners and partnerships is governed by Subchapter K of the Internal Revenue Code, which is generally perceived to be fairly complex. In addition to a complex legal environment, IRS examiners are challenged in auditing partnerships by their tiered structures. Partnerships often have other partnerships among their partners creating layers and layers of partnerships that must be navigated by an auditor. At least one-quarter of partnerships have some tiering in their structures. In addition to a different body of substantive tax law, the Internal Revenue Code also mandates a different set of audit procedures for partnerships than other taxpayers. These audit procedures can also be complex.

This investment will allow the IRS to:

- Hire additional revenue agents who will be devoted solely to working partnership cases;
- Increase the number of auditors with specialized knowledge in partnership law and audit procedures;
- Double current audit coverage of partnerships within 4 years; and
- Generate additional enforcement revenue of approximately $365.3 million from FY 2022-2026.

This initiative will fund IRS's Global High Wealth (GHW) program, which uses identification models to filter based on estimated net worth in the tens of millions using data points including passive vs. non-passive income, interest, dividends, etc. The overall audit rate for the identified GHW taxpayer population (which ranges from 40,000-60,000 taxpayers), is 0.2 percent. GHW uses a unique enterprise approach, which looks at the complete financial picture of high wealth individuals and the enterprises they control, that has proven successful, rather than the traditional return-by-return approach. GHW examiners average roughly $1,300 of recommended adjustments per exam hour on taxable entities, and over $10,000 of recommended adjustments per exam hour on partnerships. This investment will more than double the size of GHW, thereby allowing it to double the number of examinations it conducts once new employees have completed training and become fully productive. The requested investment is projected to result in additional enforcement revenue of approximately $794.5 million from FY 2022-2026.

This initiative will increase passthrough and GHW examinations, by increasing staffing for:

- GHW - The requested hires for GHW will allow for the creation of four additional GHW territories. Adding the additional agents will allow for an increased audit rate for its population, which presents an identified compliance risk.
- Ogden Tax Equity and Fiscal Responsibility Act (TEFRA)/ Bipartisan Budget Act (BBA) Unit - The Ogden TEFRA Unit/BBA Unit will handle IRS-wide processing of all BBA cases and some non-BBA case processing. The Ogden TEFRA/BBA Unit will be responsible for new parts of a partnership audit created by the BBA. These new processes are extremely complex and critical to the successful implementation of BBA and successful partnership level examinations. In addition to handling the processing of the increased partnership audits intended under BBA, the Ogden TEFRA/BBA Unit will continue to work remaining TEFRA and non-TEFRA cases for several years due to overlaps in the TEFRA and BBA regimes. The requested hires will allow for creation of eight additional groups to handle BBA inventory.
- Pass-through Entity (PTE) Practice Networks - The PTE practice networks currently support the revenue agents in the field with new and complex issues including subchapter K issues, tax reform and BBA. They also play a large role in campaign development and execution. As the number of partnership exams is increased, as is planned to address this identified compliance risk as intended by the BBA, the need for field support by the practice networks will grow. Additional staff is needed to grow the practice networks to a size that can effectively support increased passthrough examinations. The requested hires will allow for the creation of six additional practice network groups.
- Geographic Practice Areas - Passthrough exams that are not part of the GHW program are conducted by revenue agents in three geographic practice areas. To significantly increase the number of passthrough examinations, additional geographic revenue agents are needed. The proposed hires would allow for creation of four new teams in each of the three geographic practice areas. Resources are requested for technical services positions and to support the new

workload generated by the new hires, who will process the highly technical cases and prepare the statutory notices generated by the closures.

Other Direct Costs (+$23,624,000 / +128 FTE)

Dollars in Millions

IRS Activity	Cost	FTE	Explanation
Appeals	18,577	104	The initiative will generate additional work for Appeals Team Case Leader (ATCL) in the Compliance Integration CIC workstream, the GHW arena and the Partnership arena. For Appeals to provide a high level of customer service and appropriately resolve these cases Appeals will require an additional positions.
Chief Counsel	5,047	24	The initiative staffing request is projected to increase the number of audits for the GHW, PTE and Large Corporate Compliance (LCC) programs. In order to support this investment, Counsel is requesting 48 additional positions. The additional staffing will provide a mix of attorneys in the LB&I Division Counsel to provide legal advice to the client and handle the additional trial cases generated by the expansion of these programs, additional subject matter experts in the Technical Associate Offices, and accompanying legal support. The number and mix of requested positions is based on the complexity and estimated increase in workload.
Total	**$23,624**	**128**	

Expand Cyber Crimes and Applied Data Analytics Efforts (+$41,095,000 / +98 FTE)

Position Type/Other Costs	FTE	Positions	$000
Cyber Crimes and Data Analytics	**93**	**186**	**$40,013**
Special Agent	42	84	29,449
Analyst	41	82	5,244
IT Specialist	10	20	1,452
Contractual Services			3,868
Other Direct Costs	**5**	**10**	**$1,082**
Attorney	4	8	992
Support Staff	1	2	90
Total	**98**	**196**	**$41,095**

Data sets and data science methodologies now exist to connect the most remote financial transaction between apparent disparate actors which can be the key piece of evidence to break open the most complex financial investigation. These techniques are integral to the work of the IRS's Criminal Investigation Division (CI) and criminal case development.

This investment will be used to:

- Establish a Criminal Data Team to identify existing and new data sources;
- Hire inventory data and categorize its use;

- Perform validation as needed;
- Allow CI to intake, interrogate, mine and operationalize its available data appropriately; and
- Align leading data practices in the private sector and other innovation opportunities.

Currently, the data created/received through investigations, received from law enforcement partners, and received through disclosures and referrals is not categorized or stored in an accessible location. As a result, CI's ability to use that data for analytics and enforcement operations is very limited. New data sources, including open source and data held by other agencies, are identified almost daily and in most cases is currently not obtained or mined for its potential. A CI Data Team responsible for all CI data activities will make data intake and processing routine to enable effortless integration into CI's most complex investigations and ultimately advance CI's ability to enforce tax compliance.

CI is authorized to use a wide array of investigative techniques, including developing innovative approaches to investigations using existing data sets, commercial (purchased) data sets, data sets from other government agencies, and open source data sets. Purchase and ingestion of this data into a modern computing environment available to CI users requires funding. Additionally, CI partners with internal and external stakeholders to use robust advanced modeling and data-driven algorithms to deliver high impact investigations which either preempt or quickly address emerging threats and advance the mission of the IRS. A portion of these activities will require contractor funding for lead generation and case development using these modern techniques.

In FY 2020, CI's new National Analytics team within CI's Applied Analytics section worked with 9 Field and HQ offices on pilot projects to test the efficacy of advanced analytical modeling in case development and field office investigations. As a result, the need for analytical services across the field offices to pursue criminal tax enforcement far outpaced CI's Applied Analytics capacity. This initiative will hire and train an additional 82 analysts (investigative analysts and data scientists) to work across the field offices on larger initiatives using advanced statistical modeling and machine learning techniques to identify criminals, criminal patterns, and illicit behaviors. CI's Applied Analytics would stand up two or more teams to work with CI's investigative offices. With this initiative, CI will develop and train Field Office and Headquarters personnel in the tools/technology and the methodologies used to grow overall cyber and analytical capabilities. CI will also bring advanced modeling initiatives to maturity and provide more opportunities for innovation. In addition, funding will allow the IRS to advance IT technology to assist in the efforts of investigating cybercrimes.

CI continues to advance the level and degree of work performed in cybercrimes, whether it pertains to the investigation of dark web marketplaces, cryptocurrency-related fraud, or a host of other internet-based activities. The Cyber Support Unit will allow the IRS to provide a specialized skillset of capabilities around open source intelligence, dark web research and cryptocurrency tracing aspects in support of ongoing investigations in the field.

CI traces money all around the world, whether transmitted within the shadows of the dark web or otherwise. An example of CI's ability to detect criminal activity involved a darknet-based Bitcoin Mixing Service. This major case investigated a darknet search engine and money laundering service that was integrated into major darknet markets such as AlphaBay, Silk Road II, Abraxxas, and many others. It worked by tumbling bitcoins from users and vendors on darknet markets with new, "clean" bitcoin to obfuscate the illicit source of the bitcoin. Approximately 356,000 bitcoins moved through the site, with a value of over $300 million at the time of the transactions. Data obtained from these servers will assist investigations all around the world, since criminals use tumblers to obfuscate the crypto trail. Evidence obtained from this investigation will serve as the missing link or puzzle piece in many sophisticated bitcoin transaction investigations.

Cyber Agents will be working the most complex cyber investigations within CI and afforded the necessary access to specialized tools and resources needed to prosecute this level of criminals. IRS will use these funds to stand-up and equip the Advanced Collaboration and Data Center (ACDC), including 84 Special Agents, tools, technology, and capabilities in one physical location. This new center will be able to complete approximately 300 additional criminal investigations from FY 2022 to FY 2026.

<u>Other Direct Costs (+$1,082,000 / +5 FTE)</u>

These funds will be used to hire an additional attorney foreach of the six Criminal Tax geographic areas; two attorneys in the national Office; two administrative support positions; and one cyber-focused administrative position. These positions will provide critical mission support to the cybercrime and data analytics efforts.

IRS Activity	Cost	FTE	Positions	Explanation
Chief Counsel	1,082	5	10	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	**$1,082**	**5**	**10**	

Strengthen Taxpayer Confidence in the Tax-Exempt Sector (+$13,473,000 / +84 FTE)

Position Type/Other Costs	FTE	Positions	$000
Protect Retirement Plans	**34.5**	**69**	**$5,527**
Revenue Agent	30	60	4,860
Manager	3	6	456
Support Staff	1.5	3	211
Protect Tax-Exempt Sectors and Government Entities	**34.5**	**69**	**$5,526**
Revenue Agent	30	60	4,860
Manager	3	6	456
Support Staff	1.50	3	210
Fraud Prevention	**15**	**30**	**$2,420**
Revenue Agent	14	28	2,268
Manager	1	2	152
Total	**84**	**168**	**$13,473**

The IRS strives to support taxpayer needs in the tax-exempt sector. There are over 1.8 million exempt organizations which are estimated to have over $2.9 trillion in revenue. In addition, there are 130 million retirement plan participants with $8 trillion in retirement assets.

Taxpayer confidence in the tax-exempt sector is essential to preserving and protecting charitable tax deductions and the retirement savings of everyday Americans. The IRS proposes a multifaceted approach to increase taxpayer confidence and ultimately protect these taxpayer investments to include:

- Protect Retirement Plans: Conduct enforcement activities to identify compliance issues with sponsored retirement plans and assist small businesses with their regulatory requirements to maintain their tax preferred status. These activities ultimately protect their employees' retirement plan contributions.
- Address Unrelated Business Income Tax (UBIT): Assess unpaid taxes for taxable activities in the exempt organization sector through face-to-face and remote enforcement activities. Overall, these activities will result in increased compliance and help preserve the public's confidence in their charitable donations.
- Fraud Prevention: Support expanded fraud enforcement activities. While most stakeholders and taxpayers in the tax-exempt sector strive to remain compliant, there are purposeful bad actors engaging in increasingly complex transactions and structures to avoid taxation and even mask other illegal activities. These resources will be applied to directly address these emerging fraudulent activities and trends in the tax-exempt sector.

Once these staffing resources are fully trained, the IRS will be able to conduct an additional 3,192 closures related to enforcement activities. As a result, the public's confidence will be strengthened as retirement plans become more compliant, unrelated business income taxes are addressed, and fraud is prevented in these important tax-exempt arenas.

Increase Pre-Refund Audit and Examination (+$32,895,000 / +332 FTE)

Position Type/Other Costs	FTE	Positions	$000
Increase Pre-Refund Audit & Exam			
Tax Examiner	332	332	29,256
Contractual Services			3,639
Total	**332**	**332**	**$32,895**

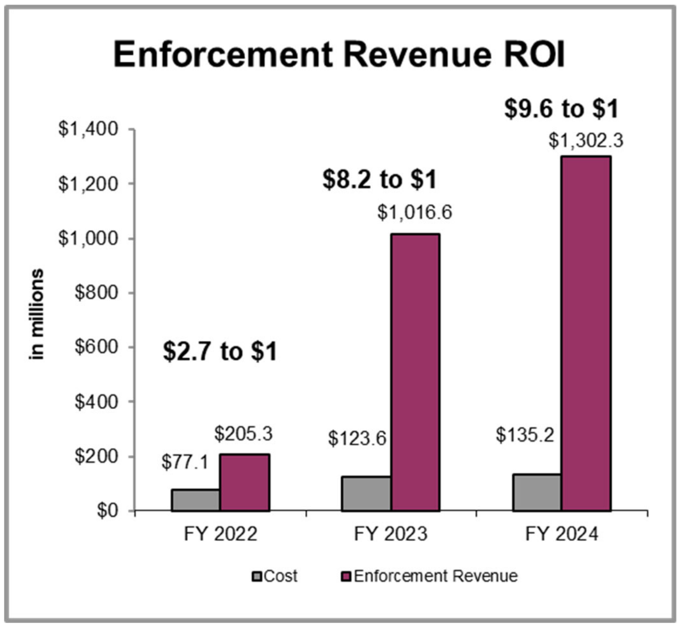
The Correspondence Examination program addresses the tax gap through increased enforcement individual reporting compliance, such as refundable credits. The additional staffing will be used to reverse and prevent a decline in the audit coverage rate.

Enhance Enforcement Efforts (+$77,065,000 / +589 FTE)

Position Type/Other Costs	FTE	Positions	$000
Collection Programs	**252.5**	**505**	**$29,574**
Revenue Officer	85	170	13,379
Customer Service Representative	85	170	8,568
Tax Examiner	79.5	159	7,329
Support Staff	3	6	298
Examination Programs	**249.5**	**499**	**$32,740**
Revenue Agent	132	264	21,627
Tax Examiner	113.5	227	10,733
Support Staff	4	8	380
Office of Fraud Enforcement	**7**	**14**	**$984**
Revenue Agent	7	14	984
Other Direct Costs	**80**	**160**	**$13,767**
Revenue Agent	14	28	2,882
Appeals Officer	21	42	3,893
Attorney	26	52	5,125
Analyst	19	38	1,867
Total	**589**	**1,178**	**$77,065**

This initiative requests additional employees to increase efforts in critical Examination and Collection activities. The decline in staffing since FY 2010 has led to a decrease in the individual audit coverage rate from 1.0 percent in Tax Year 2010 to 0.43 percent in Tax Year 2017, which increases the risk to the integrity of the nation's voluntary tax compliance system. The collection coverage rate, which is defined as the volume of collection work disposed compared to the volume of collection work available, has also seen a decline, dropping from 50.1 percent in FY 2010 to just 34.9 percent in FY 2020. These trends, if they continue unabated, will lead to an increased risk in tax reporting or failure to file required tax returns. The additional resources will fund compliance priorities and allow for earlier case assignments and resolution.

Examination programs will provide increased emphasis on audits of small corporations and sole proprietors with business income. Collection programs will focus their efforts on high income non-filers and delinquent employment taxes. These resources will:



- Increase the number of audits and close more than 4,669 field examination cases and 40,610 correspondence examination cases;
- Expand programs that address non-filing and underpayment of taxes to handle 9,100 additional collection cases;
- Address an additional 113,400 Automated Collection System (ACS) cases;
- Expand several Compliance Services Collection Operations programs that address non-filing of taxes through the notice process by 159,000 notice dispositions and cases; and
- Strengthen ties between the civil and criminal enforcement arms of the IRS and with other federal departments and agencies to facilitate civil enforcement action in all situations.

Major Activities	Projected Revenue ($M)	Projected Closures
Field Collection	175.7	9,123
Automated Collection System	418.4	113,401
Compliance Services Collection Operation/Non-Filer	60.3	159,030
Field Examination	132.6	4,669
Correspondence Examination	212.0	40,610
Document Matching	303.3	200,574
Total	**$1,302.3**	**286,223**

Other Direct Costs (+$13,767,000 / +80 FTE)

Dollars in thousands

IRS Activity	Cost	FTE	Positions	Explanation
Appeals	6,630	35	70	Support Collection efforts and appropriately resolve these cases while providing a high level of customer service.
Chief Counsel	5,125	26	52	Provide support for increases in requests for legal advice, litigation assistance, and collection due process.
SB/SE Operations Support	824	6	12	Support hiring, training, human capital, technology needs, data analytics and resource requirements for the Business Unit.
Privacy, Governmental Liaison, and Disclosure	916	11.5	23	Address the increase in Freedom of Information Act requests as a result of increased compliance activity.
Human Capital Office	272	1.5	13	Handle the increase in front-line positions and the expectation that new managerial positions will be created. Labor Relations support begins in the first year and continues throughout a manager's career, as needed.
Total	**$13,767**	**80**	**170**	

Expand Tax Compliance (+$20,869,000 / +62 FTE)

Position Type/Other Costs	FTE	Positions	$000
Expand Tax Compliance			
Special Agent	48	96	$19,027
Analyst	8	16	$1,023
IT Specialist	6	12	$819
Total	**62**	**124**	**$20,869**

This investment will enhance overall enforcement efforts, increase the number of convictions, and expand the IRS's capabilities in core tax enforcement areas. An additional 300 investigations will be completed after the new agents reach full potential. This investment will support IRS Strategic Goals by enforcing domestic and international compliance across all program areas while utilizing innovative approaches and strengthening existing expertise. Further, this investment will support initiatives designed to identify trends, detect high-risk areas of noncompliance, and prioritize enforcement approaches by applying advanced analytics.

These resources will also allow the IRS to increase its participation in multi-agency task forces dedicated to tax administration, which will:

- Enhance cooperation with state and local law enforcement agencies in jurisdictions where prosecutorial actions would have the greatest influence;
- Obtain information about ongoing criminal activity involving federal and state tax refunds allowing expedited prosecution by the Department of Justice to reduce the financial loss to the IRS and the taxpayer; and

- Target larger-scale crime rings for maximum compliance results and publicity.

These resources will also support special agents conducting outreach to state and local law enforcement to expand the Law Enforcement Assistance Program. In addition, special agents will extend outreach efforts to practitioners from filing season only to year-round to provide information and address return preparer concerns.

This investment also will provide analysts to support this investment by gathering data to identify violations of tax and other financial laws and regulations. They will provide analysis of this information, capturing the full scope of the identified questionable activities and provide hands-on support to the criminal investigation. They will develop queries to obtain the necessary information and to perform an assessment of the responses to discern the interrelationships to determine impact and possible ramifications of the tax-related criminal and financial activities.

Improve Live Assistance +$318,000,000 / +4,203 FTE

Increase Telephone Level of Service & Reduce Correspondence Inventory (+$286,640,000 / +3,853 FTE)

Position Type/Other Costs	FTE	Positions	$000
Improve Level of Service	**3,606**	**2,715**	**$265,465**
Seasonal	2,297	1,406	162,582
Customer Service Representative	1,226	1,226	97,222
Manager	83	83	5,661
Reduce Correspondence Inventory	**247**	**247**	**$21,175**
Customer Service Representative	227	227	19,811
Manager	20	20	1,364
Total	**3,853**	**2,962**	**$286,640**

This investment will allow the IRS to increase the telephone level of service (LOS) and significantly reduce the correspondence inventory. The IRS toll-free telephone customer service operation is a key part of the IRS's service delivery. This investment provides a projected LOS of 75 percent in FY 2022, assuming phone demand returns to pre-pandemic levels and the IRS can provide in-person services at pre-pandemic levels. These funds will also be used to reduce the current projected FY 2022 ending correspondence inventory by about 400,000. The FY 2022 projection is down from a projected FY 2021 ending correspondence level of about 1.4 million. Providing quality taxpayer service is crucial to ensuring voluntary compliance.

TAC Optimization Strategy (+$31,360,000 / +350 FTE)

Position Type/Other Costs	FTE	Positions	$000
Taxpayer Assistance Centers (TAC)			
Accounts Management Representative	350	350	29,225
Contractual Services			2,135
Total	**350**	**350**	**$31,360**

This investment funds staffing increases to achieve optimal staffing levels for IRS Taxpayer Assistance Centers (TACs), improving the taxpayer experience. These staffing levels will allow the IRS to re-open TACs and restore office hours, allowing taxpayers to schedule appointments sooner. With increased TAC funding, the IRS anticipates additional contacts with over 880,000 taxpayers.

IRS Integrated Modernization Business Plan +$78,143,000 / +18 FTE

Position Type/Other Costs	FTE	Positions	$000
Integrated Modernization Business Plan			
IT Specialist	17.5	35	1,270
Contractual Services			65,045
Hardware and Software			11,828
Total	**17.5**	**35**	**$78,143**

The Integrated Modernization Business Plan is a key IRS priority. The plan provides a roadmap for improving IRS systems and taxpayer services. Additionally, the plan will enable the IRS to provide quality customer 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 $78 million for a total appropriated budget of $305 million in FY 2022.

The request funds:

- Web Applications ($30 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. In addition, it will expand the Tax Pro effort benefiting authorized tax professionals with capabilities that modernize certain paper-based processes to help resolve issues with the IRS on behalf of their clients. In FY 2022, the IRS will begin expanding the Tax Pro capabilities to include the ability to view/manage new and pending authorization requests, view/print confirmations of submission, and expiration of out-of-date authorizations. These capabilities will reduce the amount of paper forms, reduce taxpayer and tax professional burden, reduce the time it takes to submit authorizations, and increase data accuracy and security to ensure the entire process is secure in confirming and protecting identity.
- 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. In addition, the IRS will allow taxpayers the choice to opt in or opt out of receiving paper notices and receive notifications through email or text message. This investment will increase taxpayer response rates to notices, reduce burden on taxpayers and the IRS, reduce printing and postage requirements, and promote more efficient interactions.
- 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) ($105 million): Since the Individual Master File (IMF) was built almost 60 years ago, the IRS has changed 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. The Individual Tax Processing Engine (ITPE) is a critical project which converts approximately 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). In FY 2022, funding will be used to continue the ITPE project and code conversion. Upon conclusion, this will reduce the burden of ongoing maintenance and routine updates due to tax law changes through a common data model. It will enable enhanced data accessibility both within the IRS and for taxpayers, and security controls. CADE 2 will support advanced analytical capabilities addressing key issues of compliance, fraud, and identity theft. These funds will also be used to start:
    - The CADE 2 Target State which provide state-of-the-art individual taxpayer account processing and data-centric technologies for maintaining and balancing individual taxpayer account data to reduce operations and maintenance costs, improve taxpayer service quality, enhance responsiveness to legislative changes, and eliminate financial weaknesses. The program will allow the IRS to retire the most complex portion of the Individual Master File (IMF), a step towards fully retiring the IMF.
- Enterprise Case Management (ECM) ($64 million): ECM provides the IRS with an enterprise solution for streamlining case and workload management processes to improve the quality and effectiveness of case interactions with individual taxpayers, small and large businesses, tax-exempt organizations, and a wide spectrum of intermediaries. ECM will digitize case information, provide business automation, and increase resource alignment across IRS business units to improve customer service and reduce the timeframe for case resolution. In FY 2020 and FY 2021, initial releases delivered the foundational platform and capabilities of a new cloud-based case management solution. Subsequent ECM releases will provide integrated case management across the IRS. In FY 2022, ECM

will include the data integration with individual taxpayer account data needed for several business processes. These capabilities will enable the program to scale and migrate additional business processes concurrently in the Release 4 timeframe.

- 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 and Access Management ($19 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 ($12 million): This investment will deliver a next generation secure operations center, improved incident analysis and forensic network investigation, and protect High Value Assets by blocking network access for unauthorized users.
- Architecture, Integration, and Management ($15 million): This investment provides engineering management capabilities essential to delivering a large, complex modernization program. 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.

Electric Vehicles and Associated Infrastructure +$2,966,000 / +0 FTE

Position Type/Other Costs	FTE	Positions	$000
Electric Vehicles and Associated Infrastructure			
Contractual Services			2,966
Total			**$2,966**

Following the lead from Executive Order (E.O.) 14008, "Tackling the Climate Crises at Home and Abroad", the U.S. Department of the Treasury joins in the Administration's priority to develop a comprehensive plan to create good jobs and stimulate clean energy industries by revitalizing the Federal Government's sustainability efforts. This includes Treasury's commitment to use all available procurement authorities to augment its Departmentwide fleet management program with a continued focus on the leasing of electric vehicles (EV) and purchasing, installing, and maintaining essential infrastructure. The planned resources will help Treasury comply with the requirements set forth by E.O. 14008 and reduce the carbon footprint of emissions into the atmosphere by acquiring an updated fleet of zero-emissions vehicles that can support mission operations.

- For FY 2022, the IRS-CI will receive $2,576,000 to fund the initial investment of its fleet to EV. Of that money, a to be determined amount will be allocated to the purchase, installation, maintenance, and/or upgrade of infrastructure required to maintain an EV fleet management program. Currently, IRS-CI has a total of 2,294 vehicles in its fleet, of which zero are EVs.
- For FY 2022, the Facilities Management and Security Services (IRS-FMSS) will receive $390,000 to fund the initial investment of its fleet to EV. Of that money, a to be determined amount will be allocated to the purchase, installation, maintenance, and/or upgrade of infrastructure required to maintain an EV fleet management program. Currently, IRS-FMSS has a total of 246 vehicles in its fleet, of which zero are EVs.

1.3 – Object Classification (Schedule O) Obligations

Dollars in thousands

Internal Revenue Service Object Classification	FY 2020 Operating Plan	FY 2021 Operating Plan	FY 2022 Request
11.1 Full-Time Permanent Positions	6,107,285	6,106,908	6,650,828
11.3 Other than Full-Time Permanent Positions	85,443	86,007	88,934
11.5 Other Personnel Compensation	208,386	301,867	323,250
11.8 Special Personal Services Payments	20,646	29,681	30,358
11.9 Personnel Compensation (Total)	**6,421,760**	**6,524,463**	**7,093,370**
12.1 Personnel Benefits	2,328,557	2,400,622	2,651,834
13.0 Benefits to Former Personnel	28,280	20,240	20,701
Total Personnel and Compensation Benefits	**$8,778,597**	**$8,945,325**	**$9,765,905**
21.0 Travel	123,645	69,038	119,661
22.0 Transportation of Things	23,786	23,287	34,776
23.1 Rental Payments to GSA	590,109	579,736	602,332
23.2 Rent Payments to Others	12,161	7,196	7,450
23.3 Communications, Utilities, & Misc	320,953	317,042	355,711
24.0 Printing & Reproduction	32,597	32,307	34,005
25.1 Advisory & Assistance Services	745,831	1,021,158	1,109,192
25.2 Other Services	102,366	89,204	120,456
25.3 Purchase of Goods & Services from Govt. Accounts	144,519	155,815	174,617
25.4 Operation & Maintenance of Facilities	186,183	199,042	215,473
25.5 Research & Development Contracts			
25.6 Medical Care	14,275	15,098	17,068
25.7 Operation & Maintenance of Equipment	64,025	70,123	83,295
25.8 Subsistence & Support of Persons			
26.0 Supplies and Materials	31,521	32,281	38,460
31.0 Equipment	247,204	269,122	365,756
32.0 Land and Structures	37,633	32,645	50,778
33.0 Investments & Loans			
41.0 Grants, Subsidies	48,000	54,000	54,960
42.0 Insurance Claims & Indemnities	2,149	2,135	2,448
43.0 Interest and Dividends			
44.0 Refunds			
91.0 Unvouchered	4,500	4,500	4,583
Total Non-Personnel	**$2,731,457**	**$2,973,729**	**$3,391,021**
New Appropriated Resources	**$11,510,054**	**$11,919,054**	**$13,156,926**
Appropriations:			
Taxpayer Services	2,535,554	2,587,606	2,940,876
Enforcement	4,909,500	5,004,622	5,462,823
Operations Support	3,885,000	4,104,102	4,448,195
Business Systems Modernization	180,000	222,724	305,032
New Appropriated Resources	**$11,510,054**	**$11,919,054**	**$13,156,926**
FTE	**74,726**	**73,409**	**79,348**

See footnotes in 1.1 -- Appropriations Detail Table

Note: This table does not include the $15 million in the Families First Coronavirus Response Act (FFCRA) (P.L 116-127), $750.7 million under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-36), the $509 million provided in the Consolidated Appropriations Act, 2021 (P.L. 116-260), the $1.86 billion provided by the American Rescue Plan (ARP) (P.L. 117-2), the $417 million Program Integrity Allocation Adjustment, and the $79 billion mandatory funding proposal.

D – 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, [$2,555,606,000] $2,940,876,000, of which not less than $11,000,000 shall be for the Tax Counseling for the Elderly Program, of which not less than 13,000,000 shall be available for low-income taxpayer clinic grants, of which not less than $30,000,000, to remain available until September 30, [2022] 2023, shall be available for the Community Volunteer Income Tax Assistance Matching Grants Program for tax return preparation assistance, and of which not less than $211,000,000 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. *(Department of the Treasury Appropriations Act, 2022.)*	Language required for the proposed program integrity allocation adjustment. More information about the allocation adjustment can be found in section 4.1 – Appropriations Detail Table with Program Integrity Allocation Adjustment of the Appendix.
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, [$5,212,622,000] $5,462,823,000, of which not to exceed $250,000,000 shall remain available until September 30, [2022] 2023; 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] $21,000,000 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. *In addition, $287,452,000, for an additional amount to meet the terms of a concurrent resolution on the budget for tax enforcement activities under this heading,* *including tax compliance to address the Federal tax gap: Provided, That such additional amounts may not be transferred or reprogrammed for any other activity. (Department of the Treasury Appropriations Act, 2022.)* 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; [$3,928,102,000] $4,448,195,000, of which not to exceed $275,000,000 shall remain available until September 30, [2022] 2023; 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, [2023] 2024, 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 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 [2022] 2023, a summary of cost and schedule performance information for its major information technology systems. *In addition, $129,445,000, for an additional amount to meet the terms of a concurrent resolution on the budget for tax enforcement activities under this heading,* *including tax compliance to address the Federal tax gap: Provided, That such additional amounts may not be transferred or reprogrammed for any other activity.* *(Department of the Treasury Appropriations Act, 2022.)* BUSINESS SYSTEMS MODERNIZATION For necessary expenses of the Internal Revenue Service's business systems modernization program, [$222,724,000] $305,032,000, to remain available until September 30, [2023] 2024, 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 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. *(Department of the Treasury Appropriations Act, 2022.)* 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]notice to 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. 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. *SEC. 112. There is hereby established the Internal Revenue Service Working Capital Fund (Fund), which shall be available without fiscal year limitation, for expenses necessary for facility services, technology, and other centralized services that the Commissioner of Internal Revenue, subject to prior notice to the Office of Management and Budget, deems appropriate and advantageous to provide on a reimbursable basis: Provided, That amounts deposited in the Fund shall be in addition to funds otherwise available for such purposes, and shall remain available until expended: Provided further, That the Fund may receive advances and reimbursements from funds available to the business units and offices of the Internal Revenue Service for which such centralized services are performed at rates which will return in full all expenses of operation: Provided further, That unobligated balances of expired amounts appropriated or otherwise made available for this or any succeeding fiscal year to the Internal Revenue Service may be transferred and merged into the Fund no 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: Provided*	

further, That no funds may be transferred pursuant to the previous proviso unless advance notification is provided to the Committees on Appropriations of the House of Representatives and the Senate. *(Department of the Treasury Appropriations Act, 2022.)*	

E – Legislative Proposals

Increase Oversight of Paid Tax Return Preparers

The proposal would amend Title 31, U.S. Code (Money and Finance) to provide the Secretary with explicit authority to regulate all paid preparers of Federal tax returns, including by establishing mandatory minimum competency standards.

The proposal would be effective on the date of enactment.

Increase penalties on ghost preparers

The proposal would increase the penalty amount to the greater of $500 per return or 100 percent of the income derived per return by a ghost preparer. The proposal would also increase the limitations period during which the penalty may be assessed from three years to six years.

The proposal would be effective for returns required to be filed after December 31, 2021.

Introduce Comprehensive Financial Account Information Reporting to Improve Tax Compliance

This proposal would create a comprehensive financial account information reporting regime. Financial institutions would report data on financial accounts in an information return. The annual return will report gross inflows and outflows with a breakdown for physical cash, transactions with a foreign account, and transfers to and from another account with the same owner. This requirement would apply to all business and personal accounts from financial institutions, including bank, loan, and investment accounts[1], with the exception of accounts below a low de minimis gross flow threshold of $600 or fair market value of $600.

Other accounts with characteristics similar to financial institution accounts will be covered under this information reporting regime. In particular, payment settlement entities would collect Taxpayer Identification Numbers (TINs) and file a revised Form 1099-K expanded to all payee accounts (subject to the same de minimis threshold), reporting not only gross receipts but also gross purchases, physical cash, as well as payments to and from foreign accounts, and transfer inflows and outflows.

[1]Current income reporting by financial institutions would be expanded to all entities, including certain corporations. Interest payments would be included in the loan account reporting. Transferee information would be reported for all real estate transactions on Form 1099-S.

Similar reporting requirements would apply to crypto asset exchanges and custodians. Separately, reporting requirements would apply in cases in which taxpayers buy crypto assets from one broker and then transfer the crypto assets to another broker, and businesses that receive crypto assets in transactions with a fair market value of more than $10,000 would have to report such transactions.

The Secretary would be given broad authority to issue regulations necessary to implement this proposal.

The proposal would be effective for tax years beginning after December 31, 2022.

Enhance Accuracy of Tax Information

Expand the Secretary's authority to require electronic filing for forms and returns

Electronic filing would be required for returns filed by taxpayers reporting larger amounts or that are complex business entities, including: (1) income tax returns of individuals with gross income of $400,000 or more; (2) income, estate, or gift tax returns of all related individuals, estates, and trusts with assets or gross income of $400,000 or more in any of the three preceding years; (3) partnership returns for partnerships with assets or any item of income of more than $10 million in any of the three preceding years; (4) partnership returns for partnerships with more than 10 partners; (5) returns of REITs, REMICs, RICs, and all insurance companies; and (6) corporate returns for corporations with $10 million or more in assets or more than 10 shareholders. Further, electronic filing would be required for the following forms: (1) Forms 8918, "Material Advisor Disclosure Statement"; (2) Forms 8886, "Reportable Transaction Disclosure Statement"; (3) Forms 1042, "Annual Withholding Tax Return for U.S. Source Income of Foreign Persons"; (4) Forms 8038-CP, "Return for Credit Payments to Issuers of Qualified Bonds"; and (5) Forms 8300, "Report of Cash Payments Over $10,000 Received in a Trade or Business."

Return preparers that expect to prepare more than 10 corporation income tax returns or partnership returns would be required to file such returns electronically.

The Secretary would also be authorized to determine which additional returns, statements, and other documents must be filed in electronic form in order to ensure the efficient administration of the internal revenue laws without regard to the number of returns that a person files during a year.

Improve information reporting for reportable payments subject to backup withholding

The proposal would also treat all information returns subject to backup withholding similarly. Specifically, the IRS would be permitted to require payees of any reportable payments to furnish their TINs to payors under penalty of perjury. The proposal would be effective for payments made after December 31, 2021.

Implement A Program Integrity Allocation Adjustment and Provide Additional Funding for Tax Administration

The Administration proposes a multi-year adjustment to the discretionary spending allocation for the IRS Enforcement and Operations Support accounts. The total adjustment would be $6.7 billion over the budget window. The proposed allocation adjustment for 2022 would fund $417 million in enforcement and compliance initiatives and investments above current levels of activity. The adjustment would cover inflation and the cost to sustain the new initiatives and investments through 2031.

In addition, the Administration proposes to provide the IRS $72.5 billion in mandatory funding over the budget window. A portion of these proposed IRS resources would fund improvements and expansions in enforcement and compliance activities. The proposed mandatory funding would also provide the IRS with resources to enhance its information technology capability, including implementation of the proposed financial information reporting regime, and to strengthen taxpayer service.

The proposal would direct that additional resources go toward enforcement against those with the highest incomes, rather than Americans with actual income of less than $400,000.

Details about these IRS funding programs are provided elsewhere in the Budget.

IRS Centralized Services Fund / Working Capital Fund

The Budget includes appropriations language to establish a working capital fund for IRS centralized services. The fund will allow the IRS to achieve cost savings, promote economies of scale, establish more consistent processes and policies, and improve how it delivers facility services, technology, and other centralized services for its business units. For FY 2022, the fund proposes to start with several pilot projects that would test use of the fund, including potentially IT development and operations projects, facilities projects, and/or postage funding

F – Evidence Building Activity

The Foundations for Evidence-Based Policymaking Act requires agencies to assess their ability and infrastructure to carry out evidence-building activities. This capacity assessment will be published in conjunction with the FY 22-26 Strategic Plan. The law also requires agencies to monitor and use the results of these activities.

In addition to the projects listed below, IRS is also working with the Department of Treasury and OMB on several evaluation projects related to Executive Order 13985, "On Advancing Racial Equity and Support for Underserved Communities Through the Federal Government

Type of Evidence Building Activity	Major Activities and Planned Projects	Resource Types	Use
Evaluation ***Collection and analysis of data to assess effectiveness and efficiency of programs, policies, or procedures*** Estimated share of all Evidence-Building Activities: ***20 %***	**Major activities:** • Notice Redesign Using Behavioral Insights (A) • Customer Callback Initiative (A) **FY21 and FY22 projects:** • Marginal Revenue/Cost Case Selection (A) • Measuring the Impact of Proactive Outreach and Education (P) • Online Accounts usability testing (A) • Employee misclassification modeling (A) • Issue Recommender for Examination Program Enhancement (A) • Evaluating Equity and Fairness in IRS workload section models (P)	**Occupational Series:** Management and Program Analysis Information Technology Management Miscellaneous Administration and Program Operations Research Economist Program Manager Mathematical Statistics Computer Science Statistics Social Science	☒ For internal policy decision-making ☒ During internal strategic management processes ☐ By external partners (government) ☐ By external partners (non-government) ☐ By unaffiliated external researchers ☐ Other (describe)
Research ***Modeling or other systematic use of data to explore emerging issues or potential scenarios to generate new knowledge*** Estimated share of all Evidence-Building Activities:	**Major activities:** • Taxpayer Experience Strategy Initiative (A) • Network Approaches for Emerging and Undetected Identify Theft Selections (A) • Small Business/Self Employed Emerging Issues (A) • Tax Gap research initiatives (A) • Measuring Indirect Effects of enforcement activities (A)	**Occupational Series:** Management and Program Analysis Information Technology Management Miscellaneous Administration and Program Operations Research Economist Program Manager Mathematical Statistics Computer Science Statistics	☒ For internal policy decision-making ☒ During internal strategic management processes ☒ By external partners (government) ☐ By external partners (non-government) ☐ By unaffiliated external researchers ☐ Other (describe)

Type of Evidence Building Activity	Major Activities and Planned Projects	Resource Types	Use
35 %	**FY21 and FY22 projects:** • Promoting Productivity in Nonfiler Programs (A) • Exam Planning Scenario Tool (A)	Social Science	
Analysis ***Routine and frequent use of data that produces insights for decision making and program management*** ***25 %***	**Major activities:** • Performance Measurement (A) • Employment Tax noncompliance study (A) **FY21 and FY22 projects:** • Power of Attorney fraud analysis (A) • Graphic Database Visualization studies (A)	**Occupational Series:** Management and Program Analysis Information Technology Management Miscellaneous Administration and Program Operations Research Economist Program Manager Mathematical Statistics Computer Science Statistics Social Science	☒ For internal policy decision-making ☒ During internal strategic management processes ☒ By external partners (government) ☒ By external partners (non-government) ☐ By unaffiliated external researchers ☐ Other (describe)
Statistics ***Collection, compilation, and processing of data for describing or estimating characteristics or insights concerning groups*** Estimated share of all Evidence-Building Activities: ***20 %***	**Major activities:** • Statistical Research Program (A) • SOI Statistics on Individual, tax-exempt organizations, and government bonds (A) • SOI Statistics on Corporation, small business, and Farms (A) **FY21 and FY22 projects:** • None	**Occupational Series:** Management and Program Analysis Information Technology Management Miscellaneous Administration and Program Operations Research Economist Program Manager Mathematical Statistics Computer Science Statistics Social Science	☒ For internal policy decision-making ☐ During internal strategic management processes ☒ By external partners (government) ☒ By external partners (non-government) ☒ By unaffiliated external researchers ☐ Other (describe)

Section II – Budget and Performance Plan

A – Strategic Alignment

IRS FY 2018-2022 Strategic Goals

The Internal Revenue Service (IRS) FY 2018 – 2022 Strategic Plan articulates the IRS vision for accomplishing our mission and will guide the IRS's strategic decision-making. The plan includes six strategic goals organized around three foundational areas: Mission, People, and Foundation.

Mission:

- 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.

People:

- Collaborate with external partners proactively to improve tax administration.
- Cultivate a well-equipped, diverse, flexible, and engaged workforce.

Foundation:

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

Strategic Alignment

In accordance with the Government Performance and Results Act Modernization Act (GPRAMA) of 2010, the Department of the Treasury is currently developing the FY 2022

– 2026 Departmental Strategic Plan for publication in 2022. The Annual Performance Plan will be updated in the FY 2023 President’s Budget to reflect new departmental strategic goals and objectives. The IRS will publish a component plan that aligns bureau activities and priorities to the Department’s by the spring of 2022.

FY 2021 and FY 2022 Initiatives:
The FY 2021 and FY 2022 initiatives contribute to three IRS strategic focus areas: Putting Taxpayers First, Modernizing the IRS, and Improving Compliance, as well as all six IRS strategic goals. The FY 2021 and FY 2022 initiatives build on each other and seek to transform IRS operations to improve taxpayer and employee experience and provide digital tools to increase voluntary compliance. Also, Modernization and improved Customer Experience remain top priorities and key drivers of transformation for the IRS. The table on the next page summarizes key FY 2021 and FY 2022 initiatives under their relevant strategic focus area.

Putting Taxpayers First	Modernizing the IRS	Improving Compliance
Taxpayer First Act (FY 2021/FY 2022) • FY21: Planning for the implementation of TFA provisions and developing the Taxpayer Experience Strategy, the comprehensive training strategy, and the organizational re-design plan. • FY22: Implementing the Taxpayer Experience Strategy, and other key provisions. • FY22: The IRS will consolidate exam operations and processes that currently span across multiple business units. This consolidated exam office will be responsible for all examination processes across all taxpayer segments but would maintain some degree of specialization to address unique taxpayer needs and emerging high-risk compliance areas. The consolidated exam office will bring together resources and expertise needed to address the more complex tax returns, including Global High Wealth individuals, large and multi-national corporations and, partnerships. **Improve Live Assistance** (FY22) • Improving the Telephone Level of Service (LOS) to 75%, reducing correspondence inventory, and optimizing staffing at Taxpayer Assistance Centers (TAC).	**IRS Integrated Business Modernization Plan** (FY21/22) • Continuing progress on the overall Modernization Plan, and specifically making digital communication improvements to transform the taxpayer experience and support the IRS Taxpayer Experience Strategy implementation.	**Reducing the Tax Gap** (FY21/22) • Providing 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. **Program Integrity Allocation Adjustment** (FY21/22) • Expanding and improving the effectiveness and efficiency of the IRS’s tax enforcement program. **Ensure Fairness of the Tax System** (FY22) • Expanding enforcement efforts to cover large corporations, global high wealth, cyber-crime, and tax-exempt areas.

Collaboration with Other Agencies:

- Providing Pandemic Relief to Taxpayers
  - The IRS cooperates with the Bureau of Fiscal Service (BFS), Social Security Administration, and the Department of Veterans Affairs to share data in order to quickly and efficiently send Economic Impact Payments (EIP) to taxpayers, and reduce the burden/ barriers in some taxpayers being able to receive the payments.
- IRS also works closely with BFS on strategies to achieve the FY 21-22 goals.
- Evidence Act
  - IRS collaborates with Tobacco Tax and Trade Bureau (TTB) on Treasury's Learning Agenda
  - IRS Research Director serves as the Chief Statistical Officer on Treasury's Chief Data Council
  - IRS Research provides data support and analysis for Treasury's Office of Tax Policy

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 2022 is $2,940,876,000 in direct appropriations and 29,838 FTE, excluding the proposed program integrity allocation adjustment. This amount is an increase of $353,270,000, or 13.65 percent, and an increase of 3,849 FTE, or 14.81 percent from the FY 2021 Operating Plan level (post-transfer) of $2,587,606,000 and 25,989 FTE.

2.1 – Budget Adjustment Table

Dollars in thousands

Taxpayer Services Summary of Proposed FY 2021 Request	FTE	Amount
FY 2021 Operating Plan	**25,989**	**$2,587,606**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$75,138**
Pay Annualization (1.0% average pay raise)		5,930
Pay Raise (2.7% average pay raise)		48,152
Non-Pay		4,138
FERS Contribution Increase		16,918
Efficiencies/Savings:	**(409)**	**($5,494)**
Increase e-File Savings	(101)	(5,494)
Personnel Savings	(308)	
Subtotal FY 2022 Changes to Base	**(409)**	**$69,644**
FY 2022 Current Services	**25,580**	**$2,657,250**
Program Changes:		
Program Increases		
Putting Taxpayers First	55	35,459
User Authentication		*27,000*
Taxpayer Experience Strategy	*55*	*8,459*
Improve Live Assistance	4,203	248,167
Subtotal FY 2022 Program Increases	**4,258**	**$283,626**
Total FY 2022 Budget Request	**29,838**	**$2,940,876**

See footnotes in 1.1 -- Appropriations Detail Table

2.2 – Object Classification Obligations

Dollars in thousands

Taxpayer Services Object Classification	FY 2020 Operating Plan	FY 2021 Operating Plan	FY 2022 Request
11.1 Full-Time Permanent Positions	1,562,252	1,599,165	1,808,921
11.3 Other than Full-Time Permanent Positions	46,130	53,855	55,591
11.5 Other Personnel Compensation	72,365	122,409	132,558
11.8 Special Personal Services Payments			
11.9 Personnel Compensation (Total)	**1,680,747**	**1,775,429**	**1,997,070**
12.1 Personnel Benefits	628,759	576,632	667,191
13.0 Benefits to Former Personnel	27,645	19,887	20,340
Total Personnel and Compensation Benefits	**$2,337,151**	**$2,371,948**	**$2,684,601**
21.0 Travel	12,649	5,162	9,710
22.0 Transportation of Things	697	671	685
23.1 Rental Payments to GSA	1		
23.3 Communications, Utilities, & Misc	1,347	1,289	1,318
24.0 Printing & Reproduction	9,624	9,791	10,026
25.1 Advisory & Assistance Services	41,007	45,729	74,006
25.2 Other Services	21,773	25,190	25,729
25.3 Purchase of Goods & Services from Govt. Accounts	58,228	68,677	74,064
25.7 Operation & Maintenance of Equipment	249	51	56
26.0 Supplies and Materials	4,135	4,209	4,817
31.0 Equipment	244	400	406
41.0 Grants, Subsidies	48,000	54,000	54,960
42.0 Insurance Claims & Indemnities	449	489	498
Total Non-Personnel	**$198,403**	**$215,658**	**$256,275**
New Appropriated Resources	**$2,535,554**	**$2,587,606**	**$2,940,876**
Budget Activities:			
Pre-filing Taxpayer Assistance & Education	647,066	657,618	713,346
Filing & Account Services	1,888,488	1,929,988	2,227,530
New Appropriated Resources	**$2,535,554**	**$2,587,606**	**$2,940,876**
FTE	**26,816**	**25,989**	**29,838**

See footnotes in 1.1 -- Appropriations Detail Table

Note: This table does not include the $15 million in the Families First Coronavirus Response Act (FFCRA) (P.L 116-127), $750.7 million under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-36), the $509 million provided in the Consolidated Appropriations Act, 2021 (P.L. 116-260), the $1.86 billion provided by the American Rescue Plan (ARP) (P.L. 117-2), the $417 million Program Integrity Allocation Adjustment, and the $79 billion mandatory funding proposal.

2.3 – Appropriation Detail Table

Dollars in thousands

Taxpayer Services Appropriated Resources	FY 2020 Operating Plan		FY 2021 Operating Plan		FY 2022 Request		Change FY 2021 to FY 2022 Request		% Change FY 2021 to FY 2022 Request	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources:										
Pre-Filing Taxpayer Assistance and Education	4,524	647,066	4,514	657,618	4,777	713,346	(263)	55,728	5.83%	8.47%
Filing and Account Services	22,236	1,888,488	21,475	1,929,988	25,061	2,227,530	(3,586)	297,542	16.70%	15.42%
Subtotal New Appropriated Resources	**26,760**	**$2,535,554**	**25,989**	**$2,587,606**	**29,838**	**$2,940,876**	**(3,849)**	**$353,270**	**14.81%**	**13.65%**
Other Resources:										
Reimbursables	660	73,347	674	67,501	696	71,214	22	3,713	3.26%	5.50%
Offsetting Collections - Non Reimbursables										
User Fees			1,521	99,900	71	3,900	(1,450)	(96,000)	-95.33%	-96.10%
Recovery from Prior Years		11		59		59				
Unobligated Balances from Prior Years		4,737		1,142				(1,142)		-100.00%
Transfers In/Out										
Recoveries Paid				3		3				
Resources from Other Accounts										
Subtotal Other Resources	**660**	**$78,095**	**2,195**	**$168,605**	**767**	**$75,176**	**(1,428)**	**($93,429)**	**-65.06%**	**-55.41%**
Total Budgetary Resources	**27,420**	**$2,613,649**	**28,184**	**$2,756,211**	**30,605**	**$3,016,052**	**(5,277)**	**$259,841**	**8.59%**	**9.43%**

See footnotes in 1.1--Appropriations Detail Table

Note: This table does not include the $15 million in the Families First Coronavirus Response Act (FFCRA) (P.L 116-127), $750.7 million under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-36), the $509 million provided in the Consolidated Appropriations Act, 2021 (P.L. 116-260), the $1.86 billion provided by the American Rescue Plan (ARP) (P.L. 117-2), the $417 million Program Integrity Allocation Adjustment, and the $79 billion mandatory funding proposal.

2A – Pre-Filing Taxpayer Assistance and Education *($713,346,000 in direct appropriations and an estimated $1,557,000 in 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.

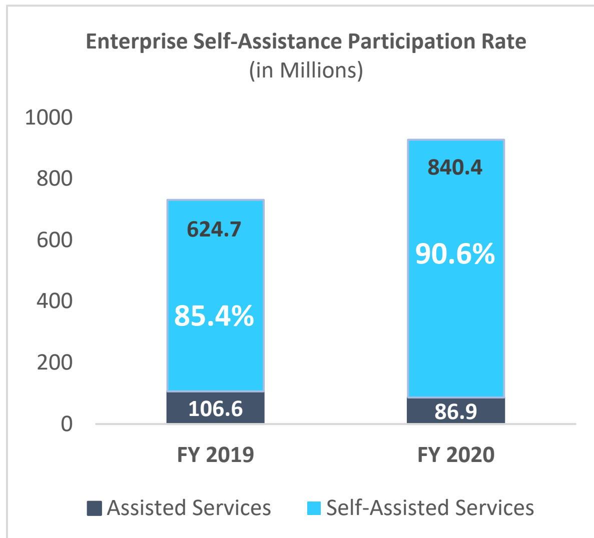
- Taxpayer Advocacy provides advocate services to taxpayers by identifying the underlying causes of taxpayer problems and participating in the development of systematic and/or procedural remedies.
- Account Management and Assistance – Field Assistance provides face-to-face assistance, education, and 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 2020 Performance – Pre-Filing and Taxpayer Assistance

In FY 2020, the Timeliness of Critical Individual Filing Season (CIFS) Tax Products to the Public (i.e., tax forms, schedules, instructions, and publications) was 78.4 percent (69 out of 88 products delivered timely), falling short of the FY 2020 target of 89 percent by 12 percent. The December 20, 2019 enactment of Public Law 116-94 did not allow enough time to incorporate the new laws into the tax products by the measure date of January 20, 2020. The legislation effected over 160 tax products; 34 (40 percent) of these were CIFS, many of which had already been released to the public. Despite prioritization, workload planning, and the use of overtime, compensatory hours, and credit hours by IRS employees on weekdays, weekends, and holidays, the results fell just short of the annual target. The IRS expects to achieve a target of 85 percent for FY 2021 and 89 percent for FY 2022.

In FY 2020, the IRS Timeliness of Critical Tax TE/GE and Business (CTB) Filing Season Tax products to the Public was 96 percent, exceeding the target of 89 percent. These results were achieved through the prioritization of critical products to ensure those products were available by the start of filing season, exceptional workload planning and monitoring by management and the extraordinary efforts of our employees, and overtime, credit, and compensatory time during workdays and weekends. Public Law 116-94, enacted on December 20, 2019, had less of an impact on CTB tax products. While the legislation impacted over 160 tax products, only 12 of these were CTB. The IRS expects to achieve a target of 85 percent for FY 2021 and 89 percent for FY 2022.

The FY 2020 Enterprise Self-Assistance Participation Rate (ESAPR) was 90.6 percent, exceeding the FY 2020 target by 10.5 percent and the FY 2019 result by 6 percent. The web services that had the highest increases were Interactive Tax Assistant (128 percent), Where's My Refund (37.1 percent), and Get Transcript Online (74.6 percent). Compared to FY 2019, total services increased by 26.8 percent, self-assisted services increased by 34.5 percent and assisted services fell 18.5 percent due, in part, to the Coronavirus (COVID-19) pandemic as the IRS had several employee-assisted services either shutdown or reduced. Beginning in FY 2020, five new components were added to the methodology: Web applications ID-Verify, IP PIN, Online Account Sessions, Tax Withholding Estimator, and Employee Services Taxpayer Protection Program (TPP) calls. The ESAPR FY 2021 and FY 2022 target is set at 89 percent.



FY 2022 Changes by Budget Activity

Dollars in thousands

Pre-Filing Taxpayer Assistance & Education	FTE	Amount
FY 2021 Operating Plan	**4,515**	**$657,618**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$19,453**
Pay Annualization (1.0% average pay raise)		1,415
Pay Raise (2.7% average pay raise)		11,491
Non-Pay		1,785
FERS Contribution Increase		4,762
Efficiencies/Savings		**$8,492**
Increase e-File Savings		
Personnel Savings		8,492
Subtotal FY 2022 Changes to Base		**$27,945**
FY 2022 Current Services	**4,515**	**$685,563**
Program Increases:		
Putting Taxpayers First	13	1,498
Taxpayer Experience Strategy	13	1,498
Improve Live Assistance	350	26,285
Subtotal FY 2022 Program Increases	**363**	**$27,783**
Total FY 2022 Request	**4,878**	**$713,346**
Dollar/FTE Change FY 2022 Request over FY 2021 Operating Plan	363	$55,728
Percent Change FY 2022 Request over FY 2021 Operating Plan	8.04%	8.47%

2.1.1 – Budget and Performance Report and Plan

Dollars in thousands

Pre-Filing Taxpayer Assistance & Education Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources[1]	$609,445	$594,962	$640,379	$621,907	$632,893	$657,618	$713,346
Reimbursable Resources[2]	13	4	260	118	578	1,476	1,557
User Fees[2]							
Budget Activity Total	**$609,458**	**$594,966**	**$640,639**	**$622,025**	**$633,471**	**$659,094**	**$714,903**

[1]The FY 2016 - FY 2020 appropriated resources represents the approved operating plan including any inter-BAC transfers and inter-appropriation transfers.

[2]The FY 2016 - FY 2020 columns represent realized resources for reimbursables and user fees.

Pre-Filing Taxpayer Assistance & Education Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Timeliness of Critical Filing Season Tax Products to the Public (Ot)[1]	92.5%	93.1%	59.6%	92.6%	78.4%	89.0%	85.0%	89.0%
Timeliness of Critical TE/GE & Business Tax Products to the Public (Ot)[1]	98.0%	96.7%	100.0%	96.1%	96.0%	89.0%	85.0%	89.0%
Enterprise Self Assistance Participation Rate (E) (L)[2]	89.0%	79.0%	82.0%	85.4%	90.6%	82.0%	89.0%	89.0%

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

[1]Modified for FY 2019

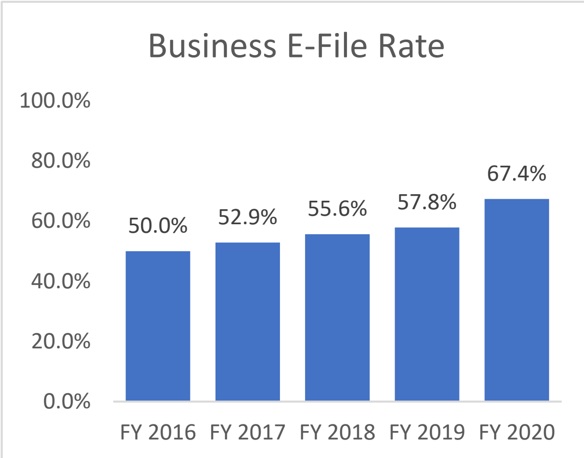
[2]Starting in FY 2017, the IRS modified the Taxpayer Self Assistance Rate measure (renamed to Enterprise Self Assistance Participation Rate) to include additional self-service channels including Get Transcript and payment applications such as Direct Pay and Online Payment Agreements. As new self-assistance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

2B – Filing and Account Services

($2,227,530,000 in direct appropriations, $69,657,000 from reimbursable programs, and $3,900,000 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.

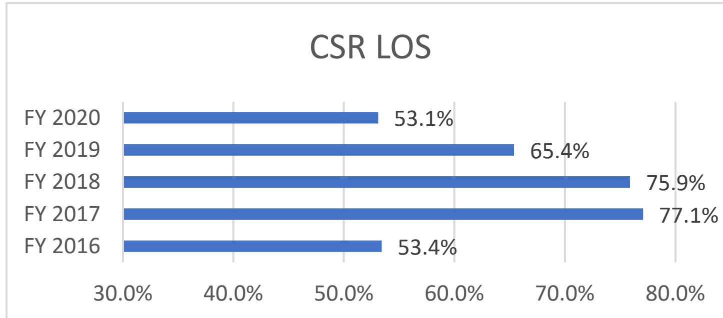
Description of FY 2020 Performance – Filing and Account Services



Millions of business taxpayers file their returns electronically. The IRS achieved a 67.4 percent business e-file rate in FY 2020 surpassing the target of 60 percent. The IRS processed 30.7 million business returns electronically—a five-year high and a 5.7 percent increase from FY 2019. Employment tax returns (Form 941, *Employer's Quarterly Federal Tax Return*), continue to increase as a share of business returns filed from 39 percent in FY 2016 to 41 percent in FY 2020. The IRS will continue to promote the benefits of e-filing (i.e., faster refunds, greater accuracy, secure and confidential submission, and quick confirmation). Starting in FY 2021, the business e-file rate measure will be discontinued from budget reporting as it is reported elsewhere.

In FY 2020, Customer Accuracy – Tax Law Phones was at 91 percent, 1.1 percent below the target of 92 percent. All Tax Law toll-free applications were inactive from April 1 through June 12 due to the shutdown of toll-free sites at the beginning of the pandemic. When the Tax Law toll-free sites resumed operations on Monday, June 15, the inactivity due to the COVID-19 pandemic impacted the Enterprise quality. The IRS will continue to monitor results through data-driven analysis of reports obtained from the Embedded Quality Review System 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 2021 and FY 2022, the IRS set a Customer Accuracy – Tax Law Phones target of 90 percent.

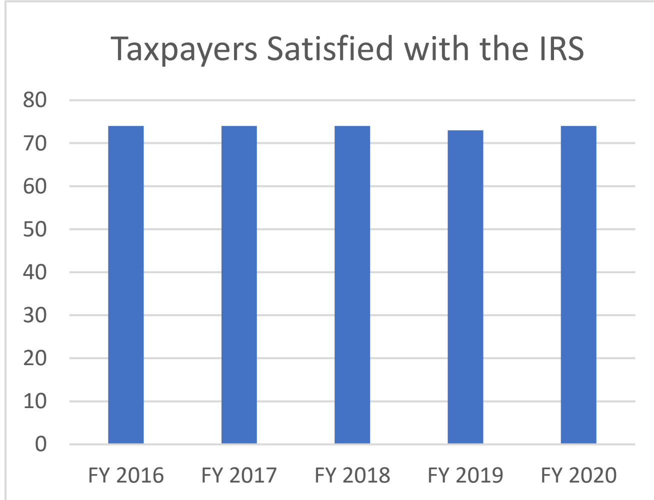
For Customer Accuracy – Accounts (Phones), the IRS answered 93.5 percent of account questions over the telephone correctly, 0.5 percent below the FY 2020 target of 94 percent. The IRS closed all toll-free lines on March 31 to stop the spread of COVID-19 and began opening with limited staffing in early May with services limited to the Taxpayer Protection Program lines only. Other lines resumed operations throughout May and June. Taxpayer Assistance Centers was the last product line to reopen on June 26. The IRS continues to monitor Account Telephone Customer Accuracy results through data-driven analysis of reports obtained from Embedded Quality Review System to achieve future goals. To ensure quality service to customers, IRS is conducting production meetings with field sites, promoting coding consistency of product reviews, and providing training to managers and employees. For FY 2021 and FY 2022, the IRS set an accounts accuracy target of 91 percent.



The IRS' Enterprise level of service (LOS) metric measures the relative success rate of taxpayers calling to speak with an IRS Assistor on any public facing toll-free line. Part of the Enterprise LOS are the phone lines used to calculate the CSR LOS. Additionally, the Automated Collection System (ACS) line for compliance related inquiries, is part of the Enterprise LOS but not part of the CSR LOS. For FY 2020 Enterprise LOS was 51.2 percent, CSR LOS was 53.2 percent, and the ACS LOS was 39.8 percent. Due to COVID-19 evacuation orders, most toll-free phone operations were closed in mid-March 2020 and began a phased reopening in May 2020.

Customer Service Representative (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 Customer Service Representatives. These telephone phone lines service 78 percent of all telephone traffic. In FY 2020, the CSR LOS was 53.1 percent, which is lower than the target of 60.0 percent. This was primarily due to actions taken in response to the COVID-19 pandemic and the additional phone calls and correspondence inventory generated by EIP, changes to the filing season deadline, and other tax-law changes that were implemented to help individuals and businesses during the pandemic. Starting March 16, IRS implemented COVID-19 pandemic safety measures by closing call sites incrementally. On March 31, IRS closed all sites and toll-free lines. Throughout May and June, IRS took a phased approach to reopen Accounts Management phone lines as it increased telework capacity for more employees. Taxpayer Assistance Center lines reopened June 26. IRS also extended the filing season deadline to July 15. Due to the impact the pandemic had on the workforce and the resulting changes in IRS operating procedures to protect the workforce, the increased work due to a second and third rounds of EIPs in December and March 2021, and a dramatic increase in call volume as taxpayers sought information on EIPs and other tax changes, the IRS will lower its FY 2021 LOS target for CSR LOS to 32 percent. At a 32 percent LOS, the IRS can maintain a manageable correspondence inventory level of approximately 1.4 million, which will help prevent additional demand and/or duplicate correspondence from taxpayers waiting for resolution. The FY 2022 target is set at 75 percent.

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. The Taxpayers Satisfied with the IRS measure rebounded a point in 2020 to 74, due to a statistically significant increase in the electronic filer score.



FY 2022 Changes by Budget Activity

Dollars in thousands

Filing and Account Services	FTE	Amount
FY 2021 Operating Plan	**21,474**	**$1,929,988**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$55,686**
Pay Annualization (1.0% average pay raise)		4,515
Pay Raise (2.7% average pay raise)		36,661
Non-Pay		2,354
FERS Contribution Increase		12,156
Efficiencies/Savings	**(409)**	**($13,986)**
Personnel Savings	(308)	(8,492)
Subtotal FY 2022 Changes to Base	**(409)**	**$41,700**
FY 2022 Current Services	**21,065**	**$1,971,688**
Program Increases:		
Putting Taxpayers First	42	33,960
User Authentication		27,000
Taxpayer Experience Strategy	42	6,960
Improve Live Assistance	3,853	221,882
Subtotal FY 2022 Program Increases	**3,895**	**$255,842**
Total FY 2022 Request	**24,960**	**$2,227,530**
Dollar/FTE Change FY 2022 Request over FY 2021 Operating Plan	3,486	$297,542
Percent Change FY 2022 Request over FY 2021 Operating Plan	16.23%	15.42%

2.1.2 – Budget and Performance Report and Plan

Dollars in thousands

Filing and Account Services Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources[1]	$1,550,027	$1,564,488	$1,712,511	$1,872,175	$1,901,467	$1,929,988	$2,227,530
Reimbursable Resources[2]	28,555	30,147	34,905	62,794	72,769	66,025	69,657
User Fees[2]	160,342	40,553	69,987	3,900		99,900	3,900
Budget Activity Total	**$1,738,924**	**$1,635,188**	**$1,817,403**	**$1,938,869**	**$1,974,236**	**$2,095,913**	**$2,301,087**

[1]The FY 2016 - FY 2020 appropriated resources represents the approved operating plan including any inter-BAC transfers and inter-appropriation transfers.

[2]The FY 2016 - FY 2020 columns represent realized resources for reimbursables and user fees.

Filing and Account Services Measures	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Percent of Business Returns Processed Electronically (Oe)	50.0%	52.9%	55.6%	57.8%	67.4%	60.0%	Discontinued	Discontinued
Customer Accuracy - Tax Law (Phones) (Ot)	96.4%	96.7%	95.5%	91.6%	91.0%	92.0%	90.0%	90.0%
Customer Accuracy - Accounts (Phones) (Ot)	96.1%	96.0%	96.1%	94.3%	93.5%	94.0%	91.0%	91.0%
Customer Service Representative Level of Service (Oe)[1]	53.4%	77.1%	75.9%	65.4%	53.1%	60.0%	32.0%	75.0%
Taxpayers Satisfied with the IRS (based on a 100 point scale)[2]	74	74	74	73	74	Indicator	Indicator	Indicator

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

[1]CSR LOS is computed based on Accounts Management telephone phone lines only. These telephone phone lines service 78% of all telephone traffic. The FY20 Enterprise LOS is 51.2%. The Enterprise LOS measures the relative success rate of taxpayers calling to speak with an IRS Assistor on any IRS toll-free line—not just those answered by Accounts Management CSRs.

[2]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 statues 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 2022 is $5,462,823,000 in direct appropriations and 36,905 FTE, excluding the proposed program integrity allocation adjustment. This amount is an increase of $458,201,000, or 9.16 percent, and 1,916 FTE more than the FY 2021 Operating Plan level (post-transfer) of $5,004,622,000 and 34,989 FTE.

2.1 – Budget Adjustments Table

Dollars in thousands

Enforcement Summary of Proposed FY 2021 Request	FTE	Amount
FY 2021 Operating Plan	**34,989**	**$5,004,622**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$148,473**
Pay Annualization (1.0% average pay raise)		11,650
Pay Raise (2.7% average pay raise)		94,603
Non-Pay		6,725
FERS Contribution Increase		35,495
Subtotal FY 2022 Changes to Base		**$148,473**
FY 2022 Current Services	**34,989**	**$5,153,095**
Program Changes:		
Program Increases		
Putting Taxpayers First	96	36,294
Taxpayer Experience Strategy	*96*	*36,294*
Ensure Fairness of the Tax System	1,820	270,858
Electric Vehicles and Associated Infrastructure		2,576
Subtotal FY 2022 Program Increases	**1,916**	**$309,728**
Total FY 2022 Budget Request	**36,905**	**$5,462,823**
PIAA Program Increases		
Increase Audit Coverage	1,028	109,317
Increase Collection Coverage	1,164	113,122
Expand Coverage in the Tax-Exempt Sector	244	29,952
Enhance Return Review Program	60	3,388
Enhance Enforcement Operations	23	31,673
Subtotal FY 2022 PIAA Program Increases	**2,519**	**$287,452**
Total FY 2022 Request Including PIAA	**39,424**	**$5,750,275**

See footnotes in 1.1 -- Appropriations Detail Table

2.2 – Object Classification Obligations

Dollars in thousands

Enforcement Object Classification	FY 2020 Operating Plan	FY 2021 Operating Plan	FY 2022 Request
11.1 Full-Time Permanent Positions	3,164,876	3,130,581	3,386,406
11.3 Other than Full-Time Permanent Positions	33,239	26,773	27,748
11.5 Other Personnel Compensation	116,058	145,294	154,439
11.8 Special Personal Services Payments	20,474	29,500	30,173
11.9 Personnel Compensation (Total)	**3,334,647**	**3,332,148**	**3,598,766**
12.1 Personnel Benefits	1,241,318	1,327,650	1,452,470
13.0 Benefits to Former Personnel	578	323	330
Total Personnel and Compensation Benefits	**$4,576,543**	**$4,660,121**	**$5,051,566**
21.0 Travel	93,954	55,527	99,618
22.0 Transportation of Things	9,021	8,580	18,758
23.2 Rent Payments to Others	328	282	303
23.3 Communications, Utilities, & Misc	2,146	4,208	4,354
24.0 Printing & Reproduction	2,690	2,770	2,995
25.1 Advisory & Assistance Services	123,021	173,410	153,013
25.2 Other Services	50,531	34,826	50,054
25.3 Purchase of Goods & Services from Govt. Accounts	15,111	30,394	36,989
25.4 Operation & Maintenance of Facilities	4	5	5
25.6 Medical Care	8	125	125
25.7 Operation & Maintenance of Equipment	1,421	1,966	6,851
26.0 Supplies and Materials	18,234	20,830	23,141
31.0 Equipment	10,770	6,108	9,479
32.0 Land and Structures	1		
42.0 Insurance Claims & Indemnities	1,217	970	989
91.0 Unvouchered	4,500	4,500	4,583
Total Non-Personnel	**$332,957**	**$344,501**	**$411,257**
New Appropriated Resources	**$4,909,500**	**$5,004,622**	**$5,462,823**
Budget Activities:			
Investigations	648,819	698,193	773,605
Exam & Collections	4,081,409	4,120,886	4,497,709
Regulatory	179,272	185,543	191,509
New Appropriated Resources	**$4,909,500**	**$5,004,622**	**$5,462,823**
FTE	**35,448**	**34,989**	**36,905**

See footnotes in 1.1 -- Appropriations Detail Table

Note: This table does not include the $15 million in the Families First Coronavirus Response Act (FFCRA) (P.L 116-127), $750.7 million under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-36), the $509 million provided in the Consolidated Appropriations Act, 2021 (P.L. 116-260), the $1.86 billion provided by the American Rescue Plan (ARP) (P.L. 117-2), the $417 million Program Integrity Allocation Adjustment, and the $79 billion mandatory funding proposal.

2.3 – Appropriation Detail Table

Dollars in thousands

Enforcement Appropriated Resources	FY 2020 Operating Plan		FY 2021 Operating Plan		FY 2022 Request		Change FY 2021 to FY 2022 Request		% Change FY 2021 to FY 2022 Request	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources:										
Investigations	2,971	648,819	3,012	698,193	3,175	773,605	163	75,412	5.41%	10.80%
Exam and Collections	31,467	4,081,409	30,987	4,120,886	32,736	4,497,709	1,749	376,823	5.64%	9.14%
Regulatory	950	179,272	990	185,543	994	191,509	4	5,966	0.40%	3.22%
Subtotal New Appropriated Resources	**35,388**	**$4,909,500**	**34,989**	**$5,004,622**	**36,905**	**$5,462,823**	**1,916**	**$458,201**	**5.48%**	**9.16%**
Other Resources:										
Reimbursables	49	41,734	63	40,394	65	42,615	2	2,221	3.17%	5.50%
Offsetting Collections - Non Reimbursable		6,728		21,300		22,472		1,172		5.50%
User Fees		2,454								
Recovery from Prior Years		4,962		1,114		1,114				
Recoveries Paid				3,392		3,392				
Unobligated Balances from Prior Years	329	69,806		200,055		200,256		201		0.10%
Transfers In/Out		137		140		140				
Resources from Other Accounts	272		434	96,190	434	70,942		(25,248)		-26.25%
Subtotal Other Resources	**650**	**$125,821**	**497**	**$362,585**	**499**	**$340,931**	**2**	**($21,654)**	**0.40%**	**-5.97%**
Total Budgetary Resources	**36,038**	**$5,035,321**	**35,486**	**$5,367,207**	**37,404**	**$5,803,754**	**1,918**	**$436,547**	**5.40%**	**8.13%**

See footnotes in 1.1--Appropriations Detail Table

Note: This table does not include the $15 million in the Families First Coronavirus Response Act (FFCRA) (P.L 116-127), $750.7 million under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-36), the $509 million provided in the Consolidated Appropriations Act, 2021 (P.L. 116-260), the $1.86 billion provided by the American Rescue Plan (ARP) (P.L. 117-2), the $417 million Program Integrity Allocation Adjustment, and the $79 billion mandatory funding proposal.

2C – Investigations

($773,605,000 in direct appropriations, and an estimated $42,615,000 from 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:

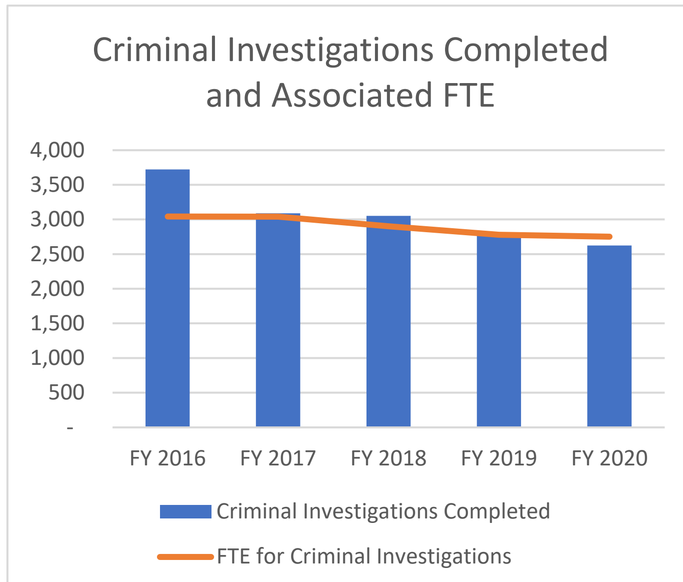
- General Management and Administration supports the headquarters management activities of strategic planning, communications, finance, and human resources for CI activities.
- Identity Theft, through CI's collaboration with internal and external business partners, combats the inherent risks of Stolen 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.

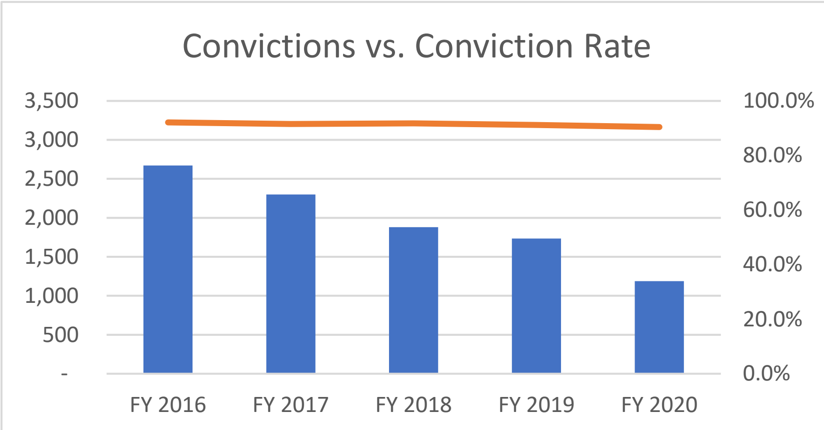
- International Investigations supports international investigations involving U.S. citizens residing abroad, non-resident aliens, expatriates (U.S. citizens living abroad who have renounced their citizenship), and investigations involving other international issues, including legal support (e.g., Foreign 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 2020 Performance – Investigations

Criminal Investigation (CI) 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 2020, CI completed 2,624 criminal investigations, falling just short of the year-end target of 2,700, a 6.2 percent decrease compared to FY 2019. Cases related to legal source income, illegal source income, and narcotics source income completed through the fourth quarter decreased 4.1 percent, 7.4 percent, and 8.0 percent, respectively, compared to the same period in FY 2019. Legal source cases include people that earn their income legally, but willfully violate the tax laws (tax evasion). Examples of illegal cases include embezzlement, mortgage fraud, telemarketing fraud, and money laundering. Narcotics cases are like illegal cases; however, these cases are specific to profits and financial gains of organized drug groups involved in narcotics, narcotics trafficking, and money laundering. Year-end performance for criminal investigations completed is currently projected at 2,600 for FY 2021 and FY 2022. Year-end projections account for recent hires, attrition levels, impact of on-the-job instructors and current performance trends. They also account for setbacks and challenges presented because of the COVID-19 pandemic and its impact on future performance. In FY 2020, the pandemic impacted daily investigative activities and contributed to a higher cycle time for investigations completed. CI also focuses on traditional tax case programs which tend to have a higher cycle time. Despite these challenges, CI continues to use proven case development strategies, expand case development efforts, and leverage interagency partnerships to identify, initiate, and complete significant criminal investigations in all program areas.





The FY 2020 conviction rate of 90.4 percent was 1.7 percent below the year-end target of 92 percent and reflects a 0.8 percentage point decrease compared to FY 2019. In response to the pandemic, courts closed temporarily throughout the country. As a result, fewer criminal cases were heard in court resulting in a lower number of convictions in FY 2020 denoted by the blue bars. Additionally, decreases in the number of special agents in previous years resulted in fewer cases initiated and consequently recommended for prosecution. Nonetheless, appropriate case selection and effective field performance continue to positively affect the quality of cases, resulting in a high conviction rate. CI's rate of conviction continues to be a strong indicator of investigative quality given that it is one the highest in federal law enforcement. CI will continue to coordinate with the Department of Justice (DOJ) Tax Division and U.S. Attorney Offices (USAO) regarding prosecutorial priorities and the appropriate development of investigations to maintain a high rate of conviction. The FY 2021 and FY 2022 targets for Conviction Rate will remain at 92 percent based on historical averages. Future performance depends on DOJ and USAO. CI does not prosecute its own cases. DOJ and USAO must accept cases for prosecution. DOJ and USAO may have to respond to other legislative and prosecutorial priorities and they cannot always prosecute CI cases.

FY 2022 Changes by Budget Activity

Dollars in thousands

Investigations	FTE	Amount
FY 2021 Operating Plan	**3,012**	**$698,193**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$20,454**
Pay Annualization (1.0% average pay raise)		1,492
Pay Raise (2.7% average pay raise)		12,113
Non-Pay		1,515
FERS Contribution Increase		5,334
Subtotal FY 2022 Changes to Base		**$20,454**
FY 2022 Current Services	**3,012**	**$718,647**
Program Increases:		
Putting Taxpayers First	2	$247
Taxpayer Experience Strategy	2	$247
Ensure Fairness of the Tax System	160	$52,135
Convert Vehicle Fleet to Electric		$2,576
Subtotal FY 2022 Program Increases	**162**	**$54,958**
Total FY 2022 Request (Before PIAA)	**3,174**	**$773,605**
Dollar/FTE Change FY 2022 Request over FY 2021 Operating Plan	162	$75,412
Percent Change FY 2022 Request over FY 2021 Operating Plan	5.38%	10.80%

2.1.3 – Budget and Performance Report and Plan

Dollars in thousands

Investigations Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources[1]	$591,449	$589,295	$581,680	$595,686	$619,227	$698,193	$773,605
Reimbursable Resources[2]	29,053	33,618	28,295	27,749	41,233	40,080	42,284
User Fees[2]							
Budget Activity Total	**$620,502**	**$622,913**	**$609,975**	**$623,435**	**$660,460**	**$738,273**	**$815,889**

[1]The FY 2016 - FY 2020 appropriated resources represents the approved operating plan including any inter-BAC transfers and inter-appropriation transfers.

[2]The FY 2016 - FY 2020 columns represent realized resources for reimbursables and user fees.

Investigations Measures	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Criminal Investigations Completed (Ot)	3,721	3,089	3,051	2,797	2,624	2,700	2,600	2,600
Conviction Rate (Oe)	92.1%	91.5%	91.7%	91.2%	90.4%	92.0%	92.0%	92.0%

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

2D – Exam and Collections

($4,497,709,000 in direct appropriations, and an estimated $28,000 from reimbursable programs): 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.

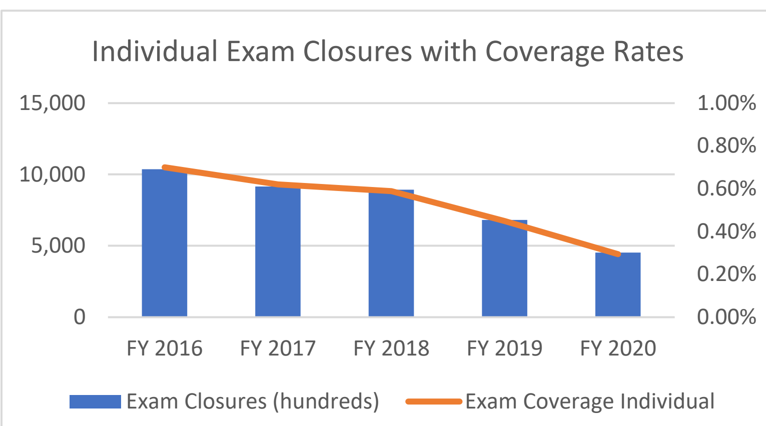
- Litigation provides legal support for the IRS in litigation of cases, including interpretation of the tax law.
- Specialty Programs – Exams examines federal tax returns of businesses and individuals responsible for the filing and payment of employment, excise, estate, and gift taxes.
- International 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 during 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 2020 Performance – Exam

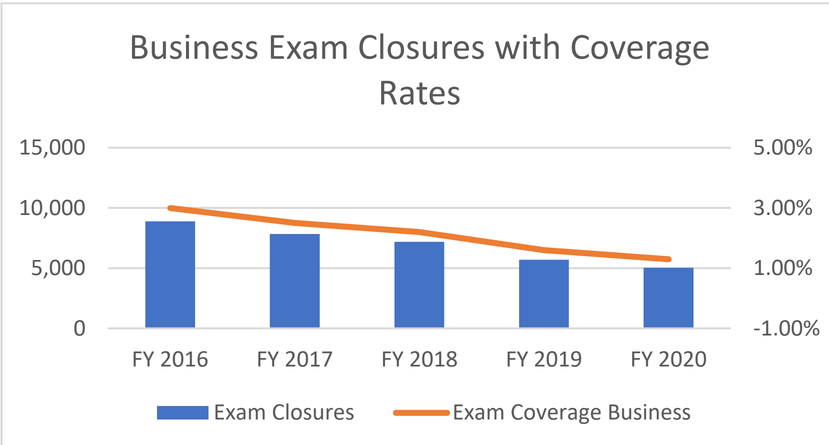
The Examination program provides taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness. The performance metrics IRS uses to gauge the Examination program's performance are discussed below.

In FY 2020, Individual Exam Coverage was 0.29 percent which was below the target of 0.48 percent. The effects of the pandemic shutdown drove closures 33 percent lower than FY 2019 while tax return filings continued to rise. From April 1 through July 15, 2020, the IRS's People First Initiative provided taxpayers experiencing COVID-19 related hardships relief from certain collection actions and processes.



For FY 2021, the IRS is considering discontinuing the reporting of this measure for budget purposes and replacing it with a measure that allows IRS to highlight the strategic direction, including putting greater emphasis on large business, high-income/high-wealth taxpayers, and partnerships.

Examination Coverage – Business (Assets > $10 million) measure is calculated by taking the total number of Large Business and International (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 2020, Business Examination Coverage was 1.3 percent, below the target of 1.7 percent. Coverage for large business returns is below target as a result of several non-examination activities including: new hires in training and examiners conducting new hire training; examiners taking make-up Tax Cuts and Jobs Act of 2017 (TCJA) training; hiring new and moving current managers to new training groups; and loss of productivity due to the COVID-19 working environment and the People First Initiative, which includes reduced contacts with taxpayers.



For FY 2021, the IRS is considering discontinuing the reporting of this measure for budget purposes and replacing with a measure that allows IRS to highlight the strategic direction, including greater emphasis on large business, high-income / high-wealth taxpayers, and partnerships.

In FY 2020, Exam Efficiency - Individual (the number of closures divided by the total Exam FTE) was 76, below the target of 115 and down 30 percent from FY 2019, primarily due to the pandemic. The IRS set a target of 111 in FY 2021 and a target of 117 in FY 2022. IRS will monitor starts and inventory to meet its targets in the upcoming fiscal years.

Automated Underreporter Coverage ended FY 2020 at 0.6 percent, below the target of 1.7 percent, due to office closures because of COVID-19. When employees returned to the office, they prioritized screening since they did not have access to all correspondence due to backlogs in mailrooms. Early in the year, the number of closures decreased due to fewer cases being available because of the FY 2019 lapse in appropriations. Starting in FY 2021, this measure will be discontinued from budget reporting, as automated underreporter coverage is factored into two other indicators: Time to Resolve Compliance Issue After Filling and Time to Start Compliance Resolution.

The Time to Start Compliance Resolution is a new indicator for FY 2020 and is defined as the percentage of all individual income tax enforcement cases started within six months of the return posting date. It reflects the effect of expedited issue detection and more integrated enforcement approaches.

Time to Start	2017	2018	2019	2020
Collection	86.2%	86.7%	80.1%	85.6%
Bal Due	90.1%	90.3%	90.5%	90.2%
AUR	0.1%	0.1%	0.1%	0.1%
Exam	40.9%	41.8%	39.3%	39.3%
Total	**58.8%**	**60.1%**	**60.9%**	**66.3%**

It supports expedited document matching, enhanced anomaly detection leading to faster issue identification, and data and analytics to improve issue identification and treatment selection. For FY 2020, the percent of individual enforcement cases started within 6 months was 66.3 percent compared to 60.9 percent for FY 2019.

Time to Resolve Compliance Issue After Filing is a new indicator for FY 2020 and is defined as the median time it takes to close all individual income tax enforcement cases in days. This measure reflects the complete life cycle from return filing to resolution. It also reflects 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 and resolution. For FY 2020, the overall Time to Resolve Compliance Issue After Filing was 491 days up from 469 days in FY 2019.

Time to Resolve	2017	2018	2019	2020
Collection: Bal due notice	379	368	330	400
Collection: non-notice	650	755	373	345
AUR	556	581	602	618
Exam	507	502	551	597
Total	**491**	**494**	**469**	**491**

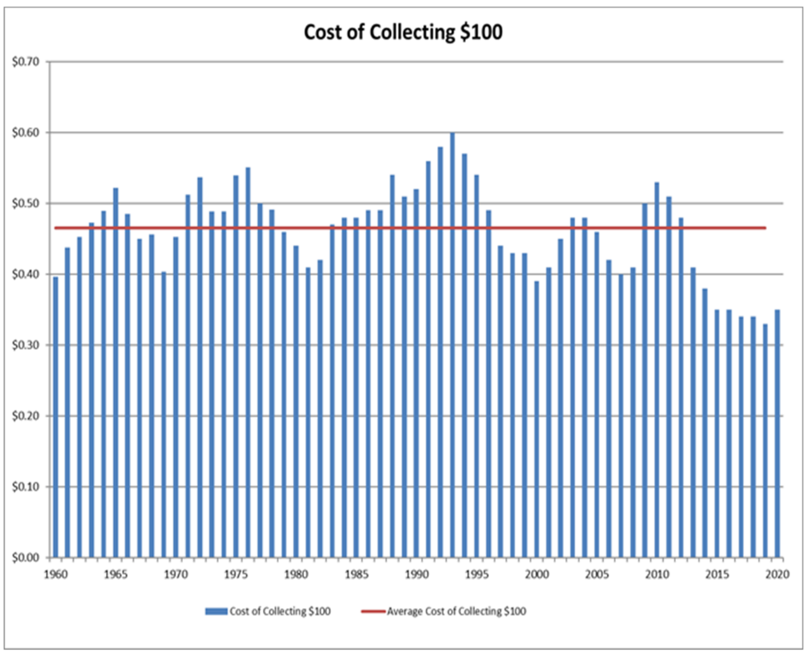
Repeat Non-Compliance Rate is a new indicator for FY 2020 and is defined as the percentage of individual taxpayers with repeat non-compliance two years after the initial tax year for filing, payment, or reporting compliance. This measure supports expedited document matching, enhanced anomaly detection 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. For FY 2020, the Repeat Non-Compliance Rate was 35.6 percent compared to 31.4 percent for FY 2019.

Repeat Non-Compliance Rate	2017	2018	2019	2020
Reporting	7.3%	7.4%	7.7%	8.1%
Filing	39.1%	38.1%	39.8%	43.9%
Payment	30.0%	30.5%	29.9%	28.6%
Total	**29.2%**	**30.0%**	**31.4%**	**35.6%**

Description of FY 2020 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 completed divided by total collection work available. Collection Coverage was 34.9 percent, below the FY 2020 target of 39.7 percent because of a decrease in collection dispositions related to COVID-19 and a decrease in available inventory. Total new receipts were down 20 percent while available inventory decreased 11.7 percent. Collection coverage is expected to meet the FY 2021 and FY 2022 target of 33 percent based on the projected case closures calculated on the work and staffing plans.



The Cost to Collect to $100 is computed as total operating costs divided by gross collection and then multiplied by 100. Total operating costs include dollars obligated, expended, and disbursed against appropriated funds, and excludes costs reimbursed by other federal agencies and private entities for services performed for these external parties. Gross collections are before refunds are issued and include penalties and interest in addition to taxes collected. For FY 2020, IRS total operating costs were approximately $12.3 billion while gross collections were approximately $3.45 trillion. The FY 2020 Cost to Collect $100 was 35 cents—24 percent below the 61-year average cost of 46 cents.

FY 2022 Changes by Budget Activity

Dollars in thousands

Exam and Collections	FTE	Amount
FY 2021 Operating Plan	**30,987**	**$4,120,886**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$122,895**
Pay Annualization (1.0% average pay raise)		9,764
Pay Raise (2.7% average pay raise)		79,287
Non-Pay		4,828
FERS Contribution Increase		29,016
Subtotal FY 2022 Changes to Base		**$122,895**
FY 2022 Current Services	**30,987**	**$4,243,781**
Program Increases:		
Putting Taxpayers First	94	$36,047
Taxpayer Experience Strategy	94	36,047
Ensure Fairness of the Tax System	1,656	217,881
Subtotal FY 2022 Program Increases	**1,750**	**$253,928**
Total FY 2022 Request (Before PIAA)	**32,737**	**$4,497,709**
Dollar/FTE Change FY 2022 Request over FY 2021 Operating Plan	1,750	$376,823
Percent Change FY 2022 Request over FY 2021 Operating Plan	5.65%	9.14%

2.1.4 – Budget and Performance Report and Plan

Dollars in thousands

Exam and Collections Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources[1]	$3,945,578	$3,901,041	$3,875,098	$3,907,290	$3,933,597	$4,120,886	$4,497,709
Reimbursable Resources[2]	456	450	3,289	240	249	27	28
User Fees[2]	36			42	2,454		
Budget Activity Total	**$3,946,070**	**$3,901,491**	**$3,878,387**	**$3,907,572**	**$3,936,300**	**$4,120,913**	**$4,497,737**

[1]The FY 2016 - FY 2020 appropriated resources represents the approved operating plan including any inter-BAC transfers and inter-appropriation transfers.

[2]The FY 2016 - FY 2020 columns represent realized resources for reimbursables and user fees.

Exam and Collections Measures	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Examination Coverage - Individual (Oe)[1]	0.7%	0.6%	0.6%	0.45%	0.29%	0.48%	Discontinued	Discontinued
Examination Coverage - Business (Assets > $10 million) (Oe)[1]	3.0%	2.5%	2.2%	1.6%	1.3%	1.7%	Discontinued	Discontinued
Examination Efficiency - Individual (E)	143	121	131	109	76	115	111	117
Automated Underreporter (AUR) Coverage (E)[2]	2.3%	2.2%	2.0%	1.3%	0.6%	1.7%	Discontinued	Discontinued
Time to Start Compliance Resolution (E, L)[3]		58.8%	60.1%	60.9%	66.3%	Indicator	Indicator	Indicator
Time to Resolve Compliance Issue After Filing (E)[3]		491	494	469	491	Indicator	Indicator	Indicator
Repeat Non-Compliance Rate (Ot)[3]		29.2%	30%	31.4%	35.6%	Indicator	Indicator	Indicator
Collection Coverage - Units (Ot)	43.4%	42.2%	41.6%	41.3%	34.9%	39.7%	33.0%	33.0%
Cost to Collect $100 (E)	$0.35	$0.34	$0.34	$0.33	$0.35	Indicator	Indicator	Indicator

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

[1]Requested discontinuing measure for FY 2021 budget reporting; new measures under development for FY 2021

[2]Discontinued in FY 2020

[3]New measure added for FY 20; historical data provided for comparative purposes.

2E – Regulatory

($191,509,000 in direct appropriations and an estimated $303,000 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 2020 Performance - Regulatory

In FY 2020, IRS published 172 items: 120 Priority Guidance Plan (PGP) projects and 52 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 2020 involved complex and novel issues. For example, four of the published items pertain to a provision revised by the Tax Cuts and Jobs Act (TCJA) limiting the business interest deduction. Two items addressed the new Opportunity Zone provisions of the TCJA, which provide preferential tax treatment to investments made in economically distressed communities. Over twenty items were published to implement the Families First Coronavirus Response Act (FFCRA) and the Coronavirus Aid, Relief, and Economic Security Act (CARES) and provided relief in response to the COVID-19 pandemic emergency. The 2020-2021 PGP, published on November 17, 2020 and covering July 2020 through June 2021, lists 191 projects.

To help improve the taxpayer experience, the IRS remains firmly committed to educating tax professionals about their responsibilities and limitations under Treasury Department Circular 230, Regulations Governing Practice before the Internal Revenue Service (Circular 230), and their ethical obligations to taxpayers and tax administration . A regulation project is underway to revise Circular 230 to, reflect adverse litigation and align its rules with modern practice standards. In addition, the Administration has proposed legislation to allow the IRS to regulate paid tax return preparers by imposing minimum standards, thereby increasing the quality of return preparation and related advice provided to taxpayers. These standards will also enable the agency to more effectively combat the problems to tax administration caused by untrained and unscrupulous preparers.

During FY 2020, the IRS performed its outreach activities through in-person and virtual presentations conducted through on-line webinars, telephonic operations, and electronic media. The IRS created a new webinar titled, *The Office of Professional Responsibility: Circular 230 and What You Need to Know About Practicing before the IRS*, viewed by more than 11,300 tax professionals. The IRS educated tax professionals about Circular 230 provisions at numerous events, including the IRS Nationwide Tax Forums. In FY 2020, the IRS reached nearly 31,900 tax professionals and IRS employees during 25 events, which consisted of in-person, telephonic, and electronic media.

FY 2022 Changes by Budget Activity

Dollars in thousands

Regulatory	FTE	Amount
FY 2021 Operating Plan	**990**	**$185,543**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$5,124**
Pay Annualization (1.0% average pay raise)		394
Pay Raise (2.7% average pay raise)		3,203
Non-Pay		382
FERS Contribution Increase		1,145
Subtotal FY 2022 Changes to Base		**$5,124**
FY 2022 Current Services	**990**	**$190,667**
Program Increases:		
Ensure Fairness of the Tax System	4	$842
Subtotal FY 2022 Program Increases	**4**	**$842**
Total FY 2022 Request (Before PIAA)	**994**	**$191,509**
Dollar/FTE Change FY 2022 Request over FY 2021 Operating Plan	4	$5,966
Percent Change FY 2022 Request over FY 2021 Operating Plan	0.40%	3.22%

2.1.5 – Budget and Performance Report and Plan

Dollars in thousands

Regulatory Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources[1]	$137,245	$131,662	$170,222	$174,624	$157,374	$185,543	$191,509
Reimbursable Resources[2]	202	160	593	412	252	287	303
User Fees[2]	9,233	9,537					
Budget Activity Total	**$146,680**	**$141,359**	**$170,815**	**$175,036**	**$157,626**	**$185,830**	**$191,812**

[1]The FY 2016 - FY 2020 appropriated resources represents the approved operating plan including any inter-BAC transfers and inter-appropriation transfers.

[2]The FY 2016 - FY 2020 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 2022 is $4,448,195,000 in direct appropriations and 12,193 FTE, excluding the proposed program integrity allocation adjustment. This is an increase of $344,093,000, or 8.38 percent, and 156 FTE more than the FY 2021 Operating Plan level of $4,104,102,000 and 12,037 FTE (post-transfer).

2.1 – Budget Adjustments Table

Dollars in thousands

Operations Support Summary of Proposed FY 2021 Request	FTE	Amount
FY 2021 Operating Plan	**12,037**	**$4,104,102**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$100,219**
Pay Annualization (1.0% average pay raise)		4,699
Pay Raise (2.7% average pay raise)		38,157
Non-Pay		42,546
FERS Contribution Increase		14,817
Efficiencies/Savings:		**($91)**
Increase e-File Savings		(91)
Subtotal FY 2022 Changes to Base		**$100,128**
FY 2022 Current Services	**12,037**	**$4,204,230**
Program Changes:		
Program Increases		
Putting Taxpayers First	143	104,333
Taxpayer Experience Strategy	*143*	*104,333*
Ensure Fairness of the Tax System	13	69,409
Improve Live Assistance		69,833
Electric Vehicles and Associated Infrastructure		390
Subtotal FY 2022 Program Increases	**156**	**$243,965**
Total FY 2022 Budget Request	**12,193**	**$4,448,195**
PIAA Program Increases		
Increase Audit Coverage	15	39,493
Increase Collection Coverage	20	46,334
Expand Coverage in the Tax-Exempt Sector		7,998
Enhance Return Review Program		34,953
Enhance Enforcement Operations		667
Subtotal FY 2022 PIAA Program Increases	**35**	**$129,445**
Total FY 2022 Request	**12,228**	**$4,577,640**

See footnotes in 1.1 -- Appropriations Detail Table

2.2 – Object Classification Obligations

Dollars in thousands

Operations Support Object Classification	FY 2020 Operating Plan	FY 2021 Operating Plan	FY 2022 Request
11.1 Full-Time Permanent Positions	1,318,072	1,339,822	1,404,468
11.3 Other than Full-Time Permanent Positions	5,990	5,350	5,536
11.5 Other Personnel Compensation	19,400	33,940	35,886
11.8 Special Personal Services Payments	172	181	185
11.9 Personnel Compensation (Total)	**1,343,634**	**1,379,293**	**1,446,075**
12.1 Personnel Benefits	441,837	483,805	515,146
13.0 Benefits to Former Personnel	57	30	31
Total Personnel and Compensation Benefits	**$1,785,528**	**$1,863,128**	**$1,961,252**
21.0 Travel	16,823	7,938	10,161
22.0 Transportation of Things	14,068	14,036	15,333
23.1 Rental Payments to GSA	590,108	579,736	602,332
23.2 Rent Payments to Others	11,833	6,914	7,147
23.3 Communications, Utilities, & Misc	317,460	311,545	350,039
24.0 Printing & Reproduction	20,283	19,746	20,984
25.1 Advisory & Assistance Services	490,855	638,496	686,961
25.2 Other Services	30,051	29,188	44,673
25.3 Purchase of Goods & Services from Govt. Accounts	71,176	56,744	63,564
25.4 Operation & Maintenance of Facilities	186,179	199,037	215,468
25.6 Medical Care	14,267	14,973	16,943
25.7 Operation & Maintenance of Equipment	61,774	66,088	73,796
26.0 Supplies and Materials	9,145	7,240	10,501
31.0 Equipment	227,335	255,972	317,302
32.0 Land and Structures	37,632	32,645	50,778
42.0 Insurance Claims & Indemnities	483	676	961
91.0 Unvouchered			
Total Non-Personnel	**$2,099,472**	**$2,240,974**	**$2,486,943**
New Appropriated Resources	**$3,885,000**	**$4,104,102**	**$4,448,195**
Budget Activities:			
Infrastructure	881,670	886,713	971,008
Shared Services & Support	990,690	1,024,654	1,088,217
Information Services	2,012,640	2,192,735	2,388,970
New Appropriated Resources	**$3,885,000**	**$4,104,102**	**$4,448,195**
FTE	**12,036**	**12,037**	**12,193**

See footnotes in 1.1 -- Appropriations Detail Table

Note: This table does not include the $15 million in the Families First Coronavirus Response Act (FFCRA) (P.L 116-127), $750.7 million under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-36), the $509 million provided in the Consolidated Appropriations Act, 2021 (P.L. 116-260), the $1.86 billion provided by the American Rescue Plan (ARP) (P.L. 117-2), the $417 million Program Integrity Allocation Adjustment, and the $79 billion mandatory funding proposal.

2.3 – Appropriation Detail Table

Dollars in thousands

Operations Support Appropriated Resources	FY 2020 Operating Plan		FY 2021 Operating Plan		FY 2022 Request		Change FY 2021 to FY 2022 Request		% Change FY 2020 to FY 2021 Request	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources:										
Infrastructure		881,670		886,713		971,008		84,295		9.51%
Shared Services and Support	4,947	990,690	5,122	1,024,654	5,140	1,088,217	18	63,563	0.35%	6.20%
Information Services	7,023	2,012,640	6,915	2,192,735	7,053	2,388,970	138	196,235	2.00%	8.95%
Subtotal New Appropriated Resources	**11,970**	**$3,885,000**	**12,037**	**$4,104,102**	**12,193**	**$4,448,195**	**156**	**$344,093**	**1.30%**	**8.38%**
Other Resources:										
Reimbursables	81	64,571	71	71,864	73	75,816	2	3,952	2.82%	5.50%
Offsetting Collections - Non Reimbursables										
User Fees	4	374,671	15	455,844	15	431,500		(24,344)		-5.34%
Recovery from Prior Years		2,104		10,328		10,328				
Recoveries Paid				6		6				
Unobligated Balances from Prior Years		66,455		87,247		90,238		2,991		3.43%
Transfers In/Out										
Resources from Other Accounts	2			26,849		27,211		362		1.35%
Subtotal Other Resources	**87**	**$507,801**	**86**	**$652,138**	**88**	**$635,099**	**2**	**($17,039)**	**2.33%**	**-2.61%**
Total Budgetary Resources	**12,057**	**$4,392,801**	**12,123**	**$4,756,240**	**12,281**	**$5,083,294**	**158**	**$327,054**	**1.30%**	**6.88%**

See footnotes in 1.1--Appropriations Detail Table

Note: This table does not include the $15 million in the Families First Coronavirus Response Act (FFCRA) (P.L 116-127), $750.7 million under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-36), the $509 million provided in the Consolidated Appropriations Act, 2021 (P.L. 116-260), the $1.86 billion provided by the American Rescue Plan (ARP) (P.L. 117-2), the $417 million Program Integrity Allocation Adjustment, and the $79 billion mandatory funding proposal.

2F – Infrastructure

($971,008,000 in direct appropriations and an estimated $1,235,000 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 2020 Performance - Infrastructure

Rent

The Rentable Square Feet per Person is the amount of rentable square feet the IRS maintains per person requiring space. After payroll, rent is the IRS's largest operating expense; therefore, the IRS continues to take steps to reduce its total office space. Through FY 2020, the Rentable Sq. Ft. per Person was 278 compared to 298 in FY 2019. The IRS continued to use data to select the best opportunities to release excess facility space by leveraging the timing of expiring leases and planned renovation projects, and by analyzing IRS housing needs to plan building closures and consolidations. In FY 2020, the IRS released 600,000 square feet of space including the closure of eight buildings from its portfolio and the closure of the former submission processing building in Covington, Kentucky. The FY 2021 target is set at 280 sq. ft. while the FY 2022 target is 270 sq. ft.

Security

Security of taxpayer data and providing a secure environment for employees are of utmost importance to the IRS. Unlike any other filing season, the IRS had to modify key operations in response to the COVID-19 pandemic, such as closing Taxpayer Assistance Centers, tax processing centers, and offices nationwide. Nonetheless, core IRS functions continued, and the IRS continued to deliver the filing season.

Throughout the COVID-19 pandemic, technology was the cornerstone of the IRS's ability to continue mission-critical work to support the American taxpayer. In FY 2020, the IRS ensured continuity of services and support to taxpayers by:

- Accelerating an initiative to enable customer service representatives (CSR) and tax examiners (TE) to telework. By June 2020, the IRS had supplied telework equipment for more than 11,300 CSRs and TEs, representing about 81 percent of this workforce.
- Establishing the Crisis Relief Hotline, a voice mailbox for the IRS Chief Counsel to address taxpayer concerns related to COVID-19 relief.
- Standing up a new phone line to answer the most common questions about Economic Impact Payments.
- Supplying about 20,000 laptops to newly teleworking employees, enabling continuity of critical services.
- Delivering an IRS-wide solution to enable secure email with attachments. This enables taxpayers and the IRS to communicate electronically and exchange information securely.
- Expanding enterprise electronic fax capabilities to support existing programs, such as income verification express service and setting up new fax numbers to

support advanced refundable credits, Small Business Administration disaster claims, and other tax forms as part of the CARES Act. The IRS can accept 90,000 faxes a day.

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 2020, the IRS:

- Held its annual Security Summit meeting in December 2019. The Security Summit continues to demonstrate the strength of the public-private partnership to combat identity theft.
- Continued the Identity Theft Tax Refund Fraud – Information Sharing and Analysis Center (ISAC) initiative, which is an important platform for the IRS and its partners in their daily efforts to combat identity theft by sharing current data on emerging trends.
- Hosted a Virtual Currency Summit that brought together stakeholders to discuss virtual currency industry issues and subsequently issued several pieces of guidance, including Notice 2014-21 and Revenue Ruling 2019-24. The IRS sent about 10,000 letters to virtual currency owners advising them to file amended returns and pay back taxes if they omitted or inaccurately reported virtual currency transactions.

FY 2022 Changes by Budget Activity

Dollars in thousands

Infrastructure	FTE	Amount
FY 2021 Operating Plan		**$886,713**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$17,868**
Pay Annualization (1.0% average pay raise)		1
Pay Raise (2.7% average pay raise)		7
Non-Pay		17,859
FERS Contribution Increase		1
Efficiencies/Savings		**$1**
Personnel Savings		1
Subtotal FY 2022 Changes to Base		**$17,869**
FY 2022 Current Services		**$904,582**
Program Increases:		
Putting Taxpayers First		3,743
Taxpayer Experience Strategy		3,743
Ensure Fairness of the Tax System		29,340
Improve Live Assistance		33,343
Subtotal FY 2022 Program Increases		**$66,426**
Total FY 2022 Request (Before PIAA)		**$971,008**
Dollar/FTE Change FY 2022 Request over FY 2021 Operating Plan		$84,295
Percent Change FY 2022 Request over FY 2021 Operating Plan		9.51%

2.1.6 – Budget and Performance Report and Plan

Dollars in thousands

Infrastructure Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources[1]	$838,048	$856,655	$870,360	$891,140	$867,354	$886,713	$971,008
Reimbursable Resources[2]	626	634	662	681	747	1,170	1,235
User Fees[2]				999			
Budget Activity Total	**$838,674**	**$857,289**	**$871,022**	**$892,820**	**$868,101**	**$887,883**	**$972,243**

[1]The FY 2016 - FY 2020 appropriated resources represents the approved operating plan including any inter-BAC transfers and inter-appropriation transfers.

[2]The FY 2016 - FY 2020 columns represent realized resources for reimbursables and user fees.

Infrastructure Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Rentable Square Feet per Person (Ot, L)		297	301	298	278	298	280	270

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

2G – Shared Services and Support

($1,088,217,000 in direct appropriations, and an estimated $35,558,000 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 dir*ect 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 modernizat*ion efforts, including re-engineered business processes.*

Description of FY 2020 Performance – Shared Services and Support

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 2020, the IRS:

- **Developed practical COVID-19 safety measures** that included temporarily scaling back in-person meetings, closing Taxpayer Assistance Centers, and suspending telephone lines. The IRS frequently reminded employees that tools were available to them through the Employee Assistance Program (EAP) and encouraged them to use the EAP. Frequent town halls, news alerts, and human-interest features in monthly publications encouraged all employees to stay in touch during the pandemic period.
- **Revitalized its Enterprise Workforce Planning Program (WFP)** to improve talent management agency-wide, with an agile IRS workforce responsive to current and future operational requirements and changes as its primary goal. The Enterprise WFP promotes integrating human capital management business strategies, processes, and procedures to inform Talent Management function and enables the delivery of a sustainable workforce planning capability.
- **Developed and deployed Career+ career pathing and career broadening** experiences. The newly created Enterprise Talent Development Program provides career management for similar occupational series to align career goals with developmental and training opportunities.
- **Entered a new partnership with Gallaudet University** to expand Disability Service Division employees' knowledge and understanding of the "deaf culture" customer experience and expectations. In fostering a diverse and inclusive workforce, the IRS encouraged employees to self-identify known disabilities and update the human resources system to obtain accurate demographics for IRS employees with disabilities.

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 2020, the IRS:

- Developed new features for the graph database that included a pattern search capability and enhanced reporting on specific compliance issues. The graph data environment currently supports identity theft detection, evaluations of money laundering issues for field examination, with a planned expansion to detect changes in the tax structures of large corporations.

- Developed its first learning agenda, which outlines key research questions that align to its FY 2018-2022 Strategic Plan goals and objectives. This was the first learning agenda of any bureau within Treasury and is a significant step in the implementation of the Foundations for Evidence-Based Policymaking Act of 2018.
- Created a forecasting tool to leverage sets of data to provide a balanced workforce planning approach. Data sets used in the forecasting tool included projected retirements and anticipated hiring and training needs to accurately identify human resource needs.
- Developed data-driven methodologies to prioritize and validate IRS Mission Critical positions. The results of this initiative inform the IRS's initial workforce planning service delivery model and business processes.

FY 2022 Changes by Budget Activity

Dollars in thousands

Shared Services and Support	FTE	Amount
FY 2021 Operating Plan	**5,122**	**$1,024,654**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$29,687**
Pay Annualization (1.0% average pay raise)		1,829
Pay Raise (2.7% average pay raise)		14,853
Non-Pay		7,167
FERS Contribution Increase		5,838
Efficiencies/Savings		**($10,057)**
Personnel Savings		(10,057)
Subtotal FY 2022 Changes to Base		**$19,630**
FY 2022 Current Services	**5,122**	**$1,044,284**
Program Increases:		
Putting Taxpayers First	5	1,760
Taxpayer Experience Strategy	5	1,760
Ensure Fairness of the Tax System	13	16,096
Improve Live Assistance		6,840
Convert Vehicle Fleet to Electric		390
Subtotal FY 2022 Program Increases	**18**	**$25,086**
Total FY 2022 Request (Before PIAA)	**5,140**	**$1,069,370**
Dollar/FTE Change FY 2022 Request over FY 2021 Operating Plan	18	$44,716
Percent Change FY 2022 Request over FY 2021 Operating Plan	0.35%	4.36%

2.1.7 – Budget and Performance Report and Plan

Dollars in thousands

Shared Services and Support Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources[1]	$1,090,192	$964,702	$920,283	$900,287	$961,999	$1,024,654	$1,088,217
Reimbursable Resources[2]	19,443	19,194	27,995	30,360	27,368	33,705	35,558
User Fees[2]	1,000	1,000	1,000				
Budget Activity Total	**$1,110,635**	**$984,896**	**$949,278**	**$930,647**	**$989,367**	**$1,058,359**	**$1,123,775**

[1]The FY 2016 - FY 2020 appropriated resources represents the approved operating plan including any inter-BAC transfers and inter-appropriation transfers.

[2]The FY 2016 - FY 2020 columns represent realized resources for reimbursables and user fees.

2H – Information Services

($2,388,970,000 in direct appropriations, $39,023,000 in reimbursable resources, and $431,500,000 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.

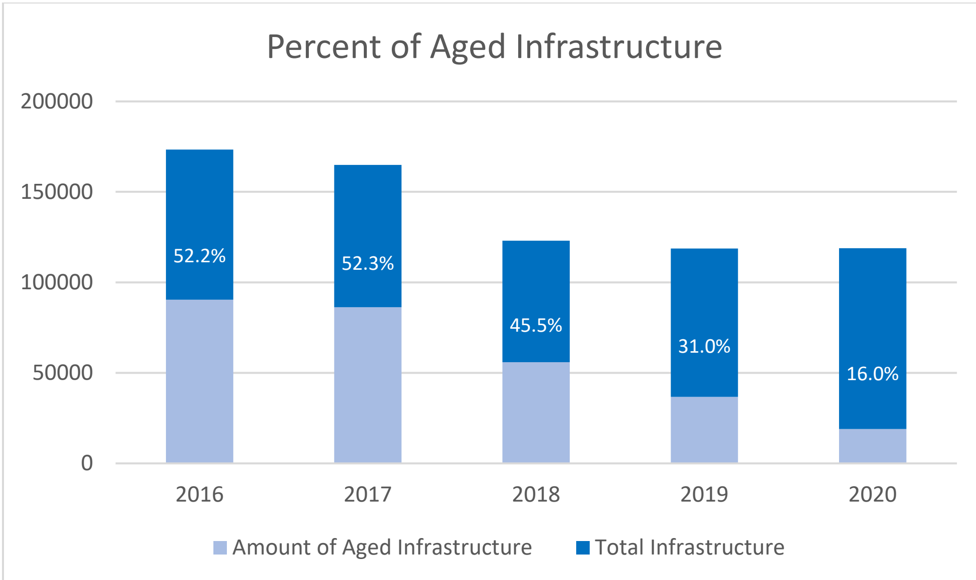
- Application Development performs the analysis, design, development, testing, and implementation of about 85,000 application programs supporting critical tax processing, management information reporting and financial management support systems for the IRS. This program also supports external trading 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 2020 Performance – Information Services

The Percent of Aged Hardware is a measure that shows the quantity of IT hardware in operation past its useful life as a percentage of total hardware in use. The IRS made considerable progress reducing the percentage of aged hardware within the IT environment from 31 percent at the end of FY 2019 to 16 percent at the end of FY 2020 which exceeded the goal of 30 percent. This represents a reduction of nearly 18,000 aged assets during the fiscal year through efforts such as refreshing employee workstations.



IRS will set the target at 20 percent and in FY 2021 and FY 2022. The IRS will monitor progress against FY 2021 aged hardware replacement targets.

FY 2022 Changes by Budget Activity

Dollars in thousands

Information Services	FTE	Amount
FY 2021 Operating Plan	**6,915**	**$2,192,735**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$52,663**
Pay Annualization (1.0% average pay raise)		2,869
Pay Raise (2.7% average pay raise)		23,296
Non-Pay		17,520
FERS Contribution Increase		8,978
Efficiencies/Savings		**$9,965**
Increase e-File Savings		(91)
Personnel Savings		10,056
Subtotal FY 2022 Changes to Base		**$62,628**
FY 2022 Current Services	**6,915**	**$2,255,363**
Program Increases:		
Putting Taxpayers First	138	98,831
Taxpayer Experience Strategy	138	98,831
Ensure Fairness of the Tax System		23,973
Improve Live Assistance		29,650
Subtotal FY 2022 Program Increases	**138**	**$152,454**
Total FY 2022 Request (Before PIAA)	**7,053**	**$2,407,817**
Dollar/FTE Change FY 2022 Request over FY 2021 Operating Plan	138	$215,082
Percent Change FY 2022 Request over FY 2021 Operating Plan	2.00%	9.81%

2.1.8 – Budget and Performance Report and Plan

Information Services Budget and Performance Plan

Dollars in thousands

Information Services Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources[1]	$1,883,667	$1,950,191	$2,390,357	$2,126,973	$1,972,916	$2,192,735	$2,388,970
Reimbursable Resources[2]	19,660	35,307	40,600	27,153	36,456	36,989	39,023
User Fees[2]	263,250	201,584	204,032	222,399	374,671	441,216	431,500
Budget Activity Total	**$2,166,577**	**$2,187,082**	**$2,634,989**	**$2,376,525**	**$2,384,043**	**$2,670,940**	**$2,859,493**

[1]The FY 2016 - FY 2020 appropriated resources represents the approved operating plan including any inter-BAC transfers and inter-appropriation transfers.

[2]The FY 2016 - FY 2020 columns represent realized resources for reimbursables and user fees.

Information Services Measures	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Percent of Aged Hardware (Ot, L)[1]	52.2%	52.3%	45.5%	31.0%	16.0%	30.0%	20.0%	20.0%

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

[1]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

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 2022 is $305,032,000 in direct appropriations and 412 FTE, excluding the proposed integrity allocation adjustment. This amount is an increase of $82,308,000, or 36.96 percent, and 18 FTE more than the FY 2021 Operating Plan level of $222,724,000 and 394 FTE.

2.1 – Budget Adjustments Table

Dollars in thousands

Business Systems Modernization Summary of Proposed FY 2021 Request	FTE	Amount
FY 2021 Operating Plan	**394**	**$222,724**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$4,165**
Pay Annualization (1.0% average pay raise)		163
Pay Raise (2.7% average pay raise)		1,327
Non-Pay		2,232
FERS Contribution Increase		443
Subtotal FY 2022 Changes to Base		**$4,165**
FY 2022 Current Services	**394**	**$226,889**
Program Changes:		
Program Increases		
Integrated Modernization Business Plan	18	$78,143
Subtotal FY 2022 Program Increases	**18**	**$78,143**
Total FY 2022 Budget Request	**412**	**$305,032**

See footnotes in 1.1 -- Appropriations Detail Table

2.2 – Object Classification Obligations

Dollars in thousands

Business Systems Modernization Object Classification	FY 2020 Actuals	FY 2021 Operating Plan	FY 2022 Request
11.1 Full-Time Permanent Positions	62,085	37,340	51,033
11.3 Other than Full-Time Permanent Positions	84	29	59
11.5 Other Personnel Compensation	563	224	367
11.9 Personnel Compensation (Total)	**62,732**	**37,593**	**51,459**
12.1 Personnel Benefits	16,643	12,535	17,027
Total Personnel and Compensation Benefits	**$79,375**	**$50,128**	**$68,486**
21.0 Travel	219	411	172
25.1 Advisory & Assistance Services	90,948	163,523	195,212
25.2 Other Services	11		
25.3 Purchase of Goods & Services from Govt. Accounts	4		
25.7 Operation & Maintenance of Equipment	581	2,018	2,592
26.0 Supplies and Materials	7	2	1
31.0 Equipment	8,855	6,642	38,569
Total Non-Personnel	**$100,625**	**$172,596**	**$236,546**
New Appropriated Resources	**$180,000**	**$222,724**	**$305,032**
Budget Activities:			
IT Investments	180,000	222,724	305,032
New Appropriated Resources	**$180,000**	**$222,724**	**$305,032**
FTE	**426**	**394**	**412**

See footnotes in 1.1 -- Appropriations Detail Table

Note: This table does not include the $15 million in the Families First Coronavirus Response Act (FFCRA) (P.L 116-127), $750.7 million under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-36), the $509 million provided in the Consolidated Appropriations Act, 2021 (P.L. 116-260), the $1.86 billion provided by the American Rescue Plan (ARP) (P.L. 117-2), the $417 million Program Integrity Allocation Adjustment, and the $79 billion mandatory funding proposal.

2.3 – Appropriation Detail Table

Dollars in thousands

Business Systems Modernization Appropriated Resources	FY 2020 Operating Plan		FY 2021 Operating Plan		FY 2022 Request		Change FY 2021 to FY 2022 Request		% Change FY 2021 to FY 2022 Request	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources:										
Business Systems Modernization	426	180,000	394	222,724	412	305,032	18	82,308	4.57%	36.96%
Subtotal New Appropriated Resources	**426**	**$180,000**	**394**	**$222,724**	**412**	**$305,032**	**18**	**$82,308**	**4.57%**	**36.96%**
Other Resources:										
Reimbursables										
Offsetting Collections - Non Reimbursables										
User Fees		108,872		29,500				(29,500)		-100.00%
Recovery from Prior Years		9,380		5,263		5,263				
Recoveries Paid				203		203				
Unobligated Balances from Prior Years	56	30,191	15	29,573	15	36,805		7,232		24.45%
Transfers In/Out										
Resources from Other Accounts										
Subtotal Other Resources	**56**	**$148,443**	**15**	**$64,539**	**15**	**$42,271**		**($22,268)**		**-34.50%**
Total Budgetary Resources	**482**	**$328,443**	**409**	**$287,263**	**427**	**$347,303**	**18**	**$60,040**	**4.40%**	**20.90%**

See footnotes in 1.1--Appropriations Detail Table

Note: This table does not include the $15 million in the Families First Coronavirus Response Act (FFCRA) (P.L 116-127), $750.7 million under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-36), the $509 million provided in the Consolidated Appropriations Act, 2021 (P.L. 116-260), the $1.86 billion provided by the American Rescue Plan (ARP) (P.L. 117-2), the $417 million Program Integrity Allocation Adjustment, and the $79 billion mandatory funding proposal.

2I – Business Systems Modernization

($305,032,000 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.

Description of FY 2020 Performance - BSM

The IRS's modernization efforts focus on building and deploying advanced information technology systems, processes, and tools to improve efficiency and productivity. Major IT investments are measured by the proportion of projects within +/- 10 percent of budgeted cost and schedule variance. The FY 2021 and FY 2022 targets for both measures are 90 percent. For more detail about BSM 2020 accomplishments and 2021 performance goals, please see Publication 5453, Information Technology (IT) Annual Key Insights Report, February 2021: https://www.irs.gov/pub/irs-pdf/p5453.pdf.

Percent of Major IT Investments within +/- 10 percent Cost Variance at the Investment Level: Sixteen of 19 major investments (84.2 percent) were within the cost variance threshold in FY 2020 failing to meet the target of 90 percent. Shown below are the three investments falling outside the +/- 10 percent cost variance.

- **Account Management Services (AMS)** – IRS allocated 10 fewer full time equivalent (FTEs) to the AMS project, resulting in a cost variance. The FY 2020 labor budget initially allocated 70 FTE to the project.
- **Customer Account Data Engine 2 (CADE 2)** – This project called for two phases of design, development, and test activities. FY 2020 budgeted for the increased resources needed for phase two. In the first quarter of FY 2020, IRS decided to continue with phase one resource levels. The project stabilized with the phase one level of resources and IRS will not allocate additional resources to the project.
- **Foreign Account Tax Compliance Act (FATCA) –** IRS categorized the FATCA program as a "keep the lights on" only project, pausing enhancements originally planned. As a result, this project underran its cost for FY 2020.

Percent of Major IT Investments within +/- 10 percent Schedule Variance at the Investment Level: Eighteen of 19 major investments (94.7 percent) were within the schedule variance threshold at the close of FY 2020 exceeding the target of 90 percent. Shown below is the one investment that fell outside the +/- 10 schedule variance.

- **Modernized IRS Operations Investment** – IRS funds multiple modernization programs. Components of this investment were ahead of schedule causing a positive variance greater than 10 percent.

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

FY 2022 Changes by Budget Activity

Dollars in thousands

Business Systems Modernization	FTE	Amount
FY 2021 Operating Plan	**394**	**$222,724**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$4,165**
Pay Annualization (1.0% average pay raise)		1,490
Non-Pay		2,232
FERS Contribution Increase		443
Subtotal FY 2022 Changes to Base		**$4,165**
FY 2022 Current Services	**394**	**$226,889**
Program Increases:		
IRS Integrated Modernization Business Plan	18	78,143
Subtotal FY 2022 Program Increases	**18**	**$78,143**
Total FY 2022 Request (Before PIAA)	**412**	**$305,032**
Dollar/FTE Change FY 2022 Request over FY 2021 Operating Plan	18	$82,308
Percent Change FY 2022 Request over FY 2021 Operating Plan	4.57%	36.96%

2.1.9 – Budget and Performance Report and Plan

Dollars in thousands

Business Systems Modernization Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources[1]	$190,945	$166,263	$110,000	$150,000	$180,000	$222,724	$305,032
Reimbursable Resources[2]							
User Fees		25,464	77,418	89,713	108,872	29,500	
Budget Activity Total	**$190,945**	**$191,727**	**$187,418**	**$239,713**	**$288,872**	**$252,224**	**$305,032**

[1]The FY 2016 - FY 2020 appropriated resources represents the approved operating plan including any inter-BAC transfers and inter-appropriation transfers.

[2]The FY 2016 - FY 2020 columns represent realized resources for reimbursable resources and user fees.

Business Systems Modernization Measures	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Percent of Major IT Investments within +/- 10% Cost Variance at the Investment Level (E)[1]	76.2%	50.0%	72.2%	88.9%	84.2%	90.0%	90.0%	90.0%
Percent of Major IT Investments within +/- 10% Schedule Variance at the Investment Level (E)[1]	85.7%	88.9%	83.3%	88.9%	94.7%	90.0%	90.0%	90.0%

Key: E - Efficiency Measure

B - FY 2020 - FY 2022 IRS Integrated Modernization Business Plan

Pillar	Business Systems Modernization *Dollars in thousands*	Funding Category[1]	FY 2020 Actuals	FY 2021 Operating Plan	FY 2022 CJ Submission
	FY 2020 Actuals / FY 2021 Operating Plan / FY 2022 CJ Submission		150,436	222,724	305,032
	Carryover Balance[2]		39,511	29,756	0
	User Fees		108,939	29,500	0
	Total Funding		**$298,886**	**$281,980**	**$305,032**
		Capital	233,385	208,906	232,336
		Support	225	105	178
		Labor	65,276	64,117	68,486
	Subtotal Spend		***$298,886***	***$273,128***	***$301,000***
	FTE		*354*	*394*	*412*
	Management Reserve		0	8,852	4,032
	Total Spend plus MR		**$298,886**	**$281,980**	**$305,032**
Taxpayer Experience	**Web Applications**		**$30,266**	**$32,945**	**$30,000**
Taxpayer Experience	Improving interactions and communications with taxpayers, the IRS, and third parties by providing a broad range of self-service options, establishing secure information exchange, and building internal capabilities. By enabling authorized third parties and taxpayers to interact digitally with the IRS, the investment provides a better user experience and delivers consistent data and services. Web Apps continues to deliver additional capabilities to the taxpayer in FY 2022 and beyond. Funding will expand on a broad range of digital services the taxpayer and their representatives can complete securely using their personal IRS online account. Taxpayers will be able to: update contact information, make tax payments; schedule and modify scheduled payments; store bank information, all within online account, thus improving revenue collection, and promoting voluntary compliance.	Capital	20,769	21,242	16,200
Taxpayer Experience		Support	46	3	0
Taxpayer Experience		Labor	9,451	11,700	13,800
Taxpayer Experience		FTE	*54*	*81*	*95*
Taxpayer Experience	**Taxpayer Digital Communications Outbound Notification (TDC-ON)**		**$3,103**	**$8,255**	**$10,000**
Taxpayer Experience	*Providing taxpayers access to fast, secure, and personalized digital communications delivered through a secure messaging platform.* The IRS will continue developing digital notices available through a secure online account for taxpayers who prefer that channel over mailed correspondence. IRS will expand the capability to allow taxpayers the choice to opt in or opt out of receiving paper notices and receive notifications through email and text message when a notice is available. TDC-ON will allow the IRS to move away from paper-based notifications and allow taxpayers to navigate directly to IRS online payment tools, increasing the likelihood of taxpayer acts and expediting the resolution of tax-related issues.	Capital	2,435	6,555	9,000
Taxpayer Experience		Support	0	0	0
Taxpayer Experience		Labor	668	1,700	1,000
Taxpayer Experience		*FTE*	*4*	*11*	*6*
Taxpayer Experience	**Live Assistance**		**$107**	**$0**	**$15,000**
Taxpayer Experience	*Implementation of Call Center technologies to improve the taxpayer experience.* This includes both taxpayer-facing capabilities and infrastructure improvement to support the capabilities. Funding for Live Assistance ensures functionality that may include callback, live chat, automated chat, natural language processing, etc., which will help alleviate taxpayer frustration related to long wait times, when millions of phone calls are received each year via IRS' many toll-free numbers, especially during the filing season.	Capital	0	0	12,000
Taxpayer Experience		Support	0	0	0
Taxpayer Experience		Labor	107	0	3,000
Taxpayer Experience		*FTE*	*1*	*0*	*18*
Taxpayer Experience	**Taxpayer Experience - Subtotal**		**$33,476**	**$41,200**	**$55,000**
Taxpayer Experience	***FTE***		***58***	***92***	***119***
Core Taxpayer Services and Enforcement	**Customer Account Data Engine (CADE 2)**		**$95,908**	**$100,000**	**$100,000**
Core Taxpayer Services and Enforcement	*Providing modernized individual tax processing.* Completion of the "Customer Account Data Engine" (CADE) Transition State 2 (TS2) will help modernize the technology environment that enables the IRS to process more than 150 million individual tax returns each year. This modernization enables enhanced data accessibility 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. Funding in FY 2022 will ensure the Individual Tax Processing Engine (ITPE) project, which is a key component of TS2, is able to convert approximately 200,000 lines of legacy assembly language code to modern software language.	Capital	70,635	76,767	76,227
Core Taxpayer Services and Enforcement		Support	23	52	52
Core Taxpayer Services and Enforcement		Labor	25,250	23,181	23,721
Core Taxpayer Services and Enforcement		*FTE*	*138*	*136*	*139*
Core Taxpayer Services and Enforcement	**Customer Account Data Engine (CADE 2) Target State**	Capital	**$0**	**$0**	**$5,000**
Core Taxpayer Services and Enforcement	CADE 2 Target State will provide state-of-the-art individual taxpayer account processing and data-centric technologies for maintaining and balancing individual taxpayer account data to reduce operations & maintenance costs, improve taxpayer service quality, enhance responsiveness to legislative changes, and eliminate financial weaknesses. The program will allow the IRS to retire the most complex portion of the Individual Master File (IMF), a step towards fully retiring the IMF.				
Core Taxpayer Services and Enforcement	**Enterprise Case Management**		**$63,143**	**$64,000**	**$64,000**
Core Taxpayer Services and Enforcement	*Providing a modernized case management platform*. The IRS routinely interacts with individual taxpayers, small and large businesses, tax-exempt organizations, and a wide spectrum of intermediaries. The current case management environment, comprised of multiple systems that often do not communicate with each other, causes the IRS to treat each selected interaction as a separate case, which significantly limits the effectiveness and efficiency of each case interaction. This disconnect adds frustration and prolongs case resolution. Funding will ensure the complex undertaking of transitioning to an enterprise case management system with standard business processes. The main benefit is that authorized IRS employees will be able to see an individual taxpayer's entire range of tax issues, relevant case data, and communications, which will ultimately resolve cases faster.	Capital	48,031	43,318	43,475
Core Taxpayer Services and Enforcement		Support	114	50	50
Core Taxpayer Services and Enforcement		Labor	14,998	20,632	20,475
Core Taxpayer Services and Enforcement		*FTE*	*81*	*113*	*112*
Core Taxpayer Services and Enforcement	**Core Taxpayer Services and Enforcement - Subtotal**		**$159,051**	**$164,000**	**$169,000**
Core Taxpayer Services and Enforcement	***FTE***		***219***	***249***	***251***

Modernized IRS Operations	**Robotics Process Automation**		**$983**	**$855**	**$0**
	Automating repetitive, rule-based, manual tasks and mitigating human error risks. Robotic Process Automation (RPA) has emerged as an effective enabling technology to gain efficiencies by doing just this. 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. IRS business units are highly motivated to find operational efficiencies to improve services and automate workflow for a wide range of taxpayers to significantly relieve administrative burden. Funding this effort will ensure that a series of initial limited use projects and activities will provide additional functionality and efficiency gains.	Capital	607	606	0
		Support	4	0	0
		Labor	372	249	0
		FTE	*2*	*5*	*0*
	Application Program Interface (API) Implementation		**$0**	**$5,000**	**$0**
	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	4,730	0
		Support	0	0	0
		Labor	0	270	0
		FTE	*0*	*2*	*0*
	Cloud Execution		**$2,502**	**$10,000**	**$0**
	Leveraging cloud technologies to provide value and improved service to taxpayers. The IRS has adopted a cloud strategy, which aligns to the Federal strategy, and will migrate various workloads to the cloud as appropriate. Because the IRS can securely host tax applications in the cloud, even for major efforts like Enterprise Case Management, funding this set of capabilities will be critical to stabilizing the cost of operations and maintenance and further enhancing the agency's security posture.	Capital	2,217	8,500	0
		Support	3	0	0
		Labor	282	1,500	0
		FTE	*1*	*9*	*0*
	Next Generation Infrastructure		**$226**	**$73**	**$15,000**
	Providing a more efficient, scalable and flexible architecture. Funding will ensure the implementation of advanced IT infrastructure tools and technologies for compute, network and storage activities. The combination of these capabilities will help further automate and modernize the technology infrastructure and convert legacy code to modern programming languages.	Capital	0	0	14,000
		Support	1	0	0
		Labor	225	73	1,000
		FTE	*1*	*2*	*6*
	Modernized IRS Operations - Subtotal		**$3,711**	**$15,928**	**$15,000**
	FTE		***5***	***17***	***6***
Cybersecurity and Data Protection	**Vulnerability and Threat Management**		**$31,729**	**$23,171**	**$20,101**
	Enabling proactive threat and vulnerability identification. This is achieved by 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. Funding will ensure the IRS focuses on preventing unauthorized access to tax accounts and unauthorized disclosure of taxpayer data. These capabilities provide full visibility into servers and endpoints for monitoring and analyzing data to identify and prevent threats.	Capital	30,939	21,136	17,451
		Support	0	0	0
		Labor	790	2,035	2,650
		FTE	*5*	*12*	*18*
	Identity and Access Management		**$14,790**	**$9,123**	**$19,305**
	Preventing malicious and unintended access and disclosure of taxpayer and other sensitive data by establishing trusted and streamlined access to information through implementing Identity Access Management, Infrastructure Integrity, and Privilege Management capabilities. Identity and Access Management (IAM) refers to the processes, technologies and policies for managing users' digital identities and controlling their use to access enterprise resources.	Capital	14,561	8,533	19,105
		Support	0	0	0
		Labor	229	590	200
		FTE	*1*	*4*	*2*
	Security Operations and Management		**$14,894**	**$13,705**	**$11,594**
	Securing taxpayer data and systems. Funding security operations and management includes those activities needed to secure taxpayer data and the systems that handle or store that data through full visibility of hardware and software on the network, as well as enhance incident response and detection of internal threats to data and systems.	Capital	14,588	13,185	11,444
		Support	32	0	0
		Labor	274	520	150
		FTE	*1*	*3*	*1*
	Cybersecurity and Data Protection - Subtotal		**$61,413**	**$46,000**	**$51,000**
	FTE		***7***	***19***	***21***
Supporting Projects	**Architecture, Integration, and Management**		**$26,567**	**$6,000**	**$11,000**
	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	20,036	4,333	8,434
		Support	2	0	76
		Labor	6,529	1,667	2,490
		FTE	*33*	*10*	*15*
	Core Infrastructure[3]		**$14,668**	**$0**	**$0**
	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	8,567	0	0
		Support	0	0	0
		Labor	6,101	0	0
		FTE	*32*	*0*	*0*
	Subtotal Supporting Projects		**$41,235**	**$6,000**	**$11,000**
	FTE		***65***	***10***	***15***

[1] Capital Investment funding: capital and contractor labor costs. Support funding: training, travel, supplies costs. Labor funding: IRS employee pay and benefits costs.

[2] For the Carryover Balance, the FY 2021 Operating Plan amount reflects a reduction of $11.3K to account for BSM Management Reserve funding that was transferred to a Q-Fund to cover a prior year obligation.

[3] Effective FY 2021, Core Infrastructure will be paid from the Operations Support appropriation because those expenses are enterprise costs and not specific to the BSM program.

C – Changes in Performance Measures

Performance Measure or Indicator	Proposed Change and Justification
1. Rentable Square Feet per Person (RSFPP) – modify	In previous budget submissions this measure was reported as an indicator with no target. IRS collected sufficient longitudinal data to set targets for this measure. RSFPP will be reported as a measure in the FY 2022 CJ.

Section III – Supplemental Information

3.1 – Summary of Capital Investments

I. Introduction

The IRS Information Technology (IT) organization enables the business operations and modernization of the nation's tax system. IT continues to provide the critical support needed as the IRS faces an ever-changing and complex tax administration environment. The IRS embraced the opportunity for change this year, significantly enhanced cybersecurity defenses, and delivered on modernization commitments. The IRS achieved its core mission while responding and adjusting to the needs of taxpayers and IRS employees facing the COVID-19 pandemic, which included extending the tax filing season, rapidly implementing economic impact payments and tax changes, and enabling a remote workforce. Simultaneously, the IRS implemented provisions of the Taxpayer First Act (TFA), which will significant improvements in the way the agency serves taxpayers, while continuing to enforce the tax laws in a fair and impartial manner. For IRS IT specifically, TFA implementation included developing a multi-year strategic plan (IT Strategic Plan), securing an independent validation and verification of major program plans, and implementing other provisions. The IRS IT Annual Key Insights Report summarizes major accomplishments delivered each year, as well as progress in meeting key performance measures associated with the eight goals of the IRS IT Strategic Plan.

Given that approximately 96 percent of the gross receipts of the United States are processed through the IRS, the success of our country depends, in significant part, upon the continued success of IRS IT. The IRS Strategic Plan 2018-2022, the IT Strategic Plan, Enterprise Technology Blueprint, and IRS Integrated Modernization Business Plan set a foundation to articulate a vision for a 21st century IRS IT environment leveraging modern technologies and adopting IT best practices. The American Rescue Plan (ARP) Act of 2021 provided $1.0 billion for IT modernization efforts reshape which will allow the IRS to modernize its technology landscape and improve cybersecurity across the IRS IT infrastructure. The Capital Investment Strategy outlines and expands the technology initiatives and IT investments to achieve this vision. The American Rescue Plan Act and Modernization section provides an overview of modernization enabled through the ARP.
IV. The Enterprise Technology Blueprint section covers each of the existing Modernization Plan technology initiatives and IT investments. The Modernization Initiatives Alignment to IT Strategic Plan section presents how the initiatives and investments align to the IT Strategic Plan goals.

II. IT Strategic Plan

As part of TFA, the IRS developed and is implementing a multi-year IT strategic plan that strengthens the agency's ability to communicate and plan for long-term technology needs. The Plan to articulates the goals and objectives to achieve the IRS technology target state and deliver value to taxpayers. This plan is structured to address key factors driving the opportunity for change, including the need to meet the public's expectations, simplify the existing IRS technology base, adopt emerging technology trends, stay ahead of cybersecurity threats, comply with federal mandates and guidelines, and support the workforce with the advanced technology training needed to stay current in their skills. The implementation of these goals and objectives is captured through the Annual Key Insights Report (AKIR) and the integrated enterprise architecture, which includes the Enterprise Technology Blueprint (ETB) and the Target Enterprise Architecture (TEA). Figure 2 summarizes IT's strategic goals for FY 2020–2024.

GOAL 1	Customer Experience	Enhance the experience for taxpayers, third parties, and IRS employees through omnichannel solutions that are transparent, easy-to-use, and secure
GOAL 2	Applications and Services	Architect modular and reusable technology solutions to incrementally reduce technical debt
GOAL 3	Data	Advance data quality, access, usability and analytics to inform decision making and improve tax administration
GOAL 4	Platforms and Infrastructure	Increase the efficiency and currency of technology investments through the reuse of common enterprise services on resilient, scalable, and open platforms
GOAL 5	Security	Protect the security and integrity of the tax system
GOAL 6	Workforce	Cultivate a well-equipped, diverse, flexible and engaged workforce
GOAL 7	Technology Management	Adopt and embrace modern technology management practices that keep pace with industry
GOAL 8	Innovation	Continually drive adoption of new ways of working

Figure 2 - IT Strategic Goals FY 2020-2024

The IT Strategic goals set the enterprise-wide technological priorities, which then inform the long-term technological vision published in the Enterprise Technology Blueprint.

III. Enterprise Technology Blueprint (ETB)

The Enterprise Technology Blueprint articulates the envisioned long-range technology environment and describes how technology will be employed in support of the strategic IRS business direction. The ETB depicts the adoption of advancing capabilities, modernizing applications and technical services within the IRS production environment.

The ETB is organized around the interrelated elements of the IRS Enterprise Architecture framework, as shown in Figure 3, to provide a cross-cutting frame of reference for analyzing the current state of IRS operations and to envision a future state. It is intended to facilitate dialogue among IRS business and IT leaders around future vision and priorities, align business and IT strategies, guide enterprise architecture planning and solutions development, and enable line of sight for evaluating investment proposals. The ETB also encompasses a set of interrelated views that depict the future of tax systems, IT operations, and IT services to achieve the IRS vision. The ETB is a living document that is continuously reviewed and updated as appropriate.

Figure 3 IRS Enterprise Architecture Framework

In combination with the IRS and IT Strategic Plans, the ETB captures the enterprise vision for the IRS technology environment. The IRS Integrated Modernization Business Plan, described in Section VI, highlights specific technology initiatives and IT investments that realize this vision.

IV. American Rescue Plan Act and Modernization

Funding provided in the American Rescue Plan (ARP) Act P.L. signed into law on March 11, 2021 will allow the IRS to accelerate the current IRS modernization plan, transform foundational IRS technology to allow future innovation, and make meaningful improvements in taxpayer service and compliance. FY 2022 funding will support modernization progress across the following areas:

- **Taxpayer / Customer Experience:** Enhances the taxpayer experience through modern platforms and capabilities aligned with the TFA Taxpayer Experience Strategy; expands availability for the Tax Pro portal; improves the customer experience for employees who support tax administration; accelerates access for:

multilingual taxpayers to IRS information/data, Enterprise Case Management (ECM), and Digitization efforts.

- **Infrastructure:** Accelerates IRS ability to leverage off-premise capabilities and efficiencies in the cloud; establishes off-premise infrastructure to house modern applications.
- **Security:** Accelerates Cyber Security modernization efforts; accelerates Secure Access Digital Identity (SADI) expansion across all taxpayer facing applications.
- **Data:** Establishes new data platform to enable data analytics and data driven decisions across IRS for Services, Enforcement and Operations efforts; enables use of CADE2 data to provide near real-time access to modernized individual account data; expands use of intelligent automation (robotics, AI, and machine learning) to improve tax administration.
- **Legacy Systems Modernization:** Accelerates IRS technology footprint reduction through retirement, consolidation, and refactoring of legacy applications; implements IMF retirement portfolio; provides for architecture and engineering support for the broader portfolio.

The ARP Modernization surge will accelerate existing work and longer-term modernization work. IT will continue to be fully transparent and communicate the investment impacts to enhance tax administration, improve operations, and positively contribute to the agency's long-term success.

V. IRS Integrated Modernization Business Plan

The IRS has made significant progress on its IRS Integrated Modernization Business Plan. The plan was developed with a phased implementation approach that acknowledged the need to adjust based on emerging priorities, technology advances, legislation, and evolving customer expectations. the FY 2021 IRS IT Annual Key Insights Report (AKIR) will provide updates on how the annual funding and the $1 billion provided in the ARP interact with the IRS technology modernization portfolio.

Executing the IRS Integrated Modernization Business Plan strategic direction enables the IRS to continue to meet federal and agency mandates, while further reducing reliance on legacy systems and aged technology that put the broader IT infrastructure at risk. The IRS has made considerable progress in the initial years of the plan, delivering 19 modernized capabilities in FY 2019, 40 capabilities in FY 2020 and on track to deliver 31 capabilities in FY 2021. The FY 2020 AKIR (**Publication 5453, Information Technology (IT) Annual Key Insight Report**) published on April 1, 2021 summarizes the progress delivered by the modernization plan program and initiatives.

MODERNIZATIO N 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	• WebApps (Web Applications) • Taxpayer Digital Communications Outbound Notifications (TDC—ON) • Live Assistance
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) • 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
Cybersecurit y & 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 using 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):** The Web Apps program and initiatives improve interactions and communications with taxpayers, the IRS, and third parties by providing a broad range of self-service options, establishing secure information exchange, and building internal capabilities. By enabling authorized third parties and taxpayers to interact digitally with the IRS, the investment provides a better user experience and delivers consistent data and services through reusable Application Programming Interfaces (APIs). Web Apps will continue to transform the way the IRS does business by enhancing the taxpayer experience and delivering new digital services that allow taxpayers expanded capabilities in FY2022. Taxpayers will be able to update contact information (address and phone number) through online account, ensuring their information is up to date. In addition, taxpayers will be able to make tax payments within online account without re-authentication or leaving the online account experience, thus improving revenue collection, and promoting voluntary compliance. Additional features will allow taxpayers to schedule/modify scheduled payments and store bank information. As part of the Tax Pro effort, authorized tax professionals will benefit from the capabilities that modernize certain paper-based processes to help resolve issues with the IRS on behalf of their clients. These include the ability to manage new and pending authorization requests, view/print confirmation of submission and expiration of out-of-date authorizations, and, in future release, view/manage all existing authorizations. The taxpayer will be able to initiate Power of Attorney and Taxpayer Information Authorization forms in future release of Tax Pro. These capabilities will reduce the amount of paper forms, reduce taxpayer and tax professional burden, and reduce the time it takes to submit authorizations. Increased data accuracy and security will ensure the entire process is secure in confirming and protecting identity. The Modernized Installment Agreement capabilities will also expand, enabling taxpayers to establish long-term payment plans in Online Account.
- **Taxpayer Digital Communications Outbound Notifications (TDC-ON):** TDC-ON provides taxpayers access to fast, secure, and personalized digital communications delivered through a secure messaging platform. The IRS will continue to develop more digital notices, anticipating that 50 percent of all outbound notice volume will be digitalized by the end of FY 2022. Taxpayers will be able to opt in or opt out of receiving paper notices and receive notifications through email and SMS when a notice is available. TDC-ON will allow the IRS to move away from paper-based notifications and allow taxpayers to navigate directly to IRS online payment tools, increasing the

likelihood of taxpayer action and expediting the resolution of tax-related issues.

- **Live Assistance:** IRS is engaged in several projects to enhance the experience for taxpayers who call IRS for live assistance, including expanding customer call-back, redesigned customer voice portal, and improved identity verification. Future live assistance enhancements will broaden service channels to include live text chat, virtual assistant capabilities, and video chat assistance. In FY 2020, the IRS finished its second successful year of offering Customer Callback (CCB) service. The IRS expanded CCB from one application to five toll-free applications and offered CCB service to 1.22 million taxpayers. Of these, nearly 835,000 callers accepted the CCB option, representing a 68 percent acceptance (take rate), about 10 percentage points above industry averages. In total, CCB achieved a success rate of nearly 90 percent and saved taxpayers 486,000 hours of live hold time by allowing them to leave a callback number, disconnect, and await their reconnect call with an available phone agent. In FY 2021 IT has already expanded CCB to a total of 16 applications including 2 Spanish language lines. For FY 2022, IRS plans to initiate work to create a "Digital Customer Service" model via a "multi-channel" platform that provides real-time assistance to taxpayers via their choice of channel. Agent Desktop Modernization offers numerous benefits including the ability improve agent efficiency by making taxpayer knowledge easier to find, and the flexibility of product makes it configurable, to provide a platform that brings together voice, chat, secure messaging, and virtual assistance via a digital agent.

B. Core Taxpayer Services and Enforcement

- **CADE 2 Transition State (TS2):** The Customer Account Data Engine 2 (CADE 2) Program will 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. Key TS2 accomplishments include:
    - Implementation of common code across IRS systems to enable consistent and accurate Penalty and Interest calculations on financial statements
    - Deployment of database conversion capability allowing IRS to retain expanded taxpayer history for approximately two billion taxpayer records, improving service and enhancing compliance

  The Individual Tax Processing Engine (ITPE) project is a critical TS2 project which will convert approximately 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). In FY 2022, the program will continue execution of the ITPE project, with a planned development end date of April 2023.

- **CADE 2 Target State:** CADE 2 Target State will provide state-of-the-art individual taxpayer account processing and data-centric technologies for maintaining and balancing individual taxpayer account data to reduce operations & maintenance costs, improve taxpayer service quality, enhance responsiveness to legislative changes, and eliminate financial weaknesses. The program will allow the IRS to retire the most complex portion of the Individual Master File (IMF), a step towards fully retiring the IMF. The CADE 2 Target State stand up and planning will address future capabilities that will allow direct visibility and access to taxpayer account detail on a near real-time basis and furthers the overarching effort to retire the IMF. Achieving these main goals of the CADE 2 program will result in enhancements to taxpayer experience by providing accelerated account info updates in near-real time, streamlined customer service operations by distributing data to downstream systems for accelerated issue resolution. CADE 2 Target State also aids in stabilizing the IRS's legacy footprint and realizing enterprise priorities for legacy code conversion. The first two releases will primarily cover four capabilities:

  1. Support Financial Reconciliation reports to confirm CADE 2 data is in balance within accounting cycles
  2. Provide taxpayer account data to downstream account management systems from the CADE 2 database
  3. Development of specialized individual taxpayer reports and data feeds for refunds, transcripts, notices, and feeds to other federal agencies
  4. Establish an analytical data store of individual tax data for analytics platforms that support enterprise-wide data access strategy

- **Enterprise Case Management (ECM):** ECM provides the IRS with an enterprise solution for streamlining case and workload management processes to improve the quality and effectiveness of case interactions with individual taxpayers, small and large businesses, tax-exempt organizations, and a wide spectrum of intermediaries. ECM will digitize case information, provide business automation, and increase resource alignment across IRS business units to improve customer service and reduce the timeframe for case resolution. In FY 2020, ECM Release 1 delivered the foundational platform and capabilities of a new cloud-based case management solution. Subsequent ECM releases in FY 2021 and beyond will provide integrated case management to a widening circle of business units across the IRS. In FY 2022, ECM will include the data integration with individual taxpayer account data needed for the Small Business/Self Employed, Appeals, and Counsel – Offer in Compromise and Office of Professional Responsibility business processes. These capabilities will enable the program to scale and migrate additional business processes concurrently in the Release 4 timeframe.

- **Information Returns System Processing (IRSP):** IRSP consists of a modern intake database and applications that allow for improved document matching to improve intake consistency. This initiative provides capabilities that will enable a modernized solution for acceptance, validation, perfection, management, and use of Information Returns (IR) data. IRSP will also enhance compliance processing by providing modern data distribution of IR data. The scope of IRSP includes evaluating the impact of IR modernization across multiple business processes (corporate data, submission, corporate processing, compliance, etc.), coordinating the IR business processes across intake, validation, posting, assimilation and data sharing, performing modernization of legacy systems that perform functions across the IR workflow, and designing and developing a scalable solution and modernized intake platform to accommodate all IR form types. IR Modernization has been broken into four main phases, the first of which addresses Taxpayer First Act (TFA) Provision 2102 mandates to develop an internet portal for 1099 Information Returns. Phases 2-4 include modernization of extension and waivers, conversion of all IR compliance programs into a modern platform, and modern reporting and analytical capabilities, respectively. The IRSP target architecture transitions and replaces legacy systems to modern, adaptive, and sustainable technologies to reduce operations and maintenance (O&M), provides increased architecture flexibility and elasticity to support growing IR volumes, types, and emerging business requirements, and increases availability, reliability, and distribution of IR data to support enhanced compliance and security processes.

C. Modernized IRS Operations

- **Robotics Process Automation (RPA):** Robotic Process Automations (RPA) will enhance business process execution, efficiency, speed, and accuracy by automating repeatable manual tasks, allowing IRS employees to focus on higher value-added work and decreasing business cost. To prove the benefits of implementing automations within the IRS, a focus group of six manual processes across four business areas were selected for automation. These target automation efforts produced an average efficiency improvement of 77 percent over the manual processes, with one automation providing an improvement of 92 percent. During FY 2022 funding will be used to create enterprise RPA platform and automation development approach that can scale to meet the growing IRS automation demand and leverage intelligent automation technologies like artificial intelligence and machine learning for the future.
- **Data Digitization:** Data Digitization is the process of converting analog information into a machine-readable digital format that can be stored digitally through traditional scanning processes, transcription, or other technology, and can be processed by a computer to be easily shared and accessed. The IRS achieved significant operational efficiencies by digitizing paper processes and increasing access to electronic data to support advanced analytics. This effort will implement new technology to scan and store incoming paper forms and correspondence in an electronic format, as well as modify the paper processing pipeline and retire additional legacy systems. IRS seeks a coordinated approach to scan paper, convert it to OCR content, apply standardized metadata, and integrate the digital result with records and content management systems so that content is systematically maintained and easily retrieved. Data Digitization will modernize and integrate technologies and systems that support secure, flexible, and accurate work across IRS functions and promote operational efficiencies and coordination across business units. Data Digitization promotes centralized scanning and data extraction across all business units to reduce operational complexity, streamlines business processes and enhances portfolio rationalization by adopting existing systems to process both paper and electronic forms, and strengthens data intake capabilities to enable the validation, storage, protection, and sharing of data.

- **Application Programming Interface (API) Implementation:** API Implementation incorporates efforts to drive internal and external API deployment. APIs allow data exchange through services via standard, reusable common programming code, allowing software developers to design applications that interact with one another and expose back-end data/systems in a uniform and consistent way. The implementation of capabilities will provide:
    - Physical environments for deploying new APIs that support IRS business operations and stakeholders who rely on IRS data
    - An environment where authorized parties have easier access to IRS data and streamlines the data exchange, which places the IRS in a better position to serve clients and helps ensure the most efficient use of common services
    - An environment where customers can have secure access to taxpayer data
    - A governance and life cycle management framework for the design, development, test, deployment, and maintenance of APIs

  API implementation has developed the API Initial Operating Capability and deployed three APIs on the Enterprise Systems Access Management (ESAM) platform for automated registration. In the future, API Implementation will continue to enable Enterprise API Deployment and Management through tools and deployment of services for both producers and consumers of APIs as well as a consistent approach for API development, utilization, as well as management through imbedded system automation.
- **Universal Data Hub / Analytics Tools / Platform (UDH):** UDH consists of a modernized infrastructure providing universal data access under a unified technology platform. This effort is instrumental to delivering on IRS' Strategic Goal of using facts and data to inform decision-making and provide more robust access to data. This program will streamline data availability and allow for more data-driven business decisions. UDH will also 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. UDH provides universal access to tax data, 3rd party metadata and other data in formats most suitable for operational use and analytical consumption. While UDH will provide analytics tools and service, the true value lies in establishing a data pipeline to provide data to Business and IT

users in a seamless and expedited fashion and make data more readily available for analytics and operational use.

- **Cloud Execution:** The Enterprise Cloud program will adopt cloud technologies to enable the delivery of secure, agile, and efficient service offerings to the enterprise and the taxpayer. The IRS Cloud Target State calls for achieving a hybrid, multi-cloud ecosystem with multiple Cloud Service Providers (CSPs), service models, and deployment models. The program has developed a Cloud Roadmap which is a three-year plan/view of activities to progress towards the IRS Cloud Target State. To mature the ecosystem, it completed NetHub AWS GovCloud (IRS's cloud of choice for FY 2021) Release 1 providing access to AWS GovCloud for cloud consumers and built a Continuous Integration/Continuous Development pipeline that will deploy containerized applications to AWS GovCloud environments and support cloud migrations. An application modernization approach was developed to identify and determine future cloud migrations and migration paths. The program has also developed a framework to assess impacted workforce and identify training needs for cloud consumers and cloud foundational capabilities identified in the Cloud Roadmap. Future plans include maturing the cloud ecosystem, introducing new or improve existing capabilities to accelerate app migration, enhancing cyber security resilience, and streamline provisioning of cloud services.
- **Next Generation Infrastructure**: Next Generation Infrastructure provides a more efficient, scalable, and flexible architecture by implementing advanced IT infrastructure tools and technologies for compute, network, and storage activities. The combination of these capabilities will help further automate and modernize the technology infrastructure and convert legacy code to modern programming languages.

D. Cybersecurity and Data Protection

- **Vulnerability and Threat Management (VTM):** VTM enhances the ability to secure taxpayer data and systems through full visibility of hardware and software on the network and enhances incident response and detection of internal threats to data and systems yielding increased vigilance and proactive monitoring of overall risk. VTM provided an Initial Operating Capability (IOC) for the Enhanced Security Testing (EST) and Process automation to deliver enhanced security testing throughout the system development lifecycle which is expected to achieve over 80 percent code vulnerability reduction and over 85 percent review time reduction during FY 2021 filing season. VTM delivered IOC capabilities for analytics tools which will leverage machine learning to proactively identify and respond to emerging insider threats and fraudulent behavior. VTM will continue to enhance security testing capabilities, with specific emphasis on detecting insider threats and fraudulent activity. It will also embed and integrate security into the system development lifecycle, so security concerns are identified and addressed prior to system deployment, and will continue to aggregate collected data from a diverse set of security tools, analyze and query the data, and provide overall situational awareness by establishing a dashboard that helps identify cybersecurity risks and enables rapid remediation.

- **Identity and Access Management (IAM):** IAM includes development of a common platform for secure authorization and authentication services to protect sensitive data at rest and in transit through discrete encryption capabilities. Leveraging the common platform in the organization's operational architecture as well as its cloud migration plan, the IAM program successfully provided initial operating capability. As a result, prevention/mitigation of malicious or unintended access and disclosure of taxpayer and other sensitive data was achieved. Through continued modernization and phased maturation of common platform capabilities, as well as process improvement efforts, the IAM program will deliver final operating capability. The program is responsive and agile, adapting to changing requirements of the operational environment throughout its implementation. The program is currently on track to support the intended end-state solution for data protection at rest and in transit. A fully functional IAM capability allows the organization to understand who is on the network and is conducive to supporting the Privileged Access Management (PAM) function for automated provisioning/deprovisioning of access to devices on the network.
- **Security Operations and Management (SOM):** SOM provides enhanced capability to secure taxpayer data and systems through full visibility of hardware and software on the network and improve incident response and detection of internal threats to data systems. The organizational requirement for effective and efficient security within systems spans across multiple environments. SOM establishes security standards, services, and tools appropriate and adaptable to an evolving technology landscape. Integration of security processes into service designs, operational lifecycles, and everyday business practices ensures delivery of systems and technology with inherent security-minded characteristics and features. SOM is an iterative and continuous business best practice focused on security measures throughout the enterprise and development lifecycle. Integrating security throughout the

delivery lifecycle requires phased testing at all stages of technological development, collaboration between teams to define and support secure approaches, and the proactive embedding of cybersecurity within new technologies prior to entering production. This capability is on track to deliver the desired end state of end-to-end visibility and common platforms. In concert with IAM and VTM, SOM facilitates a stronger security posture for the agency through technological advancement and process modernization. SOM provides IRS security practitioners the information needed to stay ahead of the curve, and to proactively build-in the system capacity for responsiveness and resilience against known, unknown, or unanticipated threats.

VI. Modernization Initiatives Alignment to IT Strategic Plan

IT Strategic Plan Goals / Modernization Plan Initiatives	Web Applications	Taxpayer Digital Communications Outbound Notifications (TDC-ON)	Live Assistance (Callback & Omnichannel)	Customer Account Data Engine (CADE) 2 Transition State / CADE 2 Target State	Enterprise Case Management	Real-Time Tax Processing	Information Returns System Processing	Application Programming Interface (API)	Cloud Execution	Data Digitization	Next Generation Infrastructure	Robotics Process Automation	Universal Data Hub / Analytics Tools/Platform	Identity & Access Management (IAM)	Security Operations & Management	Vulnerability & Threat Management
GOAL 1 **Customer Experience** Enhance the experience for taxpayers, third parties, and IRS employees through omnichannel solutions that are transparent, easy-to-use, and secure	✓	✓	✓			✓		✓	✓	✓	✓		✓	✓	✓	✓
GOAL 2 **Applications and Services** Architect modular and reusable technology solutions to incrementally reduce technical debt	✓				✓	✓	✓	✓	✓	✓	✓		✓			
GOAL 3 **Data** Advance data quality, access, usability and analytics to inform decision making and improve tax administration				✓		✓	✓	✓	✓	✓	✓		✓	✓	✓	✓
GOAL 4 **Platforms and Infrastructure** Increase the efficiency and currency of technology investments through the reuse of common enterprise services on resilient, scalable, and open platforms	✓			✓	✓	✓		✓	✓	✓	✓		✓			
GOAL 5 **Security** Protect the security and integrity of the tax system	✓	✓	✓						✓				✓	✓	✓	✓
GOAL 6 **Workforce** Cultivate a well-equipped, diverse, flexible and engaged workforce				✓	✓							✓				
GOAL 7 **Technology Management** Adopt and embrace modern technology management practices that keep pace with industry		✓	✓	✓	✓		✓		✓	✓	✓	✓	✓	✓	✓	✓
GOAL 8 **Innovation** Continually drive adoption of new ways of working	✓				✓	✓		✓			✓					

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

The actual cost and actual revenue collected for FY 2016 through FY 2020 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 2016			FY 2017			FY 2018			FY 2019			FY 2020		
Enforcement Program	**Cost[1]**	**Revenue**	**ROI**	**Cost[1]**	**Revenue**	**ROI**	**Cost[1]**	**Revenue**	**ROI**	**Cost[1]**	**Revenue**	**ROI**	**Cost[1]**	**Revenue**	**ROI**
IRS Total	**$5,592**	**$54,291**	**9.7**	**$5,506**	**$56,914**	**10.3**	**$5,559**	**$59,366**	**10.7**	**$5,418**	**$57,523**	**10.6**	**$6,542**	**$51,085**	**7.8**
Examination	3,782	12,023	3.2	3,693	15,102	4.1	3,716	15,017	4.0	3,568	10,877	3.0	4,764	8,253	1.7
Collection	1,576	37,259	23.6	1,600	36,498	22.8	1,635	38,985	23.8	1,625	41,793	25.7	1,588	38,948	24.5
Automated Underreporter (AUR)	234	5,009	21.4	214	5,314	24.9	208	5,364	25.7	225	4,853	21.6	190	3,884	20.4

[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

3.3 – IRS Performance Measures Table

IRS Performance Measures

Performance Measures	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2020 Target	FY2021 Target	FY2022 Target
Customer Service Representative Level of Service (LOS)[1]	53.4%	77.1%	75.9%	65.4%	53.1%	60.0%	32.0%	75.0%
Customer Accuracy - Tax Law (Phones)	96.4%	96.7%	95.5%	91.6%	91.0%	92.0%	90.0%	90.0%
Customer Accuracy - Accounts (Phones)	96.1%	96.0%	96.1%	94.3%	93.5%	94.0%	91.0%	91.0%
Timeliness of Critical Filing Season Tax Products to the Public[2]	92.5%	93.1%	59.6%	92.6%	78.4%	89.0%	85.0%	89.0%
Timeliness of Critical TE/GE & Business Tax Products to the Public[2]	98.0%	96.7%	100.0%	96.1%	96.0%	89.0%	85.0%	89.0%
Percent of Business Returns Processed Electronically[3a]	50.0%	52.9%	55.6%	57.8%	67.4%	60.0%	Discontinued	Discontinued
Enterprise Self-Assistance Participation Rate[4]	89.0%	79.0%	82.0%	85.4%	90.6%	82.0%	89.0%	89.0%
Taxpayers Satisfied with the IRS (based on 100 point scale)[5]	74	74	74	73	74	Indicator	Indicator	Indicator
Examination Coverage - Individual[3b]	0.7%	0.6%	0.6%	0.45%	0.29%	0.48%	Discontinue	Discontinue
Examination Coverage - Business (Assets > $10 million)[3b]	3.0%	2.5%	2.2%	1.6%	1.3%	1.7%	Discontinue	Discontinue
Examination Efficiency - Individual	143	121	131	109	76	115	111	117
Automated Underreporter Coverage[3a]	2.3%	2.2%	2.0%	1.3%	0.6%	1.7%	Discontinued	Discontinued
Time to Start Compliance Resolution[6]		58.8%	60.1%	60.9%	66.3%	Indicator	Indicator	Indicator
Time to Resolve Compliance Issue After Filing[6]		491	494	469	491	Indicator	Indicator	Indicator
Repeat Non-Compliance Rate[6]		29.2%	30%	31.4%	35.6%	Indicator	Indicator	Indicator
Collection Coverage (Units)	43.4%	42.2%	41.6%	41.3%	34.9%	39.7%	33.0%	33.0%
Cost to Collect $100	$0.35	$0.34	$0.34	$0.33	$0.35	Indicator	Indicator	Indicator
Criminal Investigations Completed	3,721	3,089	3,051	2,797	2,624	2,700	2,600	2,600
Conviction Rate	92.1%	91.5%	91.7%	91.2%	90.4%	92.0%	92.0%	92.0%
Rentable Square Feet per Person		297	301	298	278	298	280	270
Percent of Aged Hardware[7]	52.2%	52.3%	45.5%	31.0%	16.0%	30.0%	20.0%	20.0%
Percent of Major IT Investments within +/- 10% Cost Variance at the Investment Level	76.2%	50.0%	72.2%	88.9%	84.2%	90.0%	90.0%	90.0%
Percent of Major IT Investments within +/- 10% Schedule Variance at the Investment Level	85.7%	88.9%	83.3%	88.9%	94.7%	90.0%	90.0%	90.0%

[1] These telephone phone lines service 78% of all telephone traffic. The FY20 Enterprise LOS is 51.2%. The Enterprise LOS measures the relative success rate of taxpayers calling to speak with an IRS Assistor on any IRS toll-free line—not just those answered by Accounts Management CSRs.

[2] Modified in FY 2019

[3] a. Discontinued in FY 2020; b. Requested discontinuing measure for FY 2021 budget reporting; new measures under development for FY 2021.

[4] 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.

[5] 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.

[6] New measure added for FY20; historical data provided for comparative purposes.

[7] The measure definition changed in FY18; 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.

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 - 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 (CIFS) tax products available to the public seven calendar days before the official IRS start of the (individual) filing season. CIFS tax products are those tax forms, schedules, instructions, and publications required by large number of filers to prepare a complete and
Timeliness of Critical TE/GE & Business Tax Products to the Public	The percentage of Critical Tax Exempt/Government Entities (TE/GE) and Business (CTB) tax products available to the public seven calendar days before the official IRS start of the individual filing season. CTB tax products are forms, schedules, instructions, and publications used by large number of TE/GE and Business filers to prepare a complete and reasonably accurate return or form by the filing date occurring during the fiscal year (e.g., income tax, excise tax, exempt organization return, etc.).
Percent of 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 (based on a 100-point scale)	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	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 median time it takes to close all individual income tax enforcement cases in days (excluding disaster, bankruptcy, and TEFRA cases for exam and collection cases that are not closed as full paid), starting from filing date.
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	The cost of collecting $100 is computed as total operating costs divided by gross collection multiplied 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 person requiring space.
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 2020 Savings Realized

Increase e-File Savings

FY 2020 Actual Savings: -$9,600,000 / -180 FTE

FY 2022 Projected Savings: -$5,585,000 / -101 FTE

The IRS realized savings of $9,600,000 and 180 FTE in FY 2020 because of the decrease in the number of paper returns processed/filed. The number of paper returns received by the IRS decreased by 2,343,531 from FY 2019 to FY 2020 which included 915,062 fewer individual paper returns and 1,428,469 fewer business paper returns.

Section IV – Appendix

4.1 - COVID-19 Supplemental Funding

Table 1: Spend Plan Including Realignments and OED through March 31, 2021

Appropriation $ in Thousands	Initial Spend Plan	Realignments through March 31, 2021 [1]	Current Spend Plan	OED through March 31, 2021	Balance Remaining
CARES Act and Families First Coronavirus Response					
Taxpayer Services	**$352,900**	**$7,891**	**$360,791**	**$346,293**	**$14,498**
CARES Act - Rebates (P.L. 116-136)	293,500	7,891	301,391	289,183	12,208
CARES Act - Supplemental (P.L. 116-136)	59,400		59,400	57,110	2,290
Enforcement	**$79,200**	**($16,497)**	**$62,703**	**$40,734**	**$21,969**
CARES Act - Rebates (P.L. 116-136)	37,200	(16,497)	20,703	7,145	13,558
CARES Act - Supplemental (P.L. 116-136)	42,000		42,000	33,588	8,412
Operations Support	**$333,600**	**$8,606**	**$342,206**	**$287,554**	**$54,652**
Families First Coronavirus Response Act (P.L. 116-127)	15,000		15,000	14,988	12
CARES Act - Rebates (P.L. 116-136)	170,000	8,606	178,606	141,746	36,860
CARES Act - Supplemental (P.L. 116-136)	148,600		148,600	130,820	17,780
Total CARES Act and Families First Coronavirus Response	**$765,700**		**$765,700**	**$674,581**	**$91,119**
Consolidated Appropriations Act, FY 2021 (EIP3)					
Taxpayer Services	**$196,435**		**$196,435**	**$157,982**	**$38,453**
Consolidated Appropriations Act, FY 2021 (P.L. 116-260)	196,435		196,435	157,982	38,453
Operations Support	**$312,565**		**$312,565**	**$129,290**	**$183,275**
Consolidated Appropriations Act, FY 2021 (P.L. 116-260)	312,565		312,565	129,290	183,275
Total Consolidated Appropriations Act, FY 2021	**$509,000**		**$509,000**	**$287,272**	**$221,728**
American Rescue Plan					
Taxpayer Services	**$422,125**		**$422,125**		**$422,125**
Advance Tax Year 2021 Child Tax Credit (P.L. 117-2)	206,300		206,300		206,300
Cost of Economic Impact Payment 3 (P.L. 117-2)	215,825		215,825		215,825
Operations Support	**$939,575**		**$939,575**		**$939,575**
Advance Tax Year 2021 Child Tax Credit (P.L. 117-2)	190,900		190,900		190,900
Cost of Economic Impact Payment 3 (P.L. 117-2)	248,675		248,675		248,675
Cost to Integrate, Modernize, and Secure IRS Systems (P.L. 117-2)	500,000		500,000		500,000
Business Systems Modernization	**$500,000**		**$500,000**		**$500,000**
Cost to Integrate, Modernize, and Secure IRS Systems (P.L. 117-2)	500,000		500,000		500,000
Total American Rescue Plan	**$1,861,700**		**$1,861,700**		**$1,861,700**
Total by account					
Taxpayer Services	971,460	7,891	979,351	504,275	475,076
Enforcement	79,200	(16,497)	62,703	40,734	21,969
Operations Support	1,585,740	8,606	1,594,346	416,844	1,177,502
Business Systems Modernization	500,000		500,000		500,000
Total	**$3,136,400**		**$3,136,400**	**$961,853**	**$2,174,547**

CARES Act and Families First Coronavirus Response Act (P.L. 116-36)

Beginning in mid-March 2020, IRS employees worked around the clock to implement major provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The IRS and Treasury began delivering the first round of EIPs within two weeks of the legislation. The IRS ultimately issued more than 160 million EIPs to taxpayers across the country totaling over $270 billion, while simultaneously managing an extended filing season. The IRS also delivered hundreds of printed products on the COVID-19 pandemic, more than 1,300 social media postings, and more than 500 informational postings on IRS.gov. Working with partners in the tax professional community, the IRS translated key EIP information into 35 different languages.

The 2020 filing season brought its own unique challenges, but the IRS responded by breaking records—Modernized e-File (MeF) receipts topped 303 million, including a single-day record that totaled more than 10 million receipts. IRS processed more than 2.275 million e-filed returns at a record hourly rate of 631 submissions per second, resulting in refunds reaching taxpayers faster. IRS shifted its response to the pandemic by extending filing season to July 15, 2020, using innovative programming, which allowed us to implement the changes quickly with no impact to American taxpayers. Undertaking implementation of this complex legislation during the 2020 filing season was very resource intensive. By February 2021, IRS implemented programming changes in IT systems to update Recovery Refund Credit (RRC) eligibility criteria, ensuring all returns with a RRC claim were processed accurately in compliance with the tax law. Due to the closure of more than 90 percent of our buildings, IRS rescaled operations for activities such as paper processing and sending notices. We maintained core operations with about 57,000 employees teleworking and others remaining in various facilities.

Throughout the COVID-19 pandemic, technology was the cornerstone of the IRS's ability to continue mission-critical work to support the American taxpayer. The IRS ensured continuity of services and support to taxpayers utilizing technology. As of September 2020, 100 percent of customer service representatives were teleworking capable. IRS enabled more than 77,000 telework end users with remote virtual private network (ERAP) access to securely connect to the IRS network.

On July 15, 2020, IRS began to test, package and then successfully deployed Zoom Government (Zoom.Gov) collaboration capabilities. Zoom capabilities were initially made available to 1,400 Office of Chief Counsel personnel, enabling attorneys to perform U.S. Tax Court litigation activities in a virtual environment. Ultimately, Zoom collaboration capabilities were extended to all employees by November 2020. This accomplishment provided employees enhanced video conferencing capabilities to conduct large virtual office collaboration meetings.

IRS expanded the 'Live Assistance/Callback' feature, resulting in offering 77 percent of filing season 2020 telephone callers the option to receive a callback, with over 85 percent of callbacks successful. For filing season 2021, IRS has worked to increase the scope of customer callback for toll-free taxpayer calls from 5 phone business applications/product lines to 16 phone applications/product lines. This should increase coverage from 19 percent of taxpayer calls to approximately 40 percent. Customer Callback for filing season 2021 went live on January 4, 2021.

Consolidated Appropriations Act, FY 2021 (P.L. 116-260)

A second round of EIPs were signed into law on December 27, 2020, and payments began posting to bank accounts just two days after legislation was enacted. IRS processed 147 million payments totaling $142 billion. As of March 31, 2021, IRS has sent more than 138 million notices to an eligible taxpayer. IRS also issued approximately 36.6 million EIPs (includes reissued payments) in the form of paper checks or debit cards for taxpayers where the IRS did not have direct deposit information. Between January 25 – 28, 2021, IRS processed the EIP 2 Reissuance Payments of 5.2 million rebate refunds, totaling $5.8 billion.

IRS increased EIP telephone service through a contract that assists with the increased volume of taxpayer questions and concerns related to EIPs using an IRS prepared scripts to answer general EIP taxpayer questions. This allows IRS CSRs to focus on more complex EIP inquiries, critical filing season calls and refund protection concerns. Approximately 23.2 million total EIP 2 calls were answered through March 12 (cut-off date for EIP 2); of that volume approximately 730 thousand were answered by IRS assistors, 17.9 million were answered through automation, and 4.5 million were answered by the contractor.

American Rescue Plan (P.L. 117-2)

The American Rescue Plan was enacted on March 11, 2021, IRS was allocated $1.862 billion. Of this, $397.2 million was for the implementation of the advance tax year 2021 child tax credit, $464.5 million to administer the third round of economic impact payments (EIP 3), and $1 billion for to integrate, modernize, and secure IRS systems. As of May 12, 2021, the IRS, in partnership with Treasury and the Bureau of Fiscal Service, disbursed approximately 165 million round-three EIPS, with a total value of approximately $388 billion.

In addition, the U.S. Department of the Treasury and IRS announced in May that the first monthly payment of the expanded and newly-advanceable Child Tax Credit (CTC) from the American Rescue Plan will be made on July 15. Roughly 39 million households — covering 88 percent of children in the United States — are slated to begin receiving monthly payments without any further action required.

Treasury and the IRS also announced the increased CTC payments, will be made on the 15th of each month, unless the 15th falls on a weekend or holiday, allowing families who receive the credit by direct deposit to plan their budgets around receipt of the benefit. Eligible families will receive a payment of up to $300 per month for each child under age 6 and up to $250 per month for each child age 6 and above. Households covering more than 65 million children will receive the monthly CTC payments through direct deposit, paper check, or debit cards, and Treasury and the IRS are committed to maximizing the use of direct deposit to ensure fast and secure delivery. While most taxpayers will not be required to take any action to receive their payments, Treasury and the IRS will continue outreach efforts with partner organizations over the coming months to make more families aware of their eligibility.

4.2 - Mandatory Funding and Program Integrity Allocation Adjustment Proposals

A well-functioning tax system requires that all taxpayers pay what they owe. An unfortunate characteristic of the current system, however, is an asymmetric adherence to tax law by the nature of income received. While reporting compliance is roughly 99% on wages, compliance across other forms of income is substantially less as the IRS has difficulty verifying whether income from opaque sources is properly reported. Noncompliance is concentrated at the top of the income distribution. A recent study found that the top one percent of earners failed to report 20 percent of their income and failed to pay nearly $175 billion in taxes owed annually.[1]

Lower levels of compliance not only impact the fairness of the tax system, but they also lower tax revenue and deteriorate our nation's fiscal position. Left unaddressed, this tax gap— the difference between taxes owed to the government and taxes actually paid— will total about $7 trillion over the course of the next decade. This massive gap in revenue means policymakers must choose between higher taxes elsewhere in the tax system, lower spending on fiscal priorities, or rising budget deficits.

The tax gap has many underlying causes, chief among them being insufficient IRS enforcement. Budget cuts over the past decade have resulted in an agency that lacks the capacity to address sophisticated tax evasion efforts. Over this period, audit rates for taxpayers making over $1 million in income have fallen by almost 80 percent.

A robust and sustained investment is necessary to ensure the IRS can do its job of administering a fair and effective tax system. The IRS requires more resources to conduct investigations into underreported income and to pursue high-income taxpayers who evade their tax liability through complex schemes. It requires 21st century technology to unpack complex tax returns and track income across various opaque sources. The IRS also needs access to better information so that the agency can target its efforts at the most egregious offenders, while helping compliant taxpayers avoid unnecessary and costly audits. This investment will also put the IRS in a position to provide taxpayers with timely answers to questions.

These considerations provide the basis for a series of proposals in the American Families Plan that overhaul tax administration and provide the IRS with the resources and information it needs to address tax evasion. A key component of this initiative is the provision of a sustained, multi-year stream of funding for tax administration. The President's proposals provide roughly $80 billion to the IRS, including $72.5 billion in mandatory funding and a $6.7 billion program integrity allocation adjustment, over a decade to fund an array of priorities. The proposals also direct that additional resources go toward enforcement against those with the highest incomes, rather than Americans with actual income of less than $400,000. Specifically, the proposals will.

- **Provide the IRS with the resources it needs to stop sophisticated tax evasion.** Over the last decade, a declining IRS budget has deprived it of the resources it needs to effectively enforce our nation's tax laws. After accounting for inflation, the IRS budget has fallen by about 20 percent, and its workforce has been depleted, with the number of revenue agents (who are dedicated to high-end evasion and large corporate cases) falling by 35 percent. As a result, IRS audits have fallen across the board, and particularly for the highest earners.

  The IRS has made clear that it needs additional resources to pursue costly tax evasion. These are not easy cases to resolve; the average investigation of a high-wealth individual takes two years to complete and often requires the IRS to commit substantial resources.

  [1] TAX EVASION AT THE TOP OF THE INCOME DISTRIBUTION: THEORY AND EVIDENCE
  http://www.nber.org/papers/w28542

  Moreover, the lack of adequate investment in compliance has significant revenue consequences. Indeed, several hundred taxpayers who committed the most egregious form of evasion—failing to file taxes all together—cost the Federal Government $10 billion over a period of just three years.

- **Overhaul outdated technology to help the IRS identify tax evasion.** Elements of IRS IT systems are antiquated and make it difficult for the IRS to identify those who are not paying their taxes and to help those who want to comply. The President's proposal provides the IRS much-needed resources to modernize its technological infrastructure. Leveraging 21st century data analytic tools will enable the IRS make use of new information about income that accrues to high-earners and will help revenue agents unpack complex structures, like partnerships, where income is not easily traced.

- **Improve taxpayer service and deliver tax credits.** A well-functioning tax system requires that taxpayers be able to interact with the IRS in an efficient and meaningful manner. Inadequate resources often mean that IRS customer service representatives are unable to provide taxpayers timely answers to their tax questions. Service enhancement will improve the ability of the IRS to communicate with taxpayers securely and promptly. Importantly, the proposal also includes the necessary resources to ensure that the IRS effectively and efficiently delivers tax credits to families and workers, including newly expanded Child Tax Credits and Child and Dependent Care Tax Credits.

- **Regulate paid tax preparers.** Taxpayers often make use of unregulated tax preparers who lack the ability to provide accurate tax assistance. These preparers submit more tax returns than all other preparers combined, and they make costly mistakes that subject their customers to painful audits, sometimes even intentionally defrauding taxpayers for their own benefit. The President's plan calls for giving the IRS the legal authority to implement safeguards in the tax preparation industry. It also includes stiffer penalties for unscrupulous preparers who fail to identify themselves on tax returns and defraud taxpayers (so-called "ghost preparers").

The table below shows the breakdown of the proposed mandatory funding by account and by year.

Mandatory Proposal by Appropriation
In Millions

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
Taxpayer Services	187	196	209	224	239	254	270	277	284	291	**2,431**
Enforcement	-	509	1,267	2,212	3,381	4,772	6,527	8,468	10,881	11,256	**49,273**
Operations Support	695	857	1,012	1,177	1,367	1,867	2,103	2,349	2,631	2,672	**16,730**
Business Systems Modernization	260	533	547	561	576	296	303	311	319	327	**4,033**
Mandatory total	**$1,142**	**$2,095**	**$3,035**	**$4,174**	**$5,563**	**$7,189**	**$9,203**	**$11,405**	**$14,115**	**$14,546**	**$72,467**

The table below shows the revenue effects of the two proposals. These proposals will generate a total of $316.2 billion in direct revenue and revenue protected and will cost $79.2 billion over the course of a decade, for net revenue of $237.0 billion over 10 years. Direct revenue is the enforcement revenue generated from IRS examination and collection efforts. Protected revenue results when IRS enforcement actions prevent the release of funds in response to taxpayers' efforts to recoup previously assessed and paid taxes.

Return on Investing in the IRS

$M	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total	Return Per Dollar Invested
Mandatory												
Cost[1]	1,142	2,095	3,035	4,174	5,563	7,189	9,203	11,405	14,115	14,546	72,467	
FTE	*2,642*	*6,729*	*13,326*	*20,874*	*29,783*	*39,803*	*51,770*	*64,770*	*80,349*	*81,743*		
Direct Revenue	-	631	3,098	6,959	12,435	19,758	29,903	40,730	53,721	63,780	231,015	3.2
Revenue Protected	-	-	214	603	1,402	2,584	4,178	6,211	8,532	11,157	34,881	
Direct & Protected Revenue	-	631	3,312	7,562	13,837	22,342	34,081	46,941	62,253	74,937	265,896	3.7
Program Integrity Allocation Adjustment (FY 2022 Hiring Wave Only)												
Cost	417	647	643	660	677	694	712	731	750	769	6,700	
FTE	*2,555*	*5,109*	*5,109*	*5,109*	*5,109*	*5,109*	*5,109*	*5,109*	*5,109*	*5,109*		
Direct Revenue	334	1,690	2,826	3,538	4,099	4,565	4,954	5,279	5,554	5,794	38,633	5.8
Revenue Protected	-	168	339	517	795	1,324	1,641	1,964	2,242	2,657	11,647	
Direct & Protected Revenue	334	1,858	3,165	4,055	4,894	5,889	6,595	7,243	7,796	8,451	50,280	7.5
Mandatory and Allocation Adjustment Combined												
Cost	1,559	2,742	3,678	4,834	6,240	7,883	9,915	12,136	14,865	15,315	79,167	
FTE	*5,197*	*11,838*	*18,435*	*25,983*	*34,892*	*44,912*	*56,879*	*69,879*	*85,458*	*86,852*		
Direct Revenue	334	2,321	5,924	10,497	16,534	24,323	34,857	46,009	59,275	69,574	269,648	3.4
Revenue Protected	-	168	553	1,120	2,197	3,908	5,819	8,175	10,774	13,814	46,528	
Direct & Protected Revenue[2]	334	2,489	6,477	11,617	18,731	28,231	40,676	54,184	70,049	83,388	316,176	4.0

[1]All costs represent budget authority in millions.

[2]Even with these adjustments, ROI estimates are a lower bound because they omit general deterrence effects that are difficult to measure.

4.3 - Appropriations Detail Table with Program Integrity Allocation Adjustment

In addition to the base appropriations request of $13.2 billion request, the Budget proposes a $417 million discretionary program integrity allocation adjustment in FY 2022 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 $287 million for the Enforcement account and $129 million for the Operations Support account. These investments will generate and protect $50.3 billion in additional enforcement revenue over 10 years and will cost $6.7 billion, for a net revenue of $43.6 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 Allocation Adjustment FY 2022 – FY 2031

Dollars in Millions

Description	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022-2031
Base	$9,334	$9,577	$9,826	$10,082	$10,344	$10,613	$10,889	$11,172	$11,462	$11,760	$105,058
Allocation	$417	$647	$643	$660	$677	$694	$712	$731	$750	$769	$6,700
Outlays	*$375*	*$620*	*$641*	*$657*	*$676*	*$692*	*$710*	*$729*	*$749*	*$767*	*$6,616*
Total (Base + Allocation)	**$9,751**	**$10,224**	**$10,469**	**$10,741**	**$11,020**	**$11,307**	**$11,601**	**$11,902**	**$12,212**	**$12,529**	**$111,758**
Direct Revenue	**$334**	**$1,690**	**$2,826**	**$3,538**	**$4,100**	**$4,564**	**$4,954**	**$5,279**	**$5,553**	**$5,795**	**$38,634**
Revenue Protected	**$0**	**$168**	**$339**	**$517**	**$795**	**$1,324**	**$1,641**	**$1,964**	**$2,242**	**$2,657**	**$11,647**
Total Revenue	**$334**	**$1,858**	**$3,165**	**$4,055**	**$4,895**	**$5,888**	**$6,595**	**$7,243**	**$7,795**	**$8,452**	**$50,281**

Return on Investment (ROI) for FY 2022 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 2022 Revenue Generating Investments

The allocation adjustment includes $308.2 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 2024 with an expected total ROI of $8.5 to $1.

Dollars in Millions	First Year (FY 2022)			Second Year (FY 2023)			Full Performance (FY 2024)		
	Cost	Revenue	ROI	Cost	Revenue	ROI	Cost	Revenue	ROI
FY 2022 Revenue Producing Enforcement Initiatives	**$308.2**	**$723.2**	**2.3**	**$498.9**	**$3,621.8**	**7.3**	**$544.0**	**$4,645.3**	**8.5**
PI Allocation Adjustment Enforcement Initiatives	**$308.2**	**$723.2**	**2.3**	**$498.9**	**$3,621.8**	**7.3**	**$544.0**	**$4,645.3**	**8.5**
Immediate and Directly Measurable Revenue-Producing Initiatives	**$308.2**	**$723.2**	**2.3**	**$498.9**	**$3,621.8**	**7.3**	**$544.0**	**$4,645.3**	**8.5**
Increase Audit Coverage	148.8	394.1	2.6	245.6	1,652.6	6.7	267.6	2,150.9	8.0
Increase Collection Coverage	159.4	329.1	2.1	253.3	1,969.2	7.8	276.4	2,494.4	9.0

FY 2022 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 $339.1 million in revenue that otherwise would need to be recovered from downstream enforcement actions for an estimated ROI of $2.4 to $1 by FY 2024.

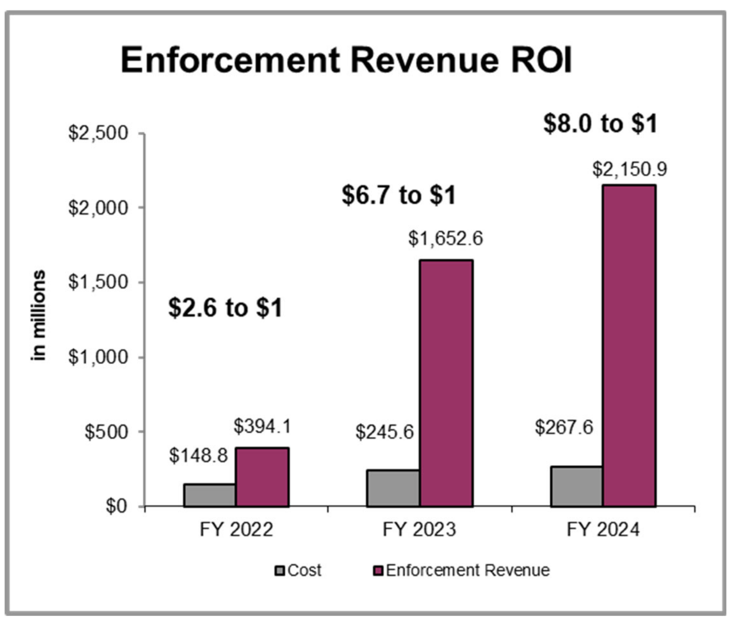
FY 2022 Revenue Protecting Enforcement Initiatives

Dollars in Millions	First Year (FY 2022)			Second Year (FY 2023)			Full Performance (FY 2024)		
	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)*	**$108.5**	**$0.0**	**0.0**	**$144.0**	**$168.0**	**1.2**	**$140.7**	**$339.1**	**2.4**
PI Allocation Adjustment Revenue Protecting Initiative	**$108.5**	**$0.0**	**0.0**	**$144.0**	**$168.0**	**1.2**	**$140.7**	**$339.1**	**2.4**
Return Review Program	38.3	0.0	0.0	43.0	163.9	3.8	42.9	321.6	7.5
Expand Coverage in the Tax-Exempt Sector	37.9	0.0	0.0	66.7	0.0	0.0	64.5	0.0	0.0
Enhance Enforcement Operations	32.3	0.0	0.0	34.3	4.1	0.1	33.3	17.5	0.5

Increase Audit Coverage +$148,810,000 / +1,043 FTE

Position Type/Other Costs	FTE	Positions	$000
Examination Coverage	**519**	**1,038**	**$85,074**
Revenue Agent	449	898	74,504
Tax Technician	70	140	10,570
Correspondence Examination	**169**	**338**	**$16,224**
Revenue Agent	3	6	467
Tax Examiner	162	324	15,377
Manager/Support Staff	4	8	380
Document Matching	**200**	**400**	**$19,060**
Tax Examiner	200	400	19,060
Other Direct Costs	**155**	**310**	**$28,452**
Revenue Agent	38	76	7,429
Paralegal	7	14	895
Appeals Officer	6	12	1,112
Attorney	50	100	10,525
Tax Examiner	8	16	1,011
Seasonal		0	870
Support Staff	46	92	6,610
Total	**1,043**	**2,086**	**$148,810**

This initiative requests additional examination employees. The decline in staffing since FY 2010 has led to a decrease in the individual audit coverage rate from 1.0 percent in Tax Year 2010 to 0.43 percent in Tax Year 2017, which increases the risk to the integrity of the nation's voluntary tax compliance system. As audit coverage rates have declined, individuals and businesses may decide that the chance of an IRS audit is minimal. Lower coverage rates can lead to taking riskier positions in tax reporting, especially since the IRS's audit coverage decline has been widely reported. The additional resources will fund a broad range of compliance priorities and allow for earlier case assignment and resolution. This investment is expected to annually produce additional revenue of $2.2 billion, once the new hires reach full potential in FY 2024, an ROI of $8.0 to $1. These resources will help to:



- Improve the individual audit coverage rate by closing more than 23,700 individual field examination cases and 58,700 correspondence examination cases; and

- Expand the Automated Underreported (AUR) program to process more than 570,000 additional cases (document matching of individuals decreased 80 percent from FY 2011 to FY 2020). Note that the FY 2020 rate was also impacted by COVID work restrictions.

Major Activities		Projected Revenue ($M)	Projected Closures
Field Examination		509.2	23,752
Correspondence Examination		586.6	58,764
Document Matching/AUR		1,055.1	570,826
	Total	$2,150.9	653,342

Other Direct Costs (+$28,452,000 / +155 FTE)

Dollars in thousands

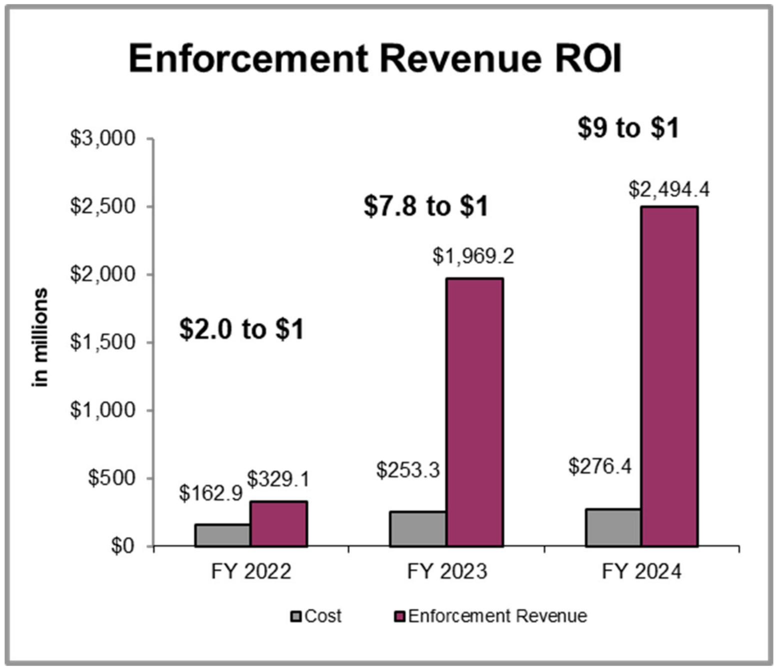
IRS Activity	Cost	FTE	Positions	Explanation
Appeals	$9,553	52	104	Support examination efforts on key compliance areas focused on improving voluntary compliance and providing a high level of customer service.
Chief Counsel	$14,212	74	148	Provide support for increases in requests for legal advice, litigation assistance, and published guidance on issues raised in audits.
Human Capital Office	$1,643	9	9	Handle the increase in front-line positions and the expectation that new managerial positions will be created. LR support begins in the first year and continues throughout a manager's career, as needed.
SB/SE Operations Support	$1,922	14	28	Support hiring, training, human capital, technology needs, data analytics and resource requirements for the BU.
Privacy, Governmental Liaison and Disclosure	$1,122	6	12	Address the increase in Freedom of Information Act requests as result of increased compliance activity.
Total	$28,452	155	301	

Increase Collection Coverage +$159,456,000 / +1,184 FTE

Position Type/Other Costs	FTE	Positions	$000
Field Collection Coverage	**458**	**916**	**$73,655**
Revenue Officer	458	916	73,655
ACS & ACS Support	**359**	**718**	**$36,360**
Customer Service Representative	284	568	28,627
Tax Examiner	64	128	6,099
Support Staff	11	22	1,634
Correspondence Collection (CSCO)	**168**	**336**	**$15,497**
Tax Examiner	149	298	13,768
Manager and Support Staff	19	38	1,729
Specialty Collection	**25**	**50**	**$2,961**
Revenue Officer	19	38	2,263
Tax Examiner	3	6	277
Manager/Support Staff	3	6	421
Other Direct Costs	**174**	**348**	**$30,983**
Paralegal	5	10	639
Appeals Officer	76	152	14,090
Attorney	31	62	6,341
Tax Examiner	14	28	1,770
Seasonal			726
Support Staff	48	96	7,417
OLS & EDI			
Total	**1,184**	**2,368**	**$159,456**

These resources will be used to improve the IRS's capacity to work the collection inventory and answer taxpayer phone calls. Increased staffing will increase the overall collection coverage rate, which has declined 30 percent from FY 2010 to FY 2020 as millions of collection cases available to work were not disposed of each year due to lack of staffing and operational interruptions brought on by COVID in FY 2020. During the pandemic, collection operations were hindered by office shutdowns, a suspension of enforcement actions, and a suspension of balance due notices for case creation. This investment is expected to produce additional annual enforcement revenue of $2.5 billion, an ROI of $9.0 to $1 once the new hires reach full potential in FY 2024. These resources will help the IRS to:

- Provide 916 additional field collection staff to expand programs that address non-filing and underpayment of taxes to handle 46,000 additional collection cases. Currently, there are over one million cases in the queue with an aggregate assessed balance of more than $61 billion - 661,221 of these cases are high risk, which are cases that have a potentially higher collection yield and represent a higher compliance risk;



- Provide 568 additional Automated Collection System (ACS) staff to address an additional 378,000 ACS cases. The recent impact from COVID has further strained the ACS limited staff in its ability to work inventory and service taxpayers; and
- Expand several Compliance Services Collection Operations (CSCO) programs that address non-filing and underpayment of taxes through the notice process by 1 million notice dispositions and cases. More than 4,600 Offers-in-Compromise cases will also be closed, providing taxpayers another option to resolve their tax liability.

Major Activities		Projected Revenue ($M)	Projected Closures
Field Collection		884.8	45,938
Automated Collection System		1,455.8	378,894
Offers In Compromise		22.1	4,672
Compliance Services Collection Operation/Non-Filer		131.7	899,584
	Total	$2,494.4	1,329,088

Other Direct Costs (+$30,983,000 / +174 FTE)

Dollars in thousands

IRS Activity	Cost	FTE	Positions	Explanation
Appeals	16,960	90	180	Support Collection efforts and appropriately resolve these cases while providing a high level of customer service.
Chief Counsel	8,138	48	96	Provide support for increases in requests for legal advice, litigation assistance, and collection due process.
Small Business/Self Employed Operations Support	2,197	16	32	Support hiring, training, human capital, technology needs, data analytics and resource requirements for the BU.
Privacy, Governmental Liaison and Disclosure	1,309	7	14	Address the increase in Freedom of Information Act requests as a result of increased compliance activity.
Human Capital Office	2,379	13	26	Handle the increase in front-line positions and the expectation that new managerial positions will be created. LR support begins in the first year and continues throughout a manager's career, as needed.
Total	**$30,983**	**174**	**348**	

Expand Coverage in the Tax-Exempt Sector *+$37,950,000 / +244 FTE*

Position Type/Other Costs	FTE	Positions	$000
Expand Protection and Coverage of Small Business and Tax Exempt Sponsored Plans	**36.5**	**73**	**$5,847**
Revenue Agent	31.5	63	5,103
Manager	2.5	5	383
Support Staff	2.5	5	361
Protect Tax-Exempt Sectors and Government Entities	**100**	**200**	**$15,987**
Revenue Agent	84	168	13,608
Tax Compliance Officer	8	16	1,155
Manager	8	16	1,224
Enhance Up-front Compliance for Applicant for Tax-Exempt Status	**37**	**74**	**$4,293**
Revenue Agent	15	30	2,105
Tax Examiner	12.5	25	970
Manager	3	6	296
Support Staff	3	6	260
Attorney	3	6	570
Appeals Officer	0.5	1	93
Increase Voluntary Compliance	**58**	**116**	**$8,466**
Revenue Agent	7	14	1,215
Tax Technician	22	44	3,045
Tax Examiner	21	42	3,032
Manager	3.5	7	536
Research Analyst	1	2	144
Support Staff	3.5	7	494
Other Direct Costs	**12.5**	**25**	**$3,357**
Special Agent	5	10	1,982
Analyst	1.5	3	192
Attorney	5	10	1,086
Support Staff	1	2	97
Total	**244**	**488**	**$37,950**

The tax-exempt sector comprises a large, diverse, and complex population, including:

- Over 1.8 million exempt organizations, reporting over $4.5 trillion in assets and over $2 trillion in revenue;
- Almost 800,000 employee plans, holding over $8 trillion in assets for over 130 million plan participants;
- Over 25,000 government bond issues, representing over $461 billion in bond proceeds, and over 2,750 tax-exempt private activity bond issues, representing over $127 billion in bond proceeds; and
- Federal, state, and local governments employing than 21 million employees.

The IRS proposes a multifaceted approach to increase taxpayer confidence and ultimately protect taxpayers by enhancing taxpayer education, voluntary compliance, and enforcement coverage for employee retirement plans, exempt organizations, tax-exempt bonds, and Federal, state, and local governments. These resources will be used to expand taxpayer education, voluntary compliance, and general compliance activities in the tax-exempt sector. In addition, these resources will help prevent fraud and ultimately improve taxpayer confidence in the tax-exempt.

Once the requested staff are fully trained, the IRS anticipates these additional resources will increase the number of examination closures by approximately 9,291.

Other Direct Costs (+$3,357,000 / + 12.5 FTE)

Dollars in thousands

IRS Activity	Cost	FTE	Positions	Explanation
Appeals	$97	1	2	Support examination efforts on key compliance areas focused on improving voluntary compliance and providing a high level of customer service.
Chief Counsel	$1,086	5	10	Provide support for increases in requests for legal advice, litigation assistance, and collection due process.
Criminal Investigation	$2,174	6.5	13	Support Criminal Investigations pertaining to refund fraud prevention. Examination efforts on fraud prevention enforcement, advance complex cases, litigation advance cases and other tax compliance areas focused on improving high level service.
Total	$3,357	12.5	25	

Enhance Return Review Program +$38,341,000 / +60 FTE

Position Type/Other Costs	FTE	Positions	$000
Improve Return Review Program			
Tax Examiner	60	120	5,427
Contractual Services			32,914
Total	**60**	**120**	**$38,341**

This investment provides funding for staff, hardware, software, and contractual services for deployed Return Review Program (RRP) applications.
Since October 2016, the RRP has been the IRS's primary system for detecting tax return fraud and other anomalies in tax filings, with a current focus on individual tax return data. In FY 2020, RRP confirmed more than $826 million in Identify Theft and $2.3 billion in Non-Identity Theft fraud protection. In FY 2020 RRP had a return on investment (ROI) of $56 to $1.
Funding will allow the IRS to provide support for the deployed capabilities by:

- Enhancing applications, data modeling and mining, database development, business rules development, infrastructure support, performance engineering and testing, and application testing;
- Providing funds for annual maintenance from hardware vendors and purchases to refresh computers, network equipment, and storage;
- Updating and maintaining the system software including operating systems, database, data integration, and utility software; and
- Working with the service to update the rules engines and data analytics.

Enhance Enforcement Operations +$32,340,000 / +23 FTE

Position Type/Other Costs	FTE	Positions	$000
Enhance Enforcement Operations			
IT Specialist	23	46	3,340
Hardware and Software			6,000
Contractual Services			23,000
Total	23	46	$32,340

Funding for this investment will allow the IRS's Criminal Investigation division (IRS-CI) to:

- Expand the use of specialized contractor support service provided by a group of cyber/crypto experts;
- Build an internal dashboard for cryptocurrency/blockchain analytics;
- Establish a One-IRS approach to cryptocurrency non-compliance around both tax and non-tax case development;
- Seek private sector expertise in applied analytics, cybercrime, forensic accounting/discovery support, investigative support, and related consulting services; and
- Support the following functions:

Cyber/Crypto Experts

Currently, IRS-CI has contractors to perform three distinct functions: case support and analysis on the highest priority cases; implementing and maintaining cyber-crimes data environment (operational datasets, servers, workstations, and support); and developing operational tools and capabilities to hunt cyber criminals. These contractors have been embedded within IRS-CI's Eastern Cyber Crimes Unit (CCU) since its establishment and continue to be a critical lifeline for the success of the program area. In IRS-CI's Western CCU, a specialized contractor assists in the development efforts to build an internal, CI-owned dashboard, called STRIKES, for cryptocurrency/blockchain analytics. This tool harnesses the power of existing vendor products to combine them and take advantage of the strengths each provides. Due to the interoperability with IRS-CI data (Cyber data, Under Cover (UC) information, subpoenas, search warrants, Open-source intelligence (OSINT)), this tool will soon become an enterprise-wide capability.

Crypto Case Development

IRS-CI, in conjunction with the Advanced Collaboration and Data Center (ACDC), will look to establish a One-IRS approach to cryptocurrency non-compliance around both tax and non-tax case development. Partnering with other IRS business units, this contract would bring on investigators to provide illicit activity pattern identification and monitoring. Paired with extensive intelligence gathering, these contractors would supply proactive lead generation around tax compliance and illegal activities involving cryptocurrency. Additionally, these contractors would be strategically positioned within the ACDC facility to leverage training and subject matter expertise. The plan would be to expand the scope of work and reassess the return on investment each year to determine continuation.

Strategic Priorities, Accelerated Results (SPAR)

The IRS must make use of technology and data to help drive case selection and efficiency in the critical work IRS-CI performs. Funding for SPAR will allow the IRS to use resources for applied analytics, cybercrimes, related consulting services, investigative support, and forensic accounting/discovery support, and will:

- Maintain and improve the IRS's ability to trace virtual currency transactions in financial investigations and utilize emerging tools and technology to combat cyber enabled financial crimes;
- Modernize training of investigative staff, including special agents and investigative analysts, which will enable IRS-CI to improve its ability to enforce the law, ensure tax compliance with tax responsibilities, and aid the IRS in combating fraud;
- Allow investigations of large-scale fraud in a more efficient manner, utilizing forensic accounting jump teams to provide support as needed in significant tax investigations;
- Provide models, algorithms, and the means to efficiently review the millions of records and evidence IRS-CI obtains to help identify areas of tax fraud;
- Allow the use of data analytics and other technologies like "predictive policing" to help give a clearer picture to IRS-CI for future enforcement areas; and
- Modernize processes and infrastructure to allow efficient and effective use of resources.

4.4 – Summary of IRS FY 2022 Request by Business Unit (including the Program Integrity Allocation 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					2,370,703,165	53.30%	305,031,992	100.0%	2,675,735,157	20.34%
Wage & Investment	2,505,410,796	85.19%	276,687,263	5.06%	213,835,324	4.81%			2,995,933,383	22.77%
Small Business/Self-Employed			2,332,417,204	42.70%					2,332,417,204	17.73%
Facilities Management and Security Services					1,144,142,685	25.72%			1,144,142,685	8.70%
Large Business and International	785,308	0.03%	1,003,019,659	18.36%	1,008,138	0.02%			1,004,813,105	7.64%
Criminal Investigation			722,677,719	13.23%	3,867,431	0.09%			726,545,150	5.52%
Chief Counsel	23,388,595	0.80%	400,564,811	7.33%	34,509	0.00%			423,987,915	3.22%
Human Capital Office					310,036,846	6.97%			310,036,846	2.36%
Tax Exempt & Government Entities	8,160,951	0.28%	254,943,157	4.67%					263,104,108	2.00%
Taxpayer Advocate Service	235,058,642	7.99%			204,661	0.00%			235,263,303	1.79%
Corporate Reserve and Payments	62,261,204	2.12%	124,255,498	2.27%	36,197,915	0.81%			222,714,617	1.69%
Appeals			233,847,080	4.28%					233,847,080	1.78%
Research, Applied Analytics, and Statistics	2,959,519	0.10%	28,982,867	0.53%	52,159,280	1.17%			84,101,666	0.64%
Chief Financial Officer			23,549,840	0.43%	73,394,485	1.65%			96,944,325	0.74%
Privacy, Governmental Liaison and Disclosure	42,964,962	1.46%	2,191,749	0.04%	77,046,650	1.73%			122,203,361	0.93%
Procurement					73,691,231	1.66%			73,691,231	0.56%
Communications & Liaison	17,355,843	0.59%	5,895,867	0.11%	29,474,834	0.66%			52,726,544	0.40%
Online Services	41,179,204	1.40%							41,179,204	0.31%
Return Preparer Office	830,499	0.03%	13,951,991	0.26%	219,094				15,001,584	0.11%
Enterprise Digitalization and Case Management Office			27,976,853	0.51%		0.00%			27,976,853	0.21%
Equity, Diversity & Inclusion					33,559,310	0.75%			33,559,310	0.26%
Front Office[2]	520,467	0.02%	496,453	0.01%	21,344,524	0.48%			22,361,444	0.17%
Whistleblower Office			7,427,697	0.14%					7,427,697	0.06%
Office of the Chief Risk Officer					6,129,347	0.14%			6,129,347	0.05%
Office of Professional Responsibility			3,937,139	0.07%					3,937,139	0.03%
Taxpayer First Act Office				0.00%	1,145,961	0.03%			1,145,961	0.01%
Total	**2,940,875,990**		**5,462,822,847**		**4,448,195,390**		**305,031,992**		**13,156,926,219**	

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.

4.5 – Summary of IRS FY 2022 Identity Theft Budget Request

Bureau: Internal Revenue Service	TAXPAYER SERVICES		ENFORCEMENT		OPERATIONS SUPPORT		TOTAL	
Summary of FY 2022 Request	**$000**	**FTE**	**$000**	**FTE**	**$000**	**FTE**	**$000**	**FTE**
FY 2021 Operating Plan	**$78,519**	**1,027**	**$116,257**	**1,278**	**$6,902**	**28**	**$201,678**	**2,333**
Changes to Base:								
Maintaining Current Levels (MCLs)	**$3,691**		**$4,113**		**$257**		**$8,061**	
Pay Annualization (1.0% average pay raise)	196		241		16		453	
Pay Raise (2.7% average pay raise)	2,807		2,826		183		5,816	
Non-Pay	1		303		9		313	
FERS Contribution Increase	687		743		49		1,479	
Subtotal FY 2022 Changes to Base	**$3,691**		**$4,113**		**$257**		**$8,061**	
FY 2022 Current Services	**$82,210**	**1,027**	**$120,370**	**1,278**	**$7,159**	**28**	**$209,739**	**2,333**
Total FY 2022 Request (Before PIAA)	**$82,210**	**1,027**	**$120,370**	**1,278**	**$7,159**	**28**	**$209,739**	**2,333**
Dollar/FTE Change FY 2022 Request over FY 2021 Operating Plan	$3,691		$4,113		$257		$8,061	
Percent Change FY 2022 Request over FY 2021 Operating Plan	4.70%		3.54%		3.72%		4.00%	

4.6 – Summary of IRS FY 2022 ACA Budget Request

Bureau: Internal Revenue Service	TAXPAYER SERVICES		ENFORCEMENT		OPERATIONS SUPPORT		TOTAL	
Summary of FY 2022 Request	**$000**	**FTE**	**$000**	**FTE**	**$000**	**FTE**	**$000**	**FTE**
FY 2021 Operating Plan	**$74,746**	**1,088**	**$14,719**	**139**	**$22,339**	**127**	**$111,804**	**1,354**
Changes to Base:								
Maintaining Current Levels (MCLs)	**$3,518**		**$584**		**$871**		**$4,973**	
Pay Annualization (1.0% average pay raise)	187		37		55		279	
Pay Raise (2.7% average pay raise)	2,665		439		646		3,750	
Non-Pay	1		2		6		9	
FERS Contribution Increase	665		106		164		935	
Subtotal FY 2022 Changes to Base	**$3,518**		**$584**		**$871**		**$4,973**	
FY 2022 Current Services	**$78,264**	**1,088**	**$15,303**	**139**	**$23,210**	**127**	**$116,777**	**1,354**
Total FY 2022 Request (Before PIAA)	**$78,264**	**1,088**	**$15,303**	**139**	**$23,210**	**127**	**$116,777**	**1,354**
Dollar/FTE Change FY 2022 Request over FY 2021 Operating Plan	$3,518		$584		$871		$4,973	
Percent Change FY 2022 Request over FY 2021 Operating Plan	4.71%		3.97%		3.90%		4.45%	

4.7 – Summary of IRS FY 2022 Cyber Security Budget Request

Bureau: Internal Revenue Service	TAXPAYER SERVICES		ENFORCEMENT		OPERATIONS SUPPORT		BSM		TOTAL	
Summary of FY 2022 Request	**$000**	**FTE**	**$000**	**FTE**	**$000**	**FTE**	**$000**	**FTE**	**$000**	**FTE**
FY 2021 Operating Plan	**$69,412**	**33**	**$107,796**	**77**	**$340,380**	**530**	**$53,552**	**19**	**$571,140**	**659**
Changes to Base:										
Maintaining Current Levels (MCLs)	**$468**		**$599**		**$6,918**				**$7,985**	
Pay Annualization (1.0% average pay raise)	15		35		233				283	
Pay Raise (2.7% average pay raise)	211		414		2,720				3,345	
Non-Pay	195		41		3,232				3,468	
FERS Contribution Increase	47		109		733				889	
Subtotal FY 2022 Changes to Base	**$468**		**$599**		**$6,918**				**$7,985**	
FY 2022 Current Services	**$69,880**	**33**	**$108,395**	**77**	**$347,298**	**530**	**$53,552**	**19**	**$579,125**	**659**
Program Increases:										
Putting Taxpayers First	27,000				45				27,045	
User Authentication	*27,000*								*27,000*	
Taxpayer Experience Strategy					*45*				*45*	
Ensure Fairness of the Tax System					366				366	
Improve Live Assistance					427				427	
IRS Integrated Modernization Business Plan							5,348	2	5,348	2
Subtotal FY 2022 Program Increases	**$27,000**				**$838**		**$5,348**	**2**	**$33,186**	**2**
Total FY 2022 Request (Before PIAA)	**$96,880**	**33**	**$108,395**	**77**	**$348,136**	**530**	**$58,900**	**21**	**$612,311**	**661**
Dollar/FTE Change FY 2022 Request over FY 2021 Operating Plan	$27,468		$599		$7,756		$5,348	2	$41,171	2
Percent Change FY 2022 Request over FY 2021 Operating Plan	39.57%		0.56%		2.28%		9.99%	10.53%	7.21%	0.30%
PIAA Program Increases										
Increase Audit Coverage					216				216	
Increase Collection Coverage					243				243	
Expand Coverage in the Tax-Exempt Sector					49				49	
Enhance Return Review Program					12				12	
Enhance Enforcement Operations					5				5	
Subtotal FY 2022 PIAA Investments					**$525**				**$525**	
Total FY 2022 Request Including PIAA	**$96,880**	**33**	**$108,395**	**77**	**$348,661**	**530**	**$58,900**	**21**	**$612,836**	**661**
Dollar/FTE Change FY 2022 Request Including PIAA over FY 2021 Operating Plan	$27,468		$599		$8,281		$5,348	2	$41,696	2
Percent Change FY 2022 Request Including PIAA over FY 2021 Operating Plan	39.57%		0.56%		2.43%		9.99%	10.53%	7.30%	0.30%

Note: This table does not include the $15 million in the Families First Coronavirus Response Act (FFCRA) (P.L 116-127), $750.7 million under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-36), the $509 million provided in the Consolidated Appropriations Act, 2021 (P.L. 116-260), the $1.86 billion provided by the American Rescue Plan (ARP) (P.L. 117-2), the $417 million Program Integrity Allocation Adjustment, and the $79 billion mandatory funding proposal.

4.8 – Summary of IRS FY 2022 Budget Request

Bureau: Internal Revenue Service Summary of FY 2022 Request	TAXPAYER SERVICES		ENFORCEMENT		OPERATIONS SUPPORT		BSM		TOTAL	
	$000	FTE	$000	FTE	$000	FTE	$000	FTE	$000	FTE
FY 2021 Operating Plan	**$2,587,606**	**25,989**	**$5,004,622**	**34,989**	**$4,104,102**	**12,037**	**$222,724**	**394**	**$11,919,054**	**73,409**
Changes to Base:										
Maintaining Current Levels (MCLs)	**$75,138**		**$148,473**		**$100,219**		**$4,165**		**$327,995**	
Pay Annualization (1.0% average pay raise)	5,930		11,650		4,699		163		22,442	
Pay Raise (2.7% average pay raise)	48,152		94,603		38,157		1,327		182,239	
Non-Pay	4,138		6,725		42,546		2,232		55,641	
FERS Contribution Increase	16,918		35,495		14,817		443		67,673	
Efficiencies/Savings	**($5,494)**	**(409)**			**($91)**				**($5,585)**	**(409)**
Increase e-File Savings	(5,494)	(101)			(91)				(5,585)	(101)
Personnel Savings		(308)								(308)
Subtotal FY 2022 Changes to Base	**$69,644**	**(409)**	**$148,473**		**$100,128**		**$4,165**		**$322,410**	**(409)**
FY 2022 Current Services	**$2,657,250**	**25,580**	**$5,153,095**	**34,989**	**$4,204,230**	**12,037**	**$226,889**	**394**	**$12,241,464**	**73,000**
Program Increases:										
Putting Taxpayers First	35,459	55	36,294	96	104,333	143			176,086	294
User Authentication	*27,000*								*27,000*	
Taxpayer Experience Strategy	*8,459*	*55*	*36,294*	*96*	*104,333*	*143*			*149,086*	*294*
Ensure Fairness of the Tax System			270,858	1,820	69,409	13			340,267	1,833
Improve Live Assistance	248,167	4,203			69,833				318,000	4,203
Integrated Modernization Business Plan							78,143	18	78,143	18
Electric Vehicles and Associated Infrastructure			2,576		390				2,966	
Subtotal FY 2022 Program Increases	**$283,626**	**4,258**	**$309,728**	**1,916**	**$243,965**	**156**	**$78,143**	**18**	**$915,462**	**6,348**
Total FY 2022 Request (Before PIAA)	**$2,940,876**	**29,838**	**$5,462,823**	**36,905**	**$4,448,195**	**12,193**	**$305,032**	**412**	**$13,156,926**	**79,348**
Dollar/FTE Change FY 2022 Request over FY 2021 Operating Plan	$353,270	3,849	$458,201	1,916	$344,093	156	$82,308	18	$1,237,872	5,939
Percent Change FY 2022 Request over FY 2021 Operating Plan	13.65%	14.81%	9.16%	5.48%	8.38%	1.30%	36.96%	4.57%	10.39%	8.09%
PIAA Program Increases										
Increase Audit Coverage			109,317	1,028	39,493	15			148,810	1,043
Increase Collection Coverage			113,122	1,164	46,334	20			159,456	1,184
Expand Coverage in the Tax-Exempt Sector			29,952	244	7,998				37,950	244
Enhance Return Review Program			3,388	60	34,953				38,341	60
Enhance Enforcement Operations			31,673	23	667				32,340	23
Subtotal FY 2022 PIAA Investments			**$287,452**	**2,519**	**$129,445**	**35**			**$416,897**	**2,554**
Total FY 2022 Request Including PIAA	**$2,940,876**	**29,838**	**$5,750,275**	**39,424**	**$4,577,640**	**12,228**	**$305,032**	**412**	**$13,573,823**	**81,902**
Dollar/FTE Change FY 2022 Request Including PIAA over FY 2021 Operating Plan	$353,270	3,849	$745,653	4,435	$473,538	191	$82,308	18	$1,654,769	8,493
Percent Change FY 2022 Request Including PIAA over FY 2021 Operating Plan	13.65%	14.81%	14.90%	12.67%	11.54%	1.59%	36.96%	4.57%	13.88%	11.57%

Department of the Treasury
Departmental Offices
Salaries and Expenses

Congressional Budget Justification and Annual Performance Report and Plan

FY 2022

Table of Contents

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 2022 budget for Treasury Departmental Offices (DO) Salaries and Expenses (SE) provides the necessary resources for the Treasury Department to tackle major issues confronting the U.S. economy. Funding is requested to continue to support pandemic response efforts, address climate change, income equality and racial equity, and restore the Treasury Department staffing levels to support key programs and other emerging risks. This budget request also includes increases for DO's IT infrastructure, including replacements for servers that have reached the end of their lives, and modernization of IT equipment and software that is used daily by DO staff. This budget request also transitions Treasury's fleet management program by upgrading to electric vehicles and providing the infrastructure for DO to maintain this posture.

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 of the Committee on Foreign Investment in the United States (CFIUS) Fund, discussed separately.

1.1 – Appropriations Detail Table
Dollars in Thousands

Appropriated Resources	FY 2020 Operating Plan		FY 2021 Operating Plan		FY 2022 Request		FY 2021 to FY 2022 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Executive Direction	95	$36,775	107	$37,333	145	$49,020	35.5%	31.3%
International Affairs and Economic Policy	177	$52,825	181	$53,661	199	$62,827	9.9%	17.1%
Domestic Finance and Tax Policy	218	$78,153	228	$79,566	253	$90,658	11.0%	13.9%
Treasury-wide Management and Programs	92	$38,279	112	$39,779	119	$43,608	6.3%	9.6%
Committee on Foreign Investment in the United States	56	$22,341	93	$22,661	120	$24,556	29.0%	8.4%
Subtotal New Appropriated Resources	**638**	**$228,373**	**721**	**$233,000**	**836**	**$270,669**	**16.0%**	**16.2%**
Other Resources								
Reimbursable	39	$10,300	39	$11,000	39	$11,000	0.0%	0.0%
Transfers from CFIUS Fund	0	$15,000	0	$15,000	0	$15,000	NA	0.0%
Subtotal Other Resources	**39**	**$25,300**	**39**	**$26,000**	**39**	**$26,000**	**0.0%**	**0.0%**
Total Budgetary Resources	**677**	**253,673**	**760**	**$259,000**	**875**	**$296,669**	**15.1%**	**14.5%**

The table does not include the $25M in FY 2020 supplemental funding appropriated in the Coronavirus Aid, Relief, and Economic Security (CARES) Act for SBA support.
The table does not reflect the proposed move of the Office of Consumer Policy from the Executive Direction budget activity to Domestic Finance & Tax Policy

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2021 Operating Plan	**721**	**$233,000**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$6,540
Pay Annualization (1.0% average pay raise)	0	$349
Pay Raise (2.7% average pay raise)	0	$3,160
FERS Contribution Increase	0	$1,163
Non-Pay	0	$1,868
Non-Recurring Costs	0	($4,364)
Non-Recurring Costs Including CFIUS Infrastructure Investments	0	($4,364)
Other Adjustments:	2	$0
FTE Annualization (OMWI and OCDO)	2	$0
Subtotal Changes to Base	2	$2,176
FY 2022 Current Services	**723**	**$235,176**
Program Changes:		
Reinvestments	27	$4,364
Staffing to Support CFIUS Program Growth	27	$4,364
Program Increases:	86	$31,129
Departmental Offices Staffing	86	$20,000
Replacement of End of Life Servers	0	$3,341
IT Modernization	0	$7,484
Electric Vehicles and Associated Infrastructure	0	$304
FY 2022 President's Budget Request	**836**	**$270,669**

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) .... +$6,540,000 / +0 FTE

Pay Annualization (1.0%) +$349,000 / +0 FTE

Funds are requested for annualization of the January 2021 1.0% average pay raise.

Pay Raise (2.7% in 2022) +$3,160,000 / +0 FTE

Funds are requested for a 2.7% federal employee pay raise in January 2022.

FERS Contribution Increase +$1,163,000 / +0 FTE

Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2022.

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

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

Non-Recurring Costs .... -$4,364,000 / -0 FTE

Non-Recurring Costs Including CFIUS Infrastructure Investments -$4,364,000 / -0 FTE

Reduction in DO SE-related non-labor expenses primarily related to the CFIUS program as the program finalizes facilities-related investments to support the increase of CFIUS staffing within the Treasury complex.

Other Adjustments... +$0 / +2 FTE
FTE Annualization (OMWI and OCDO) +$0 / +2 FTE
Technical adjustment for Treasury leadership approved staffing increases for the Office of Minority and Women Inclusion (OMWI) and Office of the Chief Data Officer (OCDO) related to DO's FY 2021 request.

One of Treasury's priorities is to improve the Administration's ability to support everyday Americans by addressing generational issues including income equality and racial equity. The Office of Consumer Policy (OCP) plays a crucial role in policy analysis related to these key issues. To help further these policy goals, Treasury plans to transfer OCP to Domestic Finance in FY 2021. This will centralize Treasury's resources focused on domestic and consumer policy issues and improve Treasury's ability to provide timely and accurate analyses of these programs of national importance.

Reinvestments.. +$4,364,000 / +27 FTE
Staffing to Support CFIUS Program Growth +$4,364,000 / +27 FTE
Increase in CFIUS staffing to continue to support anticipated program growth. Funding will come from redirecting non-labor spending.

Program Increases .... +$31,129,000 / +86 FTE
Departmental Offices (DO) Staffing +$20,000,000 / +86 FTE
This funding request seeks to provide Treasury's policy offices with baseline staffing levels needed support the core Treasury mission and the Secretary's priorities. Over the past four years, DO's policy-related staffing levels were reduced by a total of 11 percent. The Department is critically understaffed in key Treasury offices that are the nexus for the Department's response to economic crises and programs of national importance.

Treasury requests $20 million to fund 86 positions in order to carry out Treasury's mission and support key Administration priorities, including 1) responding effectively to the pandemic and supporting robust economic recovery; 2) addressing the threat of climate change; 3) addressing income inequality and ensuring racial equity; 4) reinforcing the United States' position on the world stage. This request also provides funding policy and oversight functions within DO that have seen outsized workload growth due to of unfunded mandates placed upon the Department. Specifics regarding this request are included below.

Pandemic Response
Treasury plays a central role in carrying out the Government's response to the coronavirus pandemic, providing critical support to families, small businesses, and local communities. DO staff have been involved in carrying out a collection of major programs over the past year (see Table 1). In many cases, this substantial staff effort has come at the expense of other critical programs.

Coronavirus Aid, Relief, and Economic Security (CARES) Act	Consolidated Appropriations Act, 2021 (CAA)	American Rescue Plan (ARP)
Air Carrier Workers Support	Air Carrier Workers Support Extension	Emergency Rental Assistance II
Economic Stabilization Fund	Transportation Service Grants	Homeowner Assistance Fund
Small Business Lending Guarantees	Emergency Rental Assistance I	State Small Business Credit Initiative
Coronavirus Relief Fund	Emergency Capital Investment Program	Air Transportation Payroll Support Program Extension
		Coronavirus State and Local Fiscal Recovery Funds
		Coronavirus Capital Projects Fund Local Assistance and Tribal Consistency Fund

Note: Please refer to the Treasury Coronavirus Relief, Response, Aid, and Recovery Programs Congressional Justification for more information on the Department's efforts related to pandemic response. Economic Impact Payments (EIPs) and other tax credits are also covered within the IRS chapter, and Community Development Financial Institutions (CDFI) programs are also referenced in the CDFI chapter.

The reallocation of existing staff to address recovery-related programs has displaced other core work, which is not sustainable over the long-term. As an example of this strain, Domestic Finance's Office of Community and Economic Development (OCED) has had a major role in implementing new Congressionally mandated programs, including the Emergency Rental Assistance Program, the Homeowner Assistance Fund, and the Emergency Capital Investment Program. Current staffing levels allow for OCED to meet the statutory requirements; however, for these programs to succeed, it is critical that staff have the resources needed to go beyond statutory requirements, including gathering data and conducting analyses to evaluate and communicate the effect of these emergency programs to Congress and the public.

Climate

Tackling the climate crisis at home and abroad is a top U.S. national security and foreign policy priority for the Administration. Consistent with Executive Order 14008, Treasury will advance initiatives to increase the United States government's ability to further ambitious climate goals, promote transparency around climate-related financial risks, encourage sustainable finance, and foster a strong, green recovery. To achieve those outcomes, Treasury's already-stretched staff needs reinforcements: economists with knowledge of energy policy and pricing schemes, economists with climate finance experience focused on domestic and international financing needs and strategies, insurance experts, legal support, and experts capable of analyzing issues related to energy and individual taxation. This funding would support a cross-cutting "climate hub" within the Department to coordinate Treasury's efforts.

This funding will also restore Treasury's ability to monitor, assess, and advocate for key U.S. government priorities in international settings in a manner that ensures global efforts support U.S. objectives and achieve congruence between domestic and international efforts.
Over the last several years, Treasury has had a reduced footprint at key climate venues like the United Nations, G7, and G20. Increasing staffing levels will allow Treasury to reengage in these and other key international fora and further lead advancement of climate finance issues domestically and internationally.

Treasury must also respond to the risks to operational resilience presented by climate change to the financial sector. The Office of Cybersecurity and Critical Infrastructure Protection (OCCIP) executes Treasury's role as Sector Risk Management Agency (SRMA) for the financial services sector, a designated critical infrastructure sector. Treasury's authority as SRMA is derived from Section 9002 of the Fiscal Year 2021 National Defense Authorization Act (FY 2021 NDAA). OCCIP is responsible for sector coordination, assessing sector risk, sector risk management, information sharing, emergency preparedness, and incident management. The FY 2021 NDAA codifies SRMA responsibilities and places new emphasis on three key initiatives: 1) enhanced coordination with state, local, tribal, and territorial authorities, 2) more robust risk assessment and analysis with greater integration of cyber and physical risks, and 3) improved coordination with the Cybersecurity and Infrastructure Security Agency regarding threats and vulnerabilities related to critical infrastructure.

Income Equality and Racial Equity
Treasury also requires additional staff strength to ensure the pandemic is not a generational setback for racial equity. Executive Order 13985 calls for the Government to ensure equal opportunity, in large part through the removal of entrenched disparities in our laws and public policies. Treasury will prioritize closing this racial disparity gap. According to this EO, improving racial equity across a variety of factors may contribute up to $5 trillion in GDP to the American economy over the next decade.

These efforts will require additional staff to improve the quality and frequency of Treasury consultation with historically underrepresented and underserved groups, including community-based organizations, civil rights organizations, community development financial institutions and minority depository institutions. Likewise, Treasury needs to grow its ability to provide and analyze data to appropriately monitor key demographic variables in the areas of tax, financial services, and insurance to improve efforts to measure and advance equity. As an example of these efforts, Tax Policy and the IRS will be responsible for leading a project to develop models to understand racial and gender biases present within the tax code. Projects such as these require additional staff and analytic processing capabilities and will contribute to the Department's goal to better understand how current Treasury polices and systems contribute to inequity, which is a key step in ensuring an equitable system. The Department's efforts to advance racial and gender equity also extend to the composition of its workforce. Over the past several years DO has initiated both staff-led and management-led programs to support Treasury's efforts to build a diverse workforce that represents all of America.

Treasury also requires one FTE to support and shepherd DO in their hiring and performance management efforts related to pandemic relief, climate, and economic and racial inequality initiatives. This position will manage the Department's SES allocations and policies to ensure existing positions are used to support key administration priorities and requests for additional positions via OPM's biennial allocation review are appropriately justified. Finally, this position will lead the SES performance process, working with key program areas across Treasury to develop, monitor, and ensure performance goals align to pandemic relief, climate, and economic and racial equity work, while also working with OPM on the annual certification of the Department's SES performance program.

International Relations and Trade
Finally, the Administration prioritizes a return to the forefront on many international issues. One important lever that Treasury uses to engage international partners is the Treasury Financial Attaché Program. In the National Defense Authorization Act (NDAA) of 2020, Congress recognized their importance by including provisions for additional Treasury attaché posts as well as pay comparability for Treasury attachés relative to their foreign service counterparts. The Treasury Financial Attaché Program has likewise been recognized by the State Department as a significant force multiplier. This funding request provides additional funding needed to meet the pay comparability requirements set by the NDAA. Treasury will continue to assess various attaché posts as candidates for expansion in accordance with the NDAA's other provisions. In addition, this funding would allow DO to more proactively engage on key economic issues that matter to the United States. This would include more forward leaning engagement with the International Financial Institutions, through multilateral fora such as the G20, and bilaterally on critical economic and national security issues, such as global economic recovery from the coronavirus pandemic, debt transparency, and climate change.

DO has also seen program increases in countervailing duties (CVDs). Rule changes were published in 2019 and adopted in 2020 enable the U.S. Department of Commerce to impose countervailing duties when it finds that a foreign government has acted to undervalue its currency relative to the dollar, resulting in a subsidy to their exports. To date, Treasury has utilized limited resources previously provided to address currency manipulation to develop a novel economic model used to evaluate these cases and invest in IT infrastructure necessary to run these analytical models. The Budget provides necessary resources to evaluate future filings and defend the conclusions reached according to the framework.

Tax Policy
The Administration has proposed broad policy proposals in tax policy and administration that generate the need for policy analysis, data, and regulation development. Given the office's role in these areas, the Budget includes resources to address the growth in workload. Additionally, management responsibility and oversight of the 1332 waiver program or the Affordable Care Act (ACA) continues to grow. The program requires substantial resources to provide assistance to states, evaluate state waiver applications, calculate amounts to be paid to states with waivers, and monitor the effects of waivers. Treasury has approved 16 applications through FY 2020. The Department is currently running this program with a total of 1.5 full-time equivalent (FTE) employees, drawn from the Office of Tax Policy (including the Office of Tax Analysis and Tax Legislative Counsel), and Office of General Counsel. Each year, the program grows because the Department is annually responsible for determining pass-through amounts for existing waivers in addition to reviewing new applications. The Budget includes base resources to address these challenges.

Economic Policy
The President has proposed and signed several major pieces of legislation in his first 100 days in office, with many of the new policies expected to present significant impacts on the macroeconomy. This agenda will have a considerable impact on areas covered by Economic Policy, including research on infrastructure, housing, retirement security, digital assets, national

security, and education and student loans. The pandemic has also brought unprecedented swings in several macroeconomic indicators that require close monitoring.

In addition to research supporting this agenda, economists in Economic Policy work on the preparation of the Administration's Budget. The Assistant Secretary for Economic Policy serves on "Troika", comprised of Treasury, the Council of Economic Advisors, and OMB. Troika develops the official economic assumptions for the President's budget. Due to the reduction of nearly 25 percent in Economic Policy's professional staff over the past several years, these additional demands have had significant impact on coverage within the office, resulting in reduced expertise in corporate finance, business investment, and state and local government finances. DO anticipates these sectors could present headwinds to the economy in the near and medium term, making it essential that the Department have the expertise in these areas. Two additional economists in the Macro office will support the analysis of these potential risks and support new legislation.

Replacement of End of Life Servers +$3,341,000 / +0 FTE

This funding represents DO SE's portion of a larger project to replace servers that have now reached their end of life. Over the past several years, DO has prioritized its policy-related mission by restricting inflationary increases for DO management offices. These reductions have impacted all facets of management, to include the Office of the Chief Information Officer.

April 2021 marks one year that DO's workforce has been in a remote work environment due to the coronavirus pandemic. The challenges, weaknesses, and vulnerabilities of DO's current infrastructure have been magnified in a way that may not have been apparent previously. Separately, the SolarWinds incident, which impacted the Treasury Department and other federal departments and agencies on a much broader level, has exacerbated an already tenuous situation. This is particularly acute with respect to Treasury's server infrastructure. Over the past several months, several of DO's servers have reached their end of life, and over 120 additional servers will reach end of life by FY 2022. If these servers are allowed to reach end of life, key IT infrastructure responsible for housing the data of vital programs used by every DO employee (e.g., email and virtual desktops), as well as data for critical national security programs, will be put at risk of failure or breach.

DO has been able to negotiate extensions for some of these service contracts over the past few months, but this is at best a stopgap remedy. To present the most cost-effective, long-term solution, DO conducted several comprehensive studies to review its existing server infrastructure and application base. These assessments analyzed DO applications and workloads to determine their cloud suitability. Factors considered included:

1) Suitability for migration to a cloud environment (i.e. whether the workload is elastic or if its migration presents any security concerns)
2) Readiness to move to the cloud (i.e. understanding whether any remediation is required prior to migration), and
3) Level of complexity (i.e. criticality of the business processes supported)

Where applicable, legacy applications have already been pruned from servers to maximize server space. To continue supporting the key business processes afforded by these systems, any modernization would need to be completed while simultaneously maintaining existing systems. Given complex requirements associated with upgrading or migrating Treasury servers to the cloud, this initiative is requested as part of DO's multi-year funding authority. Treasury anticipates non-recurring some amount of this initial request in future years.

IT Modernization +$7,484,000 / +0 FTE
This funding represents DO SE's portion of a larger project to modernize critical equipment and software that supports the DO workforce's fundamental IT needs. Treasury leadership, over the past few years, made the conscious decision to focus investments and resources on DO's policy mission. While appropriate at that point in time, focusing resources solely towards DO's policy mission has come at the expense of DO's support components and corporate infrastructure needs. This request would restore DO IT through key investments, including:

1) *End user equipment refreshes and enhancements to support a sustained telework posture.* Many end user computing devices have reached the end of their useful life and require lifecycle replacement. Without a meaningful refresh, end user devices will fail, which will have an impact on staff productivity and ultimately impact Treasury's ability to deliver on its mission. This refresh also encompasses equipment that would improve telework productivity for DO staff. DO recently conducted a survey of IT needs and satisfaction, and the single largest requirement set by users was for additional equipment to support their productivity in a remote environment.
2) *Redesign of Treasury's intranet to improve user experience, site navigation, search capabilities and information architecture*. DO has identified challenges with the current construct which impair users' ability to find the information that they are looking for. The redesign and continuous improvement efforts will enable DO to align the intranet offering with industry best practices. These improvements should simplify actions, accelerate processing, and increase intranet performance collectively by > 20 percent, which should have a corresponding productivity impact on DO users when leveraging the site.
3) *Modernization of legacy applications/enhancement of existing applications*. DO has a definitive need to retire legacy applications built on aged technologies to reduce cybersecurity risk, standardize low-code platform adoption, and realize operational efficiencies through common systems. DO also has identified technology gaps and business process automation opportunities which will be prioritized to shift staff focus from low to high value work. Similarly, this initiative will reduce the administrative burden on IT development staff through automation and common tool sets. DO plans to leverage this recurring funding to secure a dedicated agile development sprint team comprised of seven resources to continually improve the DO application portfolio. The remainder will be used to procure low-code software as a service (SaaS) licensing on which legacy applications will continue to be re-platformed. DO will prioritize legacy application modernization while integrating enhancements across mission support technologies (OSP Tracker, Nuvolo, Impress, etc.).
4) *Migration to managed remote access and remote desktop*. DO's current remote access and virtual desktop infrastructure were designed a decade ago and intended to support traveling staff as well as a small number of telecommuters for episodic telework and days where a large telework load would be supported for a day or two (such as inclement weather events). While hardware has been occasionally refreshed over the years, the underlying architecture has not changed over the past decade. This comes amid increased usage of telework

flexibilities over this same period, which necessitate a new posture. DO intends to migrate to a new managed remote access platform which leverages a similar solution to the one IRS has used for its 80,000 plus users during the pandemic. This should help DO to leverage IRS's implementation lessons as well as reduce the Department's overall attack surface area for cyber threats. Both the new managed remote access and virtual desktop infrastructure will provide DO with added resiliency, support greater swings in demand, and scalability which does not exist in our current posture.

Given complex requirements associated with upgrading or migrating Treasury servers to the cloud, this initiative is requested as part of DO's multi-year funding authority. Treasury anticipates non-recurring some amount of this initial request in future years.

Electric Vehicles and Associated Infrastructure +$304,000 / +0 FTE
Following the lead from Executive Order (E.O.) 14008, "Tackling the Climate Crises at Home and Abroad", the U.S. Department of the Treasury joins in the Administration's priority to develop a comprehensive plan to create good jobs and stimulate clean energy industries by revitalizing the Federal Government's sustainability efforts. This includes Treasury's commitment to use all available procurement authorities to augment its Department-wide fleet management program with a continued focus on the leasing of electric vehicles (EV) and purchasing, installing, and maintaining essential infrastructure. The planned resources will help Treasury comply with the requirements set forth by E.O. 14008 and reduce the carbon footprint of emissions into the atmosphere by acquiring an updated fleet of zero-emissions vehicles that can support mission operations.

For FY 2022, Departmental Offices (DO) requests $304,000 to fund the eventual full conversion of its fleet to EV. Of that money, approximately $25,000 will be allocated to support the purchase, installation, maintenance, and/or upgrade of infrastructure required to maintain an EV fleet management program. It is expected that DO will need one additional charging station to support its future EV state. Currently, DO has a total of 14 vehicles in its fleet, of which five are EVs.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2020 Actual Obligations	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
11.1 - Full-time permanent	95,439	111,194	130,742
11.3 - Other than full-time permanent	1,362	1,760	1,760
11.5 - Other personnel compensation	3,160	2,535	2,535
11.5 - Overtime	892	0	0
11.8 - Special personal services payments	20	0	0
11.9 - Personnel Compensation (Total)	**100,873**	**115,489**	**135,037**
12.0 - Personnel benefits	32,139	33,489	39,562
13.0 - Benefits for former personnel	175	0	0
Total Personnel and Compensation Benefits	**$133,187**	**$148,978**	**$174,599**
21.0 - Travel and transportation of persons	2,398	2,754	3,802
22.0 - Transportation of things	572	181	167
23.1 - Rental payments to GSA	0	346	0
23.2 - Rental payments to others	1,820	699	1,378
23.3 - Communications, utilities, and miscellaneous charges	28	231	97
24.0 - Printing and reproduction	2	44	0
25.1 - Advisory and assistance services	14,035	26,219	21,084
25.2 - Other services from non-Federal sources	2,005	2,007	2,151
25.3 - Other goods and services from Federal sources	82,007	70,350	86,224
25.4 - Operation and maintenance of facilities	116	0	109
25.7 - Operation and maintenance of equipment	211	1,476	239
26.0 - Supplies and materials	2,227	3,518	2,608
31.0 - Equipment	2,315	2,177	2,166
32.0 - Land and structures	4,438	1,120	2,045
Total Non-Personnel	**$112,174**	**$111,122**	**$122,070**
Total Obligations	**$245,361**	**$260,100**	**$296,669**
Full-time Equivalents (FTE)	**677**	**766**	**875**

Amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, and transfers. Table also includes actuals and projections associated with funding provided by the CARES Act for SBA-loan support.

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, [$233,000,000] *$270,669,000*: *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]*$34,000,000* shall remain available until September 30, [2022] *2023,* 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 Cybersecurity and Critical Infrastructure Protection, including entering into cooperative agreements; (E) operations and maintenance of facilities; and (F) international operations. *(Consolidated Appropriations Act, 2021, Public Law 116-260)*	

E – Legislative Proposals

Departmental Offices Salaries and Expenses has no legislative proposals.

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.

In accordance with the Government Performance and Results Act Modernization Act (GPRAMA) of 2010, the Department of the Treasury is currently developing the FY 2022 – 2026 Departmental Strategic Plan. The Strategic Plan is scheduled for publication in 2022. The Annual Performance Plan will be updated in the FY 2023 President's Budget to reflect new departmental strategic goals and objectives.

B – Budget and Performance by Budget Activity
2.1.1 – Executive Direction Resources
Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	$36,988	$36,980	$32,993	$35,407	$36,775	$37,333	$49,020
Reimbursable Resources	$29,632	$22,997	$25,455	$4,863	$1,837	$2,416	$2,080
Budget Activity Total	**$66,620**	**$59,977**	**$58,448**	**$40,270**	**$38,612**	**$39,749**	**$51,100**
Full-time Equivalents (FTE)	**201**	**161**	**159**	**113**	**102**	**114**	**152**

FY 2016 - FY 2020 Other Resources dollars are actuals. FY 2016 - FY 2020 FTE are actuals.
The table does not reflect the proposed move of the Office of Consumer Policy from the Executive Direction budget activity to Domestic Finance & Tax Policy

Executive Direction Budget and Performance
(*$49,020,000 from direct appropriations, $2,080,000 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 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	$56,886	$57,191	$48,460	$52,428	$52,825	$53,661	$62,827
Reimbursable Resources	$14,680	$10,617	$9,795	$2,701	$1,293	$491	$494
Budget Activity Total	**$71,566**	**$67,808**	**$58,255**	**$55,129**	**$54,118**	**$54,152**	**$63,321**
Full-time Equivalents (FTE)	**262**	**253**	**220**	**161**	**178**	**182**	**200**

FY 2016 - FY 2020 Other Resources dollars are actuals. FY 2016 - FY 2020 FTE are actuals.

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 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	89	96	97.6	95	96	95	95	95
OTA - Program Engagement	3.9	4	3.8	3.8	3.3	3.6	3.6	3.6

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 2020. In FY 2021 and FY 2022, 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 2020. In FY 2021 and FY 2022, 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 2020, 96 percent of MDB grant and loan project proposals had excellent or satisfactory ratings for the results matrices. The FY 2021 target is 95 percent, and the FY 2022 target is 95 percent.

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. The result for FY 2020 is 3.3, a reduction of 0.5 from the FY 2019 result and a reduction of 0.3 from the FY 2020 target of 3.6. This result reflects the challenges of achieving and maintaining traction with foreign counterparts during the COVID-19 pandemic, which forced OTA to provide assistance remotely, instead of engaging with counterparts in-person per OTA's typical approach for providing technical assistance.

International Affairs and Economic Policy Budget and Performance
($62,827,000 from direct appropriations, $494,000 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)

International Affairs
In FY 2020 Treasury's Office of International Affairs (IA) worked to ensure the most favorable external environment for sustained economic growth, job creation, and financial stability in the United States. IA promotes U.S. exports and job growth by encouraging key trading partners to pursue macroeconomic policies that address the COVID pandemic, shift to boosting domestic demand, move towards market-determined exchange rates, and create a level playing field for American firms and workers. IA also promotes robust international financial regulatory standards and multilateral solutions to international development, including addressing global challenges such as food security, debt sustainability, clean energy access, and the environment. Over the past year IA has been particularly focused on global economic recovery from the coronavirus pandemic. IA is playing a leading role in the Administration's Climate Finance Plan and taking steps to tackle climate change globally.

In FY 2020 IA played an important role ensuring that China followed through on its Phase One trade agreement commitments, particularly with regards to financial services and currency matters. IA also worked with the Office of the U.S. Trade Representative in finalizing two trade agreements—the U.S.-Mexico Canada Agreement (USMCA) and the U.S.-Japan Trade Agreement. IA played a critical role in negotiating financial services commitments in the USMCA and the U.S.-Japan Digital Trade Agreement, including prohibiting data localization in financial services to support regulatory and oversight efforts. In the USMCA, IA also negotiated the chapter on Macroeconomic Policies and Exchange Rate Matters, with new policy and transparency commitments on currency issues.

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. IA 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 and does this via multilateral and bilateral activities working through the International Monetary Fund (IMF) and the Group of 20 Nations (G20).

Treasury IA 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. IA 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. These institutions will play a significant role in Treasury's approach to the climate goals.

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.

<u>*Office of Economic Policy (EP)*</u>

Macroeconomic Analysis
During the past year, staff in the Office of Macroeconomic Analysis closely monitored U.S. economic performance. The office's analytic updates served as Senior Leadership's main internal information source on U.S. macroeconomic developments. The Macro Office served on 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. In addition, economists in the Macro office help prepare the economic assumptions used to create the Administration's Budget.

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.

Microeconomic Analysis
The Office of Microeconomic Analysis has played a central role in the federal economic response to the pandemic and has continued its core role of aiding the Administration's

development of broader economic policy on a wide range of topics. Activities over the past year have included:

- Drafting a framework for the prior Administration's economic response to the pandemic.
- Principle contributions to the design, and management for Treasury, of the Paycheck Protection Program, including subsequent analysis of program outcomes and potential legislative changes.
- Generating ongoing reporting and in-depth analyses of the economic impact of the pandemic on individuals and firms.
- Advising on unemployment insurance and other labor market support policies.
- Detailing morbidity and mortality risk by income and race and impacts on health insurance coverage and on the financial status of health care providers.
- In-depth reporting on the impact of the pandemic on state and local government finances.
- Providing significant input into the development of ARP programs, including technical assistance to congressional staff.
- Substantial ongoing CARES/ARP implementation work on grant allocation formula design and data analysis.
- Drafting a congressionally mandated report on financial transaction taxes.
- 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 (NOFA) for demonstration projects on February 21, 2019. Of the twenty-one applications received and evaluated by Treasury staff and subject matter expert panels, eight applications were recommended by the Commission on Social Impact Partnerships to the Treasury Secretary for funding and to the Federal Interagency Council on Social Impact Partnerships for application certification. All eight applications were certified, and one applicant has since dropped out. Treasury, the Department of Labor, and the New York State Energy and Research Development Authority entered into SIPPRA's first agreement for a social impact partnership project in March 2021. Treasury is taking the necessary statutory steps to finalize the awards for the remaining applications. Treasury anticipates issuing an additional project NOFA in FY 2022.

2.1.3 – Domestic Finance and Tax Policy Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	$84,591	$83,104	$73,804	$72,570	$78,153	$79,566	$90,658
Reimbursable Resources	$55,231	$38,650	$42,042	$8,539	$7,042	$8,010	$8,425
Budget Activity Total	**$139,822**	**$121,754**	**$115,846**	**$81,109**	**$85,195**	**$87,576**	**$99,083**
Full-time Equivalents (FTE)	**398**	**365**	**311**	**236**	**245**	**259**	**284**

Notes: FY 2016 - FY 2020 Other Resources dollars are actuals. FY 2016 - FY 2020 FTE are actuals.
The table does not reflect the proposed move of the Office of Consumer Policy from the Executive Direction budget activity to Domestic Finance & Tax Policy

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
DF-Variance Between Estimated and Actual Receipts (Annual Forecast) (%)	3.1	4	2.33	2.5	11.1	4.25	N/A	4.25

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, the Office of Fiscal Projections (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. However, as a result of the economic impact of the COVID-19 outbreak and the legislative and regulatory response, the timing and level of receipts were highly unpredictable in the second half of the fiscal year. While the actual variance for the first half of FY 2020 was 2.9 percent, the actual variance for the full fiscal year was 11.1 percent, compared to the 4.25 percent target. The FY 2020 level was also significantly higher than the mean error of the prior ten years preceding the COVID-19 outbreak (2010 - 2019), which was 3 percent. Due to the potential ongoing uncertainty surrounding the iteming and level of receipts in FY 2021 due to the continuing COVID-19 pandemic, Departmental Offices has suspended identification of the numeric metric for FY 2021.

Domestic Finance and Tax Policy Budget and Performance

($90,658,000 from direct appropriations, $8,425,000 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)

Treasury Departmental Office Coronavirus Relief, Response, Aid, and Recovery Programs
Treasury administers multiple relief and recovery programs authorized through the Families First Coronavirus Response Act (FFCRA), Coronavirus Aid, Relief, and Economic Security Act (CARES), Consolidated Appropriations Act (CAA), 2021, and the American Rescue Plan Act

(ARP). The responsibilities that have been assigned to the Treasury Department are central to the Administration's overall relief and recovery agenda. They offer unique opportunities to secure a robust, equitable recovery through tools including state and local aid, rental assistance to struggling tenants, help for homeowners facing foreclosure, and the provision of capital to communities that have traditionally been left behind.

The CARES Act provided Treasury Departmental Offices additional appropriations to support the Small Business Administration Paycheck Protection Program.

- *Paycheck Protection Program:* The Paycheck Protection Program is providing small businesses with the resources they need to maintain their payroll, hire back employees who have been laid off, and cover overhead.

Additionally, the Treasury Departmental Offices provide administrative support to the following programs:

- *Economic Impact Payments*:
  These payments, which provide relief to the American people, including those residing in the U.S. territories, include the 2020 and 2021 recovery rebate credits, including the advance Economic Impact Payments of those credits, enacted in Section 2201 of the CARES Act, Section 272 of the CAA, 2021, and Section 9601(a) of the ARP.
- *Economic Stabilization Program*:
  The CARES Act (P.L. 116–136) authorized the Department of the Treasury to make up to $500 billion in loans and other investments in support of and to provide liquidity to eligible businesses, nonprofits, states, and municipalities impacted by the COVID-19 pandemic. The Consolidated Appropriations Act, 2021 (P.L. 116–260) rescinded this authority, though any loans and investments already made will remain active until obligations are fully liquidated.
- *Payroll Support Program; Air Carrier Worker Support & Pandemic Relief for Aviation Workers; Transportation Services:*
  The CARES Act, Section 4112, CAA, 2021 Division N Section 402, and the ARP, Section 7301 each authorized the Secretary of the Treasury to provide financial assistance to the aviation industry for the continued payment of employee wages, salaries, and benefits. The CARES Act provided for financial assistance to passenger air carriers, cargo air carriers, and airline contractors. The two subsequent laws provided for additional financial assistance only for passenger air carriers and airline contractors.
- *Transportation Services:*
  The CAA, 2021 Section 421 authorized the Secretary of the Treasury, in consultation with the Secretary of Transportation, to make grants available to eligible providers of transportation services that were negatively impacted by the coronavirus pandemic. This includes, but is not limited to, eligible companies providing charter, local, commuter, school, and tour bus services and eligible small passenger vessels (as defined in 46 U.S.C 85, 116, and 2101).
- *Coronavirus Relief Fund:*
  The CARES Act, Section 5001, as amended by the CAA, 2021 Section 1001, and the ARP, Section 9901, amended the Social Security Act (42 U.S.C. 301 et seq.) to authorize the

Secretary of the Treasury to make payments to states, territories, tribal governments, and units of local government to assist with expenditures related to, as well as to mitigate the fiscal effects stemming from, the coronavirus pandemic.

In addition, the ARP established a Coronavirus Capital Projects Fund and a Local Assistance and Tribal Consistency Fund. The Coronavirus Capital Projects Fund provides $10 billion in payments to states, territories, and tribal governments to carry out critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the coronavirus pandemic. The Local Assistance and Tribal Consistency Fund provides $2 billion in payments to eligible revenue sharing counties and eligible tribal governments for any governmental purpose other than lobbying activity to be obligated in FYs 2022 and 2023.

- *Homeowner Assistance Fund:*
  The ARP, Section 3206, established the Homeowner Assistance Fund to mitigate financial hardships associated with the coronavirus pandemic by providing funds to states, territories, tribes, and other eligible entities in order to prevent homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, displacements, and post-foreclosure evictions.
- *Emergency Rental Assistance Program:*
  The CAA, 2021 Division N Section 501 established the Emergency Rental Assistance fund to provide payments to states, territories, tribes, localities, and other eligible entities to provide financial assistance and housing stability services to eligible households. These services may include the payment of rent, rental arrears, and utilities and home energy costs for a specified period of time. The ARP, Section 3201 provided for additional assistance and expanded housing stability services, in addition to allocating a subset of the funds specifically for high-need grantees in FY 2022 and FY 2023.
- *State Small Business Credit Initiative (SSBCI):*
  The ARP, Section 3301 amends the State Small Business Credit Initiative Act of 2010 (12 U.S.C. 4701 et seq.) in order to re-establish the State Small Business Credit Initiative and provide funds to states and tribal governments through September 29, 2030. The overall purpose of this account is to provide support to small businesses responding to and recovering from the economic effects of the coronavirus pandemic, ensure business enterprises owned and controlled by socially and economically disadvantaged individuals have access to credit and investments, and provide technical assistance to help small businesses applying for various support programs.

For additional information pertaining to Treasury's COVID-19 related programs refer to the Treasury Coronavirus Relief, Response, Aid, and Recovery Programs chapter.

Financial Sector Cybersecurity and Critical Infrastructure Protection
The Office of Cybersecurity and Critical Infrastructure Protection (OCCIP) executes Treasury's role as SRMA for the financial services sector, a designated critical infrastructure sector. OCCIP executes this role in the All-Hazards environment. These hazards include cyber and physical threats, terrorism, and man-made or climate-related natural disasters. Treasury works closely with a wide variety of partners, including individual firms,

federal financial regulators and associations of state, industry groups, law enforcement, the intelligence community, homeland security officials, and also internationally, to improve the operational security and resilience of U.S. critical financial infrastructure. OCCIP has developed particularly strong relationships with the financial regulators, through its leadership of the Financial and Banking Information Infrastructure Committee (FBIIC), and the financial services sector, through the Financial Services Sector Coordinating Council (FSSCC), and with foreign counterparts both through the G7 Cyber Expert Group (CEG), which Treasury co-chairs with the Bank of England, and through bilateral engagement with partners to coordinate strategic initiatives and share information around risks to operational continuity. OCCIP has worked closely with the interagency to represent Treasury as part of international whole-of-government activities, including capacity building and deterrence. Leveraging these partnerships, OCCIP conducted or led the financial sector's participation in 8 cybersecurity exercises, developed and shared 7 cybersecurity alerts, and coordinated the financial sector response to 29 incidents in FY 2020.

Financial Data Access and Use

During FY 2020, 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 July 2020, Treasury launched Fiscal Data (https://fiscaldata.treasury.gov/), which brings together 30 datasets in a modernized format for the public in a central location. In August 2020, Treasury also released new features to highlight government-wide spending funded by COVID-19 supplemental appropriations. These new features allowed users to identify contracts, grants, loans, and other financial assistance that were funded by the CARES Act and other COVID-19 appropriations, and also presented summary-level information on how much money had been spent across the government. The Data Lab (https://datalab.usaspending.gov/federal-covid-funding/) also launched an analysis tracking funding related to each individual appropriation, and provided broader context on the macroeconomic effects of the legislation. DF will work with OMB and federal agencies to drive continued improvements in FY 2021.

Combating Climate Change

Treasury is advancing initiatives to increase climate ambition, promote measurement, monitoring, and mitigation around climate-related financial risks, encourage sustainable finance, and foster a strong, green recovery. Treasury will stand up a "climate hub" within the Department to coordinate Treasury's efforts. Secretary Yellen has already raised awareness domestically and re-engaged with international partners on key climate change issues.

Serving Historically Underrepresented and Underserved Groups

Treasury is endeavoring to better serve historically underrepresented and underserved groups through increased policy focus and outreach to institutions including community-based organizations, civil rights organizations, community development financial institutions, and minority depository institutions. Further, Treasury is working to improve its ability to quantitatively study and monitor efforts to measure and advance equity consistent with EO

13985, *Advancing Racial Equity and Support for Underserved Communities Through the Federal Government* and EO 13988, *Preventing and Combating Discrimination on the Basis of Gender Identity or Sexual Orientation.*

Treasury Workforce Management
Treasury is dedicated to hiring a diverse workforce with the competences necessary to accomplish our mission. Treasury believes that such diversity will foster a culture of innovation, which in turn will better allow Treasury to achieve our strategic goals.

Transition from USD LIBOR
Though the London Interbank Offer Rate (LIBOR) is used in more than $200 trillion of financial contracts, most tenors of LIBOR will cease being published at the end of 2021, with the remainder ceasing publication by June 2023. LIBOR's widespread use in the financial system but short remaining lifespan underscores the importance of a timely and effective transition. In recent years, Treasury has played an active role in highlighting the risks associated with the continued use of LIBOR and encouraging a market participant-led transition. Since 2013, annual reports of the Financial Stability Oversight Council, which the Treasury Secretary chairs, have called attention to LIBOR-related financial stability risks. Treasury has served as an ex officio member of the Alternative Reference Rates Committee (ARRC) since that group was convened by the Board of Governors of the Federal Reserve System and the Federal Reserve Bank of New York in 2014. The ARRC is composed of a diverse set of private-market participants working towards a successful transition away from LIBOR. As an alternative to LIBOR, the ARRC has recommended the Secured Overnight Financing Rate (SOFR), which is a robust rate based on nearly $1 trillion in daily transactions. The ARRC has also recommended robust contract fallback language for various financial products and worked closely with regulators to identify and tackle potential roadblocks to transition.

Housing Finance Reform
Treasury has had a significant financial interest in the U.S. housing finance system since 2008, when the GSEs were placed into conservatorship and subsequently entered into Senior Preferred Stock Purchase Agreements (PSPAs) with Treasury. Twelve years later, the GSEs remain in conservatorship, and Congress has not yet enacted legislation to define the GSEs' long-term role in the housing finance system. As a party to the PSPAs, Treasury has a key role in shaping, and a key interest in the outcome of, housing finance reform. Treasury has a responsibility to monitor its investments in the GSEs while the PSPAs remain in place, and Treasury holds significant equity interests in the GSEs. The Administration is committed to housing finance policy that expands fair and equitable access to homeownership and affordable rental opportunities, protects taxpayers, and promotes financial stability, and stands ready to work with Congress in support of these goals.

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. Another DF office, the Office of Debt Management (ODM), seeks to finance 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 2020, Treasury re-introduced the 20-year Treasury bond to meet investor demand and expand Treasury's financing capacity. In addition, in response to the government's fiscal response to the outbreak of COVID-19 in March 2020, ODM financed an unprecedented increase in borrowing over FY 2020, overseeing $18.6 trillion in gross security issuance and $4.0 trillion in net issuance. Borrowing needs are likely to remain elevated for the foreseeable future.

Office of Tax Policy (OTP)

Tax Policy

Tax is central to addressing all major Administration priorities including COVID relief/recovery, climate change, income inequality, and race and gender equity. Improving OTP resources in order to provide research-informed policy inputs, legislative proposals, and technical regulatory advice are necessary for the Administration's success in multiple topic areas.

OTP continues to provide leadership for the Organization for Economic Co-operation and Development (OECD), the Inclusive Framework, the Global Forum, and the G20, advocating for the interests of the United States. In particular, during FY 2020, OTP played a leading role in advancing progress on OECD proposals (Pillar 1 and Pillar 2) intended to reform existing rules for the allocation of international taxing rights and the development of a global minimum tax through OECD endorsed Blueprints. Further, OTP supports efforts by Treasury and the United States Trade Representative to combat unilateral discriminatory digital services taxes targeted at U.S.-parented firms. As part of these efforts, OTP attended and led numerous meetings (actual and virtual) at the OECD and with other stakeholders in FY 2020. OTP plans to continue this effort in FY 2021 with a greater focus on developing a global minimum tax.

OTP assisted with the implementation of the Economic Impact Payments (EIP). In FY 2020, under the CARES Act, more than 160 million EIPs totaling more than $270 billion were issued. The CAA, 2021 authorized a second round of EIPs. In FY 2021, OTP assisted with the issuance of more than 147 million EIP2s and, as of May 12, 2021, have continued to assist with the issuing of approximately 165 million EIP3s. In total, as of May 2021, over 472 million EIPs have been disbursed during FY 2020 and FY 2021.

In November 2020, OTP worked with the IRS to conduct outreach to non-filers who could be eligible to receive an EIP. Using information from 1.5 billion returns, OTP winnowed down returns to a list of approximately 9 million potential eligible non-filers who could receive an EIP. These individuals received an outreach letter from the IRS which provided instructions to receive an EIP. This effort successfully helped many vulnerable households and individuals receive much needed economic relief.

In FY 2020, OTP also continued to work on healthcare projects. Specifically, OTP:

- Evaluated and approved three new Affordable Care Act Section 1332 Waivers and continued to implement and monitor 13 already-approved state waivers; provided $1.3 billion to states to implement these waivers.
- Proposed a regulation to provide states guidance and further details on the implementation of Affordable Care Act State Innovation Waiver statute.

- Developed a complex microsimulation model to estimate the revenue effects of health policy changes, model projects impact on individuals' health insurance status, cost of health insurance premiums in the employer and individual markets, and subsequent changes in tax revenue.

2.1.4 – Treasury-wide Management and Programs Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	$41,446	$43,365	$40,716	$39,171	$38,279	$39,779	$43,608
Reimbursable Resources	$3,339	$4,284	$2,398	$226	$127	$83	0
Budget Activity Total	**$44,785**	**$47,649**	**$43,114**	**$39,397**	**$38,406**	**$39,862**	**$43,608**
Full-time Equivalents (FTE)	**124**	**153**	**147**	**100**	**92**	**112**	**119**

FY 2015 - FY 2020 Other Resources dollars are actuals. FY 2015 - FY 2020 FTE are actuals.

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Percent of Procurement Dollars Spent on Small Business	36.17	35.01	42.63	40.4	46.14	39	36	40
Treasury-wide Employee Engagement Index of the Federal Employee Viewpoint Survey (FEVS)	67	68	68	69	75	70	75	77
Treasury-wide Footprint (Square Footage)	34,894	34,100	33,766	33,209	32,517	32,895	32,341	31,948
Treasury-wide Leaders Lead Index of the Federal Employee Viewpoint Survey (FEVS)	55	56	56	58	65	59	65	67

Treasury-Wide Management and Program Description of Performance:

- Percentage of Procurement Dollars Spent on Small Business: Based on preliminary data in FY 2020, Treasury met or exceeded four out of five small business prime contracting goals. Treasury did not meet its Historically Under-utilized Zone (HUBZone) small business goal. Treasury did not meet four out of five small business subcontracting goals. All Treasury bureaus were included in the Small Business Goaling Report, with no exclusions. The FY 2020 overall small business goal in FY 2020 was set for 39 percent, and Treasury exceeded the goal at 46 percent. The FY 2021 small business goal is set at 36 percent and the tentative target for FY 2022 is 40%. One overarching challenge in FY 2020 to meet the HUBZone small business goal was that Treasury had competing priorities: 1) OMB's directive to utilize Category Management principles and Best-in-Class (BIC) contracts to leverage existing government-wide contracting vehicles, where there is a lack of sufficient HUBZone small business firms available for use, and 2) the COVID-19 pandemic contracting response, where there are not enough HUBZone small businesses with capabilities that meet the COVID-19 requirements. Particularly noteworthy is that Treasury far exceeded the small business contracting goals for the following socioeconomic groups:

- Small and Disadvantaged Business – goal 5.0 percent, achieved 8.9 percent;
    - Women Owned Small Business – goal 5.0 percent, achieved 9.1 percent; and
    - Service Disabled Veteran Owned Small Business – goal 3.0 percent, achieved 3.2 percent.

    Treasury did not meet the small business contracting goal for the following socioeconomic group:
    - Historically Under-utilized Zone (HUBZone) Small Business – goal 3.0 percent, achieved 2.5 percent.
- Treasury-wide "Employee Engagement" Index of Federal Employee Viewpoint Survey (FEVS): Treasury's strategy remained focused on improving employee engagement by investing resources in statistically high impact 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 69 percent to 75 percent in FY 2020. Treasury's engagement score exceeded the government-wide average and the average score for very large agencies by three percent. Targets are 75 percent for FY 2021 and 77 percent for FY 2022.
- 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 workstation standards. 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.
- Treasury-wide "Leaders Lead" Index of Federal Employee Viewpoint Survey (FEVS): Using similar techniques, Treasury also set the goal to increase the "Leaders Lead" index above FY 2019 results. Treasury's score for the Leaders Lead Index increased from 58 percent in FY 2019 to 65 percent in FY 2020, reaching the OPM established 65 percent benchmark for an organizational strength. Treasury's score in FY 2020 exceeded the government-wide average by three and the average score for very large agencies by four percent. Targets are 65 percent for FY 2021 and 67 percent for FY 2022.

Treasury-wide Management and Programs Budget and Performance
($43,608,000 from direct appropriations, $0 from reimbursable sources):
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; the Office of the Chief Data Officer; and the Office of the Deputy Assistant Secretary for Management and Budget.

Office of the Chief Human Capital Officer
In FY 2020, Treasury completed implementation of the Learning Management (LMS) module into the Treasury Integrated Talent Management (ITM) system for all bureaus, covering over 120,000 federal and contractor employees. This consolidation of multiple systems resulted in a

10 percent cost savings (versus FY 2016 baseline), new system functionality, and the capability to deploy high-impact, Treasury-wide learning programs such as the Treasury Leadership Development Program, Digital Transformation, and Data Literacy online curricula that were launched in FY 2020 and started by 7,241 participants from across the agency. In addition, five bureaus successfully deployed the ITM performance module to replace legacy electronic and paper-based systems covering over 8,000 employees. This included unifying the performance management systems of all Departmental Offices staff under one electronic system for the first time in history. An additional four bureaus successfully completed performance pilots that will guide their full deployment in FY 2021/22. Finally, Treasury successfully launched several demonstration projects for new talent management processes that are enabled by ITM, including competency assessments, individual development planning, succession planning, and workforce planning.

Treasury reinstated its Learning Leaders Council (LLC) in FY 2020, convening quarterly meetings of Learning and Development professionals across the Department to develop the agency's first Talent Development Strategic Plan under the leadership of the Deputy Chief Human Capital Officer. The LLC is working on an agenda for FY 2021 that is aligned to the strategic goals of strengthening core competencies, developing all employees, and maximizing the value of training. This work includes conducting a competency assessment of the IT Specialist occupational series; partnering with the Office of Civil Rights and Diversity and the Office of Minority Women Inclusion to identify and provide development opportunities related to foundational competencies that support diversity, equity, and inclusion; and, identifying existing training related to core competencies that may be accessed by all Treasury employees. The LLC also formed working groups aimed at furthering efforts related to knowledge management and identifying competencies and development opportunities related to customer experience in FY 2020, and this work continues into FY 2021.

Office of Civil Rights and Diversity (OCRD)
In FY 2020, OCRD, in consultation with the bureau EEO and HR communities, established the first combined Diversity and Inclusion (D&I) and Equal Employment Opportunity (EEO) Strategic Plan (FY 2021-2024). OCRD will provide further amendments to the Plan based upon the Office of Personnel Management revised government-wide strategic plan, which will provide further guidance to federal agencies under the new Administration.

OCRD will continue the audits of bureaus' EEO, D&I, and External Civil Rights Programs in FY 2021. 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."

Due to Executive Order (EO) 13985, *Advancing Racial Equity and Support for Underserved Communities Through the Federal Government*, and EO 13988, *Preventing and Combating Discrimination on the Basis of Gender Identity or Sexual Orientation,* OCRD will be spending considerable time assessing equity within Treasury and to ensure Treasury's policies and programs are accessible to people of color and members of underserved communities. These new requirements have expanded the responsibilities for the D&I and civil rights communities, which would include OCRD staff.

As a result of COVID-19, OCRD's Complaint Operations Division transitioned to electronic processing of Treasury's formal EEO complaints in FY 2020. This transition has improved the efficiency of our Complaint Operations Division and decreased administrative costs of this program. OCRD also worked with the bureau EEO offices on Human Capital engagement to improve inclusion scores – this will also be a continuing focus in FY 2021 and FY 2022. 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.

COVID-19 prevented traditional diversity training in FY 2020 through FY 2021. However, OCRD began work to transition in-person training to a virtual option for workforce re-engagement for this training which will need additional funds. OCRD's work with the Treasury Executive Institute to develop programming for executives and senior level staff in the areas of diversity and inclusion was also placed on hold during COVID. However, in FY 2021 the Executive Diversity Advisory Council will further develop training in this area, which may require additional funding support.

EEO complaints were adjudicated effectively within the Department, thereby, meeting regulatory timeframes both in issuance of decisions and days to investigate complaint. Both benchmarks exceeded Treasury's prior year's timeliness rate.

In FY 2020, OCRD continued to lead the work to achieve full compliance with the civil rights requirements for the Department. The responsibility for this work continued to increase in FY 2020 and is anticipated to grow in FY 2021, the Department gained several new large financial assistance programs created in response to the COVID-19 pandemic. In FY 2020, OCRD provided Department-wide training on accessibility and language access requirements.

In addition to managing the Treasury-wide external civil rights program, OCRD continues to manage the civil rights compliance program for DO. In FY 2020, significant progress was made to improve compliance in the DO financial assistance programs and two of the existing program offices have implemented additional compliance measures resulting in full compliance (SIPPRA and the Office of Gulf Coast Restoration). In FY 2021, the remaining existing program offices will continue to work in the implementation phase of their compliance improvement plans (TEAOF and CDFI Fund). These efforts will include conducting pre-award compliance reviews of applications for financial assistance and post-award compliance reviews of existing recipients. In FY 2020, OCRD provided technical assistance to the CARES Act program staff to ensure civil rights compliance in the two identified financial assistance programs.
In FY 2021, OCRD will continue to work with the CARES Act program staff and is working with the staff managing the programs created under the American Rescue Plan to ensure civil rights compliance measures are implemented before disbursement of funds occur (pre-award).

Office of the Deputy Chief Financial Officer
For FY 2020, the Department received its 21st consecutive unmodified audit opinion on its Treasury-wide financial statements. Treasury anticipates unmodified audit opinions for the consolidated audits to be conducted for FY 2021 and FY 2022. 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 2020, Treasury met or exceeded four out of five small business prime contracting goals. Treasury did not meet its Historically Under-utilized Zone (HUBZone) small business goal. Treasury did not meet four out of five small business subcontracting goals in FY 2020. Treasury OSDBU identified several possible root causes for not meeting Treasury's prime and subcontracting goals in FY 2020 including the impact of COVID-related emergency acquisitions on traditional acquisition planning, limited enforcement of existing Treasury procurement policies related to HUBZone businesses, and additional training needs for Treasury's Contracting Officers related to subcontracting pre- and post-award requirements.

The Small Business Administration issues an annual scorecard grade to Treasury. Treasury is graded for meeting their prime and subcontracting goals, compliance with the Small Business Act Section 15 (k), and the number of new small businesses entering Treasury's contracting industrial base. Receiving an "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 continued to focus on small business prime and subcontracting goal achievements, monitored small business pre-award and post-award functions, and increased Treasury's small business industrial base through a robust outreach program.

In FY 2020, per FAR Part 19.201, OSDBU successfully executed Small Business Programs Compliance Reviews on six Bureaus which have procurement authority to make awards to small businesses. The results of the compliance reviews provided for a comprehensive small business acquisition transformation strategy that included acquisition workforce teaching and training across the Department. Overall, the Department made progress in enhancing its small business programs and remains committed to ensuring high standards of small business program compliance. Treasury was assessed as "moderately favorable" for its small busines programs in FY 2020. Central to the compliance review strategy is early acquisition planning and broad stakeholder participation. In FY 2020, Treasury OSDBU reviewed 420 acquisition actions valued at over $250,000 not set-aside for small business and rejected 20 of these actions due to inadequate market research. After the rejections, small business opportunities were found for all 20 actions. Of the 420 actions, 37 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, OSDBU approved the subcontracting plans and these became part of the resultant contract.

In FY 2021, OSDBU will assess Bureaus' Corrective Action Plans (CAP). The CAPs were identified in the two previous compliance reviews (FY 2019 and FY 2020), where Bureau deficiencies in their small business programs were noted as "needs improvement." The annual small business program health summary will be submitted to the Deputy Secretary by October 2021. Also, in FY 2021, Treasury OSDBU and Office of the Procurement Executive will provide additional small business subcontracting training to Treasury's acquisition workforce to enforce subcontracting pre-award and post-award contract responsibilities.

Office of the Senior Procurement Executive (OPE)
In FY 2020, Treasury continued a comprehensive acquisition transformation strategy designed to facilitate innovation, strategic management, efficiency. Central to the strategy is early planning and broad stakeholder participation as well as accelerated transition to strategic acquisition vehicles. In FY 2021 and FY 2022, Treasury will continue to focus on exploring the use of automated solutions to improve the acquisition process as well as identifying data analytics tools to support timely decision-making.

In FY 2020, OPE successfully issued COVID-related policy and guidance and executed a targeted assessment to ensure appropriate documentation and use of Federal Acquisition Regulation contracting flexibilities as well as accurate data reporting of COVID-related procurement actions. Due to quick execution of contractual support, the Department was able to ensure continuity of operations throughout the pandemic and successful implementation of new mission critical programs established by the CARES Act and the Consolidated Appropriations, 2021, Act. In FY 2021, the Department will continue to focus on providing contractual support to assist with the implementation of new mission critical programs established by the ARP Act.

Treasury continued to work towards transitioning from Major Acquisition Program (MAP) reviews to more robust Acquisition Management Reviews (AMRs) in support of Program Management Improvement and Accountability Act (PMIAA) implementation efforts. 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 though contract performance, closeout, and final payment.

From FY 2016 to FY 2020, Treasury increased the percentage of Spend Under Management (SUM) from 47.3 percent to 77.6 percent and increased the percentage of Best-in-Class (BIC) spend from 12.8 percent to 50.4 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 to achieve greater efficiency with fewer resources. The Treasury strategy for FY 2020 and FY 2021 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.

Office of the Chief Data Officer (CDO)
Treasury's new Office of the Chief Data Officer (OCDO) is enabling Treasury to become a data-centric organization that fulfills its mission with optimal use of quality data in its decision-

making and operations consistent with the aims of the Title II of the Evidence-Based Policymaking Act signed into law in 2019.

In FY 2020, OCDO encouraged the development of Treasury's data centric culture through the building of a cross-agency data community. This community and the establishment of a Data Governance Board have increased Treasury's treatment of data as a critical asset and fostered greater cross-component collaboration on a variety of data centric projects. In addition to establishing the role of the Chief Data Officer (CDO) and creating the Data Governance Board, in FY 2020, OCDO also:

- Established a Data Advisory Council
- Undertook Treasury's first Data Maturity Assessment
- Completed an Initial Assessment of Data Skills, and
- Initiated the establishment of a Treasury-wide dataset inventory to be finalized and published pending the completion of relevant guidance from the Office of Management and Budget

Treasury is also an active participant in the Federal CDO Council. Treasury's CDO leads the Council's Operations Working Group and serves on the Council Executive Committee. Treasury's Deputy CDO and other members of Treasury's data community from bureaus and departmental offices participate in several Council Working Groups. Active participation in the Council enables the OCDO to understand and bring back to Treasury leading government practices in enhancing data management, use, sharing, as well as the development of a general data culture. More details on OCDO's accomplishments are included in the Treasury CDO's Annual Report to Congress.

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

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	$2,589	$3,736	$6,000	$15,000	$22,341	$22,661	$24,556
CFIUS Fund Transfers	0	0	0	0	$15,000	$15,000	$15,000
Budget Activity Total	**$2,589**	**$3,736**	**$6,000**	**$15,000**	**$37,341**	**$37,661**	**$39,556**
Full-time Equivalents (FTE)	**15**	**23**	**26**	**32**	**55**	**93**	**120**

FY 2016 - FY 2020 Other Resources dollars are actuals. FY 2016 - FY 2020 FTE are actuals.
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 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Timely Review of CFIUS Cases	100	100	100	100	100	100	100	100

Committee on Foreign Investment in the United States Description of Performance:
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. Results are reported on a calendar year basis.

Committee on Foreign Investment in the United States Budget and Performance
($24,556,000 from direct appropriations, and $15,000,000 from fund transfers):
In February 2020, Treasury published final regulations implementing the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA). These regulations effectuated FIRRMA's expansion of the jurisdiction of CFIUS to review certain non-controlling, non-passive investments by foreign persons into certain types of U.S. businesses, as well as certain transactions by foreign persons involving real estate in the United States. The regulations also implemented mandatory declarations for two types of transactions—where a foreign government is acquiring a "substantial interest" in certain U.S. businesses, and transactions involving certain U.S. businesses that produce, design, test, manufacture, fabricate, or develop one or more critical technologies. Additionally, the regulations created an exception to the mandatory declaration provision for non-controlling investments by certain foreign persons defined as "excepted investors" based on their ties to certain countries identified as "excepted foreign states," and their compliance with certain laws, orders, and regulations. In May 2020, Treasury initiated the collection of filing fees for notices filed with CFIUS and also launched a secure web-based portal for parties to submit notices and declarations.

C – Changes in Performance Measures

Performance Measure or Indicator	Proposed Change and Justification
1. EO 13771 - Number of Deregulatory Actions Issued	Removing performance indicator. EO 13771 was rescinded on January 20, 2021.
2. EO 13771 - Number of Deregulatory Actions Issued that Address Recommendations by the Regulatory Reform Task Force	Removing performance indicator. EO 13771 was rescinded on January 20, 2021.
3. EO 13771 - Number of Deregulatory Actions Issued that Address Recommendations by the Regulatory Reform Task Force to the Agency Head Consistent with Applicable Law	Removing performance indicator. EO 13771 was rescinded on January 20, 2021.
4. EO 13771 - Number of Evaluations to Identify Potential Deregulatory Actions That Included Opportunity for Public Input and/or Peer Review	Removing performance indicator. EO 13771 was rescinded on January 20, 2021.
5. EO 13771 - Number of Regulatory Actions Issued	Removing performance indicator. EO 13771 was rescinded on January 20, 2021.
6. EO 13771 - Total Incremental Cost of All Regulatory Actions and Deregulatory Actions (Including Costs or Cost Savings Carried Over From Previous Fiscal Years)	Removing performance indicator. EO 13771 was rescinded on January 20, 2021.

D – Evidence-Building Activity

Treasury-wide Management

Type of Evidence-Building Activity	Major Activities and Planned Projects	Resource Types	Use
Evaluation *Collection and analysis of data to assess effectiveness and efficiency of programs, policies, or procedures* Estimated share of all Evidence-Building Activities: ***15%***	**Major activities:** • Coordination of usaspending.gov/DATA Act reporting • Coordination of Evidence Act Title I • Workforce analysis and human capital evaluations **FY21 and FY22 projects:** • Coordination of Equity Assessment Objective 1 (Tax Policy, Tax Payments, BFS Offset Program) • Equity uptake assessments – ARP programs • Impact Evaluation – ECIP and CDFI • DASHR-CHCO evaluation of the use of hiring assessments • Consultation on MITRE/Treasury research partnerships (OCCIP – financial sector cyber situational awareness, CDFI Fund – persistent poverty counties)	• 0301 – Miscellaneous Administration and Program • 0340 – Program Manager • 0343 – Management & Program Analyst • GSA Office of Evaluation Sciences (OES): ○ DASHR-CHCO Evaluation Support ○ ARP Equity Uptake Assessments (IAA) ○ ECIP/CDFI Evaluation (IAA)	☒ For internal policy decision-making ☒ During internal strategic management processes ☒ By external partners (government) ☒ By external partners (non-government) ☒ By unaffiliated external researchers ☐ Other (describe)
Research *Modeling or other systematic use of data to explore emerging issues or potential scenarios to generate new knowledge* Estimated share of all Evidence-Building Activities: ***5%***	**Major activities:** • Coordination with MITRE (FFRDC) • Literature reviews for learning agenda questions **FY21 and FY22 projects:** • MITRE coordination (Great Power Competition – Dollar Dominance Study)	• 0343 – Management & Program Analyst • MITRE FFRDC	☒ For internal policy decision-making ☐ During internal strategic management processes ☐ By external partners (government) ☐ By external partners (non-government) ☐ By unaffiliated external researchers ☐ Other (describe)

Type of Evidence-Building Activity	Major Activities and Planned Projects	Resource Types	Use
Analysis *Routine and frequent use of data that produces insights for decision making and program management* Estimated share of all Evidence-Building Activities: ***75%***	**Major activities:** • Analysis of performance data in quarterly data-driven reviews and annual assessment of Treasury performance measures • Risk assessment • FEVS data analysis • Financial analysis and budget formulation • OCRD Audits of the Bureaus' EEO Programs (active) • OCRD Annual Management Directive 715 Reporting (active) • OCRD Quarterly No FEAR Reports (active) • Civil rights compliance analysis (active) • Civil rights pre- and post-award compliance (planned) • Analysis of administrative data (e.g., procurement, operations, civil rights compliance) • Development and maintenance of analytical dashboards and data inventory **FY21 and FY22 projects:** • Enterprise-wide capacity assessment for evidence-building activities	• 0260 – Equal Employment Opportunity • 0301 – Miscellaneous Administration and Program • 0340 – Program Manager • 0343 – Management & Program Analyst • 0360 – Equal Opportunity Compliance	☒ For internal policy decision-making ☒ During internal strategic management processes ☒ By external partners (government) ☒ By external partners (non-government) ☐ By unaffiliated external researchers ☐ Other (describe)

Type of Evidence-Building Activity	Major Activities and Planned Projects	Resource Types	Use
Statistics *Collection, compilation, and processing of data for describing or estimating characteristics or insights concerning groups* Estimated share of all Evidence-Building Activities: **_5%_**	**Major activities:** • DASHR-CHCO/OCRD/OMWI Workforce Demographic Statistics **FY21 and FY22 projects:**	• 0260 – Equal Employment Opportunity • 0343 – Management & Program Analyst	☒ For internal policy decision-making ☒ During internal strategic management processes ☒ By external partners (government) ☒ By external partners (non-government) ☒ By unaffiliated external researchers ☐ Other (describe)

Policy Offices (Domestic Finance, Economic Policy, International Affairs, Tax Policy

Type of Evidence-Building Activity	Major Activities and Planned Projects	Resource Types	Use
Evaluation *Collection and analysis of data to assess effectiveness and efficiency of programs, policies, or procedures* Estimated share of all Evidence-Building Activities: ***5%***	**Major activities:** • Monitoring and Evaluation (IA) **FY21 and FY22 projects:** • Recovery programs evaluations, including ECIP, some CDFI programs, and American Rescue Plan (ARP) programs (equity uptake) • Analysis of RESTORE grant processing efficiency	• 0301 – Miscellaneous Administration and Program • 0340 – Program Manager • 0343 – Management & Program Analyst • OTA Third Party Independent Evaluator	☒ For internal policy decision-making ☐ During internal strategic management processes ☒ By external partners (government) ☐ By external partners (non-government) ☐ By unaffiliated external researchers ☐ Other (describe)
Research *Modeling or other systematic use of data to explore emerging issues or potential scenarios to generate new knowledge* Estimated share of all Evidence-Building Activities: ***25%***	**Major activities:** • Fiscal projections and debt management • Original research on specific financial and economic topics (OFR) • Emerging technology and risk assessments (OCCIP) • Research to support policy analysis **FY21 and FY22 projects:** • Situational awareness of the financial sector project (OCCIP)	• 0110 – Economist • 0301 – Miscellaneous Administration and Program • 1160 – Financial Analyst	☒ For internal policy decision-making ☐ During internal strategic management processes ☐ By external partners (government) ☐ By external partners (non-government) ☐ By unaffiliated external researchers ☐ Other (describe)

Analysis *Routine and frequent use of data that produces insights for decision making and program management* Estimated share of all Evidence-Building Activities: ***65%***	**Major activities:** • Analysis of CFIUS transactional data • Policy analysis • Performance measurement • Analysis of tax revenue • Equity assessment activities • Cash flow and debt analysis **FY21 and FY22 projects:** • Enterprise-wide capacity assessment for evidence-building activities	• 0260 – Equal Employment Opportunity • 0301 – Miscellaneous Administration and Program • 0340 – Program Manager • 0343 – Management & Program Analyst • 0360 – Equal Opportunity Compliance	☒ For internal policy decision-making ☒ During internal strategic management processes ☒ By external partners (government) ☒ By external partners (non-government) ☐ By unaffiliated external researchers ☐ Other (describe)
Statistics *Collection, compilation, and processing of data for describing or estimating characteristics or insights concerning groups* Estimated share of all Evidence-Building Activities: ***5%***	**Major activities:** • Economic modeling to support policy analysis • Advanced data analysis **FY21 and FY22 projects:**	• 0110 – Economist • 0301 – Miscellaneous Administration and Program • 1160 – Financial Analyst	☒ For internal policy decision-making ☐ During internal strategic management processes ☒ By external partners (government) ☐ By external partners (non-government) ☐ By unaffiliated external researchers ☐ Other (describe)

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 2022

Table of Contents

Section I – Budget Request

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

B – Summary of the Request
To proactively and strategically protect Treasury Information Technology (IT) systems against cybersecurity threats, the FY 2022 budget request includes $132.027 million for the CEA. The request includes $114.027 million to address the impacts of the SolarWinds incident at Treasury plus an additional $18 million for new and continued investments that support critical IT improvements.

The FY 2022 discretionary request identified a cyber reserve of $750 million. The President's Budget allocates these resources to nine agencies significantly impacted by the SolarWinds incident, including the Department of Treasury (Treasury). The funding is intended to address immediate response needs and does not focus on wholesale replacement of IT systems at this time. The request provides critical cybersecurity resources to agencies and prioritizes basic cybersecurity enhancements, including: cloud security, Security Operations Center (SOC) enhancements, encryption, Multi-Factor Authentication (MFA), increased logging functions, and enhanced monitoring tools. Treasury is also bolstering its cybersecurity posture with investments that provide comprehensive assessments to identify the breadth and depth of this attack, along with containment and post-incident analysis to ensure the appropriate response is deployed to both protect and minimize the impacts of such attacks in the future.

Treasury will use the CEA to centrally fund the assessment, response, recovery, and mitigation efforts to prevent or respond to instances where threat actors have the ability to pose a great risk to the Treasury IT infrastructure. The CEA is a multi-year account and managing CEA centrally allows Treasury to be more agile in its response to cybersecurity incidents and threats as well as leverage enterprise-wide services and capabilities. This account allows for enhanced efficiency, communication, transparency, and accountability around the mission of strengthening Treasury's cybersecurity posture. Treasury elevates the importance of such initiatives and provides Treasury leadership, OMB, and Congress with better transparency into cybersecurity activities across the Department.

The investments within the CEA account align with the National Institute of Standards and Technology (NIST) Cybersecurity core framework and reporting standards. This includes common cybersecurity activities and outcomes that are gaining use industry-wide: Identify, Protect, Detect, Respond, and Recover. Treasury believes the NIST's framework provides better clarity into the strategic focus of the Department's cybersecurity investments, aligns with accepted industry standards, guidelines, and practices, and allows Treasury to more effectively respond to government-wide reporting requirements.

1.1 Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2020 Operating Plan		FY 2021 Operating Plan		FY 2022 Request		FY 2021 to FY 2022 Change		FY 2021 to FY 2022 % Change	
New Appropriated Resources	**FTE[1]**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Cybersecurity Enhancement Account	3	$20,538	6	$18,000	10	$132,027	4	$114,027	66.7%	633.5%
Total Budgetary Resources	**3**	**$20,538**	**6**	**$18,000**	**10**	**$132,027**	**4**	**$114,027**	**66.7%**	**633.5%**

[1]FTE = Full-time Equivalent employment

1.2 Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2021 Operating Plan	**6**	**$18,000**
Changes to Base:		
Non-Recurring Costs	(6)	(18,000)
Subtotal Changes to Base	(6)	(18,000)
FY 2022 Current Services	**0**	**$0**
Program Changes:		
Program Increases	10	132,027
Identify the Business Context, Resources & Cybersecurity Risk	3	31,842
Protect the Delivery of Critical Infrastructure Services	3	50,433
Detect Cybersecurity Events	2	18,713
Respond to Detected Cybersecurity Incidents	2	21,258
Recover by Maintaining Resilience and Restoration Plans	0	9,781
Total FY 2022 President's Budget Request	**10**	**$132,027**

*The budget includes $114.027 million designated to strengthen Treasury's cybersecurity posture and address the impacts of the SolarWinds incident.

C – Budget Increases and Decreases Description

Non-Recurring Costs ……………………………………………………. -$18,000,000 / -6 FTE

This amount represents non-recurring initial investments.

Program Increases …………………………………………………... +$132,026,534 / +10 FTE

<u>Identify the Business Context, Resources & Cybersecurity Risk +$31,841,424 / +3 FTE</u>

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

<u>Risk Management Framework (RMF) Automation Tool +$2,100,672 / +0 FTE</u>

This is a continuation of a prior year request. While the FY 2021 request supports deployment in Departmental Offices (DO) and some Bureaus, the FY 2022 request plans to expand capabilities to all other Bureaus, including IRS.

The RMF Automation Tool initiative will replace the Treasury Federal Information Security Modernization Act (FISMA) Treasury Federal Information Management System (TFIMS). TFIMS is Treasury's system to track metadata, artifacts, and interconnections between systems. However, TFIMS currently operates largely as a document storage solution. It does not offer workflows or process automation and has limited reporting capabilities. The RMF Tool will automate a broad range of services for comprehensive, full integrated risk management, including controls scorecard measurement, dashboard reporting, and the generation of RMF System Assessment and Accreditation (SA&A) artifacts. Pivoting to digitally based processes will improve FISMA compliance without increasing security personnel costs. SA&A package generation within Treasury presently averages over 6 months. The RMF's automation and workflow capabilities will reduce costs and improve efficiency based on analysis of cybersecurity personnel workloads. It will also provide an integrated suite of ongoing authorization capabilities. The tool would be deployed within DO first and then progressively rolled out to Treasury Bureaus.

Enterprise Cyber Risk Management (ECRM) +$2,395,967 / +1 FTE
The Enterprise Cyber Risk Management (ECRM) initiative will continue to evolve Treasury's approach to managing risks across the enterprise and will begin a continuous review of all of Treasury's critical networks, systems, and data. ECRM enhances existing risk management processes through continuous planning, identification, categorization, prioritization, reporting, assessing, scoring, and remediation. Bureaus currently capture their system risk information into TFIMS. The ECRM ingests data from TFIMS, High Valued Assets (HVAs), Continuous Diagnostic and Monitoring (CDM) and other data sources at the department level to create an aggregated enterprise level cybersecurity risk register. This capability does not currently exist and implementing this process will enable Treasury to better understand the specific security needs of its most critical vulnerabilities, while gaining new insight as to how those vulnerabilities and mitigation strategies lower the risk across the larger federal enterprise. The funding and FTEs will support a continuous review of all enterprise risks which enables Treasury to achieve a better understanding of systems' cyber vulnerabilities and the associated costs. ECRM will also enable Treasury to better prioritize risks and quantify the levels of effort and magnitude needed to reduce risk exposure.

Supply Chain Risk Management Enhancements (SCRM) +$1,135,361 / +2 FTE
Supply chain risk management (SCRM) has become an increasingly critical cybersecurity issue The FY 2019 National Defense Authorization Act prohibited agencies from procuring or renewing contracts for equipment, systems or services that use certain covered telecommunications. During a recent GAO audit, seven findings related to Treasury's SCRM program were identified that must be addressed. The SCRM initiative will establish a process for Treasury to identify the types of hardware/software and third parties being utilized throughout Treasury and identify associated risks. This funding and FTEs will support efforts to identify SCRM risks and threats as well as provide needed support to bureaus in the form of guidance, facilitation of requirements, analysis, and tracking/oversight for software and hardware acquisitions.

NIST Cross-Functional Investments (Identify the Business Context, Resources & Cybersecurity Risk) +26,209,424 / +0 FTE
The following investments are allocated across multiple NIST framework categories for improving critical infrastructure cybersecurity.

Post-Incident Response +$5,397,500 / +0 FTE
Additional details about this investment is available at the end of this section.

Threat Hunting, Treasury-wide Log Collection, Management and Certificate Security for Identification Management +$20,811,924 / 0 FTE
Additional details about this investment is available at the end of this section.

Protect the Delivery of Critical Infrastructure Services +$50,432,839 / +3 FTE
Goal: Develop and implement appropriate safeguards to ensure delivery of critical services.

Cloud-Based Security +$7,500,000 / +0 FTE
Investments in cloud-based security will focus on the sufficient security of systems and information that have been moved to cloud-based platforms. This includes; assessing potential cloud services for alignment with established Federal Risk Authorization Management Program (FedRAMP) security baselines, acquiring tools to enhance the security of cloud-based applications, granting agency Authority to Operate (ATO) for systems and service with an existing FedRAMP ATO, and the granting of ATOs to cloud service providers.

High Value Assets (HVA) +$2,834,536 / +2 FTE
In FY 2017, Treasury began funding Risk Vulnerability Assessments (RVA) and Security Architectural Reviews (SAR) within the CEA Account. This has allowed Treasury to analyze key systems more frequently than the SARs/RVAs performed by the Department of Homeland Security (DHS). To date, Treasury has conducted 11 RVAs/SARs (9 in FY 2020 and 2 in FY 2021) outside of the DHS process. This request is estimated to fund approximately 18 additional assessments. These assessments include a review of Treasury's critical networks, systems, and data through a continuous cycle of planning, identification, categorization, prioritization, reporting, assessment, and remediation. This cycle enables Treasury to better understand the security needs of its most critical assets and how these assets fit into the larger Federal enterprise. The increase in funding and FTEs will support continuous reviews of all critical assets, systems, information, and data, which will help Treasury better understand what is on their network, what is valuable to their stakeholders, and what is valuable to individuals with malicious intent.

Infrastructure +$2,037,000 / +0 FTE
IT infrastructure improvements will include expanding the security controls for enterprise applications through secured license upgrades, expanded data processing and storage, and new recovery capabilities. This will help to protect the conversion of Active Directory Trusts to Federation, the hardening of shared service applications which provides for the authorization, and the authentication and single sign-on functionalities for applications and incident managements tools.

Centralized Key Management Services (CKMS) +$740,197 / +0 FTE
In the Cybersecurity Act of 2015, agencies were directed to encrypt information at rest and in transit. While increasing encryption ensures that data is being processed and stored securely, it also creates new requirements for managing the encryption keys required to access this data and increases the number of keys to be inventoried and managed. Further, Treasury may

decide that segmenting keys by system, service, or mission function may be advantageous. As decisions are made to segment keys, tracking and maintaining inventory becomes increasingly complex.

This initiative is a second-year investment building upon a CEA FY 2021 request to design, procure, and implement a service for Treasury and its Bureaus to manage encryption keys centrally. The initial 12-month pilot will have been completed using CEA FY 2021 funds.

This request will be used to fund the subsequent 18 months needed to reach initial operating capabilities. Once operational, CKMS will provide Treasury with the ability to automate key management and quickly revoke keys should they be compromised. The ability to quickly revoke keys is important to keeping Treasury systems and data safe; it extends to the overall IT Operations environment, since expiring certificates/keys can contribute to availability failures.

NIST Cross-Functional Investments (Protect the Delivery of Critical Infrastructure Services) +37,321,106 / +1 FTE
The following investments are allocated across multiple NIST framework categories for improving critical infrastructure cybersecurity.

Post-Incident Response +$5,397,500 / +0 FTE
Additional details about this investment is available at the end of this section.

Treasury Shared Services Secure Operations Center (TSSSOC) +$8,707,267 / +1 FTE
Additional details about this investment is available at the end of this section.

Threat Hunting, Treasury-wide Log Collection, Management and Certificate Security for Identification Management +$23,216,339 / +0 FTE
Additional details about this investment is available at the end of this section.

Detected Cybersecurity Events +18,712,493 / +2 FTE
Goal: Develop and implement appropriate activities to identify the occurrence of a cybersecurity event.

NIST Cross-Functional Investments, (Detect Cybersecurity Events) +18,712,493 / +2 FTE
The following investments are allocated across multiple NIST framework categories for improving critical infrastructure cybersecurity.

Treasury Shared Services Secure Operations Center (TSSSOC) +$8,707,267 / +2 FTE
Additional details about this investment is available at the end of this section.

Threat Hunting, Treasury-wide Log Collection, Management and Certificate Security for Identification Management +$10,005,226 / +0 FTE
Additional details about this investment is available at the end of this section.

Respond to Detected Cybersecurity Incidents +$21,258,493 / +2 FTE

Goal: Develop and implement appropriate activities to take action regarding a detected cybersecurity incident.

Incident Analysis +2,546,000 / +0 FTE

This investment is designated for Treasury's efforts in investigative, forensics, advisory and strategic support in response to ongoing cybersecurity incident response. DO will also strategically source additional professional support services to maintain daily operational needs and capabilities for incident response activities.

NIST Cross-Functional Investments (Respond to Detected Cybersecurity Incidents) +18,712,493 / +2 FTE

The following investments are allocated across multiple NIST framework categories for improving critical infrastructure cybersecurity.

Treasury Shared Services Secure Operations Center (TSSSOC) +$8,707,267 / +2 FTE

Additional details about this investment is available at the end of this section.

Threat Hunting, Treasury-wide Log Collection, Management and Certificate Security for Identification Management +$10,005,226 / +0 FTE

Additional details about this investment is available at the end of this section.

Recover by Maintaining Resilience and Restoration Plans +$9,781,285 / +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.

Enterprise Wide Cyber Exercise and Instrumentation +$998,000 / +0 FTE

This initiative will plan, conduct, and report results from a large-scale cyber exercise across Treasury, in addition to implementing security instrumentation that empowers incident responders to share a common system view. This would be the first enterprise wide cybersecurity exercise conducted by Treasury and would test existing incident plans to ensure that plans recover vital services in the order needed.

Treasury will also test to ensure that components work together effectively in the face of a large-scale cyber incident and ensure that existing instrumentation within Treasury (e.g. Splunk, SCCM, Active Directory, etc.) are normalized to report consistent information.

This initiative aims to improve visibility into cybersecurity efforts, encourage information sharing across Bureaus, identify potential gaps in present plans, and reduce inconsistencies between systems to provide Treasury leadership with a Department-wide view while working to protect information systems from attack and recover critical functionality.

Containment +5,092,000 / +0 FTE

These investments, to rebuild a clean environment, will provide full confidence to mission support activities. Safeguarding against threats requires investments to rebuild Treasury's compromised environment to mitigate threat of lateral movement/burrowing by adversaries.

NIST Cross-Functional Investments (Recover by Maintaining Resilience and Restoration Plans) +$3,691,285 / +0 FTE
The following investments are allocated across multiple NIST framework categories for improving critical infrastructure cybersecurity.

Threat Hunting, Treasury-wide Log Collection, Management and Certificate Security for Identification Management +$3,691,285 / +0 FTE
Additional details about this investment is available at the end of this section.

NIST Cross-Functional Investments
The following investments are allocated across multiple NIST framework categories for improving critical infrastructure cybersecurity.

- **Post-Incident Response,**

  This will enhance cybersecurity posture by addressing the IT architecture with investments in zero trust implementation, expanded SOC capabilities and data scanning tools for better threat analysis. The functions of this investment align with the Identify and Protect categories.

- **Treasury Shared Services Secure Operations Center (TSSSOC),**

  Treasury's Security Operations Centers (SOCs) are presently set up with GSOC to monitor the security for the perimeter of the Treasury enterprise's Trusted Internet Connections (TIC), while Bureaus are responsible for their own SOCs which monitor Bureau-specific perimeters and systems. All of Treasury's Bureaus utilize at least a portion of the 39 shared service services from the Treasury Franchise Fund. These services include programs that form the backbone of Treasury's HR systems (HR Connect) and security credentials (TEICAM). Currently, there is no dedicated SOC responsible for monitoring these shared services systems. This investment will establish the new SOC capabilities and FTEs will be supporting these efforts for implementation and ongoing monitoring.

  Presently, these systems utilize siloed approaches to incident response, log/vulnerability analysis, and system monitoring. While each system individually has some of these capabilities, no single entity has a mission to comprehensively manage them. This creates possible security gaps. As a result, past alerts have been missed, coordination problems exacerbated, and incident response time lengthened. For example, when security incidents occur that impact multiple systems, IT teams need additional time to manually consolidate data to obtain decisions from authorizing officials. Any delay in response time increases security risks for the shared services programs, some of which manage massive amounts of important data, such as HR Records and identity management. To cite a specific example, on August 29, 2019, an Enterprise Application Cybersecurity (EAC) system was improperly made Internet accessible. No alerts or alarms went off when Internet traffic started going to the system. EAC only possesses system-specific monitoring capabilities, and GSOC only monitors the Department's perimeter. All traffic had gone through Network Address Translation at Fiscal Service and consisted of valid, internal IPs. At the perimeter, GSOC did not possess system-specific workflow knowledge to discern "good" versus "bad" traffic, so they also did not raise any alarms. In this instance, Treasury was able to mitigate the problem, but any time an internal facing system is hacked or becomes exposed to the internet numerous potential risks can occur, including unauthorized access or data loss. The functions of the TSSSOC investment align with the Protect, Detect and Respond categories.

- **Threat Hunting, Treasury-wide Log Collection, Management and Certificate Security for Identification Management,**

  The funding and FTEs will be used to address the critical cybersecurity needs across the Treasury network enterprise to support the deployment and implementation of advanced network traffic protocol analysis, dynamic and static malware analysis, and applicable forensic analytics. This funding will also support the threat intelligence providing proactive posture with regards to emergent threats. Investments in annual exercises to identify threats in targeted systems provides for automated incident investigations and accelerates triage and response to operational incidents with advanced reporting and resource, and access to threat analysts. This will also assist in automating prevention and detection of malware, exploits, and in-process attacks through enhanced endpoint visibility. The functions of this investment align with the Identify, Detect and Respond categories.

1.3 Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2020 Actual Obligations	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
11.1 - Full-time permanent	1,736	1,909	1,935
11.5 - Other personnel compensation	28	0	0
11.9 - Personnel Compensation (Total)	**1,764**	**1,909**	**1,935**
12.0 - Personnel benefits	552	570	669
Total Personnel and Compensation Benefits	**$2,316**	**$2,480**	**$2,604**
21.0 - Travel and transportation of persons	1	0	0
23.3 - Communications, utilities, and miscellaneous charges	0	82	2,900
25.1 - Advisory and assistance services	25,671	10,307	30,315
25.2 - Other services from non-Federal sources	3	0	2,231
25.3 - Other goods and services from Federal sources	973	1,034	1,594
25.7 - Operation and maintenance of equipment	1,783	9,627	5,744
26.0 - Supplies and materials	10	0	0
31.0 - Equipment	1,838	276	7,424
32.0 - Land and structures	0	147	0
Total Non-Personnel	**$30,279**	**$21,473**	**$50,207**
Total Obligations	**$32,595**	**$23,953**	**$52,811**
FTE	**3**	**6**	**10**

*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] *$132,027,000*, to remain available until September 30, [2023] *2024*: 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] *$4,000,000* 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, 2021.)*	Increasing the amount of multiyear funding provides the ability to proactively and strategically protect Treasury systems against cybersecurity threats. This allows Treasury to nimbly respond in the event of a cybersecurity incident as well as leverage enterprise-wide services and capabilities across the components of the Department. Increasing administrative resources addresses anticipated additional indirect costs associated with the multiyear funding increase and service provider capacity constraints.

E – Legislative Proposals

The Cybersecurity Enhancement Account has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment
In accordance with the Government Performance and Results Act Modernization Act (GPRAMA) of 2010, the Department of the Treasury is currently developing the FY 2022 – 2026 Departmental Strategic Plan. The Strategic Plan is scheduled for publication in 2022. The Annual Performance Plan will be updated in the FY 2023 President's Budget to reflect new departmental strategic goals and objectives.

B – Budget and Performance by Budget Activity
2.1.1 Cybersecurity Enhancement Account Resources and Measures
Dollars in Thousands

Resource Level	FY 2016 Actuals	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	0	$47,743	$24,000	$25,208	$20,538	$132,027	$132,027
Budget Activity Total	**0**	**$47,743**	**$24,000**	**$25,208**	**$20,538**	**$132,027**	**$132,027**
Full-time Equivalents (FTE)	**0**	**1**	**8**	**12**	**3**	**6**	**10**

The FY 2016 – 2019 appropriated resources represent the approved operating plan. FY 2016 - FY 2019 FTE are actuals.

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Number of Major Incidents	N/A	N/A	0	0	1	2	0	1
Number of Reported Incidents	N/A	N/A	225	152	206	280	150	150
Percentage of Tier I HighValue Assets (HVA) where Risk and Vulnerability Assessment (RVA) or Security Architecture Review (SAR) are Completed on Time	N/A	N/A	100%	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	57%	80%	65%	75%	75%
Risk Management Assessment Overall Rating	N/A	N/A	68%	68%	75%	70%	DISC	DISC

Key: Disc - Discontinue; I - Indicator

Cybersecurity Enhancement Account (CEA) Budget and Performance
($132,026,534 from direct appropriations):
The purpose of CEA is to strategically mitigate cybersecurity risks through a centralized program with Department-wide impact. Investments will support the core framework for the Department's IT infrastructure and provide funding to assess and address the SolarWinds incident. 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.

Description of Performance

Number of Major Incidents:

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.

On December 12, 2020, the Department of the Treasury notified the Department of Homeland Security (DHS) Cybersecurity and Infrastructure Security Agency (CISA) of a major security incident as a result of the Department's deployment of the SolarWinds Orion software product. The Department has completed compromise assessments, and all SolarWinds Orion products continue to remain offline across the Treasury Enterprise environment. The FY 2022 request includes additional funding to mitigate weaknesses identified through the SolarWinds incident and for investments that support critical IT improvements.

Number of Reported Incidents:
Each fiscal year, Treasury tracks the number of cybersecurity incidents reported to the United States Computer Emergency Readiness Team (US-CERT). This helps measure the effectiveness of Treasury's defenses at mitigating security threats and is an indicator of 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 only. As reflected in the Actual value column, there was a lower number of reported incidents at 206 for FY 2020 in comparison to those projected by Treasury. The target goal of 280 for FY 2020 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 and 2020 timeframe was expected.

In FY 2020, Treasury witnessed a greater number of incidents being reported, this is indicative of increased threat activity coupled with enhanced detection and mitigation capabilities. The enhanced capabilities factored into the elevated target projection for FY 2020. Natural variation in actual results also played a role in the variation from FY 2019 to FY 2020. The FY 2021 target was decreased to reflect improved ability to validate incidents prior to submission. It was decided that the FY 2022 target should remain flat from FY 2021 numbers.

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):
This is a measure of how Treasury addresses the vulnerabilities and potentially exploitable weaknesses of its most important systems, based on its HVA assessment process. Treasury's CEA performance targets are based upon the percentage of HVA system assessments that are conducted in accordance with the HVA assessment cycle and the closure rate of resulting findings and/or Plans of Action and Milestones (POAMs) within the fiscal year. Treasury has consistently recorded a 100% completion rate for system assessments and currently has a 77% closure rate for associated findings and POAMs. This focus helps to ensure that the proper POAMs are in place for all assessed systems and that they are being 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. It was decided that the FY 2022 target should remain flat from FY 2021 numbers.

Additionally, the FY 2020 Risk Management Rating of 70 percent was exceeded through mitigation of known vulnerabilities and deployment of additional cyber capabilities. This performance measure was discontinued for FY 2021.

C – Changes in Performance Measures

CEA has no changes to any performance measures from the previous year President's Budget.

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.

Department of the Treasury
Department-wide Systems and Capital Investments Program

Congressional Budget Justification and Annual Performance Report and Plan

FY 2022

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
An icon of American architecture, the Main Treasury Building is the third oldest Federal building in Washington, after the Capitol and the White House, in continuous use. Unlike the Capitol or the White House, the Main Treasury Building is not under the jurisdiction of the Architect of the Capitol or GSA, respectively, but rather is the direct responsibility of the Treasury Department. The bulk of funding for its care through capital investments is provided through Department-wide Systems and Capital Investments Program (DSCIP).

The Main Treasury Building was built with Congressional appropriations from 1836 to1869. From 1909 to 1910, the building received a special appropriation to modernize its infrastructure, which helped to bring the building into the 20th century. A major fire in 1996 resulted in a series of Congressional appropriations that ushered the Treasury Building into the 21st century. Now, 25 years later, the building faces a magnitude of issues that need to be addressed, some of which pose life safety concerns, including issues related to Treasury and the Freedman's Bank Buildings' external and internal infrastructure and security posture.

In FY 2016, Treasury conducted an internal facilities condition assessment of both buildings and found a range of needs to be addressed. Problems that were identified include immediate health and safety, potential system and mechanical failures, as well as areas in need of building modernization to improve efficiency, safety, and security. In FY 2017, an external architectural and engineering firm validated an 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 investment needs that are required over the next 20 years to maintain the building in adequate working order.

Treasury's FY 2022 request reflects a limited subset of those previously identified needs, which the Department plans to continue to work to address over time. Treasury will use a three-step long-term strategy to continue to maintain and modernize its owned spaces: (1) secure the building's outer envelope; (2) conduct a condition assessment to identify additional needs associated with the buildings' continual aging and deferred maintenance; and (3) based on this assessment, conduct an holistic modernization of the building's systems and infrastructure.

The FY 2021 Operating Plan prioritized $0.550 million to update the facility condition assessment. The FY 2022 request prioritizes work on the outer envelope of the Main Treasury Building.

May 2021, Treasury Departmental Offices provided notification of our intent to reallocate $3.7 million originally provided as part of the FY 2021 Department-wide Systems and Capital Investment Program (DSCIP) appropriation to meet pressing needs associated with the

SolarWinds incident. In parallel with this change, DO is realigning currently available DSCIP resources towards priority capital facilities investments.

1.1– Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2020 Operating Plan		FY 2021 Operating Plan		FY 2022 Request		FY 2021 to FY 2022 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Department-Wide Systems and Capital Investments Program	0	$6,118	0	$6,118	0	$6,118	NA	0.0%
Subtotal New Appropriated Resources	**0**	**$6,118**	**0**	**$6,118**	**0**	**$6,118**	**NA**	**0.0%**
Total Budgetary Resources	**0**	**6,118**	**0**	**$6,118**	**0**	**$6,118**	**NA**	**0.0%**

1.2– Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2021 Operating Plan	**0**	**$6,118**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$0
Non-Recurring Costs	0	($6,118)
MT Exterior Repairs	0	($5,118)
MT/FBB interior repairs	0	($450)
Condition Assessment	0	($550)
Subtotal Changes to Base	0	($6,118)
FY 2022 Current Services	**0**	**$0**
Program Changes:		
Program Increases:	0	$6,118
Main Treasury Exterior Repairs	0	$6,118
FY 2022 President's Budget Request	**0**	**$6,118**

C – Budget Increases and Decreases Description

Non-Recurring Costs .... -$6,118,000 / -0 FTE

This amount represents non-recurring initial investments.

Program Increases .... +$6,118,000 / +0 FTE

Main Treasury Exterior Repairs +6,118,000 / +0 FTE

Funds the multiyear building maintenance effort to prevent more expensive repair work. Exterior repairs are needed to address weather-related water intrusion which are impacting interior spaces, creating the need for water damage remediation and mold control. Work items include:

- Repairing failed masonry joints to protect from moisture penetration, cleaning the stone surfaces, and repairing damaged stone;
- Repairing or replacing window frames suffering varying degrees of damage from years of weather exposure. Window work will require scaffolding which is expensive to rent/contract.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2020 Actual Obligations	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
11.1 - Full-time permanent	0	0	0
11.3 - Other than full-time permanent	0	0	0
11.5 - Other personnel compensation	0	0	0
Total Personnel and Compensation Benefits	**$0**	**$0**	**$0**
32.0 - Land and structures	3,195	6,118	6,118
Total Non-Personnel	**$3,195**	**$6,118**	**$6,118**
Total Obligations	**$3,195**	**$6,118**	**$6,118**
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 For development and acquisition of automatic data processing equipment, software, and services and for repairs and renovations to buildings owned by the Department of the Treasury, $6,118,000, to remain available until September 30, [2023]*2024*: *Provided*, That these funds shall be transferred to accounts and in amounts as necessary to satisfy the requirements of the Department's offices, bureaus, and other organizations: *Provided further*, That this transfer authority shall be in addition to any other transfer authority provided in this Act: *Provided further*, That none of the funds appropriated under this heading shall be used to support or supplement ''Internal Revenue Service, Operations Support'' or ''Internal Revenue Service, Business Systems Modernization.''*(Consolidated Appropriations Act, 2021, Public Law 116-260)*	

E – Legislative Proposals

DSCIP has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

The DSCIP account provides a mechanism for Treasury to fund capital investments that have complex contracts for projects that span several fiscal years. Through the DSCIP account, 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 Freedman's Bank Building.

In accordance with the Government Performance and Results Act Modernization Act (GPRAMA) of 2010, the Department of the Treasury is currently developing the FY 2022 – 2026 Departmental Strategic Plan. The Strategic Plan is scheduled for publication in 2022. The Annual Performance Plan will be updated in the FY 2023 President's Budget to reflect new departmental strategic goals and objectives.

B – Budget and Performance by Budget Activity
2.1 – DSCIP Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Department-wide Systems and Capital Investments Program (DSCIP)	$5,000	$3,000	$4,426	$4,000	$6,118	$6,118	$6,118
Budget Activity Total	**$5,000**	**$3,000**	**$4,426**	**$4,000**	**$6,118**	**$6,118**	**$6,118**
Full-time Equivalents (FTE)	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Actual appropriation levels for FY 2016 - FY 2021 as reflected in the annual operating plan and the FY 2022 request level

Department-wide Systems and Capital Investments Program Fund Budget and Performance

($6,118,000 from direct appropriations)

Treasury Owned Buildings - Repairs and Renovations

Treasury Operations has continued to strategically focus on restoring the health of the building envelope (shell), in an effort to correct the deteriorating building structure and infrastructure. Components of the Main Treasury building that have been repaired, replaced, or funded, include new roofs FY 2019/2021 and repairs to 40 percent 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 of the domestic water line FY 2020/2022, and replacement of all windows FY 2009/2011. Funding and completion of these exterior items represent significant progress towards the preservation of the two buildings, maintaining a safe and healthy workplace, and reducing damage to the interior plaster and paint.

The FY 2021 award of the expanded Facility Condition Assessment (FCA) will provide an update and validation to the immediate repair needs previously identified that will identify long-term capital expenses based on the expected useful life of the building systems and components. In addition to immediate repairs and long-term needs, the expanded FCA will provide feedback on code compliance, energy saving opportunities, and ADA compliance.

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

Department of the Treasury
Office of Terrorism and Financial Intelligence

Congressional Budget Justification and Annual Performance Report and Plan

FY 2022

Table of Contents

Section I – Budget Request

A – Mission Statement

Enhance national security by applying Treasury's unique policy, enforcement, intelligence, and regulatory tools to identify, disrupt and disable terrorists, criminals, and other national security threats to the United States and to protect the U.S. and international financial systems from abuse by illicit actors.

B – Summary of the Request

TFI requests $185.192 million, which is a $10.192 million increase from the FY 2021 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 FY 2022 budget request also includes funding that represents TFI's portion of a larger Treasury Departmental Offices (DO) project to modernize critical equipment and software that supports the DO workforce's fundamental information technology needs, and replace servers that have now reached the end of their useful life. 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 develop strategies that employ all targeted financial measures, including sanctions, to proactively implement U.S. national security and foreign policy goals towards China, Iran, Russia, Venezuela, Burma, Islamic State of Iraq and Syria (ISIS) and other terrorist organizations, human rights abusers and corrupt actors, narcotics traffickers, and other malign and destabilizing actors. This request also includes targeted tools that protect the U.S. and international financial system from abuse by illicit actors, to include unexpected challenges such as COVID-19 related illicit finance concerns. 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 2020 Operating Plan		FY 2021 Operating Plan		FY 2022 Request		FY 2021 to FY 2022 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Terrorism and Financial Intelligence	477	$169,712	551	$175,000	575	$185,192	4.4%	5.8%
Subtotal New Appropriated Resources	**477**	**$169,712**	**551**	**$175,000**	**575**	**$185,192**	**4.4%**	**5.8%**
Other Resources								
Reimbursable	39	$8,543	35	$10,500	41	$10,500	17.1%	0.0%
Subtotal Other Resources	**39**	**$8,543**	**35**	**$10,500**	**41**	**$10,500**	**17.1%**	**0.0%**
Total Budgetary Resources	**516**	**178,255**	**586**	**$185,500**	**616**	**$195,692**	**5.1%**	**5.5%**

Note: FTE = Full-time Equivalent employment

1.2 – Budget Adjustments

Dollars in Thousands

	FTE	Amount
FY 2021 Operating Plan	**551**	**$175,000**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$4,817
Pay Annualization (1.0% average pay raise)	0	$234
Pay Raise (2.7% average pay raise)	0	$2,119
FERS Contribution Increase	0	$836
Non-Pay	0	$1,628
Other Adjustments:	8	$0
Contracts	0	($1,330)
FTE Adjustment	8	$1,330
Subtotal Changes to Base	8	$4,817
FY 2022 Current Services	**559**	**$179,817**
Program Changes:		
Program Adjustments	16	$0
Non-recur	0	($2,750)
FTE Adjustment	16	$2,750
Program Increases:	0	$5,375
Replacement of End of Life Servers	0	$1,659
IT Modernization	0	$3,716
FY 2022 President's Budget Request	**575**	**$185,192**

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) .... +$4,817,000 / +0 FTE

Pay Annualization (1.0%) +$234,000 / +0 FTE

Funds are requested for annualization of the January 2021 1.0% average pay raise.

Pay Raise (2.7% in 2022) +$2,119,000 / +0 FTE

Funds are requested for a 2.7% average pay raise in January 2022.

FERS Contribution Increase +$836,000 / +0 FTE

Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2022.

Non-Pay +$1,628,000 / +0 FTE

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

Other Adjustments .... +$0/ +8 FTE

Contracts -$1,330,000 / -0 FTE

As a result of hiring delays due to the pandemic, funds initially intended to support FTE increases were applied to finance one-time contract requirements in FY 2021. These funds are no longer needed to support contracts in FY 2022.

FTE Adjustment +$1,330,000 / +8 FTE
The FY 2022 Budget reflects a +8 FTE technical adjustment from the FY 2021 Enacted Budget. This technical adjustment reflects increased efforts at TFI to hire and on-board new staff.

Program Adjustments ....+$0 / +16 FTE
Non-recur Costs -$2,750,000 / +0 FTE
These funds are no longer needed to support renovation requirements in FY 2022 and can support expanded staffing.

FTE Adjustment +$2,750,000 / +16 FTE
The FY 2022 Budget reflects a +16 FTE technical adjustment from the FY 2021 Enacted Budget. This technical adjustment reflects increased efforts at TFI to hire and on-board new staff with funds no longer required for use towards renovations that program anticipates will be completed in FY 2022.

Program Increases ....+$5,375,000 / +0 FTE
Replacement of End of Life Servers +$1,659,000 / +0 FTE
Funds are requested for TFI's portion of a larger DO project to replace servers that have now reached the end of their useful life.

April 2021 marks one year that DO's workforce has been in a remote work environment due to the coronavirus pandemic. The challenges, weaknesses, and vulnerabilities of DO's current infrastructure have been magnified in a way that may not have been apparent previously. Separately, the SolarWinds incident, which impacted the Treasury Department and other federal departments and agencies on a much broader level, has exacerbated an already tenuous situation. This is particularly acute with respect to Treasury's server infrastructure. Over the past several months, several servers have reached their end of life, and over 120 additional servers will reach end of life by FY 2022. If these servers are allowed to reach end of life, key IT infrastructure responsible for housing the data of vital programs used by every TFI employee (e.g., email and virtual desktops) as well as data for critical national security programs will be put at risk of failure or breach.

DO has been able to negotiate extensions for some of these service contracts over the past few months, but this is at best a stopgap remedy. To present the most cost-effective, long-term solution, DO conducted several comprehensive studies to review its existing server infrastructure and application base. These assessments analyzed DO applications and workloads to determine their cloud suitability. Factors considered include:
1) Suitability for migration to a cloud environment (i.e. whether the workload is elastic or if its migration presents any security concerns);
2) Readiness to move to the cloud (i.e. understanding whether any remediation is required prior to migration); and
3) Level of complexity (i.e. how critical the business processes supported are).

IT Modernization +$3,716,000 / +0 FTE

Funds are requested for TFI's portion of a larger DO project to modernize critical equipment and software. Treasury leadership, over the past few years, made the conscious decision to focus investments and resources on DO's policy mission. This request's key investments include:

1) *End user equipment refreshes and enhancements to support a sustained telework posture.* Many end user computing devices have reached the end of their useful life and require lifecycle replacement. Without a meaningful refresh, end user devices will fail, which will have an impact on staff productivity and ultimately impact Treasury's ability to deliver on its mission. This refresh also encompasses equipment that would improve telework productivity for TFI staff. DO recently conducted a survey of IT needs and satisfaction. The single largest requirement set by users was for additional equipment to support their productivity in a remote environment.
2) *Redesign of Treasury's intranet to improve user experience, site navigation, search capabilities and information architecture*. Improvements should simplify actions, accelerate processing, and increase intranet performance collectively by greater than 20 percent.
3) *Modernization of legacy applications/enhancement of existing applications*. DO has a need to retire legacy applications built on aged technologies to reduce cybersecurity risk, standardize low-code platform adoption, and realize operational efficiencies through common systems. DO also has identified technology gaps and business process automation opportunities which will be prioritized to shift staff focus from low to high value work. This initiative will reduce the administrative burden on our IT development staff through automation and common tool sets. DO plans to leverage this funding to secure a dedicated agile development sprint team comprised of seven resources to continually improve the DO application portfolio. The remainder will be used to procure low-code software as a service (SaaS) licensing on which legacy applications will continue to be re-platformed. DO will prioritize legacy application modernization while integrating enhancements across mission support technologies (OSP Tracker, Nuvolo, Impress, etc.).
4) *Migration to managed remote access and remote desktop*. DO's current remote access and virtual desktop infrastructure were designed a decade ago and intended to support traveling staff as well as a small number of telecommuters for episodic telework and days where a large telework load would be supported for a day or two (such as "inclement weather events"). While hardware has been occasionally refreshed over the years, the underlying architecture has not changed over the past decade. This comes amid increased usage of telework flexibilities over this same period, which necessitate a new posture. DO intends to migrate to a new managed remote access platform which leverages a similar solution to the one IRS has used for its 80,000 plus users during the pandemic. This should help DO to leverage IRS's implementation lessons as well as reduce the Department's overall attack surface area for cyber threats. Both the new managed remote access and virtual desktop infrastructure will provide DO with added resiliency, support greater swings in demand, and scalability which does not exist in DO's current posture.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2020 Actual Obligations	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
11.1 - Full-time permanent	63,253	74,309	80,485
11.3 - Other than full-time permanent	431	551	568
11.5 - Other personnel compensation	2,002	2,332	2,405
11.9 - Personnel Compensation (Total)	**65,686**	**77,192**	**83,458**
12.0 - Personnel benefits	21,544	25,125	27,128
Total Personnel and Compensation Benefits	**$87,230**	**$102,317**	**$110,586**
21.0 - Travel and transportation of persons	1,397	1,367	1,394
22.0 - Transportation of things	95	94	96
23.2 - Rental payments to others	222	4	4
23.3 - Communications, utilities, and miscellaneous charges	48	47	48
24.0 - Printing and reproduction	4	0	0
25.1 - Advisory and assistance services	15,837	20,590	19,289
25.2 - Other services from non-Federal sources	1,089	1,892	1,914
25.3 - Other goods and services from Federal sources	47,024	42,423	40,103
25.4 - Operation and maintenance of facilities	27	0	0
25.7 - Operation and maintenance of equipment	6,693	6,353	10,118
26.0 - Supplies and materials	3,320	3,209	3,237
31.0 – Equipment	5,043	2,009	3,682
32.0 - Land and structures	8,598	5,194	5,221
Total Non-Personnel	**$89,397**	**$83,182**	**$85,106**
Total Obligations	**$176,627**	**$185,500**	**$195,692**
Full-time Equivalents (FTE)	**516**	**586**	**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, [$175,000,000] *$185,192,000*, 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, [2022] *2023*. *(Department of the Treasury Appropriations Act, 2021.)*	

E – Legislative Proposals
The Office of Terrorism and Financial Intelligence has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment
In accordance with the Government Performance and Results Act Modernization Act (GPRAMA) of 2010, the Department of the Treasury is currently developing the FY 2022 – 2026 Departmental Strategic Plan. The Strategic Plan is scheduled for publication in 2022. The Annual Performance Plan will be updated in the FY 2023 President's Budget to reflect new departmental strategic goals and objectives

B – Budget and Performance/Workforce Indicators by Budget Activity
2.1.1 – Terrorism and Financial Intelligence Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	$117,000	$123,000	$141,778	$159,000	$169,712	$175,000	$185,192
Reimbursable	$6,329	$6,491	$8,626	$7,756	$8,543	$10,500	$10,500
Budget Activity Total	**$123,329**	**$129,491**	**$150,404**	**$166,756**	**$178,255**	**$185,500**	**$195,692**
Full-time Equivalents (FTE)	**414**	**428**	**444**	**480**	**516**	**586**	**616**

The FY 2016 - FY 2020 appropriated resources represents the approved operating plan. The FY 2016 - FY 2020 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Number of new or modified sanctions programs modified by EO or Congressional mandate during the fiscal year	N/A	N/A	N/A	N/A	7	I	I	I
Regulatory documents published in the Federal Register within four months of publication of an Executive order or Congressional mandate during the fiscal year	N/A	N/A	N/A	N/A	67%	75%	75%	75%
Designations and identifications released on time to the public without errors	N/A	N/A	N/A	N/A	97%	90%	90%	90%
Conduct outreach events for the other US government agencies, the public, the business sector, and foreign government per calendar year	N/A	N/A	N/A	N/A	0	40	60	60
Participation in FATF international mutual evaluations and follow up reports	N/A	N/A	N/A	N/A	32	I	I	I
Number of roundtables with private sector on AML/CFT threats, vulnerabilities, and risk	N/A	N/A	N/A	N/A	13	I	I	I
# of overseas/domestic engagements with foreign officials by TFFC officials	N/A	N/A	N/A	N/A	> 690	I	I	I
Respond to de-confliction requests received from law enforcement	N/A	N/A	N/A	N/A	7 days	7 days	7 days	7 days
# of security clearances processed	N/A	N/A	N/A	N/A	1131	B	B	B
Number of analytic products published (includes number of IIRs published, number of finished intelligence pieces published)	N/A	N/A	N/A	N/A	446 IIRs/297 FI	I	I	I
Percent customer satisfaction with OIA products	N/A	N/A	N/A	N/A	Customer Satisfaction Surveys not conducted in FY 2020 due to the COVID-19 pandemic.	74%	74%	74%

Key: I – Indicator; B - Baseline

Note: All performance measures are new beginning in FY 2020, so no results were reported for FYs 2016 - 2019.

Terrorism and Financial Intelligence Budget and Performance
($185,192,000 from direct appropriations, $10,500,000 from reimbursable resources)
TFI has strategically applied Treasury's powerful tools and authorities against bad actors, including rogue regimes, terrorist financiers, human rights abusers, proliferators of weapons of mass destruction, drug kingpins, and others. Since the beginning of FY 2020, Treasury has established four new and six modified sanctions programs. This included the use of tools and authorities to deter Iran's nuclear and ballistic missile program, hindering Iran's support of global terrorism, and offsetting efforts to destabilize the Middle East, Burma, Hong Kong, Venezuela, and others.

On Iran, Treasury targeted terrorist financing and money laundering activity and imposed a series of sanctions designed to disrupt Iran's nuclear program and its ability to acquire and sell conventional arms. Treasury imposed sanctions on the Iranian ambassador to Iraq responsible for coordinating the activity of Iran's Islamic Revolutionary Guard Corps Quds Force (IRGC-QF) throughout Iraq. Additionally, Treasury imposed sanctions on a huge network on 150 targets in addition to metals and petrochemical companies. Through the Terrorist Financing Targeting Center's (TFTC) partnership with seven Gulf nations, joint sanctions against the Islamic State of Iraq and Syria (ISIS), Hizballah, and Iran's IRGC were successfully taken.

Additionally, Treasury applied its tools and authorities against Venezuela's Maduro regime to deny the regime revenue and sanctioned members of the regime for human rights violations and corruption. Additionally, Treasury used sanctions to place pressure on North Korea, including designations focused on North Korea's continued supply of unlawful labor to overseas markets, which is used to generate income in contravention of United Nations sanctions. Treasury countered Russian illicit financing by working with foreign partners and through strategic use of sanctions authorities. TFI also formed an election security team in response to foreign interference and influence threats to the American electoral system and designated four Russia-linked individuals for attempting to influence the U.S. electoral process.

In addition to administering global programs targeting sanctionable activity, Treasury issued two actions under Section 311 of the USA PATRIOT Act and issued eight special collection requests on major illicit financing issues. On China, TFI realigned analytic resources to anticipate and analyze more thoroughly the security threats China poses and took action to impose costs on China for human rights abuses in Xinjiang and for undermining Hong Kong's autonomy. On Burma, Treasury implemented a new sanctions regime in response to the Burmese military's coup against the democratically elected civilian government of Burma. In coordination with the issuance of a new Executive Order (E.O.), Treasury designated, pursuant to that E.O. approximately 10 individuals and three entities connected to the military apparatus responsible for the coup. These actions were taken quickly and at the direction of the White House, in response to violence and suppression of peaceful protests over the weekend of February 21, 2021.

To strengthen Treasury's ability to target and combat risks, TFI built a tailored financial intelligence data platform that aggregates and overlays TFI data holdings. This platform hosts foreign government information, open source corporate registry information, and Financial

Action Task Force (FATF) publications, among other resources, to help TFI personnel make more effective national security decisions.

The Office of Terrorist Financing and Financial Crimes-led Illicit Finance Fusion Cell (IFFC), an interagency body established in 2018 to use advanced data analytics and public records in support of Treasury's national security priorities, partnered closely with the TFI Chief Data Officer to acquire and ingest over 300 million corporate records into the TFI data platform. The IFFC's methodology prioritizes detecting anomalous patterns in publicly available data (PAI) that are both indicative of illicit activity and uncover new information previously unknown to the interagency community. The IFFC expanded in 2020 beyond its original focus on Iran to produce analysis of corporate networks conducting illicit activity, including corruption, bribery, and other financial crimes, in support of rogue actors in China, Russia, Lebanon, Syria, Bahrain, Venezuela, Malta, and Turkey. The IFFC's unique methodology detected previously unreported illicit or suspicious activity, enhanced foreign engagement, and informed targeting efforts.

The introduction of new government programs in response to COVID-19 and the economic distress caused by the pandemic resulted in an uptick in fraud and illicit activities. Treasury worked with the federal banking community to coordinate an interagency response and publish advisories for financial institutions (Advisories).

In FY 2020, Treasury further expanded its role in cybersecurity through the creation of the Cyber Analysis Office, which worked with the governmental partners and major financial institutions to gather intelligence aimed at disrupting global cyber theft operations. OIA's Cyber Analysis Office also augmented analytic resources to detect and analyze emerging trends in state and non-state use of virtual currencies to undermine U.S. national security. In September 2020, TFI worked with the Department of Justice and Department of Homeland Security to sanction two Russian nationals for their involvement in a sophisticated phishing campaign that resulted in losses of at least $16.8 million in 2017 and 2018.

Terrorism and Financial Intelligence Offices Supporting the AML/CFT Mission

The NDAA legislation codified practices that will enable Treasury to address key threats, including traditional methods of money laundering and emerging issues related to financial technology and virtual currency. The law also creates an expansive whistleblower rewards system that is expected to increase BSA enforcement.

TFI also leveraged its partnerships to strengthen the international regulatory framework for AML/CFT. In FY 2020, Treasury strengthened its programs that were established during the U.S. presidency the FATF, the intergovernmental body that sets global AML/CFT standards. TFI led efforts focused on virtual currencies and the combating of terrorist financing and the financing of weapons of mass destruction, to strengthen the U.S. and international financial systems. Under Treasury's leadership, the FATF revised its standards to also apply to virtual assets and virtual asset service providers. The revision included commitments from 205 countries to comply with the FATF standards and to effectively regulate and supervise virtual asset service providers for anti-money laundering and counter the financing of terrorism. In addition, the FATF assisted countries in combating terrorist financing, which included training prosecutors and judges from around the world on how to conduct terrorist financing investigations and prosecute terrorist financers.

The FATF adopted new standards on proliferation financing and advanced work on COVID-19 AML/CFT risks and trade-based money laundering. The enhancements on these standards ensures that jurisdictions around the world will equip their financial institutions and other covered entities with targeted information on proliferation financing risk that can be used to detect shell companies and other individuals or entities acting on behalf of designated persons.

Treasury also augmented resources to detect and analyze emerging trends in state and non-state use of virtual currencies to undermine U.S. national security and led the G7 in producing an annex on ransomware in the Ministerial statement on digital payments.

C– Evidence-Building Activity

TFI is an organization of 900+ people in five independent but complementary offices that work together using tools and authorities, including sanctions, to achieve U.S. national security and foreign policy goals. This is done through strategies that employ our policy, law enforcement, intelligence, and regulatory tools to identify, disrupt, and dismantle threats, such as rogue regimes, terrorist organizations, human rights abusers, drug traffickers, money launders, proliferators of weapons of mass destruction, and more. Our comprehensive data analytics, regulatory reporting, foreign government information, and record keeping rules inform our approach to policy implementation, diplomatic engagement, sanctions, 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: https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx.

Department of the Treasury Committee on Foreign Investment in the United States Activities

Congressional Budget Justification and Annual Performance Report and Plan

FY 2022

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Section I – Budget Request

A – Mission Statement
Review certain transactions involving foreign investment in the United States and certain real estate transactions by foreign persons 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. The Committee's 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, 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 or declarations. 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) strengthened CFIUS to better address national security concerns arising from some types of investments and transactions that were previously outside its jurisdiction. Additionally, FIRRMA modernized Committee processes to better enable timely and effective reviews of covered transactions. FIRRMA also established 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.

The Treasury Department issued a final rule—effective August 27, 2020—establishing fees for any formal written notice of a "covered transaction" or "covered real estate transaction" filed with CFIUS. The fee applies to transactions filed as voluntary notices and not to transactions submitted as declarations (an abbreviated notification form). The revenue generated from the filing fees will offset some of the expenses associated with CFIUS's activities to protect U.S.

national security. The fee amount is based on the value of the transaction, according to tiers set forth in the rule, and range from $750 to $300,000.

Pursuant to the final rule establishing filing fees, CFIUS collected over $3 million in filing fees in FY 2020, all of which were deposited into the General Fund of the Treasury. For FY 2021, over $11 million has been collected through May 21, 2021. While informed by historical transaction data, it is inherently difficult to estimate expected filing fee collections, given the number of external factors that influence the volume and nature of CFIUS filings in any given year—especially in the first year of a new regulatory regime. FY 2020 collections differ from the estimate assumed in the FY 2020 budget request for several reasons: that estimate was prepared before the final FIRRMA regulations and fee scale were developed and finalized; Treasury's fee rule became effective later than assumed in the FY 2020 budget request; and, the COVID-19 pandemic affected global mergers and acquisition activity, which tends to broadly correlate with CFIUS filings.

Case volume has increased significantly in recent years, from 172 notices formally reviewed in calendar year (CY) 2016 to 325 cases (comprised of 231 notices and 94 declarations reviewed under the critical technology pilot program) formally reviewed in CY 2019. The expanded jurisdiction authorized by FIRRMA took effect February 13, 2020. In FY 2021, a planned final rule took effect, which modified the mandatory declaration requirement for certain transactions involving U.S. businesses that produce, design, test, manufacture, fabricate, or develop one or more critical technologies. As 2020 data is not yet publicly available, the case volume reported here does not reflect the full impact of that legislation. The FY 2022 budget requests resources necessary to handle an anticipated workload of 1,000 cases per year (including significantly expanded activity with respect to non-notified transactions), mitigation monitoring, and international engagement.

Treasury requests $20 million for the CFIUS Fund in upfront appropriations that will be offset by an estimated $20 million in offsetting collections from filing fees, of which $15 million is proposed for transfer to Treasury to fund capital investments and staff to support Committee activities. The remaining $5 million will be available for transfers to CFIUS member agencies to facilitate, for example, interagency connectivity with Treasury's information technology (IT) and case management systems, and to address other emerging needs.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2020 Operating Plan		FY 2021 Operating Plan		FY 2022 Request		FY 2021 to FY 2022 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Treasury CFIUS Activities	0	$15,000	0	$15,000	0	$15,000	NA	0.0%
Other Member CFIUS Activities	0	$5,000	0	$5,000	0	$5,000	NA	0.0%
New Appropriated Resources - Member Agencies								
Treasury Departmental Offices S&E	56	$22,341	93	$22,661	120	$24,556	29.0%	8.4%
Subtotal New Appropriated Resources	**56**	**$42,341**	**93**	**$42,661**	**120**	**$44,556**	**29.0%**	**4.4%**
Other Resources								
Anticipated User Fees - CFIUS Fund	0	($20,000)	0	($20,000)	0	($20,000)	NA	0.0%
Subtotal Other Resources	**0**	**($20,000)**	**0**	**($20,000)**	**0**	**($20,000)**	**NA**	**0.0%**
Total Budgetary Resources	**56**	**22,341**	**93**	**$22,661**	**120**	**$24,556**	**29.0%**	**8.4%**

*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.
**Treasury FY 2022 CFIUS Activities total $39.6 million - $15 million transferred from the CFIUS Fund and $24.6 million requested for the Departmental Offices S&E Account.
***The FY 2020 actuals for user fees collected was $3.1 million. FY 2020 collections were impacted by the timing of the final rule issuance and decreases to global merger and acquisition activity as a result of the COVID-19 pandemic.

1.2.1 – CFIUS Fund Budget Adjustments Table

The FY 2022 total request for Treasury is $39.6 million, with requested funding increases shown in the two Budget Adjustment tables below:

Dollars in Thousands

Dollars in Thousands	FTE	Amount
FY 2021 Operating Plan	**0**	**$20,000**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$0
Non-Recurring Costs	0	$0
Subtotal Changes to Base	0	$0
FY 2022 Current Services	**0**	**$20,000**
Program Changes:		
Anticipated User Fees - CFIUS Fund	0	($20,000)
FY 2022 President's Budget Request	**0**	**$0**

1.2.2 – Departmental Offices Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2021 Operating Plan	**93**	**$22,661**
Transfer in from CFIUS Fund		$15,000
FY 2021 DO SE CFIUS Base	**93**	**$37,661**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$544
Pay Annualization (1.0% average pay raise)	0	$40
Pay Raise (2.7% average pay raise)	0	$326
FERS Contribution Increase	0	$150
Non-Pay	0	$28
Non-Recurring Costs	0	($3,013)
Non-Recur to CFIUS Investments	0	($3,013)
Subtotal Changes to Base	0	($2,469)
FY 2022 Current Services	**93**	**$35,192**
Program Changes:		
Program Increases:	27	$4,364
Staffing to Support CFIUS Caseload Growth	27	$4,364
Subtotal Program Changes	**27**	**$4,364**
FY 2022 President's Budget Request	**120**	**$39,556**

Note: CFIUS Fund transfers to non-Treasury agencies of $5 million are not included in this 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 transferring $15.0 million dollars to the DO Salaries and Expenses account to provide for Treasury DO CFIUS activities.

Maintaining Current Levels (MCLs) .... +$544,000 / +0 FTE

Pay Annualization (1.0%) +$40,000 / +0 FTE

Funds are requested for annualization of the January 2021 1.0% average pay raise.

Pay Raise (2.7% in 2022) +$326,000 / +0 FTE

Funds are requested for a 2.7% average pay raise in January 2022.

FERS Contribution Increase +$150,000 / +0 FTE

Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2022.

Non-Pay +$28,000 / +0 FTE

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

Non-Recurring Costs .... -$3,013,000 / -0 FTE
CFIUS will non-recur costs associated with configuring secure spaces for new CFIUS staff. This money is anticipated to be reinvested as staff on-board.

Program Increases .... +$4,364,000 / +27 FTE
Staffing to Support Caseload Growth +$4,364,000 / +27 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 2020 Actual Obligations	FY 2021 Estimated Obligations	FY 2022 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	15,000	20,000	20,000
Total Non-Personnel	**$15,000**	**$20,000**	**$20,000**
Total Obligations	**$15,000**	**$20,000**	**$20,000**
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 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 [2021] *2022*, so as to result in a total appropriation from the general fund estimated at not more than [$15,000,000]*$0. (Department of the Treasury Appropriations Act, 2021.)*	

E – Legislative Proposals

CFIUS has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

In accordance with the Government Performance and Results Act Modernization Act (GPRAMA) of 2010, the Department of the Treasury is currently developing the FY 2022 – 2026 Departmental Strategic Plan. The Strategic Plan is scheduled for publication in 2022. The Annual Performance Plan will be updated in the FY 2023 President's Budget to reflect new departmental strategic goals and objectives.

B – Budget and Performance by Budget Activity

2.1.1 – Treasury CFIUS Activities Resources and Measures

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Treasury CFIUS Activities	0	0	0	0	$15,000	$15,000	$15,000
Budget Activity Total	**0**	**0**	**0**	**0**	**$15,000**	**$15,000**	**$15,000**
Full-time Equivalents (FTE)	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Timely Review of CFIUS cases	100	100	100	100	100	100	100	100

Key: DISC - Discontinued; B - Baseline

2.1.2 – Other Member CFIUS Activities Resources and Measures

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Other CFIUS Activities	0	0	0	0	$5,000	$5,000	$5,000
Budget Activity Total	**0**	**0**	**0**	**0**	**$5,000**	**$5,000**	**$5,000**
Full-time Equivalents (FTE)	**0**	**0**	**0**	**0**	**0**	**0**	**0**

CFIUS Budget and Performance

($20,000,000 from direct appropriations):

In February 2020, Treasury published final regulations implementing FIRRMA. These regulations effectuated FIRRMA's expansion of the jurisdiction of CFIUS to review certain non-controlling, non-passive investments by foreign persons into certain types of U.S. businesses, as well as certain transactions by foreign persons involving real estate in the United States. The regulations also implemented mandatory declarations for two types of transactions—where a foreign government is acquiring a "substantial interest" in certain U.S. businesses, and transactions involving certain U.S. businesses that produce, design, test, manufacture, fabricate, or develop one or more critical technologies. Additionally, the regulations created an exception to the mandatory declaration provision for investments by certain foreign persons defined as "excepted investors" based on their ties to certain countries identified as "excepted foreign states," and their compliance with certain laws, orders, and regulations. In May 2020, Treasury initiated the collection of filing fees for notices filed with CFIUS and launched a secure web-based portal for parties to submit notices and declarations.

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 2020. IA's target for this measure in CY 2021 and CY 2022 is 100 percent.

C – Changes in Performance Measures
CFIUS has no changes to the performance measures.

D– Evidence-Building Activity
In May 2020, CFIUS began using a new case management system and requiring use of a public portal to enable a more secure and structured intake of filings. The case management system has already improved administrative efficiency, and it will remain in development through 2021. In addition to adding capabilities to enhance collaboration and record retrieval, the Office of Investment Security (OIS) is also integrating machine-learning capabilities to better analyze CFIUS data, automate production of metrics and displays of data, and create template wizards to standardize documents. Complementary to this effort, OIS is building, improving, and expanding databases of case information to facilitate future analytic efforts. Such analyses will provide greater insight into Committee decisions and performance over time, as well as perspectives on broader market activities and trends. CFIUS evidence-building activities are reflected in Section II D of the Departmental Offices Salaries & Expenses Congressional Justification. Additionally, refer to the Executive Summary for a discussion of Treasury-wide evidence-building functions.

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://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx

Treasury Coronavirus
Relief, Response, Aid, and Recovery Programs

Mission Statement

Continue to administer multiple relief and recovery programs authorized through the Families First Coronavirus Response Act (FFCRA), Coronavirus Aid, Relief, and Economic Security Act (CARES), Consolidated Appropriations Act (CAA), 2021, and the American Rescue Plan Act (ARP). The responsibilities that have been assigned to the Treasury Department are central to the Administration's overall relief and recovery agenda. They offer unique opportunities to secure a robust, equitable recovery through tools including state and local aid, rental assistance to struggling tenants, help for homeowners facing foreclosure, and the provision of capital to communities that have traditionally been left behind.

Treasury Amounts in the U.S. Government's COVID-19 Response

Dollars in Thousands

	FY 2020 Enacted Budget Authority[1]	FY 2020 Obligations[2]	FY 2021 Enacted Budget Authority	FY 2021 Estimated Obligations	FY 2022 Budget Authority
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Statute					
FFCRA	706,000	200,988	0	408,000	97,000
CARES Act	1,059,961,350	485,667,054	0	68,810,684	38,332,000
CAA, 2021[3]	0	0	(277,940,257)	198,731,500	1,801,400
ARP	0	0	847,843,900	830,263,500	20,634,700
Total	**$1,060,667,350**	**$485,868,042**	**$577,805,643**	**$1,098,213,684**	**$60,865,100**
Total Full-time Equivalents (FTE)	21	20	221	221	264

[1]Enacted budget authority includes varying periods of availibility depending on the program legislation.

[2]Obligations are based on FY 2022 President's Budget estimates.

[3]Section 1003 of the CAA, 2021, rescinded unobligated balances from the CARES Act 2020 appropriation to the Economic Stabilization Program; the ultimate effect of Sec. 1003 rescinded $478,796,257,000 from this program.

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Section I – Vision, Purpose and Context

A – Enacted Legislation

The coronavirus pandemic has had unprecedented, widespread impacts on the economy and caused significant disruptions to industries and families across America. FY 2020 saw the start of the COVID-19 pandemic and in response, Congress passed the Families First Coronavirus Response Act (FFCRA) (P.L. 116-127) and the Coronavirus Aid, Relief, and Economic Security Act (CARES) (P.L. 116-136). As the pandemic continued into FY 2021, Congress provided additional relief in the Consolidated Appropriations Act (CAA), 2021 (P.L. 116-260) and passed the American Rescue Plan Act (ARP) (P.L. 117-2). The legislative intent and focus of the Department of the Treasury (Treasury) is to provide fast, effective and efficient direct economic assistance to American workers, families, small businesses, and industries.

The FFCRA was enacted on March 18, 2020. The FFCRA, amended by the COVID-related Tax Relief Act of 2020, and the ARP, provides small and midsize employers refundable tax credits that reimburse them, dollar-for-dollar, for the cost of providing paid sick and family leave wages to their employees for leave related to COVID-19. The FFCRA gives businesses with fewer than 500 employees funds to provide employees with paid sick and family and medical leave for reasons related to COVID-19, either for the employee's own health needs or to care for family members.

The CARES Act, enacted on March 27, 2020, created a variety of programs to address the COVID-19 pandemic. The CAA, enacted on December 27, 2020, created several new programs and maintained many of the CARES Act programs by adding new phases, new allocations, and new guidance.

The ARP continues many of the programs started by the CARES Act and CAA, 2021. The ARP also created a variety of new programs to address continuing pandemic-related crises, and fund recovery efforts as the United States begins to emerge from the pandemic.

On April 28, 2021, the President announced the American Jobs Plan (AJP) and the American Families Plan (AFP). The AJP aims to create millions of jobs, rebuild the country's physical infrastructure and workforce, and spark innovation and manufacturing here at home, whereas, the AFP intends to help families cover the basic expenses, lower health insurance premiums, and continue the ARP's reduction to child poverty. Together, the AJP and AFP aspires to reinvest in the future of the American economy and American workers with the goal of giving American industries the competitive advantage to out-compete countries around the world.

Treasury categorizes enacted COVID related programs into four categories: assistance to taxpayers, which includes individuals and businesses, assistance to American industry and small businesses, assistance for State, Local, and Tribal Governments, and Community Development. Treasury also received funding for program administration and oversight.

Treasury COVID-19 Budget Authority Overview[1]

Dollars in Thousands

	2020 Enacted FFCRA	2020 Enacted CARES Act	2021 Enacted CAA, 2021	2021 Enacted ARP
	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Assistance to Taxpayers[2]				
Economic Impact Payments[3]	0	276,592,000	145,222,000	374,015,000
U.S. Coronavirus Refundable Credits[4]	691,000	100,480,000	0	53,378,000
Assistance to Industry & Small Businesses				
Transportation Services	0	0	1,950,000	0
Payroll Support Program, Air Carrier Worker Support & Pandemic Relief for Aviation Workers	0	31,900,000	16,000,000	14,990,000
Economic Stabilization Program[5]	0	499,875,000	(478,671,257)	0
Assistance for State, Local & Tribal Governments				
Coronavirus Relief Fund	0	150,000,000	0	362,000,000
Homeowner Assistance Fund	0	0	0	9,915,400
Emergency Rental Assistance	0	0	24,978,500	21,517,000
State Small Business Credit Initiative (SSBCI)	0	0	0	9,800,000
Community Development Financial Institutions				
Community Development Financial Institutions Fund, Emergency Support	0	0	3,000,000	0
Emergency Capital Investment Program	0	0	9,000,000	0
COVID Program Administration & Oversight				
Bureau of the Fiscal Service (Fiscal Service)	0	78,650	0	23,200
IRS COVID Response (Admin.)	15,000	750,700	509,000	1,861,700
Departmental Offices	0	225,000	65,000	330,000
Special Inspector General for Pandemic Recovery	0	25,000	0	0
Office of the Inspector General	0	35,000	6,500	5,600
Treasury Inspector General for Tax Administration	0	0	0	8,000
	$706,000	**$1,059,961,350**	**($277,940,257)**	**$847,843,900**

[1]Budget authority is based on enacted legislation; subsequent legislation extending existing authority increases the initial legislative authority. The table displays both mandatory and discretionary funding.

[2]Mandatory funding; Amounts will change as funds are needed and obligated; Assistance to Taxpayers also includes some support for businesses; Under the Assistance to Taxpayers category, the ARP also expanded the Child Tax Credit and created advance payments; established a child and dependent care tax credits; and made changes to the Earned Income Tax Credits.

[3]Economic Impact Payments excludes Recovery Rebate Credits; FY 2021 Budget Authority $27,669 million of which $24,902 million is estimated to be obligated in FY 2021 and $2,767 million is estimated to be obligated in FY 2022.

[4]This estimate only included the advance portions of the credits; other impacts of the credits are reflected in the FY 2022 Budget receipt estimates.

[5]The Budget proposes to repurpose $25M of Economic Stabilization Program funds for Special Inspector General for Pandemic Recovery; Section 1003 of the CAA, 2021, rescinded unobligated balances from the CARES Act 2020 appropriation to the Economic Stabilization Program; the ultimate effect of Sec. 1003 rescinded $478,796,257,000 from this program.

B – Strategic Approach

In response to enacted legislation, Treasury has created multiple programs to aid the American public including establishing the Office of Recovery Programs, managed by the Chief Recovery Officer, to lead the Department’s implementation of various COVID-19 related programs. This office will be principally focused on efficiently establishing and administering Treasury’s programs to support an equitable and swift recovery from the economic challenges precipitated by the COVID-19 pandemic.

The implementation of the recovery programs disbursed through the tax code, including Economic Impact Payments, the enhanced Child Tax Credit (CTC), and the CTC advance payments, will continue to be led by the Office of Tax Policy, the Internal Revenue Service, and the Bureau of Fiscal Service, in coordination with the Office of Recovery Programs.

Section II – Program Summary

A – Assistance for Taxpayers
The Treasury Department, the Bureau of the Fiscal Service (Fiscal Service), and the Internal Revenue Service (IRS) have provided three rounds of fast and direct relief payments during the COVID-19 crisis. Payments from the third round continue to be disbursed rapidly to Americans across the country.

1.1 Economic Impact Payments
These payments, which provide relief to the American people, including those residing in the U.S. territories, include the 2020 and 2021 recovery rebate credits, including the advance Economic Impact Payments of those credits, enacted in Section 2201 of the CARES Act, Section 272 of the CAA, 2021, and Section 9601(a) of the ARP.

Economic Impact Payments[1]
Dollars in Thousands

	FY 2020 Enacted Budget Authority	FY 2020 Obligations	FY 2021 Enacted Budget Authority	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Statute					
FFCRA	0	0	0	0	0
CARES Act	276,592,000	274,654,000	0	1,913,000	25,000
CAA, 2021	0	0	145,222,000	145,207,000	15,000
ARP	0	0	374,015,000	373,602,000	413,000
Total	**$276,592,000**	**$274,654,000**	**$519,237,000**	**$520,722,000**	**$453,000**
Total Full-time Equivalents (FTE)	0	0	0	0	0

[1]Excludes Recovery Rebate Credits; FY 2021 Budget Authority $27,669 million of which $24,902 million is estimated to be obligated in FY 2021 and $2,767 million is estimated to be obligated in FY 2022.

1.2 Employer Refundable Credits
Employee Retention Credit (ERC)*;* Section 2301 of the CARES Act created the employee retention credit, a refundable tax credit against certain employment taxes equal to 50 percent of the qualified wages certain businesses and tax-exempt employers pay to employees (up to $10,000 per employee) after March 12, 2020, and before January 1, 2021. Eligible employers could get immediate access to the credit by reducing employment tax deposits they are otherwise required to make or requesting an advance of the credit.

Section 206 of the Taxpayer Certainty and Disaster Tax Relief Act of 2020, enacted as Division EE of the CAA, 2021 amended and made technical changes to section 2301 of the CARES Act retroactive to the original effective date of section 2301, in particular to permit an employer that received a Paycheck Protection Program (PPP) loan to be eligible to claim an employee retention credit under section 2301 of the CARES Act, provided the wages reported in support of the forgiveness of the PPP loan are not the same wages for which the credit is claimed.

Section 207 of the Taxpayer Certainty and Disaster Tax Relief Act of 2020 extended the employee retention credit to qualified wages paid after December 31, 2020 and before July 1, 2021; increased the maximum credit amount that may be claimed per employee (making it equal to 70 percent of $10,000 of qualified wages paid to an employee per calendar quarter); limited eligibility for and amount of the credit advance, and expanded the category of employers that may be entitled to claim the credit, among other technical amendments.

Section 9651 of the ARP extended the availability of the employee retention credit to wages paid after June 30, 2021, and before January 1, 2022. Section 3134 generally maintained the structure of the employee retention credit as provided under section 2301 of the CARES Act, as amended, with certain changes.

Employers in a U.S. Territory that otherwise qualify for the employee retention credit can claim the credit. Payments of wages by employers in U.S. Territories are wages within the meaning of section 3121(a) and therefore employers eligible to claim the credit include employers in the U.S. Territories that pay qualified wages and otherwise meet the requirements for the credit.
Paid Leave Credits.

Sections 7001 and 7003 of Division G of the FFCRA created refundable tax credits against certain employment taxes for small and midsize employers to reimburse them for the cost of providing required paid sick and family leave wages to their employees for leave related to COVID-19 as set forth under Division E, the Emergency Paid Sick Leave Act (EPSLA) and Division C, the Emergency Family and Medical Leave Expansion Act (Expanded FMLA) of the FFCRA. Sections 7002 and 7004 of the FFCRA created similar credits for certain self-employed persons in similar COVID-related circumstances. An employer is eligible for credits for qualified sick leave wages up to $511 per day and $5,110 in the aggregate (for up to 10 days of leave) and up to $200 per day and $10,000 in the aggregate (for up to 10 weeks of leave) for qualifying COVID-related leave reasons. Eligible employers could get immediate access to the credit by reducing employment tax deposits they are otherwise required to make or requesting an advance of the credit. The requirement to provide leave under the EPSLA and Expanded FMLA expired on December 31, 2020, but the credits for paid leave that otherwise would have satisfied the requirements under the EPSLA and Expanded FMLA were extended through subsequent legislation through September 30, 2021.

Sections 286, 287 and 288 of the COVID-related Tax Relief Act of 2020, enacted under Division N of the CAA, 2021 extended the credits for periods of leave from January 1, 2021, through March 31, 2021, and made certain technical improvements to the FFCRA credit provisions.

Section 9641 of the ARP extended the credits through the period from April 1, 2021 through September 30, 2021; expanded the category of employers eligible for the credit, reset the limitations on the amount of qualified wages that may be taken into account for purposes of the credits (and increase the aggregate cap for paid family leave wages from $10,000 to $12,000); expanded the category of qualifying reasons for paid leave wages eligible for the credits (including leave to receive and recover from a COVID-19 vaccine), and made other technical amendments. (Sections 9642 and 9643 of the ARPA amended and extended the equivalent tax credits for certain self-employed individuals for April 1, 2021, through September 30, 2021.)

Employers in a U.S. Territory that otherwise qualify for the paid leave credits can claim the credit. Payments of wages by employers in U.S. Territories are wages within the meaning of section 3121(a) and therefore employers eligible to claim the credit include employers in the U.S. Territories that pay qualified wages and otherwise meet the requirements for the credit.

Section 9501 of the ARP required certain employers to offer free Consolidated Omnibus Budget Reconciliation Act (COBRA) coverage to certain qualified individuals for periods of coverage from April 1, 2021 through September 30, 2021. The ARP provided tax credits to employers to offset the cost of the COBRA coverage. It subsidized 100 percent of COBRA premiums for six months for individuals who lost employment or had reduced hours.

1.3 Child and Dependent Care Tax Credits, Advance Payments of Child Tax Credit, Child Tax Credit, and Earned Income Tax Credit Changes

Section 9631(a) of the ARP amended Section 21 of the Internal Revenue Code (Code) to provide special rules for the Child and Dependent Care Tax Credit (CDCTC) solely for Tax Year 2021. Specifically, the ARP made the CDCTC fully refundable. In addition, the maximum credit rate of the CDCTC increased from 35 percent to 50 percent. The amount of expenses that are eligible for the CDCTC was increased from $3,000 to $8,000 for one qualifying dependent (from $6,000 to $16,000 for two or more qualifying dependents). The ARP increased the phase-out threshold of the CDCTC from $15,000 of AGI to $125,000. The credit rate is phased down, but not below 20 percent, by 1 percentage point for each $2,000 (or fraction thereof) by which the taxpayers adjusted gross income (AGI) exceeds this threshold. The ARP further phased down the credit rate of 20 percent by 1 percentage point for each $2,000 (or fraction thereof) by which the taxpayers AGI exceeds $400,000. Section 9631(b) of the ARP amended Section 21 of the Code to authorize payments to U.S. territories with mirror code tax systems and to U.S. territories with non-mirror code tax systems.

Section 9632(a) of the ARP amended Section 129(a)(2) of the Code to increase, for Tax Year 2021 only, the maximum amount of employer-provided dependent care assistance that may be excluded from gross income. This increase doubles the generally applicable amounts that is, $5,000 (or $2,500 in the case of a married individual filing a separate return) such that an eligible employee for Tax Year 2021 can receive an exclusion of $10,500 (or $5,250 in the case of a married individual filing a separate return).

The Budget proposes to extend permanently the changes to the Child and Dependent Care Tax Credit made by the ARP, including the refundability of the credit and increases in the maximum credit rate and maximum amount of allowable expenses. Under the proposal, eligible taxpayers may claim a refundable credit for up to 50 percent of up to $8,000 in eligible expenses for one child or disabled dependent and up to $16,000 in eligible expenses for more than one child and/or disabled dependent. The credit rate is reduced for taxpayers with incomes above $125,000.

In Sections 9611 and 9612 of the American Rescue Plan Act of 2021, P.L. No. 117-2, 135 Stat. 4 (Mar. 11, 2021) (American Rescue Plan) amended the Internal Revenue Code (Code) to modify the CTC for 2021 only. Section 9611 of the American Rescue Plan amended Section 24 of the Code to make the entire amount of the CTC refundable and extended the CTC to cover children 17 years old and younger. The legislation also increased the amount of the CTC from $2,000 to

$3,600 for children under age 6, and $3,000 for other children under age 18. The amount of this increase in the CTC that is, the $1,600 in the case of a qualifying child under age 6 and $1,000 in the case of another qualifying children under age 18 is reduced by $50 for each $1,000 (or fraction thereof) by which the taxpayers modified adjusted gross income (MAGI) exceeds certain thresholds. These thresholds are (i) $150,000 for joint filers and surviving spouses, (ii) $112,500 for heads of household, and (iii) $75,000 in all other cases. In addition, the American Rescue Plan amended the Code to require advance payments of the CTC to be made periodically throughout 2021, beginning after July 1, based on the taxpayers 2020 or 2019 tax returns, in an aggregate amount equal to 50 percent of the amount of the taxpayers refundable CTC. Section 9612 of the American Rescue Plan amended Section 24 of the Code to provide that bona fide residents of the U.S. territories also are eligible for the expanded refundable CTC for 2021.

The Budget proposes to extend permanently the full refundability of the Child Tax Credit made by the American Rescue Plan of 2021. In addition, the proposal would extend through 2025, other changes made by the American Rescue Plan, including: increasing to 17 the maximum age an individual may be claimed as a qualifying child; increasing the maximum credit amount to $3,600 for each qualifying children under age 6 and to the $3,000 for each other qualifying children under age 18; and allowing half of the credit to be paid in advance.

Section 211 of the Consolidated Appropriations Act, 2021 (P.L. 116-260) and Sections Added CTC language and proposal from MAX.9621 through 9626 of the American Rescue Plan Act of 2021, Pub. Law No. 117-2, 135 Stat. 4 (Mar. 11, 2021) (American Rescue Plan) modified the EITC. For Tax Year 2021 only, the American Rescue Plan, generally, (i) reduced from 25 to 19 the minimum age to claim the EITC with no qualifying children (Childless EITC); (ii) eliminated the upper-age limit for the Childless EITC; (iii) increased the credit and phaseout percentages for the Childless EITC; and (iv) allowed individuals to use their earned income from Tax Year 2019 instead of their earned income from Tax Year 2021, if earned income from Tax Year 2021 is less, for purposes of calculating the EITC for Tax Year 2021. The American Rescue Plan also permanently modified the rules, beginning in 2021, regarding (i) children who fail to meet certain identification requirements, (ii) separated spouses, (iii) the disqualified investment income test, and (iv) the application of the EITC to the U.S. territories.

The Budget proposes to extend permanently the changes made by the ARP to the Earned Income Tax Credit for individuals with no qualifying children.

B – Assistance to American Industry & Small Businesses
The COVID-19 public health crisis and resulting economic crisis have put many sectors of the American economy under unprecedented strain. The Treasury Department is offering financial support to American industry so they can better support American workers and play a pivotal part in driving the national recovery effort.

The pandemic has also created a variety of challenges for small, micro, and solo businesses in communities across the country. Treasury is also providing critical assistance to small businesses across the country, facilitating the urgent deployment of capital and support to help these organizations not just persevere, but recover on solid footing.

1.1 Transportation Services

The CAA, 2021 Section 421 authorized the Secretary of the Treasury, in consultation with the Secretary of Transportation, to make grants available to eligible providers of transportation services that were negatively impacted by the coronavirus pandemic. This includes, but is not limited to, eligible companies providing charter, local, commuter, school, and tour bus services and eligible small passenger vessels (as defined in 46 U.S.C 85, 116, and 2101).

Transportation Services

Dollars in Thousands

	FY 2020 Enacted Budget Authority	FY 2020 Obligations	FY 2021 Enacted Budget Authority[1]	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Statute					
FFCRA	0	0	0	0	0
CARES Act	0	0	0	0	0
CAA, 2021	0	0	1,950,000	1,950,000	0
ARP	0	0	0	0	0
Total	**$0**	**$0**	**$1,950,000**	**$1,950,000**	**$0**
Total Full-time Equivalents (FTE)	0	0	20	20	20

[1]Funds available until expended, no more than $50M for administrative expenses.

1.2 Payroll Support Program, Air Carrier Worker Support & Pandemic Relief for Aviation Workers

The CARES Act, Section 4112, CAA, 2021 Division N Section 402, and the ARP, Section 7301 each authorized the Secretary of the Treasury to provide financial assistance to the aviation industry for the continued payment of employee wages, salaries, and benefits. The CARES Act provided for financial assistance to passenger air carriers, cargo air carriers, and airline contractors. The two subsequent laws provided for additional financial assistance only for passenger air carriers and airline contractors.

Payroll Support Program, Air Carrier Worker Support & Pandemic Relief for Aviation Workers

Dollars in Thousands

	FY 2020 Enacted Budget Authority	FY 2020 Obligations	FY 2021 Enacted Budget Authority	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Statute					
FFCRA	0	0	0	0	0
CARES Act	31,900,000	28,199,000	0	3,793,000	0
CAA, 2021	0	0	16,000,000	16,000,000	0
ARP[1]	0	0	14,990,000	11,736,000	7,000
Total	**$31,900,000**	**$28,199,000**	**$30,990,000**	**$31,529,000**	**$7,000**
Total Full-time Equivalents (FTE)	8	8	14	14	17

[1]Funds available until expended

1.3 Economic Stabilization Program

The CARES Act (P.L. 116–136) authorized the Department of the Treasury to make up to $500 billion in loans and other investments in support of and to provide liquidity to eligible businesses, nonprofits, states, and municipalities impacted by the COVID-19 pandemic. This included investments in facilities established by the Board of Governors of the Federal Reserve System pursuant to Section 13(3) of the Federal Reserve Act to provide liquidity to the financial system. The CARES Act also authorized Treasury to use up to $46 billion of these funds to make loans to passenger and cargo air carriers, certain other aviation businesses, and businesses critical to maintaining national security. As required by the Federal Credit Reform Act of 1990, as amended, this account records the subsidy costs associated with these loans and investments, which are estimated on a present value basis. The Consolidated Appropriations Act, 2021 (P.L. 116–260) rescinded this authority, though any loans and investments already made will remain active until obligations are fully liquidated.

Economic Stabilization Program

Dollars in Thousands

	FY 2020 Enacted Budget Authority[1]	FY 2020 Obligations	FY 2021 Enacted Budget Authority[2]	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
	AMOUNT	**AMOUNT**	**AMOUNT**	**AMOUNT**	**AMOUNT**
Statute					
FFCRA	0	0	0	0	0
CARES Act[1]	499,875,000	31,823,000	0	998,000	0
CAA, 2021	0	0	(478,671,257)	0	0
ARP	0	0	0	0	0
Total	**$499,875,000**	**$31,823,000**	**($478,671,257)**	**$998,000**	**$0**
Total Full-time Equivalents (FTE)	11	11	12	12	9

[1]$25M transferred to SIGPR, $100M for administrative expenses available until expended.

[2]Prior year obligations were recovered before the January 9, 2021 recission deadline

C – Assistance for State, Local, & Tribal Governments

The COVID-19 public health crisis and resulting economic crisis have put state, local, and Tribal governments under unprecedented strain. The Treasury Department is providing needed relief to state, local, and Tribal governments to enable them to continue to support the public health response and lay the foundation for a strong and equitable economic recovery.

1.1 Coronavirus Relief Fund

The CARES Act, Section 5001, as amended by the CAA, 2021 Section 1001, and the ARP, Section 9901, amended the Social Security Act (42 U.S.C. 301 et seq.) to authorize the Secretary of the Treasury to make payments to states, territories, tribal governments, and units of local government to assist with expenditures related to, as well as to mitigate the fiscal effects stemming from, the coronavirus pandemic.

In addition, the ARP established a Coronavirus Capital Projects Fund and a Local Assistance and Tribal Consistency Fund. The Coronavirus Capital Projects Fund provides $10 billion in payments to states, territories, and tribal governments to carry out critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the coronavirus pandemic. The Local Assistance and Tribal Consistency Fund provides $2 billion in payments to eligible revenue sharing counties and eligible tribal governments for any governmental purpose other than lobbying activity to be obligated in FYs 2022 and 2023.

Coronavirus Relief Fund

Dollars in Thousands

	FY 2020 Enacted Budget Authority	FY 2020 Obligations	FY 2021 Enacted Budget Authority[1]	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
	AMOUNT	**AMOUNT**	**AMOUNT**	**AMOUNT**	**AMOUNT**
Statute					
FFCRA	0	0	0	0	0
CARES Act	150,000,000	150,000,000	0	0	0
CAA, 2021	0	0	0	0	0
ARP	0	0	362,000,000	360,000,000	1,000,000
Total	**$150,000,000**	**$150,000,000**	**$362,000,000**	**$360,000,000**	**$1,000,000**
Total Full-time Equivalents (FTE)	0	0	10	10	18

[1] $2B available through 2023, $350B available through 2025 and $10.05B available until expended. $35M

1.2 Homeowner Assistance Fund

The ARP, Section 3206, established the Homeowner Assistance Fund to mitigate financial hardships associated with the coronavirus pandemic by providing funds to states, territories, tribes, and other eligible entities in order to prevent homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, displacements, and post-foreclosure evictions.

Homeowner Assistance Fund

Dollars in Thousands

	FY 2020 Enacted Budget Authority	FY 2020 Obligations	FY 2021 Enacted Budget Authority[1]	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
	AMOUNT	**AMOUNT**	**AMOUNT**	**AMOUNT**	**AMOUNT**
Statute					
FFCRA	0	0	0	0	0
CARES Act	0	0	0	0	0
CAA, 2021	0	0	0	0	0
ARP	0	0	9,915,400	9,915,400	0
Total	**$0**	**$0**	**$9,915,400**	**$9,915,400**	**$0**
Total Full-time Equivalents (FTE)	0	0	7	7	16

[1] Funds available through FY 2025; $3M transferred to CDFI

1.3 Emergency Rental Assistance

The CAA, 2021 Division N Section 501 established the Emergency Rental Assistance fund to provide payments to states, territories, tribes, localities, and other eligible entities to provide financial assistance and housing stability services to eligible households. These services may include the payment of rent, rental arrears, and utilities and home energy costs for a specified period of time. The ARP, Section 3201 provided for additional assistance and expanded housing stability services, in addition to allocating a subset of the funds specifically for high-need grantees in FY 2022 and FY 2023.

Emergency Rental Assistance

Dollars in Thousands

	FY 2020 Enacted Budget Authority	FY 2020 Obligations	FY 2021 Enacted Budget Authority	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
	AMOUNT	**AMOUNT**	**AMOUNT**	**AMOUNT**	**AMOUNT**
Statute					
FFCRA	0	0	0	0	0
CARES Act	0	0	0	0	0
CAA, 2021[1]	0	0	24,978,500	24,978,500	0
ARP[2]	0	0	21,517,000	21,517,000	0
Total	**$0**	**$0**	**$46,495,500**	**$46,495,500**	**$0**
Total Full-time Equivalents (FTE)	0	0	9	9	16

[1]One-year funding

[2]Funds available through FY 2027; $3M transferred to OIG

1.4 State Small Business Credit Initiative (SSBCI)

The ARP, Section 3301 amends the State Small Business Credit Initiative Act of 2010 (12 U.S.C. 4701 et seq.) in order to re-establish the State Small Business Credit Initiative and provide funds to states and tribal governments through September 29, 2030. The overall purpose of this account is to provide support to small businesses responding to and recovering from the economic effects of the coronavirus pandemic, ensure business enterprises owned and controlled by socially and economically disadvantaged individuals have access to credit and investments, and provide technical assistance to help small businesses applying for various support programs.

State Small Business Credit Initiative (SSBCI)

Dollars in Thousands

	FY 2020 Enacted Budget Authority	FY 2020 Obligations	FY 2021 Enacted Budget Authority[1]	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
	AMOUNT	**AMOUNT**	**AMOUNT**	**AMOUNT**	**AMOUNT**
Statute					
FFCRA	0	0	0	0	0
CARES Act	0	0	0	0	0
CAA, 2021	0	0	0	0	0
ARP	0	0	9,800,000	9,800,000	0
Total	**$0**	**$0**	**$9,800,000**	**$9,800,000**	**$0**
Total Full-time Equivalents (FTE)	0	0	32	32	32

[1]Funds available until expended.

D – Community Development

1.1 Community Development Financial Institutions Fund, Emergency Support

The CAA, 2021 provided $3 billion to deliver immediate assistance to CDFIs in communities impacted by the COVID-19 pandemic. In the spring of 2021, the CDFI Fund plans to award

$1.25 billion of these funds through its newly established CDFI Rapid Response Program (CDFI RRP), which is designed to quickly deploy capital to CDFIs through a streamlined application and review process. Through the CDFI RRP, CDFIs will be provided with resources necessary to respond to the economic impacts of the COVID-19 pandemic in distressed and underserved communities and people.

To further assist distressed and underserved communities in responding to the economic impacts of the COVID19 pandemic, the CDFI Fund will also begin the process of making $1.75 billion in funds available to support lending in minority communities and minority lending institutions through its Minority Lending Program (MLP) in 2022. Of these funds, $1.2 billion is reserved for awards to minority lending institutions, which are CDFIs that are designated as Minority Depository Institutions (MDIs) or meet other standards for accountability to minority populations as determined by the CDFI Fund; and, $550 million will be awarded to CDFIs to expand their lending, grant making, or investment activity in low- or moderate-income minority communities and to minorities that have significant unmet capital or financial service needs.

CDFI Emergency Support

Dollars in Thousands

	FY 2020 Enacted Budget Authority	FY 2020 Obligations	FY 2021 Enacted Budget Authority[1]	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
	AMOUNT	**AMOUNT**	**AMOUNT**	**AMOUNT**	**AMOUNT**
Statute					
FFCRA	0	0	0	0	0
CARES Act	0	0	0	0	0
CAA, 2021	0	0	3,000,000	1,250,000	1,741,000
ARP	0	0	0	0	0
Total	**$0**	**$0**	**$3,000,000**	**$1,250,000**	**$1,741,000**
Total Full-time Equivalents (FTE)	0	0	7	7	14

[1]$1.75B Funds available until expended

<u>1.2 Emergency Capital Investment Program</u>

The CAA, 2021 Division N Section 522 amended the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4701 et seq.) to establish the Emergency Capital Investment Fund and authorized the Emergency Capital Investment Program. This program supports the efforts of low- and moderate-income community financial institutions to, among other things, provide loans, grants, and forbearance for small businesses, minority-owned businesses, and consumers, especially in low-income and underserved communities, including persistent poverty counties, that may be disproportionately impacted by the coronavirus pandemic by providing direct and indirect capital investments.

Emergency Capital Investment Program

Dollars in Thousands

	FY 2020 Enacted Budget Authority	FY 2020 Obligations	FY 2021 Enacted Budget Authority[1]	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
	AMOUNT	**AMOUNT**	**AMOUNT**	**AMOUNT**	**AMOUNT**
Statute					
FFCRA	0	0	0	0	0
CARES Act	0	0	0	0	0
CAA, 2021	0	0	9,000,000	8,796,000	20,000
ARP	0	0	0	0	0
Total	**$0**	**$0**	**$9,000,000**	**$8,796,000**	**$20,000**
Total Full-time Equivalents (FTE)	0	0	12	12	14

[1]Funds available until expended.

E – COVID Program Administration and Oversight

1.1 Bureau of the Fiscal Service (Fiscal Service)

The CARES Act provided the Fiscal Service $78.65 million in supplemental appropriations for the implementation of the Economic Impact Payments (EIP) as well as the implementation of reporting requirements associated with spending of COVID-19 supplemental appropriations. In the first round of EIPs, Fiscal Service issued more than 160 million EIPs totaling more than $270 billion. The CAA, 2021 authorized a second round of EIPs and allowed for the transfer up to $63 million of the $78.65 million appropriated under CARES to offset any losses attributable to debt collection activities.

During FY 2021, Fiscal Service issued more than 147 million EIP2s and as of May 12, 2021, has issued approximately 165 million EIP3s. In total, as of May 2021, over 472 million EIPs have been disbursed during FY 2020 and FY 2021. The ARP provided Fiscal Service $23.2 million for implementation of Recovery Rebates to Individuals and Child Tax Credit Advanced Payments. In addition to the funds appropriated by the CARES Act, the CAA, 2021, and the ARP, the IRS reimburses Fiscal Service for the cost of postage (see 31 U.S.C. 306 note) associated with EIPs.

Bureau of the Fiscal Service

Dollars in Thousands

	FY 2020 Enacted Budget Authority[1]	FY 2020 Obligations	FY 2021 Enacted Budget Authority[1]	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Statute					
FFCRA	0	0	0	0	0
CARES Act[2]	78,650	12,538	0	17,500	0
CAA, 2021	0	0	0	0	0
ARP	0	0	23,200	19,100	4,100
Total[3]	**$78,650**	**$12,538**	**$23,200**	**$36,600**	**$4,100**
Total Full-time Equivalents (FTE)	0	0	0	0	0

[1] CARES funding is available until September 30, 2021. ARP funding is available until September 30, 2022.

[2] The CAA, 2021, authorized the transfer of up to $63M to offset the losses resulting from the suspension of debt collection receipts during the coronavirus pandemic. Fiscal Service estimates that $48.5M will be transferred to the Debt Collection Fund.

[3] Total excludes reimbursed postage cost from the IRS (31 U.S.C. 306); In FY 2020, IRS reimbursed Fiscal Service $16.9 million for postage cost and in FY 2021, Fiscal Service estimates the postage cost to total $20M.

1.2 IRS COVID Response (Admin.)

The IRS received $15 million in the FFCRA and $750.7 million in the CARES Act for the resources for the IRS to change its operations to operate during the pandemic and implement EIPs and other tax changes. The IRS received an additional $509 million in the CAA, 2021 to carry out a second round of EIPs and address COVID-related tax administration issues. Finally, the IRS received $1.465 billion in the ARP for a third round of EIPs and information technology modernization as well as $397.2 million to carry out advance payments for the CTC.

IRS COVID Response (Admin.)[1]

Dollars in Thousands

	FY 2020 Enacted Budget Authority	FY 2020 Obligations	FY 2021 Enacted Budget Authority	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Statute					
FFCRA	15,000	14,988	0	0	0
CARES Act[2]	750,700	423,516	0	327,184	0
CAA, 2021[2]	0	0	509,000	509,000	0
ARP[3]	0	0	1,861,700	898,000	564,000
Total	**$765,700**	**$438,504**	**$2,370,700**	**$1,734,184**	**$564,000**
Total Full-time Equivalents (FTE)	0	0	0	0	0

[1]Includes funds for Taxpayer Services, Enforcement, Operations Support and Systems Modernization with multiple periods of availability.

[2]Obligations are based on estimates as of the time of the FY 2022 Budget; assumes funding will be fully obligated by the end of FY 2021.

1.3 Departmental Offices

This account received additional appropriations in the CARES Act to support the Small Business Administration Paycheck Protection Program. Additionally, the Treasury Departmental Offices provide administrative support to the following programs: Economic Impact Payments;

Economic Stabilization Program Payroll Support Program; Air Carrier Worker Support & Pandemic Relief for Aviation Workers; Transportation Services; Coronavirus Relief Fund; Homeowner Assistance Fund; Emergency Rental Assistance and State Small Business Credit Initiative

Departmental Offices

Dollars in Thousands

	FY 2020 Enacted Budget Authority[1]	FY 2020 Obligations	FY 2021 Enacted Budget Authority	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
	AMOUNT	**AMOUNT**	**AMOUNT**	**AMOUNT**	**AMOUNT**
Statute					
FFCRA	0	0	0	0	0
CARES Act[2]	225,000	24,000	0	26,000	30,000
CAA, 2021[3]	0	0	65,000	40,000	25,000
ARP	0	0	330,000	68,000	61,000
Total[5]	**$225,000**	**$24,000**	**$395,000**	**$134,000**	**$116,000**
Total Full-time Equivalents (FTE)	0	0	32	32	32

[1]Funds available through FY 2021.
[2]$100M for Economic Stabilization Program and Payroll Support Program, Air Carrier Worker Support & Pandemic Relief for Aviation Workers, fund available until expended available until expended.

[3]$50M for Transportation Services, available through FY 2022; $15M for Emergency Rental Assistance, available through end of FY 2021.

[4]$10M for administrative expenses related to Payroll Support Program, Air Carrier Worker Support & Pandemic Relief for Aviation Workers, available until expended; $50M for administrative expenses related to Coronavirus Relief Fund, available until expended; $40M for administrative expenses related to Homeowner Assistance Fund, available until expended; $30M for administrative expenses related to Emergency Rental Assistance, available through FY 2025; $200M for administrative expenses related to State Small Business Credit Initiative, available until expended.
[5]Administrative support for Economic Impact Payments are excluded from this table.

1.4 Special Inspector General for Pandemic Recovery

The Special Inspector General for Pandemic Recovery (SIGPR) was established by Section 4018 of the CARES Act.

SIGPR has the duty to conduct, supervise, and coordinate audits, evaluations, and investigations of the making, purchase, management, and sale of loans, loan guarantees, and other investments made by the Secretary of the Treasury under programs established by the Secretary, as authorized by Section 4018(c) of the CARES Act, and the management by the Secretary of programs, as authorized by Section 4018(c) of the CARES Act.

By express incorporation, SIGPR also has the duties, responsibilities, powers, and authorities granted inspectors general under the Inspector General Act of 1978, including broad subpoena authority.

The role and mission of SIGPR is to safeguard the peoples' tax dollars appropriated by Congress through the CARES Act. SIGPR strives to ensure that the American taxpayer gets the best return on investment by efficiently rooting out fraud, waste, and abuse. In carrying out its mission, SIGPR's goal is to treat everyone with respect, to operate with the utmost integrity, and to be fair, objective, and independent.

SIGPR received an initial appropriation of $25 million derived from amounts made available under Section 4027 of the CARES Act. The Budget proposes appropriations language to provide SIGPR an additional $25 million in 2022 from unobligated balances that remain available under Section 4027. This funding is critical in ensuring that SIGPR's audit and investigative services have the necessary resources to protect the integrity of CARES Act funds.

Special Inspector General for Pandemic Recovery

Dollars in Thousands

	FY 2020 Enacted Budget Authority[1]	FY 2020 Obligations	FY 2021 Enacted Budget Authority	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations[2]
	AMOUNT	**AMOUNT**	**AMOUNT**	**AMOUNT**	**AMOUNT**
Statute					
FFCRA	0	0	0	0	0
CARES Act	25,000	1,000	0	18,000	25,000
CAA, 2021	0	0	0	0	0
ARP	0	0	0	0	0
Total	**$25,000**	**$1,000**	**$0**	**$18,000**	**$25,000**
Total Full-time Equivalents (FTE)	2	1	66	66	76

[1]Funds shall remain available until expended

[2]Anticipating $25M increase from transfer in FY 2022

1.5 Office of the Inspector General

This account also supports the oversight of COVID response programs, such as the Coronavirus Relief Fund, Emergency Rental Assistance, and the Homeowner Assistance Fund pursuant to the CARES Act, Division N of the CAA, 2021, and the ARP.

Office of the Inspector General

Dollars in Thousands

	FY 2020 Enacted Budget Authority[1]	FY 2020 Obligations	FY 2021 Enacted Budget Authority	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
	AMOUNT	**AMOUNT**	**AMOUNT**	**AMOUNT**	**AMOUNT**
Statute					
FFCRA	0	0	0	0	0
CARES Act[1]	35,000	2,000	0	11,000	7,000
CAA, 2021[2]	0	0	6,500	1,000	400
ARP[3]	0	0	5,600	3,000	2,600
Total	**$35,000**	**$2,000**	**$12,100**	**$15,000**	**$10,000**
Total Full-time Equivalents (FTE)	0	0	0	0	0

[1]Funds shall remain available until expended;

[2]ERA funds available until expended

[3]HAF is 21/25 Funding and ERA is 21/27 Funding

1.6 Treasury Inspector General for Tax Administration

This account also supports the oversight of EIPs and other fast and direct relief pursuant to the CARES Act, Division N of the CAA, 2021, and the ARP.

Treasury Inspector General for Tax Administration

Dollars in Thousands

	FY 2020 Enacted Budget Authority	FY 2020 Obligations	FY 2021 Enacted Budget Authority[1]	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Statute					
FFCRA	0	0	0	0	0
CARES Act	0	0	0	0	0
CAA, 2021	0	0	0	0	0
ARP	0	0	8,000	3,000	5,000
Total	**$0**	**$0**	**$8,000**	**$3,000**	**$5,000**
Total Full-time Equivalents (FTE)	0	0	0	0	0

[1]Funds to remain available until September 30, 2023

Section III –Appropriations Language

A – Treasury Administrative Provisions

1.1 Special Inspector General for Pandemic Recovery

Sec. 124 intends to ensure sufficient resources so that the critical work that SIGPR does on behalf of the American public continues. SIGPR's resources originally provided by the CARES Act are at risk of running out during FY 2022, well before the work of the SIGPR would need to end.

Of the amounts appropriated in section 4027(a) of the Coronavirus Aid, Relief, and Economic Security Act (15 U.S.C. 9061) that are available for obligation as a result of the deobligation of amounts that were, as of January 9, 2021, obligated for the credit subsidy cost of loans and loan guarantees that the Secretary of the Treasury had committed under paragraphs (1) through (3) of section 4003(b) of the Coronavirus Aid, Relief, and Economic Security Act (15 U.S.C. 9042(b)(1)-(3)), $25,000,000 shall be available to the Special Inspector General for Pandemic Recovery to carry out section 4018 of the Coronavirus Aid, Relief, and Economic Security Act (15 U.S.C. 9053): Provided, that such amounts shall be in addition to any other amounts available for such purpose.

1.2 Administrative Funding Transfer Authority

Sec. 125 enables the Secretary of the Treasury to ensure resources are effectively and efficiently utilized for a centralized and consistent approach to administering and managing the various coronavirus recovery and stabilization programs implemented by Treasury.

Notwithstanding any other provision of law, the unobligated balances from amounts made available to the Secretary of the Treasury for administrative expenses pursuant to sections 4003(f) and 4112(b) of the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136); section 421(f)(2) of Division N of the Consolidated Appropriations Act, 2021 (Public Law 116-260); sections 3201(a)(2)(B), 3206(d)(1)(A), and 7301(b)(5) of the American Rescue Plan Act of 2021 (Public Law 117-2); and section 602(a)(2) of the Social Security Act, as added by section 9901 of the American Rescue Plan Act of 2021 (Public Law 117-2), shall be available for any administrative expenses determined by the Secretary of the Treasury to be necessary to respond to the coronavirus, including but not limited to expenses necessary to implement any provision of the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136), Division N of the Consolidated Appropriations Act, 2021 (Public Law 116-260), the American Rescue Plan Act (Public Law 117-2), or title VI of the Social Security Act: Provided, That such unobligated balances shall be available in addition to any other appropriations provided for such purposes.

Department of the Treasury
Office of Inspector General

Congressional Budget Justification and Annual Performance Plan and Report

FY 2022

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 OIG's jurisdictional boundaries.

B – Summary of the Request

The FY 2022 request for $42,362,000 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; Payment Integrity Information Act of 2019 (PIIA; Government Charge Card Abuse Prevention Act of 2012; Federal Deposit Insurance Act; Small Business Jobs Act of 2010; Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE); the Coronavirus Aid, Relief, and Economic Security Act (CARES Act); the Consolidated Appropriations Act, 2021; and the American Rescue Plan Act (ARP). 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 cybersecurity information sharing, (4) audits of improper payments and recoveries under PIIA, (5) risk assessments and audits of charge card programs, and (6) material loss reviews of failed insured depositary institutions regulated by the Office of the Comptroller of the Currency (OCC).

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, (5) information technology acquisition and project management; and (6) certain Treasury Pandemic Relief programs.

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, (2) grant and interagency agreement compliance monitoring, and (3) Loss of Key Leadership Over Administration of Gulf Coast Restoration Activities.

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.

Office of Inspector General's FY 2022 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 2022:

- The aggregate budget request for the operations of the OIG is $52,362,000 comprised of $42,362,000 from direct appropriations, and $10,000,000 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 2022.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2020 Operating Plan		FY 2021 Operating Plan		FY 2022 Request		FY 2021 to FY 2022 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Audit	128	$30,524	136	$30,524	144	$31,182	5.9%	2.2%
Investigations	39	$10,520	44	$10,520	46	$11,180	4.5%	6.3%
Subtotal New Appropriated Resources	**167**	**$41,044**	**180**	**$41,044**	**190**	**$42,362**	**5.6%**	**3.2%**
Other Resources								
Reimbursable	0	$6,000	0	$9,000	0	$9,000	NA	0.0%
Subtotal Other Resources	**0**	**$6,000**	**0**	**$9,000**	**0**	**$9,000**	**NA**	**0.0%**
Total Budgetary Resources	**167**	**47,044**	**180**	**$50,044**	**190**	**$51,362**	**5.6%**	**2.6%**

FY 2020 Other Resources and Full-time Equivalents (FTE) reflect actuals.
In FY 2021 additional appropriated resources were provided by the Consolidated Appropriations Act of 2021 (CAA) and the American Rescue Plan Act of 2021 (ARP) which are not included above:

1. $3 Million for oversight of the Emergency Rental Assistance program (ARP).
2. $6.5 million for oversight of the Emergency Rental Assistance program (CAA).
3. $2.6 million for oversight of the Homeowner Assistance Fund (ARP).
4. $35 million for oversight of the programs authorized in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2021 Operating Plan	**180**	**$41,044**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	1,258
Pay Annualization (1.0% average pay raise)	0	75
Pay Raise (2.7% average pay raise)	0	677
FERS Contribution Increase	0	284
Non-Pay	0	222
FY 2022 Current Services	**180**	**$42,302**
Program Changes:		
Program Decreases	0	(1,709)
Reduction in Contracts and Absorption of Rent Increase	0	(1,709)
Program Increases:	10	1,769
Workforce FTE Adjustment	10	1,709
Electric Vehicles and Associated Infrastructure	0	60
Subtotal Program Changes	**10**	**$60**
FY 2022 President's Budget Request	**190**	**$42,362**

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) ....+$1,258,000 / +0 FTE

Pay Annualization (1.0%) +$75,000 / +0 FTE

Funds are requested for annualization of the January 2021 1.0% average pay raise.

Pay Raise (2.7% in 2022) +$677,000 / +0 FTE

Funds are requested for a 2.7% average pay raise in January 2022.

FERS Contribution Increase +$284,000 / +0 FTE

Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2022.

Non-Pay +$222,000 / +0 FTE

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

Program Decreases…………………………………………………………-$1,709,000 / -0 FTE

Reduction in Contracts and Absorption of Rent Increase -$1,709,000 /-0 FTE

Program decrease in contracts and to accommodate increased administrative costs, including rent.

Program Increases ....+$1,769,000 / +10 FTE

Workforce FTE Adjustment +$1,709,000 / +10 FTE

This adjustment is required to right-size the workforce for increased audit and investigative oversight and to provide necessary support staff.

Electric Vehicles and Associated Infrastructure +$60,000 / +0 FTE

Following the lead from Executive Order (E.O.) 14008, "Tackling the Climate Crises at Home and Abroad", the U.S. Department of the Treasury (Treasury or Department) joins in the Administration's priority to develop a comprehensive plan to create good jobs and stimulate clean energy industries by revitalizing the Federal Government's sustainability efforts. This includes Treasury's commitment to use all available procurement authorities to augment its Departmentwide fleet management program with a continued focus on the leasing of electric vehicles (EV) and purchasing, installing, and maintaining essential infrastructure. The planned resources will help Treasury comply with the requirements set forth by E.O. 14008 and reduce the carbon footprint of emissions into the atmosphere by acquiring an updated fleet of zero-emissions vehicles that can support mission operations.

For FY 2022, the OIG requests $60,000 to fund the eventual conversion of its fleet to EV. Of that money, a to-be-determined amount will be allocated to support the purchase, installation, maintenance, and/or upgrade of infrastructure required to maintain an EV fleet management program.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2020 Actual Obligations	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
11.1 - Full-time permanent	22,000	20,905	22,762
11.3 - Other than full-time permanent	10	10	10
11.5 - Other personnel compensation	400	900	900
11.9 - Personnel Compensation (Total)	**22,410**	**21,815**	**23,672**
12.0 - Personnel benefits	8,000	8,095	7,575
13.0 - Benefits for former personnel	15	15	15
Total Personnel and Compensation Benefits	**$30,425**	**$29,925**	**$31,262**
21.0 - Travel and transportation of persons	700	700	631
23.1 - Rental payments to GSA	4,126	4,306	4,306
23.3 - Communications, utilities, and miscellaneous charges	900	900	900
24.0 - Printing and reproduction	10	10	10
25.2 - Other services from non-Federal sources	2,100	2,300	2,300
25.3 - Other goods and services from Federal sources	2,200	2,300	2,300
25.6 - Medical care	75	75	75
25.7 - Operation and maintenance of equipment	58	58	58
26.0 - Supplies and materials	200	200	250
31.0 – Equipment	250	250	250
91.0 - Unvouchered	0	20	20
Total Non-Personnel	**$10,619**	**$11,119**	**$11,100**
Total Obligations	**$41,044**	**$41,044**	**$42,362**
Full-time Equivalents (FTE)	**167**	**180**	**190**

Amounts reflect updated obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.
FY 2020 actual obligations are updated from MAX schedule O entry.
In FY 2021 additional appropriated resources were provided by CAA and ARP which are not included above:

1. $3 Million for oversight of the Emergency Rental Assistance program (ARP).
2. $6.5 million for oversight of the Emergency Rental Assistance program (CAA).
3. $2.6 million for oversight of the Homeowner Assistance Fund (ARP).
4. $35 million for oversight of the programs authorized in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

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]*$42,362,000*, 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, [2022]*2023*, 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, 2021.)*	

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. In accordance with the *Government Performance and Results Act Modernization Act (GPRAMA)* of 2010, Treasury is currently developing the FY 2022 – 2026 Departmental Strategic Plan. The Strategic Plan is scheduled for publication in 2022. The Annual Performance Plan will be updated in the FY 2023 President's Budget to reflect new departmental strategic goals and objectives. The OIG will publish a component plan that aligns bureau activities and priorities to the Department's by early spring 2022.

The FY 2022 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), the Troubled Asset Relief Program (TARP), the Special Inspector General for Pandemic Recovery (SIGPR), 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 is the COVID-19 outbreak. The COVID-19 outbreak presented unique complexities for Treasury to include, among other things, implementing measures for the health and safety of its workforce, as well as administering more than $2 trillion in financial assistance under pandemic-related legislation. Despite these challenges, Treasury responded with limited onsite staff and details from within Treasury, other Federal agencies, and outside contractors. In addition to its normal payment operations, Treasury leveraged existing resources and processes to facilitate the delivery of billions of dollars in pandemic funding. While Treasury faces unforeseen challenges working through the COVID-19 pandemic going into fiscal year 2022, other previously reported uncertainties have yet to be resolved. 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. This is becoming more and more critical, especially since the COVID-19 pandemic shifted the Federal workforce to primarily telework status, which increases the opportunities for cyber-attacks. Long-standing cyber threats pose increased risks to networks and information systems during the ongoing COVID-19 global health pandemic as more opportunities are available for bad actors to stage cyber-attacks. As the tools used to perpetrate cyber-attacks become easier to use and more widespread, less technological knowledge and fewer resources are needed to launch successful attacks of increasing sophistication. To this end, Treasury must ensure that cybersecurity is fully integrated in 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. Concerns over TFI's ability to meet mission critical objectives are heightened by multiple vacant key positions. 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 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. In addition, the COVID-19 global pandemic created additional challenges for TFI senior management. For example, many TFI employees regularly work with classified information and with international organizations involving travel. Protocols for social distancing and expanded telework are challenges for TFI to accomplish its mission. 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), there are renewed challenges facing Treasury given the need to ensure transparency to the taxpayer and other stakeholders on the use of funds distributed under the economic relief packages enacted to address individuals and industry sectors impacted by the COVID-19 pandemic. DATA Act reporting is now seen as one of the means to ensure transparency into the use of Federal funds related to COVID-19 expenditures. In its April 2020 memorandum, Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19) OMB requires that agencies leverage existing financial accountability and transparency mechanisms. In part, OMB requires (1) tracking of COVID-19 expenditures with usage of a Disaster Emergency Fund Code; (2) reporting financial assistance recipient information within two weeks of issuance, with the exception of loans; and (3) reporting outlay information at the financial award transaction level. To further enhance transparency, Treasury devoted significant resources and leveraged existing financial reporting systems to promote spending transparency and use of Federal financial data to strengthen government-wide decision-making. Treasury has also shifted from quarterly to monthly reporting and certification beginning with the period ending June 2020, and plans to add a program activity attribute beginning with the first quarter of fiscal year 2021. The speed in which supplemental funding was distributed created new data management needs for Treasury along with labor intensive ingestion of data associated with the application for, and issuance of, economic relief. The rapid delivery of funds within short timeframes may create opportunities for illicit activity by anyone attempting to misuse or abuse funds that were intended for COVID-19 relief. Considering the challenges and risks associated with ensuring economic relief is deployed and used for intended purposes, Treasury must continue to address reporting and data quality issues noted in DATA Act audits and intensify efforts to reduce improper payments. Reliable and transparent data is critical to the Department's 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 *Payment Integrity Information Act of 2019 (PIIA).*

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.

COVID-19 Pandemic Relief

The COVID-19 pandemic affected the health and economic stability of communities nationwide. Congress passed a series of legislation to address the COVID-19 health crisis and the economic fallout affecting individuals, businesses, and other industry sectors. Treasury has been instrumental in implementing and/or supporting other Federal agencies in implementation of economic relief provisions of the CARES Act, the Consolidated Appropriations Act, 2021, and the American Rescue Plan Act (ARP). Along with administering and delivering economic relief, Treasury must manage the unprecedented oversight required by the aforementioned legislation. In the context of this overarching challenge, OIG recognizes the breadth and scope of Treasury's responsibilities as it impacts programs, operations, and activities regardless of jurisdictional oversight boundaries. With no clear end to the COVID-19 pandemic in sight, Treasury must continue to navigate through this challenging time and be prepared to administer another fast-paced relief package in the near future, if legislated. To date, Treasury has been able to leverage its existing workforce and hired contractors to address the demands of the CARES Act workload. That said, there was reported strain associated with working remotely while managing normal responsibilities and additional work due to the COVID-19 pandemic. Going forward, Treasury may experience difficulties in balancing its new responsibilities and workloads while managing several ongoing challenges as described throughout this document.

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, the Council's ability to comply with new as well as existing Federal requirements may be in question. In addition, there has been a loss of key leaders at the Council which will make a successful transition even more challenging.

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 2021:
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 to protect those involved.

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 Federal 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.

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 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 Coronavirus Aid, Relief, and Economic Security (CARES) Act and other related special programs related to minimize economic consequences of the Pandemic.

The OIG conducts inquiries and investigations of waste, fraud, and abuse related to Title V of the CARES Act, which established the Coronavirus Relief Fund, as well as the Emergency Rental Assistance program (ERA/ERA2), the Homeowner Assistance Fund (HAF) and the State Small Business Credit Initiative (SSBCI).

B – Budget and Performance by Budget Activity
2.1.1 – Audit Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	$27,653	$26,014	$24,413	$25,699	$30,524	$30,524	$31,182
Reimbursable	$7,299	$6,726	$6,116	$6,236	$9,000	$9,000	$9,000
Budget Activity Total	**$34,952**	**$32,740**	**$30,529**	**$31,935**	**$39,524**	**$39,524**	**$41,182**
Full-time Equivalents (FTE)	**137**	**137**	**115**	**119**	**128**	**128**	**136**

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Number of Completed Audit Products	98	90	91	79	85	76	74	74
Percent of Statutory Audits Completed by the Required Date	100	100	100	100	100	100	100	100

Audit Budget and Performance
($31,182,000 from direct appropriations, and $9,000,000 from reimbursable resources):
The Office of Audit (OA) 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 within OIG's jurisdictional boundaries, which include those of the Council. The requested funding for FY 2022 is necessary to perform mandated work (including audits/assessments of financial statements, information systems security program and practices, cybersecurity 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 2022, OIG will also continue to provide oversight of Treasury's government-wide role and responsibilities under the CARES Act, FY2021 Consolidated Appropriations Act, and ARP. Reimbursable funding agreements support financial statement audits of Treasury and oversight of the State Small Business Credit Initiative and 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
OA plans to complete 74 audit products in FY 2021, and 74 in FY 2022. The number of audit products was reduced beginning in FY 2019 due to decreased staffing to cover increased administrative costs (rent). In FY 2020, the OA completed 85 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 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	$6,913	$7,164	$11,512	$11,344	$10,520	$10,520	$11,180
Budget Activity Total	**$6,913**	**$7,164**	**$11,512**	**$11,344**	**$10,520**	**$10,520**	**$11,180**
Full-time Equivalents (FTE)	**33**	**43**	**42**	**39**	**39**	**44**	**46**

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Percentage of All Cases Closed During Fiscal Year That Were Referred for Criminal/Civil/Administrative Action.	84	84	98	80	91	80	80	80

Investigations Budget and Performance
($11,180,000 from direct appropriations):
The Office of Investigations (OI) 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. OI refers its cases to the Department of Justice, state or local prosecutors for criminal prosecution or civil litigation, or to agency officials for corrective administrative action.

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

Additionally, the OI 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 2020 OI met the Investigative Performance Measure target (Target – 80 percent; Actual – 91 percent), opened 76 new investigations and closed 107 investigations. The OIG also referred 13 investigations that substantiated administrative violations against a Treasury employee to the appropriate regulated bureau for action. In addition, the OIG referred 119 investigations for criminal prosecution and 3 investigations for civil prosecution. In FY 2020 OI charged and/or indicted 41 subjects. Ongoing investigations resulted in 23 subjects sentenced which resulted in fines, seizures, restitution, penalties, and settlements of more than $15.6 million.

Since the inception of the CARES Act in March 2020, the OI has increased its caseload by 25 percent for investigations that involve potential misappropriated funds of state, local, and tribal governments.

OI 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 OI 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 OI is that at least 80 percent of closed cases meet the aforementioned criteria. Meeting or exceeding this goal demonstrates that OI 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 2021 and FY 2022.

C – Changes in Performance Measures

OIG has no changes in performance measures.

D –Evidence Building Activity

The OIG will be adding a data analysis function to its audits 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. Additionally, refer to the Executive Summary for a discussion of Treasury-wide evidence-building functions.

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

Office of the Special Inspector General for TARP (SIGTARP)

Congressional Budget Justification and Annual Performance Plan and Report

FY 2022

Table of Contents

Section I – Budget Request

A – Mission Statement

The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) was established by section 121 of the Emergency Economic Stabilization Act of 2008 (EESA) (P.L. 110-343). The mission of SIGTARP is to prevent and detect fraud, waste, and abuse in the more than $442 billion in funds from the EESA and $2 billion in funds from the Consolidated Appropriations Act of 2016, and to promote economy, efficiency, effectiveness, and accountability in these economic stability programs. EESA programs have included bank investments programs, assistance to AIG and the auto industry, and housing programs intended to bring economic stability by preventing avoidable foreclosures, keeping people in their homes, and neighborhood stabilization. Under the largest ongoing housing program, Making Home Affordable, Treasury continues to provide incentive payments to borrowers, investors, and mortgage servicers – including more than 150 financial institutions – for permanently lowering mortgage payments to terms that are affordable and sustainable for homeowners at risk of foreclosure. In addition, through the Hardest Hit Fund, state housing finance agencies have developed locally tailored foreclosure prevention solutions in areas hard-hit by the financial crisis. In 2016, an additional $2 billion was allocated to participating HHF states to continue foreclosure prevention and neighborhood stabilization efforts, which includes for homeowners who are unemployed, underemployed, or suffering other hardships due to the COVID-19 pandemic.

SIGTARP received an initial appropriation of $50 million in permanent, indefinite budget authority in EESA. The Public-Private Investment Program Improvement and Oversight Act of 2009 (12 U.S.C. 5231a) provided $15 million in supplemental funding. Since 2010, SIGTARP has received annual appropriations to fund its operations.

B – Summary of the Request

The Fiscal Year (FY) 2022 Budget proposes $17 million, a reduction of 10.5 percent from the FY 2021 enacted level of $19 million. It also reflects a reduction of 59 percent from the FY 2017 enacted level. The proposed budget is intended to fund Congressionally mandated independent oversight of EESA programs through SIGTARP criminal and civil investigations and independent audits. SIGTARP prioritizes investigations and audits of MHA's Home Affordable Modification Program (HAMP) (which has 664,644 homeowners participating as of March 17, 2021) and the Hardest Hit Fund. In April 2020, SIGTARP recommended that Treasury shift HHF to address the pandemic and shift available EESA funding to HHF unemployment mortgage assistance programs. Treasury has been implementing this recommendation. In April 2020, Treasury extended HHF, citing employment hardships caused by the pandemic.

SIGTARP's work has led to recoveries for the government and other victims of $11.2 billion – a 30 times cumulative return on investment (ROI) from SIGTARP's annual budgets. Every year, the Government and other victims recover dollars that exceed SIGTARP's enacted level. Recoveries to date in FY 2021 are $87 million, exceeding SIGTARP's $19 million enacted level by more than four times. FY 2020 recoveries were $157.3 million, exceeding SIGTARP's $22 million enacted level by more than seven times.

SIGTARP Investigations

SIGTARP is a law enforcement office as Congress provided SIGTARP the authority to search, seize and arrest. SIGTARP's law enforcement work has resulted in criminal charges against 456 defendants. SIGTARP has a 97% Department of Justice (DOJ) conviction rate. Courts have already sentenced 306 of these defendants to prison including 74 bankers. Other convicted defendants await sentencing. SIGTARP's investigations also resulted in enforcement actions by DOJ, the Securities and Exchange Commission (SEC) and others against 25 entities (including large Wall Street institutions).

SIGTARP Investigations Related to HAMP

SIGTARP continues its long-standing record of holding financial institutions accountable, with the top law enforcement priority to bring justice to unlawful conduct by financial institutions in HAMP. As with all investigations, SIGTARP's investigations are backwards-looking, investigating past conduct and spending. SIGTARP has a number of open confidential investigations. SIGTARP has referred some of these investigations to DOJ. SIGTARP continues to work HAMP investigations cases with DOJ, other prosecutors, and regulatory enforcement divisions.

In December 2020, SIGTARP's investigation of Nationstar resulted in an $86.3 million enforcement action by 51 state Attorney Generals, 53 state financial regulators, and the Consumer Financial Protection Bureau for violating consumer protection laws and harming 40,000 homeowners, including in HAMP, during the time period of 2012-2016. The investigation found that Nationstar conducted improper foreclosures, improper escrow practices, and improperly increased monthly payments, among other violations. Treasury distributed $1.7 billion to Nationstar in HAMP mortgage servicer, investor, and borrower incentives ($117.7 million in FY 2020-21), making it the third largest current HAMP institution.

Recent HAMP activity and spending adds to SIGTARP's existing case load. In FY 2020-2021, Treasury distributed $919.5 million in incentive payments under HAMP for mortgage servicers, investors, and borrowers. Treasury sends the distributions to the mortgage servicer, including banks (i.e. $91.7 million to Wells Fargo, $51.4 million to JP Morgan Chase, $49.4 million to Bank of America, and $17.7 million to Citigroup), and non-banks (i.e. $233.6 million to Ocwen Financial, $117.7 million to Nationstar).

SIGTARP also investigated and supported the prosecution of 121 convicted scammers who victimized nearly 31,000 homeowners seeking foreclosure relief through HAMP. For example, in August 2020, a Federal court sentenced the two owners of U.S. Homeowners Relief to 12 years and 5 years in prison for a nationwide $3.5 million fraud scheme targeting more than 250 homeowners seeking loan modifications, including through HAMP. The company's marketing materials implied they were affiliated with HAMP's umbrella program the Making Home Affordable Program, made specific reference to the government website, and displayed official government logos.

SIGTARP's Investigations Related to the Hardest Hit Fund

SIGTARP also investigates corruption, fraud, and environmental/safety crimes such as illegal dumping, asbestos exposure, or contaminated dirt in demolitions of blighted properties under HHF. Public results from SIGTARP's corruption investigations in HHF blight include:

- In FY 2019, the Detroit city official in charge of demolition bids for HHF was sentenced to prison after his conviction for bribery conspiracy and fraud related to HHF contracts.
- In FY 2019, a senior official from one of the largest Detroit HHF blight contractors was sentenced to prison after his conviction to commit fraud by taking bribes and kickbacks from a subcontractor related to demolition contracts, including in HHF.
- In FY 2019, DOJ resolved False Claims Act violations against a contractor in Fort Wayne, Indiana who the city had awarded all its HHF blight contracts. Instead of filling post-demolition excavation sites with clean fill dirt as required, the contractor filled the holes with construction debris and then falsely billed HHF.
- In FY 2020, the head of a major Detroit asbestos abatement subcontractor, and the subcontractor itself, was barred for 20 years from contracts in Detroit for paying bribes for HHF contracts.
- In FY 2020, SIGTARP agents arrested an Illinois contractor charged with fraud in HHF demolitions in Hammond, Indiana. The Department of Justice charged the contractor with failing to dispose of demolition debris properly, and allegedly disposing of the demolition debris in unknown locations enabling him to avoid the registered facility fee. According to the indictment, the contractor allegedly submitted false disposal, dumping, and clean fill dirt documentation.
- In FY 2020, SIGTARP agents arrested an Indiana contractor who the Department of Justice charged with submitting false documents for HHF demolitions stating that he properly disposed of demolition debris. The indictment alleges that the contractor improperly disposed of demolition debris on-site in Logansport, Indiana.
- In FY 2021, an asbestos abatement contractor who allegedly was chosen as a subcontractor in Detroit demolitions was criminally charged by the Michigan Attorney General for bribery, false pretenses, and money laundering, including charges related to public health laws for asbestos removal.
- In FY 2021, a Cleveland, Ohio land bank official was sentenced for lying to federal agents, including a SIGTARP agent, who were conducting an investigation about work by a demolition contractor awarded HHF contracts on the official's house, for which work the official did not pay.
- In FY 2021, an investigation into contractors conducting demolitions in Detroit resulted in the Detroit Inspector General finding that four contractors used unapproved dirt from I-94 as backfill.

SIGTARP also investigates HHF mortgage assistance recipients for fraud and works with DOJ or state and local prosecutors to hold these defendants accountable and recover dollars lost to fraud. In FY 2020-21, defendants prosecuted defrauded HHF in California, Indiana, Illinois, Ohio, Georgia, Michigan, and South Carolina.

SIGTARP Investigations Related to EESA Investment Programs

SIGTARP continues to support criminal prosecutions by the Department of Justice of defendants that SIGTARP investigated. SIGTARP's investigations have resulted in criminal prosecutions of

107 bankers and 100 of their co-conspirators. Courts sentenced 74 of the bankers to prison, along with 67 of their co-conspirators. Criminal prosecutions take time, and SIGTARP does not control the pace of DOJ prosecutions. Despite delays in prosecutions related to the pandemic, in FY 2020-21, SIGTARP has seen progress in several high-profile prosecutions in cases that have lasted many years, including:

- 7-year 3-month prison sentence for a Mexican national involved in a criminal enterprise to launder international narcotics trafficking proceeds including for the Sinaloa drug cartel through Saigon Bank while the bank was in TARP, in Operation Phantom Bank that charged 25 defendants.
- 2-year prison sentence for CEO of failed TARP bank Cecil Bank in Maryland for fraud conspiracy and bribery that included lying to the bank's board and a Federal Reserve examiner. Treasury wrote off more than $10 million in TARP when the bank filed bankruptcy.
- Home confinement sentence for supervisory trader at Nomura Securities convicted of conspiracy to commit securities fraud in residential mortgage backed securities, including through EESA's PPIP program, that caused more than $15 million in losses. The SEC also brought charges against this trader, others, and Nomura (who repaid $25 million to customers).

SIGTARP Audit

SIGTARP audits promote transparency, effectiveness, and efficiency, identify waste, abuse, and mismanagement, and prevent future fraud, waste, and abuse, in HAMP and HHF. For example:

- SIGTARP audits identified obstacles and roadblocks to homeowners timely receiving assistance and made recommendations to speed assistance.
- SIGTARP identified mismanagement by the Georgia HHF agency who had the lowest admission rate of any state agency in HHF, with the agency turning away two-thirds of all applicants and made recommendations that resulted in an increase in homeowners receiving assistance.
- SIGTARP audits identified $11 million in waste, abuse, and questioned costs by HHF state agencies, including a Mercedes Benz, a motivational speaker who spoke about "Motivation by Chocolate," holiday parties, picnics, celebratory dinners, employee gifts, employee gym memberships, flowers, gift cards, conferences at resorts, etc. State agency employees were the first recipients of the $2 billion that Congress provided HHF in 2016. One state agency paid for an employee lunch, "to celebrate getting new HHF funds and an employee's upcoming wedding." Another state agency threw catered barbeques, inviting 50, 60, and 90 people, charging it to HHF.
- SIGTARP identified abuse of HHF blight demolition program when it was used to demolish lived-in houses on the desired relocation site of a car dealership.
- SIGTARP identified risks in the HHF blight demolition program of illegal dumping, contaminated dirt, and exposure to asbestos.

SIGTARP's work ensures that programs are operating effectively and efficiently, that EESA dollars are used as Congress intended, and that the government does not pay more for EESA than is necessary.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2020 Operating Plan		FY 2021 Operating Plan		FY 2022 Request		FY 2021 to FY 2022 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Investigations	72	$18,920	65	$16,550	59	$14,485	-9.2%	-12.5%
Audit	8	$3,080	9	$2,450	9	$2,515	0.0%	2.7%
Subtotal New Appropriated Resources	**80**	**$22,000**	**74**	**$19,000**	**68**	**$17,000**	**-8.1%**	**-10.5%**
Other Resources								
Unobligated Balances from Prior Years	0	$1,000	0	$0	0	$0	NA	NA
Subtotal Other Resources	**0**	**$1,000**	**0**	**$0**	**0**	**$0**	**NA**	**NA**
Total Budgetary Resources	**80**	**23,000**	**74**	**$19,000**	**68**	**$17,000**	**-8.1%**	**-10.5%**

FY 2020 Other Resources and Full-time Equivalents (FTE) reflect actuals.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2021 Operating Plan	**80**	**$19,000**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$544
Pay Annualization (1.0% average pay raise)	0	$39
Pay Raise (2.7% average pay raise)	0	$313
FERS Contribution Increase	0	$120
Non-Pay	0	$72
Subtotal Changes to Base	0	$544
FY 2022 Current Services	**80**	**$19,544**
Program Changes:		
Program Decreases	(12)	($2,544)
Staff Reduction	(12)	($2,298)
Efficiency Savings	0	($246)
FY 2022 President's Budget Request	**68**	**$17,000**

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) .... +$544,000 / +0 FTE

Pay Annualization (1.0%) +$39,000 / +0 FTE

Funds are requested for annualization of the January 2020 1.0% average pay raise.

Pay Raise (2.7% in 2022) +$313,000 / +0 FTE

Funds are requested for a 2.7% average pay raise for January 2022.

FERS Contribution Increase +$120,000 / +0 FTE

Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2022.

Non-Pay +$72,000 / +0 FTE

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

Program Decreases .... -$2,544,000 / -12 FTE

Staff Reduction -$2,298,000 / -12 FTE

Reduction in SIGTARP staff levels to 68 FTE. The reduction of FTE is part of responsible planning towards SIGTARP's sunset.

Efficiency Savings -$246,000/ -0 FTE

Effect of reduction of FTE on Non-Personnel costs (training, travel, support services, etc.)

Other adjustment (not reflected in table)

Realignment from Annual to No-Year -$3,000,000/ -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.

SIGTARP has decreased its footprint, with ~51 percent reduction in square foot entering FY 2022.

- In FY 2018, SIGTARP eliminated 50 percent of its Washington, D.C. headquarters annual rent expenses.
- In FY 2019, SIGTARP eliminated 100 percent of its San Francisco annual rent expense.
- In FY 2020, SIGTARP decreased rent under Treasury lease for the New York office ≈ 43 percent reduction from $90K to $51K per year.
- At the end of FY 2021, SIGTARP will close its Atlanta office eliminating 100 percent of the Atlanta rent expense.
- SIGTARP reduced fleet-related expenses by 40 percent since FY 2014, with another 10 percent reduction planned for FY 2022.
- In FY 2022, over $6 million of the proposed budget (35 percent) will be spent on goods and services from the government, more than 90 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.
- 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 2020 Actual Obligations	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
11.1 - Full-time permanent	9,278	6,313	5,514
11.3 - Other than full-time permanent	1,725	700	700
11.5 - Other personnel compensation	1,036	500	800
11.9 - Personnel Compensation (Total)	**12,039**	**7,513**	**7,014**
12.0 - Personnel benefits	3,391	3,411	2,174
Total Personnel and Compensation Benefits	**$15,430**	**$10,924**	**$9,188**
21.0 - Travel and transportation of persons	115	117	150
23.1 - Rental payments to GSA	109	100	100
23.3 - Communications, utilities, and miscellaneous charges	13	12	12
25.1 - Advisory and assistance services	283	175	150
25.2 - Other services from non-Federal sources	21	16	15
25.3 - Other goods and services from Federal sources	6,778	7,450	7,180
25.6 - Medical care	55	35	30
25.7 - Operation and maintenance of equipment	20	15	15
26.0 - Supplies and materials	176	156	160
Total Non-Personnel	**$7,570**	**$8,076**	**$7,812**
Total Obligations	**$23,000**	**$19,000**	**$17,000**
Full-time Equivalents (FTE)	**80**	**74**	**68**

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 **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), [$19,000,000] *$17,000,000. (Depart of the Treasury Appropriations Act, 2021.)*	

E – Hiring Authority Proposal
Hiring Authority Similar to Other Special IG's
SIGTARP is requesting additional special hiring authority to enable SIGTARP to backfill critical vacancies with qualified personnel. This authority is similar to the special authority available to the Office of the Special Inspector General for Afghanistan Reconstruction (SIGAR), another special inspector general, pursuant to 5 U.S.C. 3161.

<u>Proposed Language</u>
'Sec. _________
Section 121 of the Emergency Economic Stabilization Act of 2008 (12 U.S.C. 5231) is amended in subsection (e)(1)(B)(ii) by striking "subparagraph" and all that follows through the period at the end and inserting "subparagraph, the Special Inspector General may not make any appointment that exceeds 24 months or that extends beyond the date on which the Special Inspector General terminates under subsection (k).".'

Section II – Annual Performance Plan and Report

A – Strategic Alignment
The Investigations activity supports SIGTARP's priority of law enforcement of crimes and civil violations of the law related to EESA, and the Audit activity supports SIGTARP's independent audits of EESA.

In accordance with the Government Performance and Results Act Modernization Act (GPRAMA) of 2010, the Department of the Treasury is currently developing the FY 2022 – 2026 Departmental Strategic Plan. The Strategic Plan is scheduled for publication in 2022. The Annual Performance Plan will be updated in the FY 2023 President's Budget to reflect new departmental strategic goals and objectives.

SIGTARP's goals through 2024 are:
- *Justice* - protect Americans through law enforcement's fight against EESA-related crime.
- *Impact* - assess, understand, and counter the most serious risks, threats, and challenges to EESA.
- *Innovation* - expand the use of technology, virtual information sharing, and data analytics to increase the expedited identification of EESA-related crime, fraud, waste, and abuse; and
- *Stewardship* - ensure EESA programs and oversight proceed responsibly and transparently.

Justice: As a law enforcement office with 86 percent of its resources focused on criminal investigations, SIGTARP strives to bring justice, accountability, and deterrence in the fight against EESA-related crimes. SIGTARP has a high DOJ conviction rate of 97 percent. SIGTARP's law enforcement results are 456 defendants charged with crimes, and law enforcement actions against 25 corporations/organizations. SIGTARP has investigated bankers and banks that led to DOJ and state criminal prosecutions of more than 100 bankers (including 74 sentenced to prison) and 100 of their co-conspirators; and civil actions by DOJ, the Securities and Exchange Commission and bank regulators against individuals and banks. SIGTARP caught and investigated 121 foreclosure rescue scammers who were convicted after DOJ prosecutions. These scammers victimized nearly 31,000 homeowners seeking foreclosure relief through HAMP.

Impact: SIGTARP analyzes risks from the most serious and imminent threats to EESA. 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 150 financial institutions in HAMP. Criminal and civil violations of the law by these financial institutions directly lead to foreclosures and other harm to homeowners. SIGTARP's investigations into corruption into the HHF blight demolition program impact competition in, and the integrity of, this federally funded program. SIGTARP's investigations into illegal dumping, contaminated dirt, and the exposure of asbestos or other hazardous materials impact the integrity of this federally funded program and the health, safety, and environment of the communities this program was intended to help.

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 and investigate 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 HAMP and HHF.

Stewardship: SIGTARP stands as the independent watchdog for Americans, ensuring that EESA programs operate and spend responsibly. SIGTARP investigators uncover costly fraud and other crimes. SIGTARP auditors uncovered $11 million in waste, abuse and questioned costs. SIGTARP leverages task forces and other partnerships to reduce its number of personnel. SIGTARP reduces its operating budget each year. Additionally, SIGTARP seeks to recover dollars lost to fraud, waste, and abuse for taxpayers and other victims, with SIGTARP achieving a lifetime return on investment (ROI) of 30 times its annual budget. Every year, recoveries exceed SIGTARP's budget.

B – Budget and Performance by Budget Activity
2.1.1 – Investigations Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	$32,478	$32,103	$28,855	$19,550	$18,920	$16,550	$14,485
Other Resources	$376	$82	$1,311	$1,000	$1,000	$3,000	$3,000
Budget Activity Total	**$32,854**	**$32,185**	**$30,166**	**$20,550**	**$19,920**	**$19,550**	**$17,485**
Full-time Equivalents (FTE)	**103**	**114**	**106**	**87**	**72**	**65**	**59**

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Percentage of Cases Accepted for Consideration by Civil or Criminal Authorities Resulting in a Positive Final Outcome	77	81	79	77	77	60	70	70
Percentage of Cases Presented to Civil or Criminal Authorities within Eight Months of Being Opened	80	80	85	75	75	50	65	65
Percentage of Cases That are Joint Agency/Task Force Investigations	71	75	78	76	86	70	70	70

Investigations Budget and Performance

($14,485,000 from discretionary appropriations, $3,000,000 from other resources)

SIGTARP exceeded all metric targets in FY 2020. The "Percentage of Cases Accepted for Consideration by Civil or Criminal Authorities Resulting in a Positive Final Outcome" in FY 2020 was 77 percent, which exceeded the target of 60 percent. Typically, the positive outcome is indictment and criminal conviction of individual defendants, with a high 97 percent DOJ conviction rate, and enforcement actions against 25 entities. As an investigative agency, SIGTARP must depend on DOJ's and other prosecutors' ability to accept its cases for prosecution.

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 measures recognize that as SIGTARP reduces spending and staffing, it must act with efficiency, shorten its investigative timeline, and leverage other law enforcement partnership resources.

2.1.2 – Audit Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	$7,618	$7,530	$5,092	$3,450	$3,080	$2,450	$2,515
Other Resource	$99	0	$231	0	0	0	0
Budget Activity Total	**$7,717**	**$7,530**	**$5,323**	**$3,450**	**$3,080**	**$2,450**	**$2,515**
Full-time Equivalents (FTE)	**34**	**27**	**25**	**9**	**8**	**9**	**9**

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Number of Completed Audit Products Identifying Waist, Abuse, Mismanagement, Inefficiencies, or Referrals to Investigations Division (units)	N/A	N/A	6	4	4	3	3	3

Audit Budget and Performance

($2,515,000 from discretionary appropriations)

SIGTARP exceeded its FY 2020 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. This included SIGTARP’s recommendations to shift HHF to address hardships caused by the pandemic, including unemployment.

D – Evidence-Building Activity

In FY 2020, SIGTARP engaged in the following evidence-building activities:

- Linked spending to program outputs by maintaining recoveries that exceed SIGTARP’s enacted levels, resulting in a positive annual ROI.
- Determined short term and long-term questions about how SIGTARP’s audits and recommendations improve program effectiveness, efficiency, and prevent fraud, waste, and abuse.
- Determined short term and long-term questions to ensure successful prosecutions in SIGTARP investigations.
- Engaged stakeholder state agencies in the HHF to understand the demands to use HHF for pandemic-related unemployment and other hardships.
- Engaged Treasury stakeholders to determine their extension of HHF and allowing changes in the program to address pandemic-related unemployment and other hardships.
- Engaged law enforcement stakeholders to understand their priorities and requirements for criminal and civil prosecutions.
- Engaged the public through SIGTARP’s hotline.
- Undertook data analysis related to Hardest Hit Fund to target SIGTARP’s investigative efforts.

- Undertook data analysis related to HAMP to target SIGTARP's investigative efforts.

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. This website also contains a digital copy of this document.

Department of the Treasury
Treasury Inspector General for Tax Administration

Congressional Budget Justification and Annual Performance Plan and Report

FY 2022

Table of Contents

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) 2022 budget request of $175,762,000 represents an increase of 3.24 percent above its FY 2021 enacted level. Funding TIGTA's FY 2022 budget request will enable TIGTA to conduct critical audit, investigative, and inspection and evaluation services to protect the integrity of the Nation's Federal tax system. 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 2022 budget request:

- The aggregate budget request for TIGTA operations is $175,762,000;
- 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 $632,743.

Funding for TIGTA allows its oversight efforts to continue, and for each dollar invested over the five-year period covering FY 2016 – FY 2020, TIGTA has produced an average annual return of $94.

1.1 – Appropriations Detail

Dollars in Thousands

	FY 2020 Operating Plan		FY 2021 Operating Plan		FY 2022 Request		FY 2021 to FY 2022 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Audit	328	$66,260	341	$64,851	341	$65,216	0.0%	0.56%
Investigations	403	$103,990	419	$105,399	419	$110,546	0.0%	4.88%
Subtotal New Appropriated Resources	**731**	**$170,250**	**760**	**$170,250**	**760**	**$175,762**	**0.0%**	**3.24%**
Other Resources								
Reimbursable	2	$624	2	$700	2	$700	0.0%	0.00%
Recoveries from Prior Years	0	$220	0	$0	0	$0	NA	NA
Unobligated Balances from Prior Years	0	$5,012	0	$3,729	0	$5,000	NA	34.08%
Subtotal Other Resources	**2**	**$5,856**	**2**	**$4,429**	**2**	**$5,700**	**0.0%**	**28.70%**
Total Budgetary Resources	**733**	**176,106**	**762**	**$174,679**	**762**	**$181,462**	**0.0%**	**3.88%**

FY 2020 Other Resources and Full-time Equivalents (FTE) reflect actuals.

In FY 2021, $8M in additional appropriated resources were provided in the American Rescue Plan Act of 2021 that are not reflected above.

[1] 5 U.S.C. app. 3 § 6(f)(1).

1.2 – Budget Adjustments

Dollars in Thousands

	FTE	Amount
FY 2021 Operating Plan	**760**	**$170,250**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$5,300
Pay Annualization (1.0% average pay raise)	0	$349
Pay Raise (2.7% average pay raise)	0	$3,165
FERS Contribution Increase	0	$1,177
Non-Pay	0	$609
Subtotal Changes to Base	0	$5,300
FY 2022 Current Services	**760**	**$175,550**
Program Changes:		
Program Increases:	0	$212
Electric Vehicles and Associated Infrastructure	0	$212
FY 2022 President's Budget Request	**760**	**$175,762**

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs)..+$5,300,000 / +0 FTE

Pay Annualization (1.0%) +$349,000 / +0 FTE

Funds are requested for annualization of the January 2021 1.0% average pay raise.

Pay Raise (2.7% in 2022) +$3,165,000 / +0 FTE

Funds are requested for a 2.7% average pay raise in January 2022.

FERS Contribution Increase +$1,177,000 / +0 FTE

Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2022.

Non-Pay +$609,000 / +0 FTE

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

Program Increases..+$212,000 / +0 FTE

Electric Vehicles and Associated Infrastructure +$212,000 / +0 FTE

Following the lead from Executive Order (E.O.) 14008, "Tackling the Climate Crises at Home and Abroad", the U.S. Department of the Treasury (Treasury or Department) joins in the Administration's priority to develop a comprehensive plan to create good jobs and stimulate clean energy industries by revitalizing the Federal Government's sustainability efforts. This includes Treasury's commitment to use all available procurement authorities to augment its Departmentwide fleet management program with a continued focus on the leasing of electric vehicles (EV) and purchasing, installing, and maintaining essential infrastructure. The planned resources will help Treasury comply with the requirements set forth by E.O. 14008 and reduce the carbon footprint of emissions into the atmosphere by acquiring an updated fleet of zero-emissions vehicles that can support mission operations.

For FY 2022, TIGTA requests $212,000 to fund the eventual full conversion of its fleet to EV. A portion of this amount will be allocated to support the purchase, installation, maintenance, and/or upgrade of infrastructure required to maintain an EV fleet management program. Currently, TIGTA has a total of 272 leased vehicles in its fleet, of which one is an EV. TIGTA owns an additional six vehicles that are used for communications and surveillance.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2020 Actual Obligations	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
11.1 - Full-time permanent	87,437	91,059	94,328
11.3 - Other than full-time permanent	404	455	465
11.5 - Other personnel compensation	8,644	8,901	9,140
11.9 - Personnel Compensation (Total)	**96,485**	**100,415**	**103,933**
12.0 - Personnel benefits	40,243	43,065	46,238
13.0 - Benefits for former personnel	0	0	0
Total Personnel and Compensation Benefits	**$136,728**	**$143,480**	**$150,171**
21.0 - Travel and transportation of persons	1,988	1,988	3,004
22.0 - Transportation of things	38	38	38
23.1 - Rental payments to GSA	9,195	9,138	7,829
23.2 - Rental payments to others	166	166	166
23.3 - Communications, utilities, and miscellaneous charges	786	786	835
24.0 - Printing and reproduction	4	4	4
25.1 - Advisory and assistance services	2,118	1,500	1,500
25.2 - Other services from non-Federal sources	546	546	546
25.3 - Other goods and services from Federal sources	13,544	10,847	11,700
25.7 - Operation and maintenance of equipment	2,055	1,485	1,485
26.0 - Supplies and materials	733	733	733
31.0 - Equipment	3,952	3,017	3,229
32.0 - Land and structures	1	0	0
42.0 - Insurance claims and indemnities	2	2	2
91.0 - Unvouchered	220	220	220
Total Non-Personnel	**$35,348**	**$30,470**	**$31,291**
Total Obligations	**$172,076**	**$173,950**	**$181,462**
Full-time Equivalents (FTE)	**731**	**760**	**760**

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

TIGTA received $8M in multi-year funds in the American Rescue Plan Act of 2021. The table reflects TIGTA's plan to obligate $3M in FY 2021 and $5M in FY 2022.

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]*$175,762,000*, of which $5,000,000 shall remain available until September 30, [2022]*2023*; 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, 2021.)*	

E – Legislative Proposals

TIGTA has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

TIGTA, an independent office within the Treasury, was established by Congress under the Internal Revenue Service (IRS) Restructuring and Reform Act of 1998.[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.

In accordance with the *Government Performance and Results Act Modernization Act (GPRAMA)* of 2010, Treasury is currently developing the FY 2022 – 2026 Departmental Strategic Plan. The Strategic Plan is scheduled for publication in 2022. The Annual Performance Plan will be updated in the FY 2023 President's Budget to reflect new departmental strategic goals and objectives. TIGTA will publish a component plan that aligns bureau activities and priorities to the Department's by early spring 2022.

B – Budget and Performance by Budget Activity

2.1.1 – Audit Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	$59,752	$64,240	$61,099	$62,676	$65,308	$64,851	$65,216
Reimbursable Resources	$60	0	0	0	$88	0	0
Unobligated Balances Brought Forward	$1,780	$1,524	$1,674	$1,947	$1,908	$1,384	$1,855
Budget Activity Total	**$61,592**	**$65,764**	**$62,773**	**$64,623**	**$67,304**	**$66,235**	**$67,071**
Full-time Equivalents (FTE)	**335**	**339**	**328**	**323**	**328**	**341**	**341**

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Percentage of Audit Products Delivered When Promised to Stakeholders	75	79	81	84	79	70	70	70
Percentage of Recommendations Made That Have Been Implemented	97	92	85	83	86	85	85	DISC
Percentage of New Audit Reports with Recommendations to Improve Tax Administration	N/A	N/A	N/A	N/A	N/A	N/A	B	70

Key: DISC - Discontinued; B - Baseline

Audit Budget and Performance

($65,216,000 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

[2] Pub. L. No. 105-206, 112 Stat. 685.

and to ensure the fair and equitable treatment of taxpayers. TIGTA's comprehensive and independent performance and financial-related audits of the IRS's programs and operations primarily address statutorily mandated reviews and high-risk challenges the IRS faces.

In FY 2020 and FY 2021, OA conducted multiple audits with significant impacts on critical areas of IRS operations, including Coronavirus Aid, Relief, and Economic Security (CARES) Act payments, high-income taxpayer compliance, virtual currency transactions, and tax withholding from foreign persons. These audits along with the accompanying recommendations have the potential to significantly affect millions of taxpayers and improve IRS service and enforcement efforts.

The American Rescue Plan Act of 2021 (ARP Act), enacted on March 11, 2021, requires the IRS to issue recovery rebate payments to individuals and expands a number of tax credits. The ARP Act also directs the Secretary of the Treasury to establish a program to make periodic advance payments of the Child Tax Credit to eligible taxpayers in the second half of 2021. These changes will require numerous program updates to IRS systems and will likely have a significant impact on the 2022 Filing Season. The ARP Act provided TIGTA $8,000,000 in multi-year funds for oversight of recovery rebates. TIGTA plans to obligate $3,000,000 in FY 2021 and $5,000,000 in FY 2022.

The IRS has played a vital role in the nationwide effort to provide economic aid to American families and businesses through tax relief programs and the dissemination of stimulus payments. As the IRS implements the tax provisions of the ARP Act, TIGTA will perform audits of high profile programs, such as the Child Tax Credit, to ensure that eligible taxpayers receive timely needed relief from financial hardship and to identify process deficiencies to prevent Federal Government funds from being wasted. In addition to the ARP Act audits, OA will continue efforts to protect and strengthen Federal tax administration by assessing IRS programs to implement other tax law changes, support an enhanced taxpayer experience, and improve tax reporting and payment compliance.

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 2020, OA issued 75 final audit reports and other products, that:
- Addressed a variety of high-risk issues, such as the IRS's implementation of law changes, including the CARES Act, tax compliance, impact of global economies, security over taxpayer data, and the taxpayer experience;
- Reported potential financial benefits totaling approximately $17.3 billion, including
    - Increased and/or protected revenue in the amount of $16.7 billion; and
    - Cost savings of $380 million;
- Affected approximately 16.1 million taxpayer accounts; and
- Returned an estimated $261 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 2020, the actual Percentage of Audit Products Delivered When Promised to Stakeholders was 79 percent, which exceeded the full-year target of 70 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.

  TIGTA proposes to stop reporting this metric in FY 2022 because it is no longer representative of the agency's audit accomplishments. To review the IRS's implementation of tax laws (including those laws that provide financial hardship relief to taxpayers), OA is performing more online auditing with immediate corrective action versus formal recommendations. As such, the data for this measure is no longer representative of TIGTA's total body of audit work.

- Percentage of New Audit Reports with Recommendations to Improve Tax Administration - These recommendations enhance management practices and procedures, offer ways to better use agency funds, and question actual expenditures.

  TIGTA proposes to add this new measure that tracks the number of new audit reports with recommendations to improve tax administration.

2.1.2 – Investigations Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	$108,106	$100,819	$107,501	$106,866	$106,143	$105,399	$110,546
Reimbursable Resources	$475	$357	$414	$797	$536	$700	$700
Unobligated Balances Brought Forward	$3,220	$2,392	$3,326	$3,053	$3,104	$2,345	$3,145
Budget Activity Total	**$111,801**	**$103,568**	**$111,241**	**$110,716**	**$109,783**	**$108,444**	**$114,391**
Full-time Equivalents (FTE)	**454**	**464**	**438**	**415**	**403**	**419**	**419**

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Percentage of Closed Investigations Resulting in a Criminal, Administrative, or Law Enforcement Action	90	90	89	91	92	81	85	85

Key: DISC - Discontinued; B - Baseline

Investigations Budget and Performance
($110,546,000 from direct appropriations, $700,000 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 affect 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 uses 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 demonstrate the value of TIGTA's investigative accomplishments to its external stakeholders.

Using investigative activities from FY 2019 and FY 2020 as a baseline, OI projects that it will receive approximately 7,500 complaints, open 2,400 investigations, close 2,300 investigations, and obtain approximately 126 criminal prosecutions in FY 2022. TIGTA's OI conducts investigations with the intent of securing an actionable outcome, such as a clearance letter, or a criminal, civil, or administrative action. Not all investigations; however, result in an actionable outcome due to numerous, uncontrollable variables. Based on the total investigative hours logged in 2020, OI invested an average of 297.7 hours to successfully generate an actionable outcome.

TIGTA's OI expects employee integrity investigations to increase in FY 2022 to pre-Coronavirus pandemic levels as IRS employees return to workplaces in 2021 and expected increase in IRS personnel in part due to additional IRS funding in the ARP Act. Examples of TIGTA investigations into employee misconduct during FY 2020 include an IRS employee sentenced to one day imprisonment for wire fraud and theft of Government property, in connection with a scheme to fraudulently obtain paid military leave and other benefits from the IRS. In another case, an IRS employee pled guilty to multiple counts of aiding and assisting in the filing of a false tax return by an employee of the United States.[3]

TIGTA has a statutory responsibility to identify, investigate, and respond to threats against IRS personnel and physical infrastructure. With the media focused on the IRS and its policies and tax law revisions, TIGTA expects these types of investigations to increase through FY 2022. From FY 2012 through FY 2020, TIGTA processed more than 17,221 threat-related complaints and investigated more than 9,833 threats against IRS employees. One example of these types of investigations in FY 2021 involved a man indicted for threatening to blow up an IRS office.

[3] The facts in the summarized cases on this page come from court documents of the respective jurisdictions.

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. Currently, the IRS has approximately 53 public facing applications for taxpayers and businesses, and the Coronavirus pandemic has increased the need for more online resources for taxpayers. With additional Economic Impact Payments and Paycheck Protection Program (PPP) disbursements, OI expects an increase in fraudulent attempts to obtain benefits. In FY 2020, CARES Act cases represented 12.3 percent of OI's investigative work hours. For example, a man was arrested and charged with wire and bank fraud in connection with the CARES Act, seeking more than $1.5 million under the PPP. He obtained an Employer Identification Number from the IRS and submitted loan applications which included multiple false documents and statements.

Investigations into telephonic IRS impersonations is another high visibility area. Between October 2013 and September 2020, 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 15,919 victims have reported that they had collectively paid upwards of $81.9 million to the scammers. By the end of FY 2020, TIGTA investigations resulted in 213 individuals charged in Federal court. For example, an Indian-based Voice over Internet Protocol provider and its director were indicted in a first-of-its-kind indictment for conspiracy to commit wire fraud and wire fraud in connection with facilitating tens of millions of scam calls to American taxpayers on behalf of India-based phone scammers, causing a financial loss of more than $20 million. As a result of OI's efforts, reports of this activity to TIGTA have reduced from a high of 180,000 reports in September 2016, to approximately 137 in September 2020. 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 2020, OI's total protection of dollars and financial accomplishments as a result of investigative activities was $43.7 million. Additionally, TIGTA's investigative efforts resulted in more than $29.3 million in court-ordered fines, penalties, and restitution.

Description of Performance

TIGTA's OI uses 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 2020, the Percentage of Closed Investigations Resulting in a Criminal, Administrative, or Law Enforcement Action was 92 percent, which exceeded the full-year target of 81 percent. OI exceeded the FY 2020 performance measure target as a result of the diligent work of experienced executives, managers, and special agents.

For FY 2022, OI's performance target will remain at 85 percent for Percentage of Closed Investigations Resulting in a Criminal, Administrative, or Law Enforcement Action. TIGTA's 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 $452 billion in refunds for the Federal Government.[4]

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 evaluations that report timely, useful, and reliable information to decision makers and stakeholders.

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 2020, I&E produced seven external reports, which included reviews of:

- Physical Security Controls;
- Follow-up Reports (I&E Recommendations);
- IRS Pseudonym Program; and
- IRS Cash Payments.

[4] Data related to the number of returns, revenue collected, and refunds comes from the *IRS Data Book, 2019*.

C – Changes in Performance Measures

Performance Measure or Indicator	Proposed Change and Justification
1. Percentage of recommendations that have been implemented (discontinue)	TIGTA proposes to stop reporting this metric in the CJ/BIB because it is no longer representative of the agency's audit accomplishments. To review the IRS's implementation of tax laws, TIGTA's OA performs more online auditing with immediate corrective action versus formal recommendations. As such, the data for this measure is no longer representative of TIGTA's total body of audit work.
2. Percentage of audit reports with recommendations to improve tax administration (new measure)	This measure provides information on the percentage of new products that include recommendations-designed to improve tax administration. These recommendations enhance management practices and procedures, offer ways to better use agency funds, and question actual expenditures.

D – Evidence-Building Activity
Refer to the Executive Summary for a discussion of Treasury-wide evidence-building functions.

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

Department of the Treasury Special Inspector General for Pandemic Recovery

Congressional Budget Justification and Annual Performance Plan and Report

FY 2022

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Section I – Budget Request

A – Mission Statement

To ensure that the American taxpayer gets the best return on investment by promoting the economy, efficiency, effectiveness, and integrity of Coronavirus Relief and Economic Security (CARES) Act[1] funds and programs.

B – Summary of the Request

The Special Inspector General for Pandemic Recovery (SIGPR) received an initial appropriation of $25 million derived from amounts made available under Section 4027 of the CARES Act. The Budget proposes appropriations language to provide SIGPR an additional $25 million in 2022 from unobligated balances that remain available under Section 4027, the Economic Stabilization Fund. This funding is critical in ensuring that SIGPR's audit and investigative services have the necessary resources to protect the integrity of CARES Act funds.

SIGPR's Fiscal Year (FY) 2022 budget request of $25,000,000 will enable SIGPR to conduct critical audit, investigative, and inspection and evaluation services to protect the integrity of the covered funds under the CARES Act. SIGPR's FY 2021 Full-time equivalent (FTE) projection is 66. In accordance with the requirements of section 6(g)(1) of the Inspector General Act of 1978 (as amended),[2] SIGPR submits the following information in support of its appropriations request for FY 2022 operations:

- The aggregate budget request for the operations of SIGPR is $25,000,000;
- The portion of this amount needed for SIGPR training is $500,000; and
- The portion of this amount estimated in support the Council of Inspectors General on Integrity and Efficiency (CIGIE) is estimated to be $60,000.

The amount requested for training satisfies all SIGPR training needs for FY 2022.

1.1 – Appropriations Detail

Dollars in Thousands

Appropriated Resources	FY 2020 Operating Plan		FY 2021 Operating Plan		FY 2022 Request *		FY 2021 to FY 2022 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Audit	2	$15,000	0	$0	38	$12,500	NA	NA
Investigations	0	$10,000	0	$0	38	$12,500	NA	NA
Subtotal New Appropriated Resources	**2**	**$25,000**	**0**	**$0**	**76**	**$25,000**	**NA**	**NA**
Other Resources								
Unobligated Balances from Prior Years	0	$0	66	$24,000	0	$0	-100.0	NA
Subtotal Other Resources	**0**	**$0**	**66**	**$0**	**0**	**$0**	**-100.0**	**NA**
Total Budgetary Resources	**2**	**$25,000**	**66**	**$24,000**	**76**	**$25,000**	**-100.0**	**NA**

In FY 2020, $25M in appropriated no-year resources were provided to establish SIGPR under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.
*Includes funding for administrative, information technology, counsel, and external affairs to support the mission of the Office of Audits and the Office of Investigations.

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[1] Pub. L. 116-136, 134 Stat. 281 (2020).
[2] 5 U.S.C. app. 3 § 6(g)(1); cf. 15 U.S.C. § 9053(c)(1) (directing SIGPR to perform enumerated duties "in accordance with" the Inspector General Act of 1978).

1.2 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 202 Actual Obligatio	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations *
11.1 - Full-time permanent	0	6,000	12,000
11.9 - Personnel Compensation (Total)	**0**	**6,000**	**12,000**
12.0 - Personnel benefits	0	2,000	5,000
Total Personnel and Compensation Benefits	**$0**	**$8,000**	**$17,000**
23.1 - Rental payments to GSA	0	0	2,000
25.3 - Other goods and services from Federal sources	1,000	8,000	6,000
Total Non-Personnel	**$1,000**	**$8,000**	**$8,000**
Total Obligations	**$1,000**	**$16,000**	**$25,000**
Full-time Equivalents (FTE)	**2**	**66**	**76**

In FY 2020, $25M in appropriated no-year resources were provided to establish SIGPR under section 4027 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

*Includes funding for administrative, information technology, counsel, and external affairs to support the mission of the Office of Audits and the Office of Investigations.

C – Appropriations Language

Of amounts appropriated by section 4027(a) of the CARES Act (15 U.S.C. § 9061) that are available for obligation as a result of the deobligation of amounts that were, as of January 9, 2021, obligated for the credit subsidy cost of loans, loan guarantees, or other investments that the Secretary of the Treasury had committed to make under paragraphs (1) through (3) of subsection 4003(b) of the CARES Act (15 U.S.C. § 9042(b)(1)-(3)), $25,000,000 shall be available to the Special Inspector General for Pandemic Recovery to carry out section 4018 of the CARES Act (15 U.S.C. § 9053): *Provided*, That such funds shall be available in addition to any other amounts available for that purpose.

Section II – Annual Performance Plan and Report

A – Strategic Alignment
SIGPR, an independent office within the Department of the Treasury (Treasury), was established by section 4018 of the CARES Act in 2020. It provides oversight of Treasury activities under the CARES Act by conducting independent audits, investigations, and inspections and evaluations necessary to prevent and detect waste, fraud, and abuse in programs and operations. SIGPR conducts audits of these Treasury programs, investigates fraud by recipients of CARES Act funds, and makes recommendations designed to improve the administration of pandemic recovery programs. SIGPR also conducts criminal investigations into allegations of waste, fraud, and abuse while helping to ensure that SIGPR protects and secures taxpayer data.

In accordance with the *Government Performance and Results Act Modernization Act (GPRAMA)* of 2010, Treasury is currently developing the FY 2022 – 2026 Departmental Strategic Plan. The Strategic Plan is scheduled for publication in 2022. The Annual Performance Plan will be updated in the FY 2023 President's Budget to reflect new departmental strategic goals and objectives. SIGPR published a Strategic Plan for FY 2021 - 2023 and will publish a new component plan that aligns bureau activities and priorities to the Department's in 2022.

Priority 1: High Impact Work
SIGPR offices of audit and investigations deliver timely, relevant, and high impact results.

SIGPR's objectives are to identify risk and weaknesses in program areas within SIGPR's jurisdiction and recommend solutions that help mitigate fraud, waste, abuse, and mismanagement. In doing so, SIGPR employs risk-based approaches to prioritize and target audits and investigations in areas that provide the greatest impact and address the highest risks.

SIGPR achieves these objectives through several strategies. SIGPR provides timely information, conclusions, and recommendations to SIGPR stakeholders for appropriate action and resolution. The offices of audit and investigations design and implement a comprehensive process that identifies, prioritizes, and assesses risks. Both offices develop and implement a process for proactive efforts that focus on high dollar loans or high impact projects. SIGPR leverages data analytics to identify meaningful indicators of fraud or misuse of CARES Act funds. Finally, SIGPR allocates resources to projects that address the highest risk and most vulnerable areas.

Priority 2: Integrity in Oversight Work
SIGPR offices of audits and investigations delivers accurate, professional, independent, and actionable work products.

SIGPR's objective is to employ work processes that drive the timely completion of accurate, relevant, and impactful projects that adhere to professional standards.

To do so, SIGPR develops policies, processes, and procedures to ensure that SIGPR work complies with the quality standards used in the federal inspector general community. The offices of audit and investigations ensure that projects and work products comply with professional standards, including, but not limited to the Government Auditing Standards and Quality

Standards for Investigations. Finally, SIGPR participates in the CIGIE audit and investigation external peer review process.

Priority 3: Inclusiveness and Innovation
SIGPR promotes a diverse and inclusive culture that is innovative, high performing, and engaged.

SIGPR's objectives are to recruit and retain diverse, high-performing talent; to use innovative techniques and approaches that improve efficiency and effectiveness; and to promote transparent and timely communications and inclusiveness.

SIGPR employs several strategies to do so. SIGPR develops a recruitment strategy that targets the knowledge and skills necessary to meet the mission critical needs of the organization and provides opportunities for continuous development and professional growth to meet current and future needs of the organization. SIGPR provides a work environment that promotes a positive work-life balance. SIGPR provides data analytic capabilities to support projects. SIGPR also collaborates with other agencies to leverage best practices, tools, data, and technologies.

Priority 4: Effective Collaboration and Outreach
SIGPR will work with oversight partners and others to ensure efficiency, effectiveness, and transparency in SIGPR's work.

SIGPR's objective is to leverage strategic communications to expand outreach to and collaboration with SIGPR's stakeholders and partners, as well as to communicate SIGPR's findings to Executive Branch leaders, Congress, and the public.

To do so, SIGPR builds strong relationships with internal and external partners and stakeholders to identify emerging trends of fraud, waste, and abuse and share best practices. SIGPR develops a communications plan for outreach and collaboration and reports on SIGPR findings and activities. Finally, SIGPR tracks, analyzes, and reports on Department of the Treasury CARES Act relief.

B – Budget and Performance by Budget Activity
Audit Budget and Performance
($12,500,000 from direct appropriations):
SIGPR's Office of Audit (OA) conducts audits, reviews, and evaluations of loans, loan guarantees, and other investments made by Treasury under programs established under the CARES Act as well as Treasury's management of programs established under the CARES Act. The Office of Audits takes an analytic approach to auditing CARES Act programs and has populated databases with CARES Act funding recipient information. The office is calculating individual risk scores to pinpoint where auditing resources can be best applied. The office also refers instances of suspected abuse to other SIGPR offices and outside entities.

The most recent highlights include:
- Compiled and developed a data set including more than 50 million rows of data, covering more than $150 billion in CARES Act funding; and

- Initiated three new projects about the Direct Loan Program, the Main Street Lending Program, and the CARES Act funds given to the U.S. Postal Service.

Investigations Budget and Performance
($12,500,000 from direct appropriations):
SIGPR's Office of Investigations prevents, detects, and investigates allegations of fraud, abuse, or misconduct involving CARES Act funds and programs within SIGPR's jurisdiction. In addition, the office manages SIGPR's hotline. The office receives complaints, conducts investigations, and works in partnership with U.S. Attorneys' Offices on these matters. These investigations relate to activities that, in the aggregate, potentially represent millions of dollars of questionable expenditures related to funds distributed under the CARES Act.

The Office of Investigations also participates in several working groups. These include the CIGIE Financial Oversight Assistant Inspector General for Investigations Working Group and federal Office of Inspector General Investigation COVID-19 working groups, including subcommittees of the Pandemic Response Accountability Committee. The Office of Investigations has also formed new referral protocols with the Office of Compliance Inspections and Examinations (OCIE) of the Securities and Exchange Commission (SEC) and Treasury's suspension and debarment unit in the Office of the Procurement Executive. These new referral protocols have already produced referrals to SIGPR. The office also continues to coordinate closely with other law-enforcement agencies with the goal of forming law-enforcement partnerships, including task-force relationships, across the federal government.

The most recent highlights include:
- Assisted the U.S. Attorney's Office for the District of South Dakota in a recently indicted case involving multiple fraud counts regarding pandemic relief programs;
- Uncovered and developed 35 new investigative leads relating to suspected fraud under various CARES Act programs; and
- Received and vetted 363 hotline complaints during the second quarter.

SIGPR is developing performance measures for the Audits and Investigations programs.

C – Evidence-Building Activity
The Foundations for Evidence-Based Policymaking Act of 2018[3] 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.

SIGPR supports Treasury's efforts to use data and evidence for decision-making about program operations, policy, and regulations. As described above, SIGPR supports these efforts through data-driven decision-making when selecting which audits and investigations to pursue that have the most significant impact on detecting fraud, waste, and abuse in CARES Act programs. Additionally, refer to the Executive Summary for a discussion of Treasury-wide evidence-building functions.

[3] Pub. L. 115-435, 132 Stat. 5529 (2018).

Section III – Additional Information

A – Summary of Capital Investments
SIGPR has no capital investments. Capital investments that support SIGPR 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
Community Development Financial Institutions Funds

Congressional Budget Justification and Annual Performance Plan and Report

FY 2022

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 fiscal year (FY) 2022:

- $215.4 million for the Community Development Financial Institutions Program (CDFI Program) to provide Financial Assistance (FA) and Technical Assistance (TA) awards, training and technical assistance. Through the CDFI Program, the CDFI Fund makes awards to invest in and build the capacity of Community Development Financial Institutions (CDFIs) to serve low-income communities lacking adequate access to affordable financial products and services. Increased investment in the CDFI Program supports the need for greater capital flow to communities and geographies where access to capital is least efficient and most needed, including rural areas and persistent poverty counties, and to CDFIs seeking to build both capital and capacity to deploy resources. The proposed budget supports FA and TA awards to CDFIs to further goals that include, among others:
  - Economic development (job creation, small business lending, and commercial real estate development);
  - Affordable housing development (housing development and homeownership);
  - Provision of financial services (such as basic banking services to underserved communities); and
  - Provision of development services (such as financial literacy or homebuyer counseling and education).
- $2 million for the AmeriCorps CDFI Economic Mobility Corps, to be operated in conjunction with Corporation for National and Community Service (CNCS) to place national service members at Certified CDFI's to strengthen the capacity of CDFI's to perform activities related to financial literacy, financial planning, and other financial counseling activities, giving priority to positions in rural areas and to veterans.
- $26 million for the Bank Enterprise Award Program (BEA Program), which incentivizes insured banks and thrifts to invest in CDFIs and increase their lending and financial services in economically distressed communities.
- $21.5 million for FA and TA awards for the Native CDFI Assistance Program (NACA Program), which provides awards and training to CDFIs that primarily serve Native Communities and to entities proposing to become or create Native CDFIs. These awards will increase access to credit, capital, and financial services in Native Communities.
- $33.6 million in administrative funding to support a variety of purposes, including:
  - Staffing and resource demands created by significant growth across all programs, including the NMTC Program and the CDFI Bond Guarantee Program (BG Program);
  - Administration of non-monetary programs and activities, including compliance monitoring and CDFI Certification;

- Enhancement of the Awards Management Information System (AMIS) including automation of key elements of the compliance and reporting systems and continuing improvements to operational efficiency and effectiveness; and
- Continued refinement of the CDFI Program Assessment and Risk Management (ARM) Framework - a suite of tools that the CDFI Fund uses to assess the financial and programmatic risk of CDFI Program applicants and award recipients, enhance data-driven decision-making, and mitigate post-award compliance reporting risks.

- $23 million for Healthy Food Financing Initiative (HFFI) awards to CDFIs to expand financing for healthy food options in underserved urban and rural communities.
- $8.5 million for the Small Dollar Loan Program (SDL Program) to provide grants for Loan Loss Reserves and Technical Assistance to CDFIs to establish and maintain small dollar loan programs. The SDLP Program funding is intended to expand consumer access to mainstream financial institutions by providing alternatives to high cost small dollar lending. The SDLP Program funding is also intended to help unbanked and underbanked populations build credit, access affordable capital, and allow greater access into the mainstream financial system.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2020 Operating Plan		FY 2021 Operating Plan		FY 2022 Request		FY 2021 to FY 2022 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Community Development Financial Institutions Fund Program	0	$163,500	0	$165,000	0	$215,383	NA	30.5%
Economic Mobility Corps	0	$2,000	0	$2,000	0	$2,000	NA	0.0%
Bank Enterprise Award Program	0	$25,000	0	$26,000	0	$26,000	NA	0.0%
Native American CDFI Assistance Program	0	$16,000	0	$16,500	0	$21,500	NA	30.3%
Administrative	70	$28,500	82	$29,000	89	$33,617	8.5%	15.9%
Healthy Food Financing Initiative	0	$22,000	0	$23,000	0	$23,000	NA	0.0%
Small Dollar Loan Program	0	$5,000	0	$8,500	0	$8,500	NA	0.0%
Subtotal New Appropriated Resources	**70**	**$262,000**	**82**	**$270,000**	**89**	**$330,000**	**8.5%**	**22.2%**
Other Resources								
User Fees	0	$1,043	0	$1,164	0	$1,200	NA	3.1%
Recoveries from Prior Years	0	$600	0	$500	0	$500	NA	0.0%
Unobligated Balances from Prior Years	0	$193,017	0	$13,569	0	$31,169	NA	129.7%
Subtotal Other Resources	**0**	**$194,660**	**0**	**$15,233**	**0**	**$32,869**	**NA**	**115.8%**
Total Budgetary Resources	**70**	**$456,660**	**82**	**$285,233**	**89**	**$362,869**	**8.5%**	**27.2%**

FY 2020 Other Resources and Full-time Equivalents (FTE) reflect actuals.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2021 Operating Plan	**82**	**$270,000**
Program Changes:		
Program Increases:	7	$60,000
CDFI Program	0	$50,383
Native American CDFI Assistance (NACA) Program	0	$5,000
Administration	7	$4,617
FY 2022 President's Budget Request	**89**	**$330,000**

C – Budget Increases and Decreases Description

Program Increases .... +$60,000,000/ +7 FTE

CDFI Program +$50,383,000 / +0 FTE

The CDFI Fund will increase the amount of Financial Assistance (FA) and Technical Assistance (TA) awards. An increase of $50.4 million to the CDFI Program will result in larger FA awards to increase the number of business and microenterprise loans, home improvement and purchase loans, residential real estate transactions, and other consumer loans and products offered by CDFI awardees. This increase would also support Small and/or Emerging Community Development Financial Assistance applicants and provide more funding for capacity building grants through the technical assistance component.

Native American CDFI Assistance (NACA) Program +$5,000,000 / +0 FTE

The CDFI Fund will increase the NACA Program by $5 million, which will result in larger FA awards to increase the number of business and microenterprise loans, home improvement and purchase loans, residential real estate transactions, and other consumer loans and products in Native Communities. It will also be used to increase participation by Native communities by improving technical assistance and capacity building for Native CDFIs.

Administration +$4,617,000 / +7 FTE

An increase of $4.6 million in administration funding will support the hiring of seven new staff for program, compliance, performance reporting and data collection, and IT system development. It will support research on the *Growth and Self-sufficiency of the CDFI Sector and its Impact on Underserved Communities, Minorities and Economic Inequality.* In addition, it will enable the CDFI Fund to prepare for updating all its program eligibility data based on the forthcoming Decennial Census data, and update the CDFI Impact Mapping System (CIMS) used for compliance and performance reporting across programs. Finally, it will provide more support for IT contracts related to system enhancement and development, especially new program applications and improved efficiency and automation of compliance validation processes.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2020 Actual Obligations	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
11.1 - Full-time permanent	9,539	10,319	11,173
11.9 - Personnel Compensation (Total)	**9,539**	**10,319**	**11,173**
12.0 - Personnel benefits	3,170	3,489	3,818
Total Personnel and Compensation Benefits	**$12,709**	**$13,808**	**$14,991**
21.0 - Travel and transportation of persons	23	72	70
24.0 - Printing and reproduction	0	2	2
25.1 - Advisory and assistance services	4,484	3,938	1,743
25.2 - Other services from non-Federal sources	44	20	20
25.3 - Other goods and services from Federal sources	6,630	9,410	10,171
25.7 - Operation and maintenance of equipment	386	1,918	2,600
26.0 - Supplies and materials	24	25	26
31.0 – Equipment	3,912	4,807	6,494
41.0 - Grants, subsidies, and contributions	422,332	236,000	323,383
Total Non-Personnel	**$437,835**	**$256,192**	**$344,509**
Total Obligations	**$450,544**	**$270,000**	**$359,500**
Full-time Equivalents (FTE)	**70**	**82**	**89**

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 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, [$270,000,000]*$330,000,000*. Of the amount appropriated under this heading— (1) not less than [$167,000,000]*$217,383,000*, 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, [2022]*2023*, 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 [$2,374,500]*$3,153,750* may be used for the cost of direct loans, of which up to $6,000,000, 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 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 territory or possession of the United States; (2) Not less than [$16,500,000]*$21,500,000*, notwithstanding section 108(e) of Public Law 103–325 (12 U.S.C. 4707(e)), is available until September 30, [2022]*2023*, 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 $26,000,000 is available until September 30, [2022]*2023*, for the Bank Enterprise Award program; (4) not less than $23,000,000, 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, [2022]*2023*, 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 $8,500,000 is available until September 30, [2022]*2023*, 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 [$29,000,000]*$33,617,000* is available until September 30, [2021]*2022*, 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 *the* development of tools to better assess and inform CDFI	

investment performance *and CDFI Fund program impacts*, and up to $300,000 is for administrative expenses to carry out the direct loan program; and	
(7) during fiscal year [2021]*2022*, none of the funds available under this heading are available for the cost, as defined in section 502 of the Congressional Budget Act of 1974, of commitments to guarantee bonds and notes under section 114A of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4713a): Provided, That commitments to guarantee bonds and notes under such section 114A shall not exceed $500,000,000: Provided further, That such section 114A shall remain in effect until December 31, [2021]*2022*: Provided further, That of the funds awarded under this heading, except those provided for the Economic Mobility Corps, 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, 2021.)*	Extension of the Bond Guarantee Program through December 31, 2022 to allow more time to close complex and time-consuming bond commitments

E – Legislative Proposals

The Budget proposes to expand the Capital Magnet Fund by $12 billion as part of the American Jobs Plan.

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.

In accordance with the Government Performance and Results Act Modernization Act (GPRAMA) of 2010, the Department of the Treasury is currently developing the FY 2022 – 2026 Departmental Strategic Plan. The Strategic Plan is scheduled for publication in 2022. The Annual Performance Plan will be updated in the FY 2023 President's Budget to reflect new departmental strategic goals and objectives.

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 improve the quality of life and boost the local economy in these communities.

The CDFI Fund has articulated five goals in its FY 2018-2022 Strategic Plan aimed at 1) increasing the impact of the CDFI Fund network by supporting the growth, reach, and performance of CDFI Fund awardees; 2) building the capacity of the CDFI Fund and its network to better capture, produce, and utilize data to improve decision-making, performance and accountability; 3) ease the customer experience and create on-ramps for new and emerging CDFIs and CDEs to access CDFI Fund programs; 4) promote awareness of CDFIs in order to expand their access to new resources; and 5) create organizational excellence by increasing workforce engagement, enhancing team performance, and improving operational efficiency.

The FY 2022 Budget will advance these goals by allowing the CDFI Fund to administer and fully staff all programs including those that are authorized by Congress but do not require annual appropriations (i.e., the NMTC 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 (CDEs), as required by the NMTC program. CDFI certification is a prerequisite for eligibility for the BG Program, the SDL Program and the Capital Magnet Fund (CMF), as well as other federal programs outside of the CDFI Fund. CDE certification is a prerequisite for eligibility for the NMTC program.

The Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (P. L. 116-260) provided $3 billion to the CDFI Fund to CDFIs deliver immediate assistance in communities impacted by the COVID-19 pandemic. In the spring of FY 2021, the CDFI Fund plans to award $1.25 billion of these funds through its newly established CDFI Rapid Response Program (CDFI RRP), which is designed to quickly deploy capital to CDFIs through a streamlined application and review process. Through the CDFI RRP, CDFIs will be provided with resources necessary to respond to the economic impacts of the COVID-19 pandemic in distressed and underserved communities and people.

To further assist distressed and underserved communities in responding to the economic impacts of the COVID–19 pandemic, the CDFI Fund will also begin the process of making $1.75 billion in funds available to support lending in minority communities and minority lending institutions through its Minority Lending Program (MLP) in FY 2022. Of these funds, $1.2 billion is reserved for award to minority lending institutions, which are CDFIs, that are designated as Minority Depository Institutions (MDIs) or meet other standards for accountability to minority populations as determined by the CDFI Fund; and, $550 million will be awarded to CDFIs to expand their lending, grant making, or investment activity in low- or moderate-income minority communities and to minorities that have significant unmet capital or financial service needs.

B – Budget and Performance by Budget Activity
2.1.1 – Administration Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	$23,600	$26,000	$27,000	$27,000	$28,500	$29,000	$33,617
Budget Activity Total	**$23,600**	**$26,000**	**$27,000**	**$27,000**	**$28,500**	**$29,000**	**$33,617**
Full-time Equivalents (FTE)	**77**	**74**	**66**	**67**	**76**	**82**	**89**

The FY 2016 - FY 2020 appropriated resources represents the approved operating plan. The FY 2016 - FY 2020 columns represent realized resources for full-time equivalents.

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
All Award Cycle Time (Months)	7.6	6.3	5.8	6.4	5.5	6.5	6.5	6.5
All-Time to Initial Disbursement (#Months)	B	7.5	7.0	7.0	4.4	4.5	4.5	4.5
ALL- Number of Affordable Housing Units Developed or Produced	35,251	27,443	34,083	61,839	44,361	21,500	I	I

Key: B – Baseline; I – Indicator

2A – Administration Budget and Performance

($33,617,000 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, measuring how quickly awards are made and funds are disbursed, and the creation of affordable housing units across all CDFI Fund programs.

- 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 2020 was 5.5 months, thereby exceeding the target of 6.5 months. This achievement reflects improved efficiency in making awards, which is largely a function of the implementation of the AMIS system. For FY 2021 and FY 2022 the target will remain at 6.5 months because the CDFI Fund will be standing up additional programs funded by the Consolidated Omnibus Act, 2021 and the SDL Program.

- The Time to Initial Disbursement indicates how quickly the CDFI Fund completes award agreements and makes the first disbursement of funds or issues tax credits. The FY 2019 program disbursement results were tabulated in FY 2020 at 4.4 months which exceeded the 4.5 month target due to improved efficiencies through the AMIS system. The target will remain at 4.5 months for FY 2021 and FY 2022.

- 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 NMTC allocation recipients. The FY 2020 actual result of 44,361 affordable housing units was well above the target of 21,500 affordable housing units. This measure is being converted to an indicator because of the variability in projecting annually the number of affordable housing units funded for three programs makes it difficult to project a reliable target. See section C: Proposed Changes to Performance Measures.

2.1.2 – Community Development Financial Institutions Program Resource and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	$153,423	$161,500	$160,000	$160,000	$165,500	$167,000	$215,383
Budget Activity Total	**$153,423**	**$161,500**	**$160,000**	**$160,000**	**$165,500**	**$167,000**	**$215,383**

The FY 2016 - FY 2020 appropriated resources represents the approved operating plan.

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY2021 Target	FY2022 Target
CDFI - Percentage of Loans & Investments Originated in Eligible Distressed or Underserved Communities by Dollar Amount of Loans (Annual %)	80.9	81.2	73.7	75.6	75.0	60.0	60.0	60.0
CDFI - Percentage of Loans & Investments Originated in Eligible Distressed or Underserved Communities by Number of Loans	81.5	83.0	72.1	78.8	79.6	60.0	60.0	60.0

2B – Community Development Financial Institutions Program
($217,383,000 from direct appropriations)
The CDFI Program makes 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 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 2020 CDFI Program round, the CDFI Fund awarded $142.8 million in Base-FA and TA awards to 357 organizations in 45 states, the District of Columbia, and Puerto Rico. In addition to the Base-FA awards, the CDFI Fund will also provide the following supplemental FA awards:

- $22 million to 13 CDFIs through the Healthy Food Financing Initiative-Financial Assistance (HFFI-FA) awards, a supplemental program designed to encourage investments in businesses that provide healthy food options for communities;
- $4 million to 17 CDFIs through the Disability Funds-Financial Assistance (DF-FA) awards, a supplemental program designed to help CDFIs finance projects and services that will assist individuals with disabilities; and
- $18.5 million to 106 CDFIs through the Persistent Poverty Counties-Financial Assistance (PPC-FA) awards, which is a supplemental program designed to encourage investments in Persistent Poverty Counties nationwide.

The request includes $2 million for the AmeriCorps CDFI Economic Mobility Corps (EMC), which is a joint initiative of the CDFI Fund and CNCS that places full-time national service members in Certified CDFIs to enhance their capacity to provide financial literacy, financial planning, budgeting, saving, and other financial counseling activities. Award funding for the inaugural round of EMC was made available through the CNCS FY 2021 AmeriCorps State and National Grant program Notice of Funding Opportunity (NOFO) that was released September 2020. EMC awards will be announced May 2021.

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 2020, the CDFI Program surpassed the 60.0 percent threshold for the percentage of both the dollar amount (75 percent) and the number of CDFI loans (79.6 percent) made to eligible distressed communities and underserved populations.

2.1.3 – New Markets Tax Credit Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	$0	$0	$0	$0	$0	$0	$0
Budget Activity Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
NMTC - Percentage of Loans and Investments That Went Into Severely Distressed Communities	74.5	77.5	73.6	80.3	77.2	75.0	75.0	75.0

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 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 27, 2020, legislation was enacted extending allocation authority of the NMTC Program for five years through calendar year (CY) 2025 at $5 billion.

<u>*Description of Performance:*</u>
In FY 2020, the CDFI Fund awarded $3.5 billion in CY 2019 NMTC Program allocation authority to 76 organizations out of a pool of 206 applicants that requested $14.7 billion in NMTC allocations.

In FY 2020, CDEs reported that 77.2 percent of NMTC investments were made in severely-distressed communities, exceeding the target of 75 percent. The expectation is that the NMTC investments performance report for FY 2021 and FY 2022 will meet or exceed the 75 percent target.

2.1.4 – Bank Enterprise Award Program Resources and Measures
Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	$19,000	$23,000	$25,000	$25,000	$25,000	$26,000	$26,000
Budget Activity Total	**$19,000**	**$23,000**	**$25,000**	**$25,000**	**$25,000**	**$26,000**	**$26,000**

The FY 2016 - FY 2020 appropriated resources represents the approved operating plan.

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
BEA - Increase in Community Development Activities Over Prior Year For All BEA Program Applicants ($ million)	539	522	646	429	469	530	DISC	DISC
Bank Enterprise Award Program (BEA) leverage ratio is the dollar sum of all award recipients' qualified activities to the dollar sum of all awards in a given year.	NA	NA	NA	NA	NA	NA	B	B

Key: B – Baseline, DISC - Discontinued

2D – Bank Enterprise Award Program

($26,000,000 from direct appropriations):

The 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.

Description of Performance:

The BEA Program measures applicants' increase in qualified community development activities over the prior year. For the FY 2020 BEA Program round, the CDFI Fund awarded $25.2 million in grants to 138 organizations.

In FY 2020, the BEA Program reported $469 million in qualified community development activities, which was below the target of $530 million. However, the FY 2020 results are the last year for reporting on this performance measure as it is being replaced by a new performance measure. The new BEA Program performance measure is a leverage ratio of the dollar sum of all award recipients' qualified activities to the dollar sum of all awards in a given year. See section C: Proposed Changes to Performance Measures for an explanation of the change.

2.1.5 – Native American CDFI Assistance Program Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	$15,500	$15,500	$16,000	$16,000	$16,000	$16,500	$21,500
Budget Activity Total	**$15,500**	**$15,500**	**$16,000**	**$16,000**	**$16,000**	**$16,500**	**$21,500**

The FY 2016 - FY 2020 appropriated resources represents the approved operating plan.

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
NACA - Percentage of NACA Loans and Investments in Native Areas ($ Amount of Loans)	61.2	47.9	84.9	78.0	57.2	50.0	50.0	50.0
NACA - Percentage of NACA Loans and Investments in Native Areas (# of Loans)	96.3	95.1	94.4	86.0	72.1	50.0	50.0	50.0

2E – Native American CDFI Assistance Program

($21,500,000 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 2020 round of the NACA Program, The CDFI Fund awarded $15.2 million in FY 2020 NACA Program Base-FA and TA awards to 40 organizations in 18 states. In addition, the CDFI Fund awarded $1.6 million in NACA Program PPC-FA awards to 11 Native CDFIs.

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 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 2020, NACA recipients reported outcome data for their 2019 activities, which showed that 57.2 percent of loans by dollar amount and 72.1 percent of the number of loans originated were in Native Areas or to Native borrowers, thereby exceeding the target of 50 percent for both measures.

2.1.6 – Healthy Food Financing Initiative Detail Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2021 Request
Appropriated Resources	$22,000	$22,000	$22,000	$22,000	$22,000	$23,000	$23,000
Budget Activity Total	**$22,000**	**$22,000**	**$22,000**	**$22,000**	**$23,000**	**$23,000**	**$23,000**

The FY 2016 - FY 2020 appropriated resources represents the approved operating plan.

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
HFFI - Retail Outlets Created/Preserved	19	24	20	23	25	20	I	I

Key: I – Indicator

2F – Healthy Food Financing Initiative

($23,000,000 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 2020, the number of HFFI Retail outlets created was 25, thereby exceeding the target of 20 new retail outlets for activities carried out in 2019. See Section C: below for a discussion of the changes to the HFFI performance measure which is being converted to an indicator.

2.1.7 – Small Dollar Loan Program Resource and Measures

Dollars in Thousands

Resource Level	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	$5,000	$8,500	$8,500
Budget Activity Total	**$5,000**	**$8,500**	**$8,500**

FY 2020 appropriated resources represents the approved operating plan.

2G - Small Dollar Loan Program
($8,500,000 from direct appropriations):
Authorized by Section 1206 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203), the SDL Program provides grants for Loan Loss Reserves and Technical Assistance to CDFIs to establish and maintain small dollar loan programs. SDL Program funding is intended to expand consumer access to mainstream financial institutions by providing alternatives to high cost small dollar lending. The SDL Program funding is also intended to help unbanked and underbanked populations build credit, access affordable capital, and allow greater access into the mainstream financial system.

Description of Performance:
This is a new program and the performance measures are still being developed in consultation with Office of Strategic Planning and Performance Improvement (OSPPI) and the Office of Performance Budget (OPB).

2.1.8 – Capital Magnet Fund Program Resource Detail Table
Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Estimate
GSE Distribution	$100,292	$119,413	$144,917	$131,884	$175,809	$382,748	$200,000
Budget Activity Total	**$100,292**	**$119,413**	**$144,917**	**$131,884**	**$175,809**	**$382,748**	**$200,000**
FTE	**0**	**4**	**4**	**3**	**5**	**5**	**6**

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 facilities. Award recipients can use funds to create financing tools such as loan funds, loan loss reserves, revolving loan funds, risk-sharing loans, and loan guarantees.

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 2020 round of the CMF will leverage an estimated $5.3 billion in public and private investment. The award recipients plan to develop more than 23,000 affordable housing units, including nearly 20,300 rental units and more than 2,600 homeownership units. Of these:

- 97 percent of all housing units will be developed for low-income families (80 percent of the area median income or below).

• 98 percent of the homeownership units will be developed for low-income families (80 percent of the area median income or below).
• 61 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 Table

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Obligations	$265,000	$245,000	$150,000	$150,000	$100,000	$500,000	$500,000
Loan Limitation Obligation Authority	$750,000	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000

2.1.10 – CDF Bond Guarantee Program Financing Account – Non-Budgetary Summary

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Obligations	$265,000	$245,000	$150,000	$150,000	$100,000	$500,000	$500,000
Collections*	9,377	$19,789	$34,337	$51,493	$61,621	$79,473	$97,396

*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 $230 million and $305 million in FY 2021 and FY 2022, 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 $1.692 billion. A total of 26 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:

Assets Classs	Disbursments ($Millions)	Disbursments (%)	Proposed Disbursments ($Millions)	Proposed Disbursments (%)
Charter Schools	$349.23	27.14%	$438.44	25.91%
Rental Housing	$350.61	27.25%	$473.91	28.01%
Comercial Real Estate	$245.73	19.10%	$285.74	16.89%
Financing Entity	$117.12	9.10%	$136.73	8.08%
Healthcare Facilities	$89.33	6.94%	$111.34	6.58%
Not-For-Profits	$57.90	4.50%	$86.63	5.12%
Small Business	$48.96	3.80%	$61.22	3.62%
Senior Living and Long Term Care Facilities	$14.95	1.16%	$68.00	4.02%
Daycare Centers	$12.92	1.00%	$29.99	1.77%
Total	**$1,286.75**	**100.00%**	**$1,692.00**	**100.00%**

C – Changes in Performance Measures

In FY 2021, the CDFI Fund worked with OSPPI and the OPB to make improvements and changes to existing performance measures and to develop new measures for new programs in FY 2022. The table below details the proposed changes to existing measures. In addition, the CDFI Fund is working with OSSPI and OPB to develop a performance measure for the Small Dollar Loan Program.

Performance Measure or Indicator	Proposed Change and Justification
1. Performance Measure: Bank Enterprise Award Program (BEA) leverage ratio is the dollar sum of all award recipients' qualified activities to the dollar sum of all awards in a given year.	The Bank Enterprise Award Program performance measure is recommended for replacement. The current metric measures the BEA-Increase in Community Development Activities Over Prior Year for All BEA Program Applicants ($ million) which was based on all applicant data. The variability of annual reported activity was volatile and hence unstable to forecast a reliable target based on applicants' baseline forecasts. The new measure will establish a baseline from which to compute a target threshold for the leverage ratio that must be met or exceeded by the program's annual eligible activities.
2. Indicator Name: The Number of new Healthy Food Financing Initiative (HFFI) Retail Outlets	The HFFI performance measure is recommended to be converted to an indicator because the variability of investments in new retail HFFI outlets makes it difficult to forecast

	an annual target. The current measure reports the number of new healthy food retail stores created or maintained in low-income areas that have been identified by the USDA as having low-income and limited access to healthy food options.
3. Indicator Name: The All-Affordable Housing measure	The All-Affordable Housing measure tabulates the number of affordable housing units developed or produced as reported by CMF, CDFI and NACA programs and NMTC Allocations award recipients. The measure is recommended for conversion to an indicator because the variability in investments made annually by the three programs that fund affordable housing units has made it difficult to reliably project a target.

D– Evidence-Building Activity

The table below describes the CDFI Fund's major evidence-building activities and corresponding resources. Additionally, refer to the Executive Summary for a discussion of Treasury-wide evidence-building functions.

<table>
<tr><th>Type of Evidence Building Activity</th><th>Major Activities and Planned Projects</th><th>Resource Types</th><th>Use</th></tr>
<tr><td>Evaluation
Collection and analysis of data to assess effectiveness and efficiency of programs, policies, or procedures

Estimated share of all Evidence-Building Activities:
10 %</td><td>Major activities:
• Use of ARM framework to conduct certification and award application data evaluation, post-award compliance, and reporting risks

FY21 and FY22 projects:
• Rapid Response Program evaluation</td><td>• FS&R: 2 FTEs, series 1101,
• CCME: 4 FTEs, series 1160,
• CDFI/NACA: 4 FTEs, series 1101, 1160
• IT support: 1 FTE, series 2210
• ARM Contract IT Services Task Order:
  ○ FY21: $ TBD
• IAA with GSA OES: TBD</td><td>☒ For internal policy decision-making
☒ During internal strategic management processes
☒ By external partners (government)
☐ By external partners (non-government)
☐ By unaffiliated external researchers
☐ Other (describe)</td></tr>
<tr><td>Research
Modeling or other systematic use of data to explore emerging issues or potential scenarios to generate new knowledge

Estimated share of all Evidence-Building Activities:
10 %</td><td>Major activities:
• PPC research with MITRE

Tentative FY22 projects:
• 25 Years and Counting: An Examination of Growth and Self-Sufficiency in the Community Development Financial Institutions (CDFI) Industry
• CDFI Sector's Impact on Underserved Racial and Minority Communities and Inequality</td><td>• MITRE task order
• FS&R: 2 FTEs, series 1101
• FS&R: 2 FTEs, series 1101,
• CDFI 25 Years Contract: est. @ $500K
• CDFI Minority Impact contract: est. @ $200K</td><td>☒ For internal policy decision-making
☒ During internal strategic management processes
☒ By external partners (government)
☐ By external partners (non-government)
☐ By unaffiliated external researchers
☐ Other (describe)</td></tr>
<tr><td>Analysis
Routine and frequent use of data that produces insights for decision making and program management</td><td>Major activities:
• Certification, Compliance and Performance data collection and reporting: ACR, NMTC, CDFI, CMF, BEA</td><td>• FS&R: 4 FTEs, series 1101
• CCME: 4 FTEs, series 1160</td><td>☒ For internal policy decision-making
☒ During internal strategic</td></tr>
</table>

Type of Evidence Building Activity	Major Activities and Planned Projects	Resource Types	Use

Estimated share of all Evidence-Building Activities: ***75 %***	**FY22 projects:**
	• ARM framework: Scope possible changes to the: Certification Assessment Tool (CAT) due to deployment of new certification application, the Non-Compliance Scorecard, (NCS), and the Application Assessment Tool (AAT). Additional will be based on need and budget availability.
		• BEA: 4 FTEs, series 1160
		• IT support: 2 FTEs, series 2210
		• Data Collection IT TOs:
		  ○ FY21: $650,000
		  ○ FY22: $ TBD
		• FS&R: 2 FTEs, series 1101
		• CCME: 4 FTEs, series 1160
		• CDFI/NACA: 4 FTEs, series 1101, 1160
		• IT support: 1 FTE, series 2210
		• ARM IT TO:
		  ○ FY22: $ TBD
			management processes
			☒ By external partners (government)
			☐ By external partners (non-government)
			☐ By unaffiliated external researchers
			☐ Other (describe)

Statistics *Collection, compilation, and processing of data for describing or estimating characteristics or insights concerning groups* Estimated share of all Evidence-Building Activities: ***5 %***	**Major activities:** • InfoUSA or comparable database to replace Business Analyst for ESRI. • STATA software concurrent licenses for 5-7 staff. **FY21 and FY22 projects:** • Decennial Census data update of all CDFI Fund program eligibility requirements. • CIMS Mapping System update	• Procurement est.: @ $10K • Procurement est.: $10-12K • Hire 1 FS&R FTE series 1101 to manage Census data and CIMS updates.	☒ For internal policy decision-making ☒ During internal strategic management processes ☒ By external partners (government) ☒ By external partners (non-government) ☒ By unaffiliated external researchers ☐ Other (describe)

Section III – Additional Information

A – Summary of Capital Investments
As part of its FY 2022 capital investment strategy, the CDFI Fund plans to spend approximately $8.64 million for enhancements, operations, and maintenance of its IT infrastructure. The CDFI Fund has no major IT investments, nor any capital investments other than IT.

Non-Major IT Investments:
For FY 2022, the CDFI Fund has identified two non-major IT investments: 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 all grant programs. 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. In FY 2022, the CDFI Fund plans to provide Operations and Maintenance (O&M) support for these two investments, as well as enhancements to AMIS. O&M includes system updates, help desk support, and software licenses. AMIS enhancements include annual program updates and improvements to program compliance monitoring and reporting.

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 2022

Table of Contents

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 2022 President's Budget requests additional resources totaling $63,576,000 providing $60,279,000 for the implementation of the Anti-Money Laundering Act/Corporate Transparency Act (AMLA/CTA) of the William M. (Mac) Thornberry National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2021 and $87,000 for the leasing of electric vehicles and purchase of associated infrastructure.

1.1 – Appropriations Detail Table
Dollars in Thousands

Appropriated Resources	FY 2020 Operating Plan		FY 2021 Operating Plan		FY 2022 Request		FY 2021 to FY 2022 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
BSA Administration and Analysis	264	$126,000	300	$126,963	380	$190,539	26.7%	50.1%
Subtotal New Appropriated Resources	**264**	**$126,000**	**300**	**$126,963**	**380**	**$190,539**	**26.7%**	**50.1%**
Other Resources								
Reimbursable	1	$1,613	3	$6,000	3	$6,000	0.0%	0.0%
Recoveries from Prior Years	0	$143	0	$0	0	$0	NA	NA
Unobligated Balances from Prior Years	0	$26,416	0	$29,000	0	$29,000	NA	0.0%
Subtotal Other Resources	**1**	**$28,172**	**3**	**$35,000**	**3**	**$35,000**	**0.0%**	**0.0%**
Total Budgetary Resources	**265**	**154,172**	**303**	**$161,963**	**383**	**$225,539**	**26.4%**	**39.3%**

FY 2020 Other Resources and Full-time Equivalents (FTE) reflect actuals.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2021 Operating Plan	**300**	**$126,963**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$3,210
Pay Annualization (1.0% average pay raise)	0	$137
Pay Raise (2.7% average pay raise)	0	$1,109
FERS Contribution Increase	0	$517
Non-Pay	0	$1,447
Subtotal Changes to Base	0	$3,210
FY 2022 Current Services	**300**	**$130,173**
Program Changes:		
Program Increases:	80	$60,366
FinCEN AMLA/CTA Implementation*	80	$60,279
Purchase of Electric Vehicles and Associated Infrastructure	0	$87
FY 2022 President's Budget Request	**380**	**$190,539**

*Amounts shown reflect enacted appropriations for 2021, which do not include dedicated funding for development of the beneficial ownership data system and CTA implementation. However, FY 2022 staffing does assume funding, yet to be identified, is provided for this purpose in 2021. FinCEN estimates a total of 131 new positions will be needed for full implementation of the CTA and Anti-Money Laundering Act (P.L. 116-283).

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) .... +3,210,000 / +0 FTE

Pay Annualization (1.0%) +137,000 / +0 FTE

Funds are requested for annualization of the January 2021 1.0% average pay raise.

Pay Raise (2.7% in 2022) +$1,109,000 / +0 FTE

Funds are requested for a 2.7% average pay raise in January 2022.

FERS Contribution Increase +$517,000 / +0 FTE

Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2022.

Non-Pay +$1,447,000 / +0 FTE

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

Program Increases .... +$60,366,000 / +80 FTE

FinCEN AMLA/CTA Implementation +$60,279,000 / +80 FTE

The enactment of the FY 2021 National Defense Authorization Act (NDAA) included significant reforms to the U.S. anti-money laundering and countering the financing of terrorism (AML/CFT) regime through the AMLA and the CTA.

The AMLA seeks to strengthen, modernize, and streamline the existing AML/CFT regime by promoting innovation, regulatory reform, and industry engagement through forums, such as the Bank Secrecy Act Advisory Group (BSAAG) and FinCEN Exchange. The AMLA calls for FinCEN to work closely with our regulatory, national security, and law enforcement partners to identify risks and priorities and provide valuable feedback to our industry partners.

Within the AMLA, the CTA establishes uniform beneficial ownership reporting requirements for corporations, limited liability companies, and other similar entities formed or registered to do business in the United States. The CTA provides FinCEN with the authority to collect that information and share it with authorized government authorities and financial institutions, subject to effective safeguards and controls. To that end, FinCEN will use this funding to develop and maintain a data system for the reporting of information on beneficial ownership, collecting and securing the data, and creating access protocols.

The AMLA and the CTA together set forth approximately 40 rulemaking or other requirements, including periodic Congressional reporting on implementation efforts, assessments, and findings. Some key requirements include:

1. Establishing standards for the reporting of information on beneficial ownership, building an information technology system to collect and secure the data, and creating access protocols;
2. Establishing national anti-money laundering and countering the financing of terrorism priorities;
3. Enhancing the whistleblower provisions to provide for a robust whistleblower program and new anti-retaliation protections;
4. Reviewing, and revising as appropriate, Currency Transaction Report (CTR) and Suspicious Activity Report (SAR) reporting requirements, and other existing Bank Secrecy Act (BSA) regulations and guidance;
5. Expanding BSA requirements and obligations to persons engaged in the trade of antiquities, and mandating a study on the potential expansion of BSA requirements to persons engaged in the art trade;
6. Codifying the FinCEN Exchange program;
7. Hosting a Financial Crimes Tech Symposium, and establishing two new BSAAG subcommittees to enhance public-private partnerships in the areas of innovation and technology as well as information security;
8. Establishing a BSA Analytical Hub;
9. Law enforcement reporting to FinCEN on the use of BSA data, procedures for additional feedback between FinCEN and financial institutions on the usefulness of SARs, and semi-annual publication of review of SAR activity and other BSA reports, including threat patterns, trends, and typologies; and
10. Codifying a pilot program to allow financial institutions to share SARs with their foreign branches, subsidiaries, and affiliates.

Timely and effective AMLA and CTA implementation will be challenging and is FinCEN's top priority, and we are working diligently with our domestic and international industry partners and law enforcement and regulatory stakeholders to implement these numerous provisions to further the national security and innovative strength of the United States and protect the American people.

The January 1, 2021, enactment of the AMLA and CTA did not come with accompanying funding, and FinCEN has been diverting existing resources to meet the rigorous deadlines set forth in the legislation. Therefore, in order to meet this new, expansive statutory mandate, FinCEN requests this significant program increase to fund the FTE positions and information technology systems needed to effectively implement the AMLA and CTA.

<u>Purchase of Electric Vehicles and Associated Infrastructure +$87,000 / +0 FTE</u>
Following the lead from Executive Order (E.O.) 14008, "Tackling the Climate Crises at Home and Aboard", the U.S. Department of the Treasury joins in the Administration's priority to develop a comprehensive plan to create good jobs and stimulate clean energy industries by revitalizing the Federal Government's sustainability efforts. This includes Treasury's commitment to use all available procurement authorities to augment its Department-wide fleet management program with a continued focus on the leasing of electric vehicles (EV) and purchasing, installing, and maintaining essential infrastructure. The planned resources will help Treasury comply with the requirements set forth by E.O. 14008 and reduce the carbon footprint of emissions into the atmosphere by acquiring an updated fleet of zero-emissions vehicles that can support mission operations.

For FY 2022, the Financial Crimes Enforcement Network (FinCEN) will receive $87,000 to fund the full conversion of its fleet to EV. Of that money, approximately $25,000 will be allocated to the purchase, installation, maintenance, and/or upgrade of infrastructure required to maintain an EV fleet management program. Additionally, FinCEN will purchase one additional charging station to support its future EV state. Currently, FINCEN has a total of four vehicles in its fleet, of which two are EVs.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2020 Actual Obligations	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
11.1 - Full-time permanent	35,409	41,247	51,975
11.3 - Other than full-time permanent	409	150	150
11.5 - Other personnel compensation	1,032	845	845
11.8 - Special personal services payments	5	0	0
11.9 - Personnel Compensation (Total)	**36,855**	**42,242**	**52,970**
12.0 - Personnel benefits	12,093	12,799	15,479
Total Personnel and Compensation Benefits	**$48,948**	**$55,041**	**$68,449**
21.0 - Travel and transportation of persons	276	816	1,155
23.1 - Rental payments to GSA	4,570	4,971	4,971
23.2 - Rental payments to others	29	51	3,192
23.3 - Communications, utilities, and miscellaneous charges	2,508	2,137	2,187
24.0 - Printing and reproduction	62	65	67
25.1 - Advisory and assistance services	1,588	1,552	9,938
25.2 - Other services from non-Federal sources	40,984	46,638	76,570
25.3 - Other goods and services from Federal sources	8,972	10,143	12,939
25.4 - Operation and maintenance of facilities	1	0	0
25.6 - Medical care	200	226	231
25.7 - Operation and maintenance of equipment	8,878	9,497	9,718
26.0 - Supplies and materials	351	278	324
31.0 - Equipment	7,187	1,928	6,798
32.0 - Land and structures	5	0	0
Total Non-Personnel	**$75,611**	**$78,302**	**$128,090**
Total Obligations	**$124,559**	**$133,343**	**$196,539**
Full-time Equivalents (FTE)	**265**	**303**	**383**

Amounts reflect actual and anticipated obligations of annually appropriated resources and reimbursables.

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY FINANCIAL CRIMES ENFORCEMENT NETWORK *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]*$45,000* for official reception and representation expenses; and for assistance to Federal law enforcement agencies, with or without reimbursement, [$126,963,000]*$190,539,000* of which not to exceed [$34,335,000]*$94,600,000* shall remain available until September 30, [2023]*2024 for information technology and to implement Division F of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 (Public Law 116-283). (Consolidated Appropriations Act, 2021, Public Law 116-260)*	Changes to the appropriations language represent the additional amount for necessary expenses of the Financial Crimes Enforcement Network for the implementation of Division F of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 (Public Law 116-283).

E – Legislative Proposals

FinCEN has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment
In accordance with the Government Performance and Results Act Modernization Act (GPRAMA) of 2010, the Department of the Treasury is currently developing the FY 2022 – 2026 Departmental Strategic Plan. The Strategic Plan is scheduled for publication in 2022. The Annual Performance Plan will be updated in the FY 2023 President's Budget to reflect new departmental strategic goals and objectives. FinCEN will publish a component plan that aligns bureau activities and priorities to the Department's by early 2022.

In FY 2020, FinCEN has had several noteworthy accomplishments highlighted below:

Modernize, Streamline, and Simplify Regulatory Authorities: FinCEN made significant progress with respect to advancing regulatory initiatives impacting the AML framework this year.

- FinCEN issued an Advance Notice of Proposed Rulemaking (ANPRM) seeking comment on the AML program effectiveness in order to provide financial institutions its greater flexibility in the allocation of resources and enhance the effectiveness and efficiency of AML programs.
- FinCEN issued two Notices of Proposed Rulemaking (NPRM) related to virtual currency and to proposed reductions in the recordkeeping requirements for cross-border funds transmittals. FinCEN also issued a final rule to require customer identification program, AML program, and beneficial ownership requirements for banks lacking a federal functional regulator.
- FinCEN drafted and coordinated numerous significant guidance documents: (1) Politically Exposed Persons (PEP) statement (August 21), (2) FinCEN Enforcement of the BSA (August 18, (3) FAQs Regarding Customer Due Diligence Requirements for Covered Financial Institutions (August 3), (4) Guidance Regarding Due Diligence Requirements under the BSA for Hemp-Related Business Customers (June 29), (5) Clarification of Requirements for Providing Financial Services to Hemp-related Businesses (December 3, 2019), and (6) Joint Statement of FinCEN, SEC, and CFTC on Activities Involving Digital Assets (October 11, 2019); and (7) a new Fact Sheet providing clarification on FinCEN's information sharing program under Section 314(b) of the USA PATRIOT Act..
- Published another three advisories associated with the result of the Financial Action Task Force decisions on countries with problematic AML/CFT regimes (July 14, 2020, March 26, 2020, and November 12, 2019).
- The results of the multi-year BSA Value Study, which provided the valuable insights into the use and value of BSA reporting (including a quantification of the estimated annual value to American public welfare of BSA data), was initially shared at the May 2020 BSAAG Plenary.

COVID 19: FinCEN took a whole of agency approach to tackling the COVID-19 pandemic and illicit finance threats that it generated. Among other things, FinCEN:

- Issued Notices to financial institutions—one on March 16, one on April 3, and another on May 18—advising them to remain alert to fraudulent, COVID-19 related transactions, and providing instructions on BSA filing requirements. Most recently, FinCEN issued a notice on December 28, to alert financial institutions about the potential for fraud, ransomware attacks, or similar types of criminal activity related to COVID-19 vaccines and their distribution.

- Published three advisories related to COVID-19 medical fraud (May 18), imposter scams (July 7), and cyber-enabled crime (July 30), and defrauding of the unemployment insurance system (and reissued each one in Spanish) and one Alert related to fraud conducted through a hack of Twitter accounts (July 16). Issued Frequently Asked Questions in connection with the Coronavirus Aid, Relief, and Economic Security (CARES) Act Paycheck Protection Program (PPP), to clarify the applicability of beneficial ownership information collection requirements to PPP loans.
- Responded to approximately 750 incoming queries related to the implementation of the CARES Act and its intersection with the BSA.
- FinCEN quickly expanded its Rapid Response Program, which assists law enforcement in the recovery of funds stolen via fraud and business email compromise to include requests related to COVID-19. Since the beginning of the pandemic, FinCEN has supported several requests from federal, state, and international law enforcement agencies, aiding in the successful recovery of almost $325 million stolen in COVID-19 related fraud by illicit actors around the world.
- Continued to host Innovation Hours meetings with Financial Technology, Regulatory Technology, and other firms creating innovative solutions to AML/CFT challenges, which FinCEN is using to enhance our national security through the promotion of responsible financial services innovation that furthers the purposes of the Bank Secrecy Act (BSA). FinCEN held ten monthly sessions during FY 2020 (of which five were held virtually in light of the pandemic) and one special regional event in New York in partnership with the Office of the Comptroller of the Currency in November 2019.

Expand Supervision over Non-bank Financial Institutions (NBFIs):
- Led or participated in three examinations of NBFIs.
- Conducted the first FinCEN-only examination of compliance with a Geographical Targeting Order, including the development of attendant policies and procedures (this also represented FinCEN's first examination of a title insurance company).

Enhance Systems and Analytical Capabilities:
- Deployed new search capabilities targeted at transaction data and visualization capabilities on BSA reports information and transaction data.

Expand Special Measures Efforts:
- In October 2019, FinCEN found Iran to be a jurisdiction of primary money laundering concern under Section 311 of the USA PATRIOT Act and issued a regulation prohibiting the opening or maintaining of correspondent accounts in the United States for, or on behalf of, Iranian financial institutions, and the use of foreign financial institutions’ correspondent

accounts at covered U.S. financial institutions to process transactions involving Iranian financial institutions.

- On August 10, 2020, FinCEN withdrew the 2005 Notice of Finding and repealed the 2007 Final Rule against Banco Delta Asia, S.A.R.L., Delta Asia Group Ltd. imposing Special Measure 5 under Section 311 of the USA PATRIOT Act.
- FinCEN also prepared, researched and issued nine new special collection requests and one renewal (demand letters, foreign financial agency regulations, and/or geographic targeting orders) on major illicit finance issues around the world.

Financial Intelligence:

- Developed at least 58 tactical and strategic intelligence products for law enforcement and other interagency partners that track the illicit financial flows associated with cybercrime and cyber-enabled threats.
- Published nine products to FinCEN's Secure Information Sharing System portal for industry and law enforcement, containing more than 23,000 unique cyber indicators derived from BSA data.
- Produced six strategic or tactical Intelligence Assessments, nine Network Analyses, and eight Investigative Memos profiling terrorist threats.
- Produced monthly and weekly assessments of terrorism financing trends and reports supporting specific law enforcement investigations.

Expand Threat and Information Sharing:

- Hosted two virtual FinCEN Exchange events to enhance information sharing with and provide feedback to financial institutions: a November 2020 Exchange focused on ransomware detection and reporting, emerging trends and typologies, and recovery of victim assets and a March 2021 Exchange focused on providing trends and statistics regarding low-dollar, voluntarily-filed Suspicious Activity Reports.
- Led various Egmont Group projects, to include a project focused on the role of financial intelligence units in detecting human trafficking illicit flows through the misuse of virtual assets and a webinar focused on virtual assets and the role of financial intelligence units, law enforcement, and prosecutors.
- In addition to expanding the Rapid Response Program (RRP) as mentioned above to assist in the recovery of COVID-19 related fraud, FinCEN launched two pilot programs to handle all RRP referrals regardless of the crime or monetary threshold and on domestic wire transfers related to business email compromise. From FY20 to the present, the RRP processed over 1150 referrals, involving over $867 million in allegedly fraudulently stolen funds and assisting in the recovery of over $525 million.

FinCEN's FY 2021 and FY 2022 Priorities include:

- Timely and effectively implementing the AMLA/CTA, including: 1) the design and development of the beneficial ownership information technology system, 2) the statutorily mandated beneficial ownership rulemakings under the CTA, and 3) approximately 40 additional regulatory and other requirements under the AMLA, to include additional rulemakings, assessments, and guidance documents; periodic Congressional reporting; and numerous other provisions requiring coordination, collaboration with and feedback to law enforcement and financial institutions, among other things. FinCEN seeks the resources for the personnel and technology needed to meet these significant and impactful statutory provisions.

- Updating FinCEN's mission and priorities in the context of a post-pandemic economic recovery, rising domestic violent extremism, AMLA/CTA implementation, interference from foreign state actors, and a new Administration. This includes an emphasis on advancing the innovative strength of the U.S. financial system, financial inclusion, and countering abuse by malign state actors and domestic terrorists, as well as corporate and political corruption that undermine the integrity and opportunity of the financial system, beyond the prior, post-9/11 emphasis on foreign terrorists. FinCEN also was prescient in seeking to develop cyber and cryptocurrency capabilities for the past few years despite resource limitations, but threats related to those issues have grown faster than our resourcing (people and technology) and the demand from Treasury and the National Security Council, so those need to be addressed deliberately.
- Filling FinCEN's vacancies, continue training and developing our workforce and leadership teams, and continue to improve our technology.

B – Budget and Performance by Budget Activity
2.1.1 – BSA Administration and Analysis Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	$112,979	$115,003	$115,003	$117,800	$126,000	$126,963	$190,539
Reimbursable Resources	$1,721	$2,526	$2,198	$1,771	$1,613	$6,000	$6,000
Budget Activity Total	**$114,700**	**$117,529**	**$117,201**	**$119,571**	**$127,613**	**$132,963**	**$196,539**
Full-time Equivalents (FTE)	**279**	**275**	**281**	**273**	**265**	**303**	**383**

The FY 2016 - FY 2020 appropriated resources represents the approved operating plan. The FY 2016 - FY 2020 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

Workload Output/Activity	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Estimate	FY 2021 Estimate	FY 2022 Estimate
Number of SARs filed	2,316,550	2,401,896	2,537,225	2,698,841	3,039,421	2,779,806	2,863,200	2,949,096
Number of total BSA reports filed	19,244,824	19,322,891	20,393,947	20,755,285	20,051,834	21,170,391	21,593,799	22,025,674
Number of BSA users	10,833	11,452	11,739	12,801	13,047	13,185	13,581	13,852

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Percentage of Domestic Law Enforcement and Foreign FIUs who Assert Analytic Products Used Led to Detection and Deterrence of Illicit Activity	95%	92%	95%	92%	97%	90%	90%	90%
Percentage of Domestic Law Enforcement and Regulators Who Assert Queried BSA Data Led to Detection and Deterrence of Illicit Activity	83%	86%	85%	92%	90%	88%	89%	90%
Percentage of Users Satisfied with FinCEN Information Sharing Systems	80%	87%	86%	89%	88%	84%	85%	85%

BSA Administration and Analysis Budget and Performance

($190,539,000 from direct appropriations, $6,000,000 from reimbursable sources)

FinCEN is a bureau in the U.S. Department of the Treasury. The Director of FinCEN reports to the Under Secretary for the Office of Terrorism and Financial Intelligence (TFI). FinCEN serves two primary roles in the national security apparatus: 1) administrator and primary regulator of the BSA, and 2) Financial Intelligence Unit for the United States. In carrying out its mission, FinCEN has numerous statutory areas of responsibility:

- Developing and issuing regulations under the BSA;
- Developing and issuing regulations pursuant to the CTA, including the development of the information technology system for beneficial ownership data;
- 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.

Description of Performance:
FinCEN conducts four annual surveys of the BSA user-facing systems, information sharing tools and to assess the value of FinCEN's data and analysis. The results provide valuable feedback on FinCEN's performance safeguarding the financial system from illicit use, combatting money laundering, and promoting national security.

The first performance measure is the percentage of domestic law enforcement and foreign FIUs who assert analytic products led to the 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 provide previously unknown information. In FY 2020, 97 percent found the analytic products and research had impact on the investigations, meeting the target of 90 percent or above. FinCEN was able to achieve this high level of performance by continuously improving processes to increase and rapidly disseminate intelligence reports to a wider audience, maintaining the high quality of its reporting through stringent review processes, and covering issues and topics that meet the operational and intelligence demands of its domestic and international stakeholders. For example, in FY 2020, FinCEN integrated the dissemination function into the Intelligence Division, which streamlined the dissemination process and improved communications between analysts, operations support, and customers. FinCEN also increased dissemination of its domestic intelligence products by increasing the number of products posted on the FinCEN Portal and on FinCEN's public website and by highlighting certain reports on the main page of the Portal. This process resulted in greater and more informative feedback from customers. Also, by reducing the average response time for completing these requests by 14 days, and by working more closely with U.S. law enforcement and Treasury components to resolve deconfliction issues, FinCEN has been able respond to international requests at a faster rate. In FY 2021 and FY 2022, the target is set at 90 percent and above.

Additionally, 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 2020, FinCEN surpassed its target of 88 percent with 90 percent asserting the queried BSA data led the detection and deterrence of illicit activity. FinCEN achieved this performance by expanding its FinCEN Portal and Query training efforts and supplementing that training by posting useful, mission-oriented material on FinCEN Portal**.** In FY 2021, FinCEN will continue to expand its training efforts and content to provide the FinCEN Portal and FinCEN Query user community with the information they need to successfully enhance their investigative efforts. In FY 2021, the target is set at 89 percent and in FY 2022 at 90 percent.

The final performance measure is based on survey responses and represents user satisfaction with the BSA E-Filing System, FinCEN Query, and the Egmont Secure Web (ESW). Starting with industry, FinCEN collects and maintains BSA reports filed by financial institutions and other filers. In turn, FinCEN provides authorized users (including Treasury and TFI) access to a query system containing 15 years of BSA data. FinCEN also provides foreign FIUs in the Egmont Group with a secure system for exchanging financial intelligence to combat money laundering and terrorist financing. This measure is meaningful because the technology allows authorized persons to access BSA information more readily and better enables them to conduct investigations more efficiently and effectively. In FY 2020, FinCEN exceeded its target of 84 percent with 88 percent of the users satisfied with information sharing systems. FinCEN attributes the increase to specific customer service support provided to the Egmont Group with tasks, such as improving the content management organization and how users access much of the content within the ESW. FinCEN recently completed a technology refresh of ESW and is targeting a refresh of the FinCEN Portal and Query applications in FY 2021. These efforts will make significant updates to the underlying technologies and bring about some enhanced capabilities to the user community for the Portal/Query Applications. Since we anticipate somewhat of a learning curve associated with these updates, the targets are set at 85 percent for FY 2021 and FY 2022.

C – Evidence-Building Activity

The BSA Value Project provided FinCEN with a methodology and initial calculation of the value of BSA reporting. The Project information and final results (1) informed and helped measure the potential impact of proposed regulatory reform actions, including regulatory or compliance changes; (2) established a greater public understanding of how BSA reporting is used; (3) supported the development of more targeted feedback to financial institutions on the use and value of their reporting; (4) identified additional measures or actions that FinCEN and other stakeholders can take to improve the tracking and calculation of BSA reporting value; and (5) identified actions that can enhance the underlying value and use of BSA reporting.

FinCEN also conducts research for its guidance and regulations. FinCEN worked closely with its Congressional, Main Treasury, and interagency partners on the AMLA/CTA legislation passed as part of the FY 2021 NDAA which made sweeping, positive changes to the AML system, including the creation of a beneficial ownership registry. Implementation of this legislation will occur over several years.

The table below describes FinCEN's major evidence-building activities and corresponding resources. Additionally, refer to the Executive Summary for a discussion of Treasury-wide evidence-building functions.

Type of Evidence Building Activity	Major Activities and Planned Projects	Resource Types	Use
Evaluation ***Collection and analysis of data to assess effectiveness and efficiency of programs, policies, or procedures*** **Estimated share of all Evidence-Building Activities:** ***__20 %***	**Major activities:** • Implementation of the Anti-Money Laundering (AML) Act of 2020, including the Corporate Transparency Act through the issuance of guidance and regulations required by the legislation, as well as create a functional beneficial ownership information system. • Modernize, Streamline, and Simplify Regulatory Authorities • Review of Rapid Response Program (RRP) requests, responses, recovery rates, and other data to determine effectiveness and efficiency of program, and potential trends. **FY21 and FY22 projects:** • Implement the AML Act of 2020, including the Corporate Transparency Act through the issuance of guidance and regulations required by the legislation • Modernize, Streamline, and Simplify Regulatory Authorities • Review of RRP requests, responses, recovery rates, and other data to determine effectiveness and efficiency of program, and potential trends.	• 23 PD FTEs in FY 2020, Series 0301 • SOD 1 FTE in FY 2021, Series 0301 and approximately 3 firm, fixed-price contractors.	☒ For internal policy decision-making ☒ During internal strategic management processes ☒ By external partners (government) ☒ By external partners (non-government) ☐ By unaffiliated external researchers ☐ Other (describe)
Research ***Modeling or other systematic use of data to explore emerging issues or potential scenarios to generate new knowledge*** **Estimated share of all Evidence-Building Activities:** ***__20 %***	**Major activities:** • Advisory support research • Analyze data filed with FinCEN pursuant to the Bank Secrecy Act (BSA) to support law enforcement and other customers to combat money laundering and other forms of illicit finance. • Perform BSA-related research in support of the Treasury Department's review of applications submitted to the Committee on Foreign Investment in the United States (CFIUS). • Perform BSA-related research to support FinCEN's role as Financial	• 23 PD FTEs in FY 2020 Series 0301 • 9 SOD FTEs in FY2020 Series 0301 and approx. 8 firm, fixed-price contractors • 83 ID FTE in FY 2020, Series 0132	☒ For internal policy decision-making ☒ During internal strategic management processes ☒ By external partners (government) ☒ By external partners (non-government)

Type of Evidence Building Activity	Major Activities and Planned Projects	Resource Types	Use
	Intelligence Unit of the United States. • Perform BSA-related research to support the FinCEN Exchange public-private partnership to enhance information sharing. • Perform open source and commercial database research to explore emerging geopolitical issues and foreign FIU developments to inform decision making related to Egmont exchange activity. • **FY21 and FY22 projects:** • Issue advisories as necessary or appropriate. • Develop and host FinCEN Exchanges as appropriate. • Research and evaluate sensitive Egmont exchanges. • Create BSA foreign country fact sheets to assist with engagement and operational activity.		☐ By unaffiliated external researchers ☐ Other (describe)
Analysis ***Routine and frequent use of data that produces insights for decision making and program management*** **Estimated share of all Evidence-Building Activities:** ***30 %***	**Major activities:** • Performance Measurement • BSA data analysis • Support law enforcement **FY21 and FY22 projects:** • Increase Intelligence Capacity (FY 2021) • Enhance Systems and Analytical Capabilities (FY 2021) • Expand Threat and Information Sharing (FY 2021) • Detect and mitigate money laundering vulnerabilities. • Support law enforcement	GPRA Performance Measurement: • 1 MD FTE, Series 0343 BSA data analysis: • 83 ID FTE in FY 2020, Series 0132 • 2 SOD FTEs in FY 2020, series 0301 and approx. 8 firm, fixed-price; 76 other contractors • 6 TD FTE FY 2020, Series 2210	☒ For internal policy decision-making ☒ During internal strategic management processes ☒ By external partners (government) ☒ By external partners (non-government) ☐ By unaffiliated external researchers ☐ Other (describe)

Type of Evidence Building Activity	Major Activities and Planned Projects	Resource Types	Use
Statistics ***Collection, compilation, and processing of data for describing or estimating characteristics or insights concerning groups*** **Estimated share of all Evidence-Building Activities:** ***30 %***	**Major activities:** • Regulatory impact analyses for purposes of the Paperwork Reduction Act and to implement Executive Order 12866 (1993). • Compile data and related analysis in connection with publishing the SAR Activity Reviews mandated by the Anti-Money Laundering Act of 2020. • Compile data and related analysis to determine effectiveness, efficiency, and potential trends regarding the RRP. • Compile statistics and create reports to support the FinCEN Exchange public-private partnership and to provide feedback to financial institutions and regulators as required by the AML Act of 2020. **FY21 and FY22 projects:** • Regulatory impact analyses for purposes of the Paperwork Reduction Act and to implement Executive Order 12866 (1993). These will need to be done when FinCEN issues regulations to implement the AML Act, and to renew OMB control numbers. • Compile data and related analysis to determine effectiveness and efficiency of RRP and to detect potential BEC or fraud trends. • Create BSA foreign country fact sheets to assist with engagement and operational activity. • Provide feedback and improve coordination with impacted financial institutions and regulators, as required by the AML Act of 2020.	• 23 PD FTEs in FY 2020 Series 0301 • 9 SOD FTEs in FY2020 Series 0301, approximately 8 firm, fixed-price contractors • 83 ID FTE in FY 2020, Series 0132	☒ For internal policy decision-making ☒ During internal strategic management processes ☒ By external partners (government) ☒ By external partners (non-government) ☐ By unaffiliated external researchers ☐ Other (describe)

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 million filings in FY 2020. To successfully fulfill its mission, FinCEN relies on secure, advanced IT to manage the collection, processing, storage, and dissemination of BSA information that contributes to the soundness and confidence in America's financial system. On January 1, 2021, Congress passed the National Defense Authorization Act (NDAA), which includes the Corporate Transparency Act (CTA). The CTA dictates that companies disclose beneficial ownership information to FinCEN. As a result, FinCEN, has expanded its IT investment portfolio to include the resources necessary securely collect, process, store, and disseminate beneficial ownership information.

FinCEN's IT strategy already 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 and beneficial ownership information to track money trails, identify money laundering, and unravel terrorist financing networks. FinCEN's IT strategy also 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. Beginning in FY2022, FinCEN is increasing its IT portfolio by approximately $29M annually to support FinCEN's current mission architecture and to begin development, support, and maintenance for the beneficial ownership requirements of the CTA. This increase is required to fully fund FinCEN's mission IT platform, which is the foundational architecture for the CTA beneficial ownership system. To timely and effectively implement these new and additional requirements, FinCEN estimates spending $64M in initial development costs with estimated obligations of roughly $7M in FY2021, $37M in FY2022, and $20M in FY2023. Within those amounts, FinCEN estimates beneficial ownership-specific spending to be $33M in the initial development costs with estimated obligations of roughly $4M in FY2021, $23M in FY2022, and $6M in FY2023.

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 2022

Table of Contents

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 2020, TTB collected approximately $20 billion in excise taxes from the alcohol, tobacco, firearms, and ammunition industries.

Many U.S. businesses experienced significant financial hardships due to the pandemic, including many of the small breweries, wineries, and distilleries that comprise the majority of TTB taxpayers. At the FY 2022 funding level, and in support of the Administration's pandemic recovery and economic growth priorities, TTB plans to focus on timely service levels and facilitating voluntary compliance by simplifying tax and regulatory requirements, modernizing its online filing systems, and issuing clear and timely industry guidance.

Complex or overly burdensome regulatory requirements do not serve the interests of taxpayers or the government. In FY 2022, TTB plans to pursue three major regulatory reform efforts in permitting, tax, and alcohol beverage labeling to consolidate, clarify, or simplify requirements and, where possible, minimize filing frequency. The revised requirements will ease applicant burden and make it easier for industry members to voluntarily comply. At the same time, TTB plans to tailor the requirements to improve data quality and better detect risk to direct its enforcement efforts.

At the FY 2022 funding level, TTB will also prioritize improvements to its online filing systems as part of its IT modernization strategy to develop an integrated online experience for all tax and regulatory transactions with TTB. By improving the ease and usability of its online platforms, TTB aims to increase electronic submissions, improve timely filings, and support taxpayer compliance. Reducing paper submissions also supports "green" filing practices in line with the Administration's climate change agenda.

TTB will also continue to focus on providing clear and consistent industry guidance to facilitate the submission of compliant filings. Omissions and errors on permit and alcohol label applications create inefficiencies for TTB and delays in service to industry. Undue delays in service can be a barrier to industry expansion and ongoing product innovation that fuel the economy. Further, to support these industries as they rebound, TTB plans to use compliance data to target and tailor its guidance, industry outreach, and enforcement activities, ensuring that businesses have the information they need to comply and are operating on a level playing field.

Additionally, TTB is working with Treasury on options to administer statutory changes to the import refund program included in the Taxpayer Certainty and Disaster Tax Relief Act of 2020. The law made permanent most Craft Beverage Modernization Act (CBMA) provisions of the Tax Cuts and Jobs Act of 2017 with several amendments, including transferring responsibility for administering certain provisions related to imported alcohol from U.S. Customs and Border Protection (CBP) to Treasury after December 31, 2022. The law requires that importers submit refund claims to Treasury to receive the reduced CBMA tax rates and credits as opposed to taking them at the time of entry. TTB and Treasury are still assessing the overall impact, including the resources, personnel, and information technology systems needed to implement and administer the import claims program. A report detailing Treasury's plans to implement and administer the refund program starting in 2023 will be submitted to Congress and made publicly available in June 2021 as required by P.L. 116-260.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2020 Operating Plan[1]		FY 2021 Operating Plan		FY 2022 Request		FY 2021 to FY 2022 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Collect the Revenue	206	$57,513	222	$57,526	222	$60,761	0.0%	5.6%
Protect the Public	256	$62,087	265	$66,811	265	$70,569	0.0%	5.6%
Subtotal New Appropriated Resources	**462**	**$119,600**	**487**	**$124,337**	**487**	**$131,330**	**0.0%**	**5.6%**
Other Resources								
Reimbursable and Offsetting Collections[2]	11	$6,744	12	$7,977	12	$7,977	0.0%	0.0%
Unobligated Balances from Prior Years[3]	22	$4,577	21	$4,696	21	$4,680	0.0%	-0.3%
Transfers In/Out[4]	0	$349	0	$350	0	$0	NA	-100.0%
Subtotal Other Resources	**33**	**$11,670**	**33**	**$13,023**	**33**	**$12,657**	**0.0%**	**-2.8%**
Total Budgetary Resources	**495**	**$131,270**	**520**	**$137,360**	**520**	**$143,987**	**0.0%**	**4.8%**

1/ FY 2020 New Appropriated Resources by Budget Activity reflect levels appropriated in P.L. 116-93, the Consolidated Appropriations Act of 2020. FY 2020 Full-time Equivalents (FTE) and FY 2020 Other Resources reflect actuals.
2/ Includes reimbursements from the Treasury Executive Office of Asset Forfeiture (TEOAF) Mandatory Fund, Community Development Financial Institution (CDFI) Fund, and Treasury Departmental Offices (DO), and offsetting collections from Puerto Rico cover-over program.
3/ All years include carryover unobligated balances from prior two-year set aside funding for trade practice enforcement and education as well as recoveries of 50 percent in unobligated balances from prior one-year funding.
4/ Actual obligations (FY 2020) and approved allocation (FY 2021) from TEOAF Secretary's Enforcement Fund transfer.

1.2 – Budget Adjustments Table

Dollars in Thousands

Alcohol and Tobacco Tax and Trade Bureau	FTE	Amount
FY 2021 Operating Plan	**508**	**$124,337**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$3,885
Pay Annualization (1.0% average pay raise)	0	$196
Pay Raise (2.7% average pay raise)	0	$1,774
FERS Contribution Increase	0	$995
Non-Pay	0	$920
Subtotal Changes to Base	0	$3,885
FY 2022 Current Services	**508**	**$128,222**
Program Changes:		
Program Increases:	0	$3,108
MyTTB IT System Modernization	0	$2,500
Electric Vehicles and Associated Infrastructure	0	$608
FY 2022 President's Budget Request	**508**	**$131,330**

C – Budget Increases and Decreases Description

Maintaining Current Level (MCLs)……………………………………. +$3,885,000 / +0 FTE

Pay Annualization (1.0%) +$196,000 / +0 FTE

Funds are requested for annualization of the January 2021 1.0% average pay raise.

Pay Raise (2.7% in 2022) +$1,774,000 / +0 FTE

Funds are requested for a 2.7% average pay raise in January 2022.

FERS Contribution Increase +$995,000 / +0 FTE

Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2022.

Non-Pay +$920,000 / +0 FTE

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

Program Increases……………………………………………………….. +$3,108,000 / +0 FTE

MyTTB IT System Modernization +$2,500,000 / +0 FTE

TTB will continue to invest in IT system modernization to transform the industry member service experience. The desired end-state, known as MyTTB, will provide a personalized "one-stop shop" to help industry members efficiently conduct all business transactions online. This initiative would transform the industry member experience with TTB incrementally through the development and delivery of functional modules to provide a seamless and consistent experience across all permitting, tax, and alcohol labeling interactions. MyTTB would also facilitate improved data integration and data quality across TTB programs and systems, enabling TTB to better detect noncompliance and fraud, validate application data, automate workflows, and increase data-driven decision making.

Electric Vehicles and Associated Infrastructure +$608,000 / +0 FTE
Following the lead from Executive Order (E.O.) 14008, "Tackling the Climate Crises at Home and Abroad," the U.S. Department of the Treasury joins in the Administration's priority to develop a comprehensive plan to create good jobs and stimulate clean energy industries by revitalizing the Federal Government's sustainability efforts. This includes Treasury's commitment to use all available procurement authorities to augment its Department-wide fleet management program with a continued focus on the leasing of electric vehicles (EV) and purchasing, installing, and maintaining its essential infrastructure. The requested resources will help Treasury comply with the requirements of E.O. 14008 and reduce the carbon footprint of emissions into the atmosphere by acquiring an updated fleet of zero-emissions vehicles that can support mission operations.

For FY 2022, TTB requests $608,000 to fund the conversion of its fleet to EV. Of that money, approximately $50,000 will be allocated to the purchase, installation, maintenance, and/or upgrade of infrastructure required to maintain an EV fleet management program, including charging stations to support its future EV fleet. Currently, TTB has a total of 21 vehicles in its fleet, none of which are EVs.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2020 Actual Obligations*	FY 2021 Estimated Obligations*	FY 2022 Estimated Obligations*
11.1 - Full-time permanent	55,418	58,541	60,112
11.5 - Other personnel compensation	953	1,005	1,006
11.5 - Overtime	423	584	669
11.9 - Personnel Compensation (Total)	**56,794**	**60,130**	**61,787**
12.0 - Personnel benefits	19,660	21,573	22,986
13.0 - Benefits for former personnel	0	5	5
Total Personnel and Compensation Benefits	**$76,454**	**$81,708**	**$84,778**
21.0 - Travel and transportation of persons[1]	767	1,344	2,364
22.0 - Transportation of things	23	30	32
23.1 - Rental payments to GSA	4,070	4,342	4,425
23.3 - Communications, utilities, and miscellaneous charges	894	1,300	1,325
24.0 - Printing and reproduction	153	315	321
25.1 - Advisory and assistance services	13,829	14,082	15,736
25.2 - Other services from non-Federal sources	14,390	13,533	14,486
25.3 - Other goods and services from Federal sources	8,750	9,388	9,883
25.4 - Operation and maintenance of facilities	2	22	22
25.7 - Operation and maintenance of equipment	3,302	2,595	2,639
26.0 - Supplies and materials	380	375	386
31.0 - Equipment	3,189	3,194	2,890
32.0 - Land and structures	49	0	0
Total Non-Personnel	**$49,798**	**$50,520**	**$54,509**
Total Obligations[2]	**$126,252**	**$132,228**	**$139,287**
Full-time Equivalents (FTE)[3]	**495**	**520**	**520**

*Amounts reflect actual and anticipated obligations from all fund sources including annual appropriated resources, carryover balances, reimbursables, offsetting collections, and transfers.

1/ The FY 2022 Request for BOC 21.0 includes $608 thousand for leasing of electric vehicles through GSA.

2/ FY 2020 reflects actual obligations totaling $126.3 million, of which $119.5 million was from direct resources (new appropriations, carryover from prior years, and a TEOAF transfer) and $6.7 million was from reimbursable resources/offsetting collections. FY 2021 reflects anticipated obligations totaling $132.2 million, of which $124.5 million is from direct resources (new appropriations and carryover from prior years) and $7.7 million is from reimbursable resources/offsetting collections.

FY 2022 reflects anticipated obligations totaling $139.3 million, of which $131.6 million is from direct resources (new appropriations and carryover from prior years) and $7.7 million is from reimbursable resources/offsetting collections.

3/ FY 2020 FTE reflects actual total FTE of 495, of which 484 FTE were from direct resources and 11 FTE were from reimbursable resources/offsetting collections. FY 2021 reflects anticipated total FTE of 520, of which 508 FTE are anticipated from direct resources and 12 FTE are anticipated from reimbursable resources/offsetting collections. FY 2022 reflects anticipated total FTE of 520, of which 508 FTE are anticipated from direct resources and 12 FTE are 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 *Federal Funds* SALARIES AND EXPENSES	
For necessary expenses of carrying out section 1111 of the Homeland Security Act of 2002, including hire of passenger motor vehicles, [$124,337,000]*$131,330,000*; of which *$5,000,000 shall remain available until September 30, 2023*; of which not to exceed $6,000 shall be available 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, 2022, shall be for the costs associated with enforcement of and education regarding the trade practice provisions of the Federal Alcohol Administration Act (27 U.S.C. 201 et seq.*)*] *(Department of the Treasury Appropriations Act, 2021.)*	The 2022 Budget proposes $5M in two-year funding to allow greater flexibility to use funds for all FAA Act/IRC enforcement activities that promote a level playing field for industry members.

E – Legislative Proposals

TTB has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment
In accordance with the *Government Performance and Results Act Modernization Act (GPRAMA)* of 2010, Treasury is currently developing the FY 2022 – 2026 Departmental Strategic Plan. The Strategic Plan is scheduled for publication in 2022. The Annual Performance Plan will be updated in the FY 2023 President's Budget to reflect new departmental strategic goals and objectives. TTB will publish a component plan that aligns bureau activities and priorities to the Department's by the fall of 2022.

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. TTB generally administers its jurisdiction according to five strategic goals that support U.S. economic growth and stability: 1) Business Qualification; 2) Labeling Modernization; 3) Tax Compliance; 4) Cross-Border Tax Risk; and 5) Workforce Readiness. TTB's strategic goal of Workforce Readiness 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 through fair and effective administration and enforcement of tax laws. The FY 2022 funding level continues the investment in a multi-year IT system modernization effort, leveraging technology to improve mission outcomes and reduce paper filings, consistent with the Administration's priorities. In addition, the industries TTB regulates have grown significantly in recent years, which presents 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. IT modernization also facilitates data analytics to timely detect fraud, tax evasion, and critical compliance issues that undermine a level playing field.

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. Timely service remains a priority for TTB and the businesses it regulates. As the demand for TTB services from these businesses continues to increase, TTB will aim, within FY 2022 resources, 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 in order to correct application errors.

B – Budget and Performance by Budget Activity
2.1.1 – Collect the Revenue Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	$52,785	$53,560	$53,560	$58,856	$57,513	$57,526	$60,761
Reimbursable & Offsetting Collections	$3,143	$3,217	$3,923	$3,573	$4,131	$4,866	$4,866
Unobligated Balances from Prior Years	$170	$125	$112	$214	$98	$113	$125
Transfers In/Out	$0	$197	$902	$597	$349	$350	$0
Budget Activity Total	**$56,098**	**$57,099**	**$58,497**	**$63,240**	**$62,091**	**$62,855**	**$65,752**
Full-time Equivalents (FTE)	**234**	**223**	**212**	**213**	**211**	**227**	**227**

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Amount of Revenue Collected Per Program Dollar ($)	414	406	369	339	380	I	I	I
Voluntary Compliance from Large Taxpayers in Filing Tax Returns/Payments Timely (by taxpayer) (%) [1]	-	60	69	69	DISC	DISC	N/A	N/A
Voluntary Compliance from Large Taxpayers in Filing Operational Reports Timely (by taxpayer) (%)	-	66	74	76	DISC	DISC	N/A	N/A
Voluntary Compliance from Large Taxpayers - Overall (%)	90	90	90	91	91	95	95	95
By Payment	99	99	99	99	99	-	-	-
By Tax Return	81	79	82	84	84	-	-	-
By Operational Report	82	82	82	83	83	-	-	-
Electronically Filed Tax Returns - Pay.gov (%)	33	35	37	41	43	50	55	65
Electronically Filed Operational Reports - Pay.gov (%)	39	40	42	46	50	50	55	65

Key: DISC – Discontinued; I - Indicator

1/ TTB revised its measure of taxpayer compliance for FY 2020, enabling more accurate and timely analysis of compliance trends by taxpayers; the new method also supports separate reporting of compliance rates by payments, tax returns, and operational reports.

Collect the Revenue Budget and Performance
($60,761,000 from new direct appropriations, $125,000 from unobligated balances from the prior year, and $4,866,000 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. TTB collects approximately $20 billion in Federal tax revenue annually from a tax base of nearly 35,000 businesses. TTB's regulated taxpayers include distilleries, breweries, and wineries, 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……………………………………………………………...$4,991,000
Unobligated Balances from the Prior Year…………………………………………........$125,000
Offsetting Collections/Reimbursables…………………………………………………….$4,866,000
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 $470 million in taxes collected on the alcohol beverage products that are manufactured in Puerto Rico and imported to the United States; reimbursement from CDFI for IT services provided by TTB; and funding from the TEOAF Mandatory Fund to cover investigative expenses, data systems, and training.

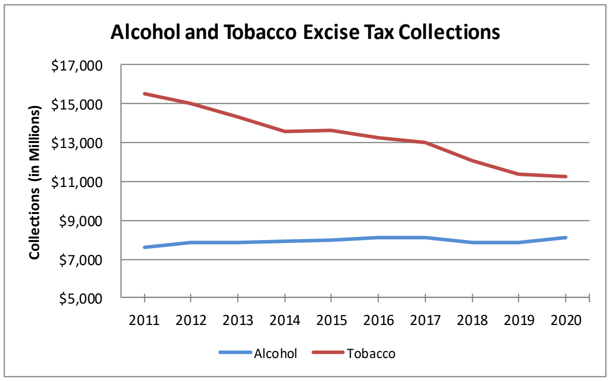
<u>Description of Performance:</u>
TTB combines measures and indicators to demonstrate the effectiveness and efficiency with which TTB operates its tax administration function, including through facilitating voluntary compliance as well as field enforcement efforts to address critical threats to Federal revenues. Through FY 2022, TTB plans to improve tax compliance by 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.

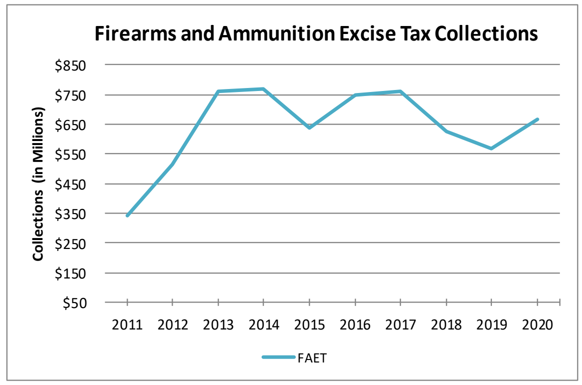
The *Amount of Revenue Collected per Program Dollar* indicator uses annual collections figures and the actual expenditures and obligations for collection activities to quantify the efficiency of the TTB tax collection program. In FY 2020, TTB achieved a return on investment of $380 for every program dollar spent on collection activities.

Revenue from the alcohol, tobacco, and firearms and ammunition industries increased year-to-year, with alcohol collections up three percent and firearms and ammunition excise tax revenues up 17 percent compared to FY 2019. Tobacco revenues have steadily declined in line with shifts in consumption patterns, product manufacturing, and trade. In total, revenue collections are up approximately one percent compared to FY 2019.

At the same time, TTB's tax administration and enforcement costs decreased, as TTB significantly curtailed in-person outreach and enforcement activities following the outbreak of COVID-19. TTB antitipates returning to a more robust in-person outreach and enforcement posture in FY 2021, guided by direction from the Administration and public health officials.

Going forward, TTB will continue to monitor its return on investment for its Collect the Revenue activities as a key indicator; however, results will depend on several external factors, including the long-term effects of the craft beverage modernization provisions and the duration of the COVID-19 pandemic.





Dollars in Thousands

	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Alcohol	$ 7,596,587	$ 7,849,426	$ 7,851,953	$ 7,924,951	$ 7,997,467	$ 8,075,476	$ 8,103,714	$ 7,877,214	$ 7,865,036	$ 8,088,717
Tobacco	$ 15,515,073	$ 15,015,830	$ 14,321,017	$ 13,553,508	$ 13,623,229	$ 13,274,371	$ 12,966,317	$ 12,050,283	$ 11,375,038	$ 11,239,189
Firearms	$ 344,262	$ 514,622	$ 764,675	$ 768,927	$ 638,518	$ 749,789	$ 761,630	$ 624,802	$ 567,330	$ 665,650
TOTAL	$ 23,455,922	$ 23,379,878	$ 22,937,645	$ 22,937,645	$ 22,259,214	$ 22,099,636	$ 21,831,661	$ 20,552,299	$ 19,807,404	$ 19,993,556

Fostering voluntary compliance among taxpayers is a primary tax administration strategy for TTB. The *Percent of Voluntary Compliance from Large Taxpayers* is a key performance measure 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, operational reports, and payments on or before the scheduled due date. In FY 2020, TTB revised this measure based on a new scoring method to better reflect risk by filing type and revenue exposure. With this update, TTB maintained a comprehensive picture of compliance by taxpayer, but improved the bureau's ability to rate and prioritize taxpayers based on relative risk to ensure TTB pursues the most serious patterns of non-compliance.

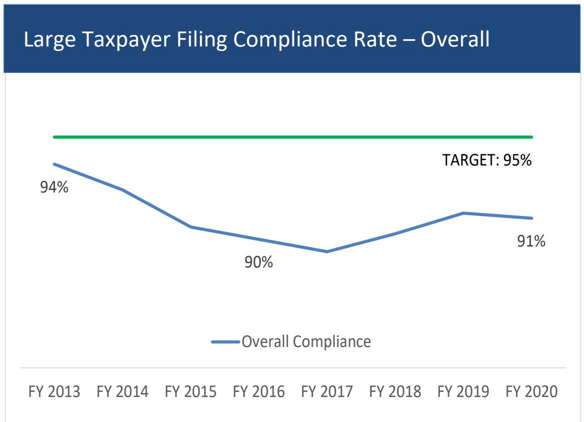
To ensure adequate protection of Federal tax revenue, TTB established a high standard for its largest taxpayers, with a targeted filing compliance rate of 95 percent. In FY 2020, TTB achieved an overall compliance rate of 91 percent from its large taxpayers in meeting all tax filing requirements. Payment compliance rates remained high, at over 99 percent, indicating that the majority of reported liabilities are paid on time. Compliance rates for tax returns and operational reports were 84 percent and 83 percent, respectively. Although below target, these rates held constant with FY 2019, even with disruptions to TTB and industry operations caused by COVID-19.

As the taxpayer universe grows, TTB faces resource challenges in maintaining industry compliance. In the last five years, the number of TTB taxpayers has increased nearly 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 limited resources, TTB outreach efforts to educate industry members on tax requirements have also decreased. More recently, TTB has also faced competing enforcement priorities, including efforts to address illicit trade practice activity in the alcohol industry.

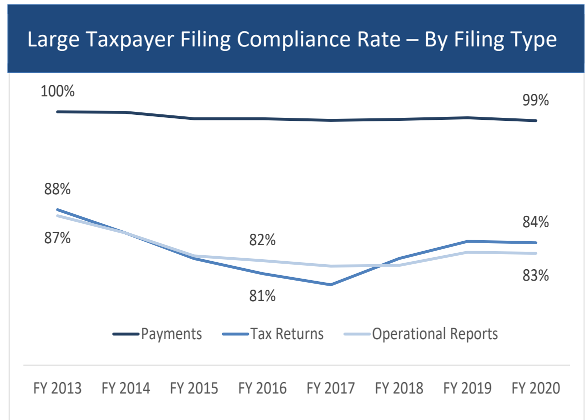
In FY 2020, to improve tax oversight, TTB piloted new analytics tools and internal procedures to address identified non-compliance. TTB created dashboard views of taxpayer compliance scores, including summary and detailed information about each compliance factor (i.e., late/missing returns, late/missing reports, late payments, and underpayments). Based on these scores, TTB tested and validated streamlined procedures for reconciling taxpayer accounts and issuing assessments. At the same time, TTB established and validated new risk criteria for taxpayer referrals for field audits to address serious non-compliance issues that undermine the level playing field. These policy and process improvements proved effective, with TTB assessing approximately $60 million in delinquent taxes in FY 2020. While these assessments were necessary to protect revenue, at the same time, TTB also provided additional guidance to industry on payment options in cases of financial distress caused by COVID-19.

In fiscal years 2021-2022, improving compliance rates will remain a priority for TTB, as non-compliance undermines the level playing field, which is particularly critical for the small producers who comprise the majority of TTB taxpayers. Plans over the next year include continuing TTB’s risk-based reviews of taxpayer accounts, with a focus on improving analytics tools and expanding the pilot to include additional taxpayer segments.

Over the next several years, TTB also plans to improve its education and outreach strategies to drive compliant behavior across TTB taxpayers. TTB will continue to actively manage its online guidance to provide current information on rules and requirements related to the craft beverage modernization provisions, which were permanently enacted in December 2020. TTB plans to use data on common compliance issues and trends to direct its annual outreach plan as well as to prioritize the development of new online tax guidance.



Overall compliance has trended down over the past decade – down from 94% in FY 13 to 91% today – requiring enhanced technology and guidance to support voluntary compliance by the increased number of taxpayers.



Compliance with tax payment remains high; however, lower compliance scores for required tax returns and operational reports pose challenges to verifying the taxes paid. In addition to IT and guidance, TTB plans to issue rulemaking to streamline its tax requirements to minimize filing burden and support voluntary compliance.

TTB will also focus on improving tax compliance through developing the integrated, modernized IT systems supported by the FY 2022 budget request. Today, 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 trended positively in FY 2020, but remain low compared to other TTB online systems. TTB ended the year at 43 percent of tax returns and 50 percent of operational reports submitted electronically. These low rates impede TTB's ability to timely and effectively detect and address non-compliance and add costs to making the data available for routine reconciliation or advanced analytics. Additional Pay.gov promotion may improve e-filing rates in the near term to achieve its FY 2022 target of 65 percent, although more significant tax system modernization is likely required for TTB to achieve its long-term target of 80 percent.

At the FY 2022 funding level, and as part of its IT modernization efforts, TTB intends to implement phased releases to its tax system, including developing a custom external interface for electronic tax filings and enhancing internal workflows to support TTB tax administration. In FY 2020, TTB deployed new document and imaging archives and an internal claims processing module to streamline internal processes and improve service times for issuing refunds on claims – filling a critical need for businesses potentially experiencing cash flow issues during the pandemic. TTB also initiated critical identity management work, laying the groundwork for a single industry member login across TTB's online systems. Combined, these releases provide foundational infrastructure for the new integrated "MyTTB" system.

Effective tax administration also requires modernized systems to facilitate TTB's data-driven approach to monitoring compliance and timely identifying potential tax evasion – even more critical in light of recent tax reforms. 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 the years ahead, and at the requested funding level, TTB will enhance its tax systems and 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 suspected evasion schemes. This includes continued coordination CPB to support implementation of the import-related provisions of the tax reform legislation, which requires coordinating data and information sharing needs and identifying opportunities for joint enforcement to effectively combat revenue risks.

Starting in January 2023, Treasury will be responsible for administering refund claims to importers eligible for reduced tax rates and credits under CBMA. Currently administered by CBP, the Taxpayer Certainty and Disaster Tax Relief Act of 2020 transferred this jurisdiction from CBP to Tresaury as of December 31, 2022. TTB is supporting Treasury in its analysis of options for implementing and administering refund claims to importers, with a proposed plan for implementation and adminstration due to Congress in June 2021.

At the FY 2022 funding level, TTB also plans to continue pursuing regulatory remedies to improve tax administration and industry compliance. TTB recognizes that a number of current tax-related reporting requirements are burdensome on industry and, in some cases, require significant TTB resources to administer. To address these issues, and to ensure that TTB's tax requirements are commensurate with revenue risk, TTB completed a broad-based review of its tax return and operational report filing requirements.

The review generated recommendations to significantly streamline requirements to decrease both the amount of information collected as well as the frequency with which it is collected. The review also incorporated changes to TTB requirements to address new risks to underreporting introduced by recent tax reforms. The net effect of these revisions would substantially reduce reporting and filing burdens for industry.

This multi-year initiative will require rulemaking to implement. TTB will work these efforts in tandem with the IT modernization efforts funded through FY 2022 to deliver these new requirements through a new tax system interface. As TTB initiates these efforts, the bureau will continuously evaluate and refine its regulatory and statutory options to find solutions to gain efficiencies for industry and TTB, while also boosting overall tax compliance.

2.1.2 – Protect the Public Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	$53,654	$57,879	$57,879	$60,744	$62,087	$66,811	$70,569
Reimbursable & Offsetting Collections	$2,577	$2,637	$2,366	$2,666	$2,613	$3,111	$3,111
Unobligated Balances from Prior Years	$170	$125	$4,166	$4,865	$4,479	$4,582	$4,554
Transfers In/Out	$0	$0	$87	$0	$0	$0	$0
Budget Activity Total	**$56,401**	**$60,641**	**$64,498**	**$68,275**	**$69,179**	**$74,504**	**$78,235**
Full-time Equivalents (FTE)	**246**	**265**	**273**	**282**	**284**	**293**	**293**

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Permit Applications Processed within Service Standards (75 days) (%)	32	48	71	58	84	85	85	85
Alcohol Beverage Label and Formula Applications Processed within Service Standards (15 days) (%)[1]	80	62	84	48	83	85	85	85
Initial Error Rate for Permit Applications	81	83	80	71	62	25	25	25
Initial Error Rate for Label and Formula Applications	44	43	40	37	34	25	25	25
Electronically Filed Permit Applications (%)	81	85	87	89	92	95	95	98
Electronically Filed Label and Formula Applications (%)	97	98	98	99	99	I	I	I
Customer Satisfaction Rate with eGov Systems - COLAs Online	74	82	81	77	80	80	80	80
Customer Satisfaction Rate with eGov Systems - Permits Online	54	68	77	68	78	80	80	80
Customer Satisfaction Rate with eGov Systems - Formulas Online[2]	58	70	79	70	73	80	80	80

Key: I - Indicator

1/ Service standards are set annually based on TTB analysis of submission volume, error rates, and resource levels. In FY 2016, the service standards were 30 days for labels and 45 days for formulas. In FY 2017, TTB set the service standards at 10 days for both labels and formulas, after receiving dedicated funding to support accelerated processing times. In FY 2018, following a spike in submission volume, TTB established new service standards of 15 days for both labels and formulas; these standards remain in effect through 2020.

2/ Results represent beverage alcohol filers only (nonbeverage alcohol formula submissions are excluded).

Protect the Public Budget and Performance
($70,569,000 from new direct appropriations, $4,554,000 from unobligated balances from the prior year, and $3,111,000 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 106,000 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.

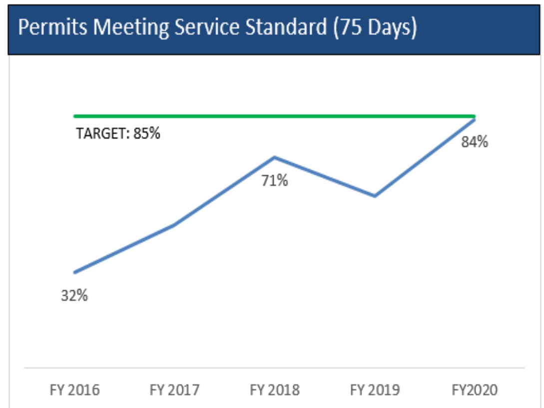
Other Resources……………………………………………………………………$7,665,000
Unobligated Balances from the Prior Year…………………………………………………..$4,554,000
Offsetting Collections/Reimbursables………………………………………………………......$3,111,000
Other resources that support this budget activity include unobligated balances from the prior year appropriation; reimbursement for the operating costs of the TTB Puerto Rico field office, which are offset against the roughly $470 million in taxes collected on the alcohol beverage products that are manufactured in Puerto Rico and imported into the United States; reimbursement by CDFI for TTB's IT services; and funding from the TEOAF Mandatory Fund to cover investigative expenses, data systems, and training.

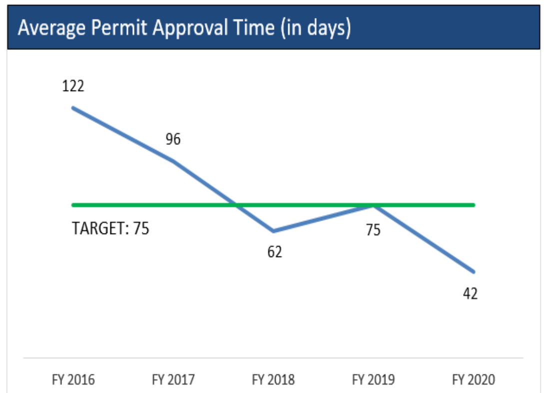
Description of Performance:
TTB uses a combination of measures to monitor the degree to which the bureau is meeting its established service standards for permit, label, and formula applications; its effectiveness in reducing error rates on applications to address processing delays caused by incomplete 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, streamlining application requirements, modernizing its IT systems, 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 permit application types for alcohol beverage producers, 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, delaying operations for these applicants, many of whom had already made significant upfront investments. Under a two-year Agency Priority Goal (APG) for FY 2018 – 2019, TTB and Treasury set a performance goal 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 in FY 2019, reducing average approval times to 75 days. However, TTB fell short of its second target to achieve the 75-day service standard for 85 percent of permit applicants. In FY 2020, TTB retained this second prong of its priority goal and, by year-end, nearly achieved the target by meeting the standard for 84 percent of applicants.





Average review times also decreased significantly, down to 42 days overall in FY 2020, with improvements across all application types. TTB attributes these gains to improved backlog management, which was facilitated by new permit application dashboards that display key metrics on the status and age of pending applications to support effective processing and management.

TTB achieved these improvements even as the volume of permit applications spiked in FY 2020, driven by new and amended permits related to hand sanitizer production. TTB expedited its processing of over 2,400 permit applications, facilitating a shift in industry operations to hand sanitizer production following the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Under the law, Congress provided certain flexibilities for tax-free withdrawals of spirits used to produce hand sanitizer in accordance with U.S. Food and Drug Administration guidance through the end of calendar year 2020. Recognizing the urgency, TTB approved many of these applications within one day.

Sustaining these performance improvements in FY 2022 and beyond will require progress on several cross-cutting initiatives. At the requested funding level, TTB will focus on achieving its performance target through continued process improvements, IT system enhancements, and updates to its permit applications to simplify and streamline requirements. 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. TTB will 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 prior to TTB review and verification, 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 consistently 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 recent system and guidance enhancements, as well as the permit application changes implemented to date, TTB has been able to reduce the high volume of applications submitted with errors. For FY 2020, the error rate on permit applications decreased to 62 percent, with improvements achieved across most application types.

Further, to improve both error rates and approval times, TTB plans to implement recommendations from a review of its process for returning permit applications for corrections. In FY 2020, TTB integrated new tools and processes to streamline the application return process and standardize internal procedures. In fiscal years 2021 - 2022, to continue making progress toward its target of 25 percent, TTB plans to implement system enhancements to provide greater consistency in reviews and improve industry interactions with TTB. Presently, Permits Online, the online filing system for permit applications, does not allow an applicant to add or correct information on the application after it is submitted. This is instead handled via email exchange between the TTB specialist and applicant, creating processing inefficiencies and limiting effective oversight of in-process applications. As part of the MyTTB IT modernization initiative, TTB plans to enable incomplete applications to be returned and corrected within Permits Online, which should result in processing efficiencies, reduced error rates, and a better user experience for industry.

According to its measure of the *Percent of Electronically Filed Permit Applications*, which tracks the electronic filing rate for new business applications, TTB received 92 percent of permit applications via Permits Online in FY 2020. TTB attributes this ongoing increase to TTB.gov improvements following the release of the redesigned Permits Online system in 2018, which included improved guidance for first-time filers to help them navigate the application process. These system changes, combined with the online training available to industry, will support TTB in achieving its FY 2022 targets of increasing the electronic filing rate to 98 percent 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 2020, system satisfaction rates increased 10 percent, from 68 percent in FY 2019 to 78 percent in FY 2020. Notably, satisfaction rebounded significantly with improved permit approval times later in the year, demonstrating a strong correlation between service levels and system satisfaction. 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 system modernization efforts supported by FY 2022 funding. 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.

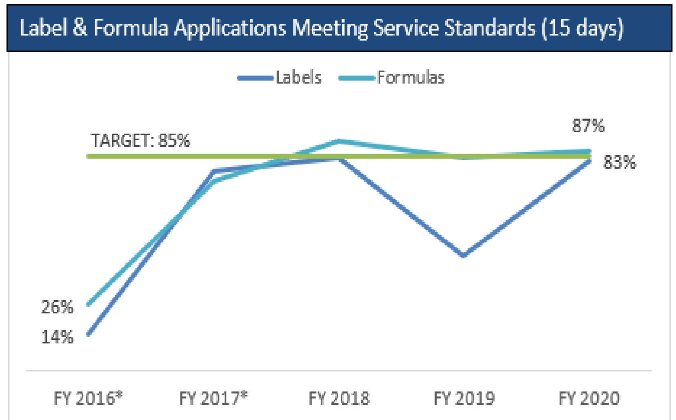
Broader changes to TTB's application requirements, some of which require rulemaking, are underway and may need to be fully implemented before TTB can achieve and sustain its targeted performance levels for FY 2022, particularly as the alcohol beverage industry continues to recover from the pandemic. In FY 2020, TTB continued to make progress towards modernizing its permit applications. Using a multi-disciplinary team, TTB has reviewed its permit requirements and developed recommendations to modernize and streamline the applications based on TTB's statutory responsibilities and enforcement needs. These proposals are being informed by industry input on Treasury regulations that can be eliminated, modified, or streamlined to reduce burdens.

Certain changes in the Brewer's Notice application have been implemented in advance of rulemaking, including the elimination of lease or proof of ownership agreements. The bureau intends to publish a series of rulemakings in fiscal years 2021 and 2022 for more significant modifications to TTB permit applications that should result in additional burden reductions for both industry and TTB. Further, 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.

In FY 2020, TTB received approximately 183,000 label applications and 24,000 formula applications for new alcohol beverage product approvals. Given the importance of timely TTB approvals 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.

In the last five years, in line with industry expansion and product innovation, submission volume has increased nearly 15 percent for labels and nearly 70 percent for formulas. COVID-19 temporarily halted this growth in label applications, with volume down 8 percent overall compared to FY 2019. This decline was driven by reductions in wine and malt beverage label applications, with a decrease of 11 percent in wine and 5 percent in malt beverages in FY 2020. Distilled spirits label applications, however, continued to increase, with another 4 percent growth over prior years, driven by innovation in the craft spirits sector. Formula submissions continued their growth trend, indicating continued industry innovation during the pandemic. Although all alcohol beverage commodities contributed to the increase in formula submissions, malt beverage submissions increased at the fastest rate, up over 40 percent compared to last year, due to the use of innovative ingredients and market trends such as flavored malt beverage products.

In light of customer expectations, as well as ongoing program improvements supported by directed funding enacted in the FY 2020 budget to accelerate approval times, TTB maintained its service standards for beverage alcohol labels and formulas at 15 days in FY 2020. Despite increased submission volume, the formulation area achieved the targeted performance level, and ended the year at 87 percent of formula applications meeting the 15-day standard, exceeding 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 staff. By employing similar strategies, label performance nearly achieved the target in FY 2020 at 83 percent. Performance significantly improved for both application types in the latter half of the fiscal year as TTB cleared backlogs while the overall label application volume decreased, with the vast majority of applications processed in 10 days or less.



*Historic data adjusted to reflect the 15-day service standard for FY 2018 - 2020 to support trend analysis

Completed Label Application Statistics				
	Pre-COVID (10/01/19 - 3/14/20)		Post-COVID (3/15/20 - 9/30/20)	
Commodity	**% Meeting Standard**	**Median**	**% Meeting Standard**	**Median**
DISTILLED SPIRITS	41%	19	75%	8
MALT BEVERAGE	46%	16	86%	6
WINE	91%	5	94%	3
Overall	**74%**	**7**	**90%**	**4**

Completed Formula Application Statistics				
	Pre-COVID (10/01/19 - 3/14/20)		Post-COVID (3/15/20 - 9/30/20)	
Commodity	**% Meeting Standard**	**Median**	**% Meeting Standard**	**Median**
DISTILLED SPIRITS	80%	8	88%	5
MALT BEVERAGE	86%	7	95%	4
WINE	86%	7	91%	4
Overall	**83%**	**7**	**91%**	**5**

TTB successfully reduced approval times in the latter half of FY 2020 in efforts to support industry members in maintaining operations during the COVID-19 pandemic.

TTB expects the positive trends to continue through FY 2022 through continuous management of pending applications and strategic resource alignment. TTB plans to maintain its 15-day service standard for label and formula applications, and will work toward its fiscal years 2021 and 2022 targets of meeting this standard for 85 percent of applications through strategic initiatives to upgrade online systems and guidance, with particular focus on reducing application errors that increase total workload and challenge timely processing.

Application errors are a key driver of label and formula processing times due to the additional review 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 2020, approximately 34 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.

In FY 2020, TTB continued to use a data-driven strategy to address the most frequent application errors, with the goal of increasing the number of applications that do not need to be returned for correction. This year, TTB made progress in issuing improved guidance on TTB.gov. This includes 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 prior to filing a label. Going forward, TTB intends to further reduce error rates by increasing and integrating industry guidance available on TTB.gov and its online systems.

In addition, TTB continued its initiative to modernize Federal alcohol beverage labeling regulations to reflect current TTB policy and modern industry practices. In FY 2020, TTB published a final rule as part of its multi-year labeling modernization rulemaking project. This final rule codified liberalizing proposals that received broad industry consensus. Subsequent phases planned for fiscal years 2021 and 2022 will address specific labeling and advertising proposals for each alcohol beverage commodity, as well as crosscutting labeling issues. TTB will also indicate issues the bureau intends to close or reserve for future rulemaking. Through rulemaking, as well as policy guidance, TTB is seeking to equip industry with the information needed to submit more complete and accurate label and formula applications.

Sustaining service levels will also be supported through ongoing enhancements to TTB's eGov systems. Over the last several years, TTB has deployed system enhancements to COLAs Online and Formulas Online, focusing its efforts on compliance validations and embedded help features to address frequent application errors. These system releases have targeted both application and label compliance errors and, in FY 2020, results indicate that the changes implemented to date have proven effective, with error rates down 4 percent overall for both application types compared to last year, with labels ending the year at 33 percent (down from 37 percent) and formulas at 35 percent (down from 39 percent).

To be successful in this strategy, 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, through its IT system modernization efforts funded in FY 2022, TTB plans to expand and improve system-based validations. These efforts include testing artificial intelligence techniques to detect text and image errors on label applications, with the goal of alerting users to certain types of errors prior to submitting an application. TTB will also continue to employ user testing and feedback to make iterative enhancements to COLAs Online and Formulas Online to reduce application errors.

Through its measures of *Customer Satisfaction with COLAs Online and 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 2020, satisfaction rates increased from 77 percent to 80 percent for COLAs Online users and 70 percent to 73 percent for Formulas Online users.

TTB generally attributes these increases to reduced processing times and anticipates that performance will continue to improve through FY 2021 in line with timely service levels. Further, TTB expects that planned system improvements and regular review of survey feedback will help TTB to exceed 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

Performance Measure or Indicator	Proposed Change and Justification
Voluntary Compliance from Large Taxpayers in Filing Tax Returns/Payments Timely (by taxpayer)	Replaced by Voluntary Compliance from Large Taxpayers - Overall. TTB revised its measure of taxpayer compliance for FY 2020, enabling more accurate and timely analysis of compliance trends by taxpayers. The new method provides an overall compliance score based on late and missed tax filings, and also supports separate reporting of compliance rates by payments, tax returns, and operational reports.
Voluntary Compliance from Large Taxpayers in Filing Operational Reports Timely (by taxpayer)	See above.

D– Evidence-Building Activity

Type of Evidence-Building Activity	Major Activities and Planned Projects	Resource Types	Use
Evaluation *Collection and analysis of data to assess effectiveness and efficiency of programs, policies, or procedures* Estimated share of all Evidence-Building Activities: ***15%***	**Major activities:** • Requirements Analysis • Customer/User Experience (CX/UX) Research and Analysis • Customer Surveys **FY21 and FY22 projects:** • Permit Simplification: Internal evaluation of permit application requirements (Active) • Tax Simplification: Internal evaluation of tax filing requirements (tax returns/ operational reports) (Active) • MyTTB IT Modernization UX Testing: Collection of customer feedback on usability of new	• 0301 – Miscellaneous Administration and Program • 0340 – Program Manager • 0343 – Management & Program Analyst • 1530 – Statistics • 1801 – General Inspection, Investigation,	☒ For internal policy decision-making ☒ During internal strategic management processes ☐ By external partners (government) ☐ By external partners (non-government)

Type of Evidence-Building Activity	Major Activities and Planned Projects	Resource Types	Use
	system features prior to release (Active) • Customer Satisfaction Survey: Annual survey to collect data on industry demographics, priorities, and satisfaction (Active)	and Compliance • Analytics Contract	☐ By unaffiliated external researchers ☐ Other (describe)
Research *Modeling or other systematic use of data to explore emerging issues or potential scenarios to generate new knowledge* Estimated share of all Evidence-Building Activities: ***15%***	**Major activities:** • Company/Taxpayer Relationships • Taxpayer Compliance • Alcohol Market Trends **FY21 and FY22 projects:** • Controlled Groups: Compilation of data to identify controlled groups and other company relationships for tax administration and enforcement (Active) • Taxpayer Notice Redesign: Apply behavioral science to the design and issuance of taxpayer notices, starting with information sharing with the Internal Revenue Service (Active/Planned) • Alcohol Market Trends: Initial research into data sources for analysis of alcohol beverage industry trends based on market data (Planned)	• 0301 – Miscellaneous Administration and Program • 0340 – Program Manager • 0343 – Management & Program Analyst • 1530 – Statistics • 1801 – General Inspection, Investigation, and Compliance • Analytics Contract	☒ For internal policy decision-making ☒ During internal strategic management processes ☐ By external partners (government) ☐ By external partners (non-government) ☐ By unaffiliated external researchers ☐ Other (describe)
Analysis *Routine and frequent use of data that produces insights for decision making and program management* Estimated share of all Evidence-Building Activities: ***50%***	**Major activities:** • Management Dashboards • Performance Measurement • Risk Assessment • Industry Guidance & Outreach • Workforce Analysis **FY21 and FY22 projects:** • Permit Dashboard: Views of original and amended permit application backlog by type, age, and status (Active) • Tax Compliance Dashboard: View of TTB taxpayer	• 0301 – Miscellaneous Administration and Program • 0340 – Program Manager • 0343 – Management & Program Analyst • 1530 – Statistics • 1801 – General	☒ For internal policy decision-making ☒ During internal strategic management processes ☐ By external partners (government) ☐ By external partners

Type of Evidence-Building Activity	Major Activities and Planned Projects	Resource Types	Use
	compliance scores for filing tax returns, operational reports, and payments (Active) • Executive Dashboards: Views of strategic performance measures and other key indicators that serve as the basis for internal strategic management meetings (Active) • Call Center Dashboard: View of call center performance measures (e.g., volume, handled, abandoned, call wait time, handle time) to support management decisions (Active) • Applicant Risk Review: Automated pre-screening of permit applicants based on risk criteria (Active) • TTB.gov Guidance: Prioritizing and developing new and updated web content based on high frequency application errors and/or compliance issues (Active) • Workforce Analysis: Ad hoc analyses of staffing levels and allocation based on workload volume and targeted service level scenarios (Active)	Inspection, Investigation, and Compliance • Analytics Contract	(non-government) ☐ By unaffiliated external researchers ☐ Other (describe)
Statistics *Collection, compilation, and processing of data for describing or estimating characteristics or insights concerning groups* Estimated share of all Evidence-Building Activities: ***20%***	**Major activities:** • Statistical Releases • Data Quality Assessment	• 0301 – Miscellaneous Administration and Program • 0343 – Management & Program Analyst • 1530 – Statistics • 1801 – General Inspection, Investigation, and Compliance	☒ For internal policy decision-making ☒ During internal strategic management processes ☒ By external partners (government) ☒ By external partners (non-government)

Type of Evidence-Building Activity	Major Activities and Planned Projects	Resource Types	Use
	FY21 and FY22 projects: • Commodity Statistical Reports: Public data on production and trade of alcohol and tobacco products (Active) • Data Quality (DQ) Assessment: Collection and compilation of data quality issues in DQ Monitoring Tool by data characteristic, issue type, and priority level (Active)	• Analytics Contract	☒ By unaffiliated external researchers ☒ Other: Tax administration and enforcement

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 compliance with excise tax laws and 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 and equipment 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://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx.

Department of the Treasury
Bureau of the Fiscal Service

Congressional Budget Justification and Annual Performance Plan and Report

FY 2022

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Section I – Budget Request

A – Mission Statement
To promote the financial integrity and operational efficiency of the Federal Government through exceptional accounting, financing, collections, payments, and shared services.

B – Summary of Request
The Bureau of the Fiscal Service (Fiscal Service) plays an integral role in the National Financial Critical Infrastructure (NFCI) of the entire Federal Government and touches the lives of nearly every American. Fiscal Service is guided by its enduring aspiration that the Government is an efficient steward of its financial resources; that financial information provided by the Government is accurate; and that financial interactions with the Government are inclusive, modern, seamless, and secure.

The FY 2022 request for the Fiscal Service is $360.3 million. The Budget ensures the viability of the Government's 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 invests in business modernization, customer experience, increasing availability of data, expanding financial management solutions, innovation, operational integrity, and our workforce. These priorities will advance Fiscal Service's vision to transform federal financial management and allow the Bureau to deliver critical financial operations to the American public.

The Financial Management Quality Service Management Office (FM QSMO) is a key initiative that supports multiple goals in Treasury's 10-year Vision for the Future of Federal Financial Management. This program is responsible for operating the Federal marketplace and making quality core financial service offerings available to all Federal agencies. FM QSMO seeks to partner with agency leaders, provide agencies with access to innovative and standards-based financial management solutions, and deliver expert guidance that will advance government-wide financial management goals.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2020 Operating Plan		FY 2021 Operating Plan		FY 2022 Request		FY 2021 to FY 2022 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Accounting and Reporting	355	$98,937	398	$96,472	417	$103,242	5%	7%
Collections	148	$37,948	161	$41,109	165	$42,417	2%	3%
Payments	487	$123,015	490	$123,190	501	$127,110	2%	3%
Retail Securities Services	393	$58,403	406	$59,312	412	$61,200	1%	3%
Wholesale Securities Services	116	$21,977	122	$25,486	122	$26,297	0%	3%
Matured Unredeemed Debt	0	$25,000	0	$25,000	0	$0	N/A	-100%
Subtotal New Appropriated Resources	**1499**	**$365,280**	**1577**	**$370,569**	**1617**	**$360,266**	**3%**	**-3%**
Other Resources								
Reimbursable/Debt	358	$399,681	412	$402,000	412	$412,831	0%	3%
Unobligated Balances from Prior Years	0	$92,000	0	$137,546	0	$150,000	N/A	9%
Subtotal Other Resources	**358**	**$491,681**	**412**	**$539,546**	**412**	**$562,831**	**0%**	**4%**
Total Budgetary Resources	**1857**	**$856,961**	**1989**	**$910,115**	**2029**	**$923,097**	**2%**	**1%**

Note: FY 2020 Other Resources and Full-time Equivalents (FTE) reflect actuals. Table does not include the $78.7 million supplemental funding provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) in FY 2020 and the $23.2 million provided by the American Rescue Plan (ARP) (P.L. 117-2) in FY 2021. Additionally, unobligated balances do not include CARES and ARP. Other Resources does not include IRS reimbursements for EIP postage cost.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2021 Operating Plan	**1,577**	**$370,569**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$10,234
Pay Annualization (1.0% average pay raise)	0	$557
FERS Contribution Increase	0	$1,676
Pay Raise (2.7% average pay raise)	0	$5,049
Non-Pay	0	$2,952
Non-Recurring Costs:		
Matured Unredeemed Debt	0	($25,000)
Other Adjustments:		
Annualization of Hires	38	$5,428
Efficiency Savings:		
Non-Pay Decreases	0	($5,428)
Subtotal Changes to Base	38	($14,766)
FY 2022 Current Services	**1,615**	**$355,803**
Program Changes:		
Program Increases:		
Quality Service Management Office	2	$3,700
Electric Vehicles and Associated Infrastructure	0	$763
Subtotal Program Changes	**2**	**$4,463**
Total FY 2022 President's Budget	**1,617**	**$360,266**

C – Budget Increases and Decreases Description
Maintaining Current Levels (MCLs)……………………………………… +$10,234,000 / +0 FTE
Pay Annualization (1.0%) +$557,000 / +0 FTE
Funds are requested for annualization of the January 2021 1.0% average pay raise.

FERS Contribution Increase +$1,676,000 / +0 FTE
Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2022.

Pay Raise (2.7% in 2022) +$5,049,000 / +0 FTE
Funds are requested for a 2.7% average pay raise in January 2022.

Non-Pay +$2,952,000 / +0 FTE
Funds are requested for non-labor expenses such as travel, contracts, rent supplies, and equipment.

Non-recurring Cost…………………………………………………… -$25,000,000 / -0 FTE
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 2020, the MUD balance had reached $27.5 billion. The Consolidated Appropriations Act, 2021, (P.L. 116-260) 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 2021 appropriation from the FY 2022 base.

Other Adjustments…………………………………………………… +$5,428,000 / +38 FTE
Annualization of Hires +$5,428,000 / +38 FTE
Funds are requested for annualization of salary and benefits for hires that occur during FY 2021. These hires support the bureau's priorities and the staffing levels required to ensure effective operational activities.

Efficiency Savings……………………………………………………...…… -$5,428,000 / -0 FTE
Non-Pay Decreases -$5,428,000 / -0 FTE
Anticipated savings from reduced non-pay programmatic requirements to align with operating levels.

Program Increases…………………………...………….….………… +$4,463,000 / +2 FTE
Quality Service Management Office +$3,700,000 / +2 FTE
This funding will support the Department's implementation of the Financial Management Quality Service Management Office (FM QSMO). Federal agency financial systems face critical modernization needs, and opportunities exist for improving compliance with financial management standards, leveraging technology and shared solutions, and reducing lengthy deployment delays and cost overruns. By leveraging the FM QSMO's Marketplace of core financial systems preconfigured with standards-based capabilities, agencies will share in the initial cost of modernizing a system as well as keep systems up to date by utilizing Marketplace providers.

Increased funding will allow Treasury to continue establishment and implementation of the FM QSMO Marketplace of solutions and services which will help agencies meet their financial management needs and accomplish shared government-wide goals. During FY 2022, Treasury plans to stand-up the initial Marketplace for agencies to acquire core financial system solutions through a government-wide contract vehicle. It is envisioned that the Marketplace will also include other financial management solutions and services complementary to core financial systems as well as Treasury centralized services. In addition, the increased funding will enable the Treasury FM QSMO team to work with agencies to assess adoption readiness, plan for use of the Marketplace solutions and services, and provide the necessary support to ensure agency participation in the design of the Marketplace.

Electric Vehicles and Associated Infrastructure +$763,000 / +0 FTE

Following the lead from Executive Order (E.O.) 14008, "Tackling the Climate Crises at Home and Abroad", the U.S. Department of the Treasury joins in the Administration's priority to develop a comprehensive plan to create good jobs and stimulate clean energy industries by revitalizing the Federal Government's sustainability efforts. This includes Treasury's commitment to use all available procurement authorities to augment its Departmentwide fleet management program with a continued focus on the leasing of electric vehicles (EV) and purchasing, installing, and maintaining essential infrastructure. The planned resources will help Treasury comply with the requirements set forth by E.O. 14008 and reduce the carbon footprint of emissions into the atmosphere by acquiring an updated fleet of zero-emissions vehicles that can support mission operations.

For FY 2022, the Bureau of Fiscal Service (Fiscal Service) requests $763,000 to fund the eventual full conversion of its fleet to EV. Of that money, approximately $50,000 will be allocated to support the purchase, installation, maintenance, and/or upgrade of infrastructure required to maintain an EV fleet management program. It is expected that Fiscal Service will need two charging stations to support its future EV state. Currently, Fiscal Service has a total of 29 vehicles in its fleet, of which two are EVs.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2020 Actual Obligations	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
11.1 - Full-time permanent	181,357	198,853	208,133
11.3 - Other than full-time permanent	239	170	177
11.5 - Other personnel compensation	6,072	5,603	5,934
11.9 - Personnel Compensation (Total)	**$187,668**	**$204,626**	**$214,244**
12.0 - Personnel benefits	67,423	74,944	80,041
13.0 - Benefits for former personnel	0	0	0
Total Personnel and Compensation Benefits	**$255,091**	**$279,569**	**$294,285**
21.0 - Travel and transportation of persons	974	1,346	1,559
22.0 - Transportation of things	95	75	77
23.1 - Rental payments to GSA	24,640	22,135	33,114
23.2 - Rental payments to others	6	5	5
23.3 - Communication, utilities, and misc charges	59,780	88,937	65,023
24.0 - Printing and reproduction	122	109	111
25.1 - Advisory and assistance services	67,812	28,253	21,976
25.2 - Other services from non-Federal sources	18,133	28,413	37,254
25.3 - Other goods and services from Federal sources	305,965	341,745	314,015
25.4 - Operation and maintenance of facilities	2,260	2,894	2,952
25.7 - Operation and maintenance of equip	10,915	9,358	8,067
26.0 - Supplies and materials	5,042	4,805	4,535
31.0 - Equipment	4,980	4,714	3,113
32.0 - Land and structures	424	10	10
43.0 - Interest and dividends	38	0	0
Total Non-Personnel	**$501,187**	**$532,801**	**$491,811**
New Budgetary Resources	**$756,278**	**$812,370**	**$786,097**

FTE	**1,857**	**1,989**	**2,029**

Note: Table does not include obligations from direct supplemental funding provided under the Coronavirus Aid, Relief, Economic Security (CARES) Act (P.L. 116-136) for $12.6 million in FY 2020 and $17.5 million in FY 2021, and the American Rescue Plan (ARP) (P.L.117-2) for $19.1 million in FY 2021 and $4.1M in FY 2022. FY 2021 includes $9.5 million in MUD estimated obligations. FY 2022 includes $13.0 million in MUD estimated obligations.

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, [$345,569,000] *$360,266,000*; of which not to exceed $8,000,000, to remain available until September 30, [2023] *2024*, 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, 2021.)*	

Federal Reserve Bank Permanent, Indefinite Appropriation

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 U.S.C. § 391. Under this account, the FRBs support fiscal operations unrelated to the administration of the public debt and provide banking and financial services on behalf of the United States Treasury. Specifically, this account supports 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 2022 will be approximately $659 million.

Reimbursements to the Federal Reserve Banks

Public Law (P.L.) 101-509, 104 Stat. 1389, 1394 (1990), established a permanent, indefinite appropriation to pay such sums as may be 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 2022 is estimated at $180 million.

Financial Agent Services Permanent, Indefinite Appropriation

Congress has given the Secretary of the Treasury authority to deposit money in financial institutions and obtain banking and financial services by designating qualified financial institutions to act/serve as Financial Agents (FAs) of the United States. The services support many Fiscal Service programs, such as 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 the cost of FA services for FY 2022 will be approximately $881 million, which includes $1.3 million for Government Sponsored Enterprise – Mortgage Backed Securities administrative costs.

Government Losses in Shipment

P.L. 103-329 established a permanent, indefinite appropriation to pay such sums as necessary to make payments for the replacement (or value) of valuables lost, destroyed, or damaged during 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 is delegated to the Fiscal Service Commissioner. In FY 2022, the funding estimated to support payments for the replacement of valuables is approximately $1.9 million.

1.4 – Permanent, Indefinite Appropriations Table

Dollars in Thousands

Permanent, Indefinite Appropriation	FY 2020 Actual	FY 2021 Estimated	FY 2022 Request
Federal Reserve Bank[1]	$599,000	$646,000	$659,000
Reimbursements to the Federal Reserve Banks	$147,000	$177,000	$180,000
Financial Agent Services[1,2]	$856,000	$864,000	$881,000
Government Losses in Shipment	$2,204	$1,452	$1,909

1/ Approx $91M was reimbursed from other government agencies and deposited into the General Fund in FY 2020.

2/ FY 2020 - FY 2022 includes $1 M per year for the Government Sponsored Enterprise - Mortgage Backed Securities administrative costs.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

In FY 2020, Fiscal Service collected over $4.24 trillion in revenue, issued more than 1.4 billion payments to over 120 million Americans, and conducted 447 auctions that sold $18.67 trillion in Treasury securities to finance the Federal Government. Fiscal Service accounted for the Nation's $26.9 trillion public debt down to the penny, every day.

In accordance with the *Government Performance and Results Act Modernization Act (GPRAMA)* of 2010, the Department of the Treasury is currently developing the FY 2022 – 2026 Departmental Strategic Plan. The Strategic Plan is scheduled for publication in 2022. The Annual Performance Plan will be updated in the FY 2023 President's Budget to reflect new departmental strategic goals and objectives. Fiscal Service will publish a component plan that aligns bureau activities and priorities to the Department's by Spring 2022.

Fiscal Service continues its mission to promote the financial integrity and operational efficiency of the Federal Government through exceptional accounting, financing, collections, payments, and shared services. Fiscal Service is guided by the Future of Federal Financial Management Vision (FM Vision) which outlines three expectations citizens have for federal financial management which guide the work within Fiscal Service:

- The Government is an efficient steward of its financial resources;
- Financial information provided by the Government is accurate; and
- Financial interactions with the Government are inclusive, modern, seamless, and secure.

Fiscal Service is committed to providing it's customers with innovative, modern financial management solutions. This includes providing a modern customer experience to the American public, leading the federal financial management community, and unlocking value for agency Chief Financial Officers (CFOs).

To transform financial management, Fiscal Service is guided by its strategic vision to deliver operational excellence and business modernization, provide a modern customer experience, engage its diverse high-performing workforce, increase data integrity and transparency, and provide innovative financial management solutions to the financial management community. These transformations are more important than ever as Fiscal Service moves forward.

Fiscal Service fulfills its mission and strategic vision through appropriated budget activities - Accounting and Reporting, Collections, Payments, Retail Securities Services, Wholesale Securities Services - and one mandatory budget activity - Debt Collection, which is funded through delinquent debt collection revenue.

The following sections detail how specific budget activities support the strategic direction and illustrate FY 2020 performance accomplishments and FY 2021 and 2022 performance goals.

B – Budget and Performance by Budget Activity
2.1.1 – Accounting and Reporting Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	$113,413	$114,829	$90,291	$94,104	$94,446	$96,472	$103,242
Reimbursable Resources	$24,155	$23,800	$18,923	$20,114	$21,205	$21,547	$26,365
Budget Activity Total	**$137,568**	**$138,629**	**$109,214**	**$114,218**	**$115,651**	**$118,019**	**$129,607**
Full-time Equivalents (FTE)	**425**	**381**	**400**	**373**	**355**	**398**	**417**

Note: The FY 2016 - FY 2020 appropriated resources represent actual obligations.

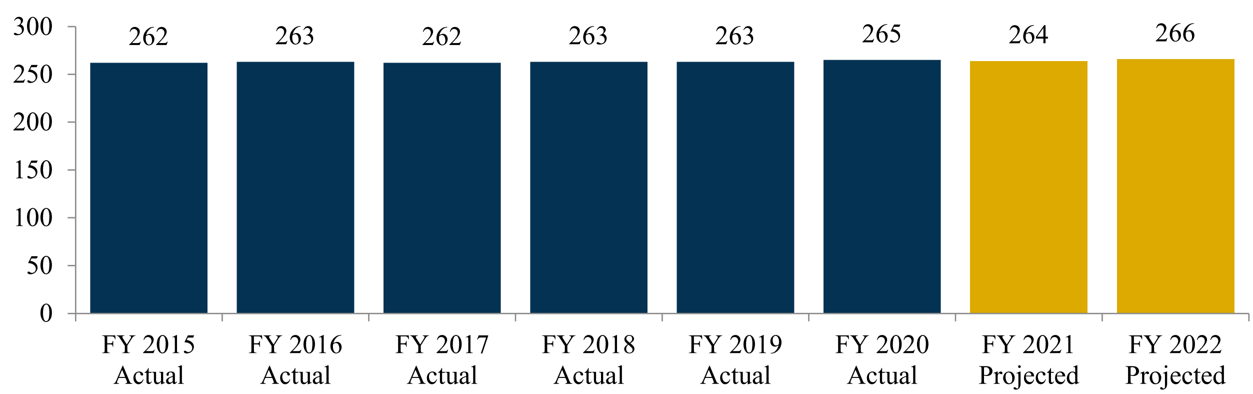
Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Percentage of Government-wide Accounting Reports Issued Timely (%)	100.0	100.0	100.0	99.6	100.0	99.5	99.5	99.5

Accounting and Reporting Budget and Performance

($103,242,000 from direct appropriations, $26,365,000 from reimbursable sources)

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. Fiscal Service is responsible for maintaining the Federal Government's set of accounts and serves as the repository of information for the financial position of the United States Government. The Bureau closely monitors the Government's monetary assets and liabilities 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. In FY 2020, Fiscal Service issued a total of 265 government-wide accounting reports.

Count of Government-wide Account Reports Issued



Description of Performance:
In FY 2020, Fiscal Service continued its strong performance by issuing 100 percent of government-wide accounting reports on time. This is an improvement over FY 2019, where a one-time system error impacted the annual performance. Fiscal Service expects to meet its FY 2021 and FY 2022 performance 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.

Other Accounting and Reporting performance accomplishments include the following:
Financial Data Access and Use: In July 2020, Fiscal Service launched FiscalData.Treasury.gov, which provides the public with centralized access to Fiscal Service's financial data through a modern user experience. Fiscal Data includes topics such as debt, interest rates, and revenue through an accessible, easy-to-follow, interactive website.

Treasury also collaborated with OMB and other federal agencies to issue guidance on supplemental funding provided in response to COVID-19 and worked with federal agencies to report this information to the public on USAspending.gov.

General Fund: GAO's FY 2018 Schedules of the General Fund report for the Bureau of the Fiscal Service was published in May 2019 and identified opportunities to advance the auditability of the Schedules of the General Fund. In FY 2020, Fiscal Service implemented a comprehensive remediation plan to address these issues with the following actions: 1) implementing processes for validating the integrity of certain beginning balances; 2) developing an automated reconciliation to readily trace payment transactions; and 3) working diligently with the federal agency community to provide guidance to improve the accuracy of the Schedules. GAO has confirmed that the Fiscal Service successfully completed remediation activities to adequately address two of the three outstanding scope limitations from the FY 2018 audit. Additionally, GAO confirmed six of twelve financial audit recommendations were successfully addressed since the last audit cycle, along with successful closure of eight of seventeen information technology recommendations.

Modernize and Streamline Federal Reporting and Audit Model: Federal agencies (and other entities) use the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to provide proprietary financial reporting information about budget execution to the Treasury. This information is used to compile the Financial Report of the U.S. Government. In FY 2020, Fiscal Service implemented key enhancements, including data automation to support the elimination of 40 agency closing packages for the U.S. Consolidated Financial Statements, and made progress in standardizing the Balance Sheet between the financial statement lines presented by agencies.

In FY 2022, Accounting and Reporting will engage in projects and activities that improve data use and transparency, streamline, and improve debt management and modernize federal financial performance. The Debt Information Management System (DIMS) modernization effort will allow the Bureau to provide more accurate and timely reporting of the national debt.

Additionally, timelines were established to move towards an improved intragovernmental invoicing system, improved auditing procedures, and advanced analytics.

2.1.2 – Collections Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	$37,394	$35,281	$38,338	$42,333	$38,976	$41,109	$42,417
Reimbursable Resources	$8,265	$7,028	$8,042	$7,804	$8,535	$8,248	$7,754
Budget Activity Total	**$45,659**	**$42,309**	**$46,380**	**$50,137**	**$47,511**	**$49,357**	**$50,171**
Full-time Equivalents (FTE)	**152**	**159**	**160**	**156**	**148**	**161**	**165**

Note: The FY 2016 - FY 2020 appropriated resources represent actual obligations.

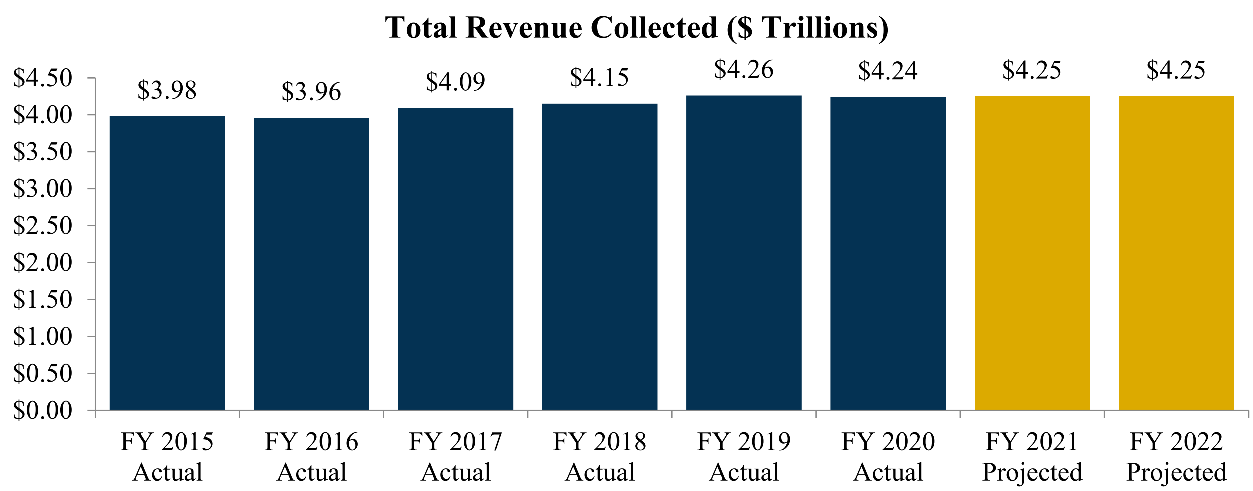
Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Percentage of Total Federal Government Receipts Settled Electronically (%)	98.2	98.3	98.0	98.4	99.0	98.0	98.0	98.3

Collections Budget and Performance

($42,417,000 from direct appropriations, $7,754,000 from reimbursable sources)

The Collections budget activity supports the NFCI and Treasury by administering the world's largest government funds collections system through a network of Fiscal and Financial Agents. Fiscal Service's collections network supports a significant number of transactions and dollars collected, demonstrating the criticality of our program to the economy, the operations of the Government, and the daily lives of the public and businesses.

In FY 2020, Fiscal Service collected over $4.24 trillion in federal revenue, such as individual and corporate income tax deposits, customs duties, fees for government services, fines, and loan repayments. Within the federal revenue collected, the Electronic Federal Tax Payment System (EFTPS) processed over 190 million transactions valued at nearly $3.03 trillion in tax revenue while Pay.gov processed nearly 152 million transactions worth nearly $202 billion.



Description of Performance:
In FY 2020, Fiscal Service continued growth in electronic collections by electronically settling 99.0 percent of all Federal Government receipts, in dollars, which exceeded the target of 98.0 percent. The performance results were achieved because of our continuing efforts to move paper-based transactions to electronic alternatives (e.g., Pay.gov and eCommerce alternatives such as digital wallets), and a decline in non-electronic collections due to the pandemic. Fiscal Service expects to maintain the 98.0 percent target in FY 2021 by continuing to promote the use of electronic systems in the collections process and assisting agencies in converting collections from paper to electronic media, which supports the Administration's climate priority. While the 99.0 percent rate was achieved in FY 2020, the target for FY 2021 will remain at 98.0 percent due to the uncertainty and potential impacts from the pandemic on FY 2021 collections.

In FY 2020, Fiscal Service also continued efforts to streamline lockbox networks, which process paper-based payments and forms. The General Lockbox Network (GLN), which provides services to a variety of agencies, streamlined 65 cash flows and Fiscal Service reduced the GLN lockbox footprint from four sites managed by three financial agents, to two sites managed by a single financial agent. In FY 2022, the Fiscal plans to assess volume and policy impacts resulting from the pandemic and new climate policies to determine plans for its lockbox networks. Additionally, Fiscal Service has initiated the Transforming Tax Collections (T2C) initiative, a modernization effort which will transition to a new, modernized tax collection service that provides better customer experience, leverages available technologies to improve cybersecurity and fraud monitoring and detection, and enhances resiliency.

2.1.3 – Payments Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	$127,943	$133,998	$131,160	$122,835	$136,678	$123,190	$127,110
Reimbursable Resources	$111,088	$111,464	$117,264	$113,313	$118,127	$123,880	$125,098
Budget Activity Total	**$239,031**	**$245,462**	**$248,424**	**$236,148**	**$254,805**	**$247,070**	**$252,208**
Full-time Equivalents (FTE)	**562**	**597**	**508**	**477**	**487**	**490**	**501**

Note: The FY 2016 - FY 2020 appropriated resources represent actual obligations.

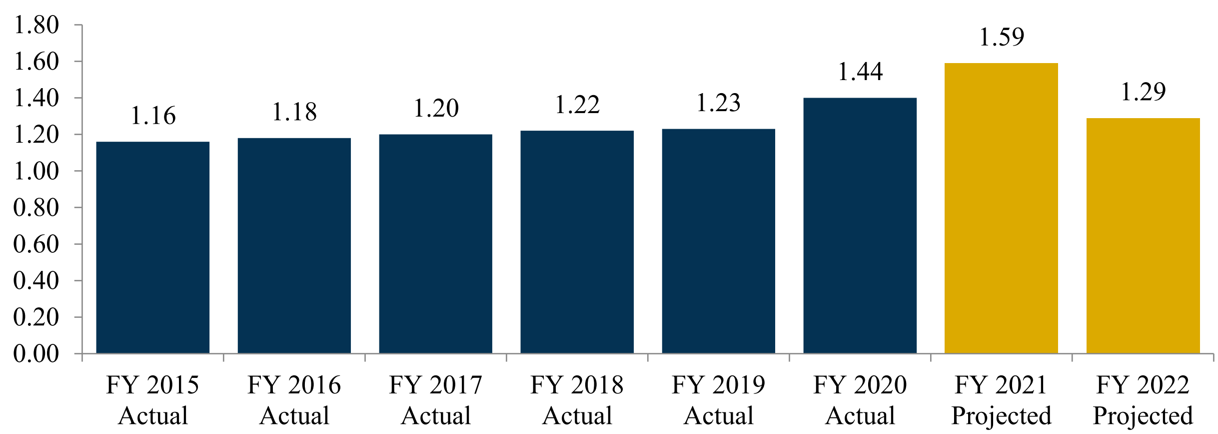
Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Percentage of Treasury Payments Made Electronically (%)	94.9	95.1	95.4	95.6	96.0	95.8	96.1	96.4
Count of Improper Payments Identified or Stopped (# in Thousands)	33.7	21.4	20.3	22.4	22.8	20.5	21.5	22.5
Dollar Amount of Improper Payments Identified or Stopped ($ Millions)	59.0	36.6	35.5	41.1	43.5	35.3	37.0	38.8

Payments Budget and Performance
($127,110,000 from direct appropriations, $125,098,000 from reimbursable sources)
The Fiscal Service Payments budget activity supports the NFCI and delivers Federal payments on behalf of more than 250 Federal entities through disbursement mechanisms such as paper checks, Electronic Fund Transfers (EFT), and benefit cards. The public relies on the Fiscal Service disbursement of payments, including programs such as Veterans' Compensation and Pension, Social Security Benefits, Federal and Railroad Pensions, IRS tax refunds, and Supplemental Security Income (SSI). Fiscal Service continues to focus on promoting the use of electronic channels in the payment process and assisting agencies in converting payments from paper checks to EFTs and strives towards all-electronic disbursements to streamline processes, reduce cost of operations, and deliver payments and related services expeditiously to the American public.

Fiscal Service continues to increase the percentage of federal payments which are Treasury-disbursed. In FY 2020, Fiscal Service disbursed 88 percent of all federal payments.

In FY 2020, the Fiscal Service payments activity encountered unprecedented increases in workload in support of the CARES legislation, specifically the delivery of Economic Impact Payments (EIP) to the American public. In FY 2020, Fiscal Service securely disbursed 1.4 billion payments totaling $5.4 trillion; of these totals, EIPs accounted for more than 160 million payments to individuals totaling more than $270 billion. During FY 2021, Fiscal Service issued 147 million EIP2s and as of May 12, 2021 has issued 165 million EIP3s. In total, over 472 million economic impact payments have been disbursed during FY 2020 and FY 2021.

Total Number of Payments Disbursed (# Billions)

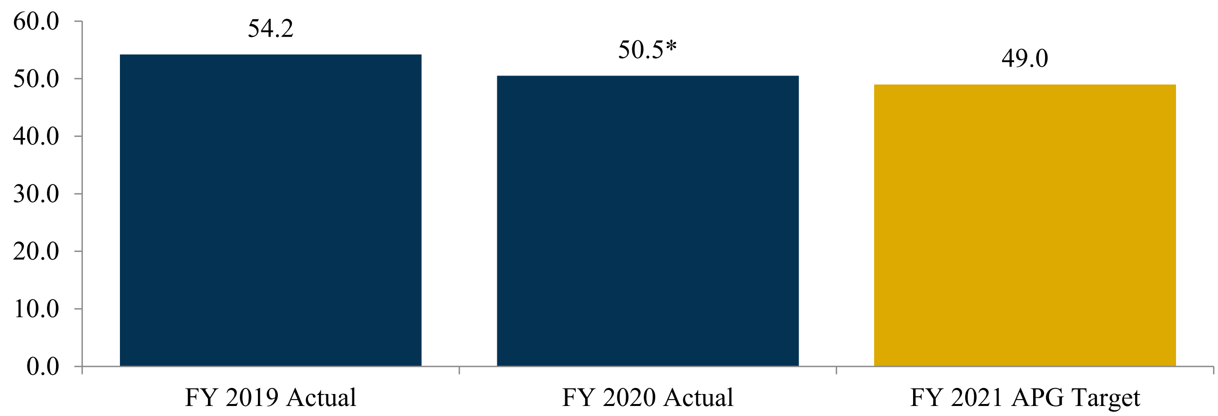


<u>*Description of Performance*</u>*:*
In FY 2020 and FY 2021, Fiscal Service was critical to the rapid implementation of programs providing relief to American workers and families during the coronavirus pandemic. Fiscal Service's use of modern, seamless, and secure electronic payment methods dramatically improved the speed and delivery of payments, including 472 million Economic Impact Payments (EIPs). In 2008, during the last major stimulus effort, it took more than two months to issue the first 800,000 stimulus payments to the American public. By comparison, in FY 2020, Fiscal Service disbursed more than 159 million EIPs within two months of the CARES Act being

signed into law. This included all eligible Americans for whom the IRS had the necessary information to make payments. In two subsequent rounds, Fiscal Service disbursed a majority of EIPs in approximately one month. In December 2020, Fiscal Service disbursed more than 113 million electronic EIPs totaling $112.2 billion within two days of the signing of the legislation. For EIP3s, Fiscal Service disbursed more than 90 million electronic EIPs totaling $242.3 billion in less than 24 hours of the signing of the legislation. For all three rounds of EIPs, Fiscal Service leveraged the use of debit cards for a portion of EIPs that would have otherwise been issued via paper checks. To further facilitate delivery of payments, Fiscal Service also issued electronic EIPs using information from other agencies.

While in the midst of supporting the CARES Act, Fiscal Service also continued advancing its planned actions within the Payments activity. One major initiative in this area is the Treasury FY 2020 – FY 2021 Agency Priority Goal (APG) to improve the public's experience by increasing electronic payments and reducing paper checks. Excluding EIPs and Department of Education checks directly related to the pandemic, Treasury reduced the total number of paper checks issued by -3.7 million compared to FY 2019 levels.

Number of Paper Checks Disbursed (Millions)



**Excludes EIPs and Department of Education checks directly related to the pandemic.*

In FY 2022, Fiscal Service plans to support the Administration's climate priority and commitment to streamline the delivery of benefit payments by continuing to promote and increase the delivery of payments through EFT, with an emphasis on tax refunds, vendor payments, benefit payments, and other miscellaneous payments. Additionally, the Bureau plans to explore, develop, and deploy innovative, customer-driven electronic payment solutions.

Fiscal Service also continues to grow the number of CFO Act agencies using and increase the dollar value of invoices processed through the Invoice Processing Platform (IPP). IPP is a secure, web-based service that automates government invoicing from purchase order through payment notification, resulting in reduced costs, faster payments, more accurate data, better cash management, and an improved customer experience.

In FY 2022, Fiscal Service will continue its Payment Modernization efforts through the Disbursement Services Modernization Initiative and Post Payment Modernization Initiative.

These efforts will modernize the disbursement processes to increase efficiencies, improve resiliency and security, enhance the customer experience, and enable the flexibility to adapt to future payment channels.

Additionally, Fiscal Service plans to initiate an enterprise project aimed at modernizing the electronic invoicing system. This initiative will provide a simple and easy-to-use e-Invoicing platform that will deliver economies of scale across the Federal Government and simplify the accounts payable process, while providing security and performance features required by agencies and vendors.
Fiscal Service will also continue to advance the Payment Integrity Center of Excellence (PICOE) and Do Not Pay (DNP) programs in FY 2022. These programs support agencies, law enforcement, and states in combatting fraud, waste, abuse, and improper payments. PICOE and DNP will continue to provide actionable business insights and solutions that transform how Federal agencies approach identifying, preventing, stopping, and recovering improper payments and related fraudulent activity.

In FY 2020, nine new state programs utilized DNP analytical services, 13 new federal programs used DNP analytical services, and 12 state or federal programs expanded DNP portal functionality. This growth has led to continued progress in identifying or stopping improper payments – specifically, the count and dollar amount of improper payments identified and prevented.

2.1.4 – Retail Securities Services Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	$71,252	$61,910	$60,491	$55,465	$56,344	$59,312	$61,200
Reimbursable Resources	$16,026	$12,642	$12,100	$13,306	$12,406	$14,544	$15,549
Matured Unredeemed Debt	$0	$0	$0	$0	$401	$25,000	$0
Budget Activity Total	**$87,278**	**$74,552**	**$72,591**	**$68,771**	**$69,151**	**$98,856**	**$76,749**
Full-time Equivalents (FTE)	**436**	**472**	**434**	**388**	**393**	**406**	**412**

Note: The FY 2016 - FY 2020 appropriated resources represent actual obligations.

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Percentage of Retail Customer Service Transactions That Are Unassisted (%)	N/A	N/A	N/A	69	70	B	71	72

Key: B - Baseline

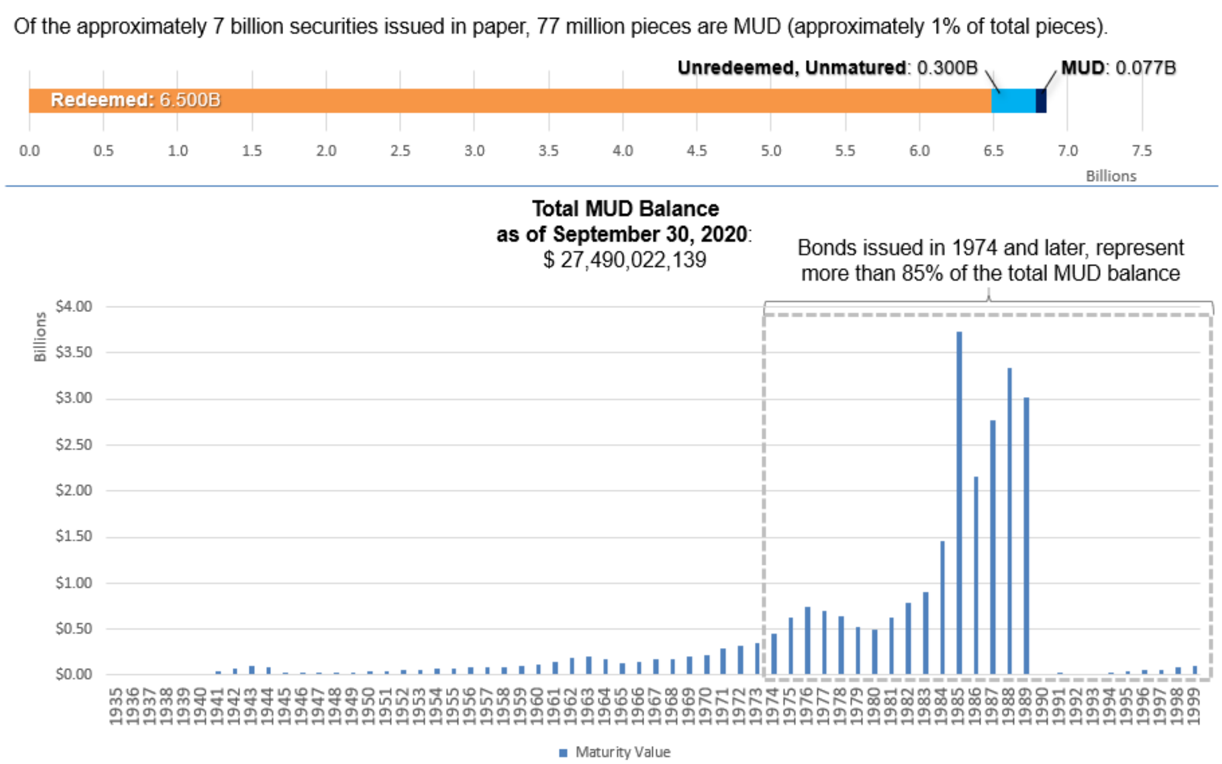
Retail Securities Services Budget and Performance

($61,200,000 from direct appropriations, $15,549,000 from reimbursable sources)
Fiscal Service 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 2020, Fiscal

Service electronically issued $98.1 billion in Treasury retail securities (includes sales and reinvestments), processed $114.7 billion in redemptions, added 100,044 new accounts to TreasuryDirect, and made 2.8 million retail payments worth $36 billion.

Description of Performance:
Retail Securities Services has demonstrated progress with improving customer self-sufficiency. In FY 2020, the percentage of unassisted retail securities transactions increased over the FY 2019 baseline, with 70 percent of retail securities transactions unassisted. In FY 2021 and beyond, Fiscal Service will continue to modernize its business to improve the customer experience by increasing customer self-sufficiency and encouraging more investors to save for the future, while achieving Treasury's financing mission in a cost-effective manner. These improvements will enhance the customers' ability to purchase, reinvest, and manage their Treasury retail investments.

Retail Securities Services is also launching multiple initiatives to help owners find and claim their matured savings bonds. The initiatives focus on matured unredeemed debt (MUD), or savings bonds that have reached final maturity and stopped earning interest. The initiatives will include records modernization, online search tools, state partnerships, data analysis, customer research, communications, and longer-term initiatives to improve customer experience.



Improving savings bond records over time will enable collaboration with stakeholders in locating MUD bondholders. Fiscal Service continues to work with the National Association of Unclaimed Property Administrators (NAUPA) and the National Association of State Treasurers (NAST) to find collaborative solutions to locate owners of MUD bonds. In addition to adding links to TreasuryHunt.gov on unclaimed property websites and other locations, the collaboration includes the creation of workgroups with states to consider best practices in identifying customers, encouraging redemption, and finding heirs and owners of savings bonds. Fiscal Service is also leveraging data matching with federal agencies to better identify updated bond owner contact information.

2.1.5 – Wholesale Securities Services Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	$13,848	$16,796	$21,851	$23,522	$23,414	$25,486	$26,297
Reimbursable Resources	$3,115	$4,214	$4,613	$4,599	$5,062	$4,797	$4,888
Budget Activity Total	**$16,963**	**$21,010**	**$26,464**	**$28,121**	**$28,476**	**$30,283**	**$31,185**
Full-time Equivalents (FTE)	**78**	**117**	**116**	**112**	**116**	**122**	**122**

Note: The FY 2016 - FY 2020 appropriated resources represent actual obligations.

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Percentage of Auction Results Released Accurately (%)	100	98.9	98.9	98.8	100	100	100	100
Percentage of Auctions Successfully Completed by the Scheduled Close Date (%)	N/A	N/A	N/A	100	100	B	100	100

Key: B - Baseline

Wholesale Securities Services Budget and Performance

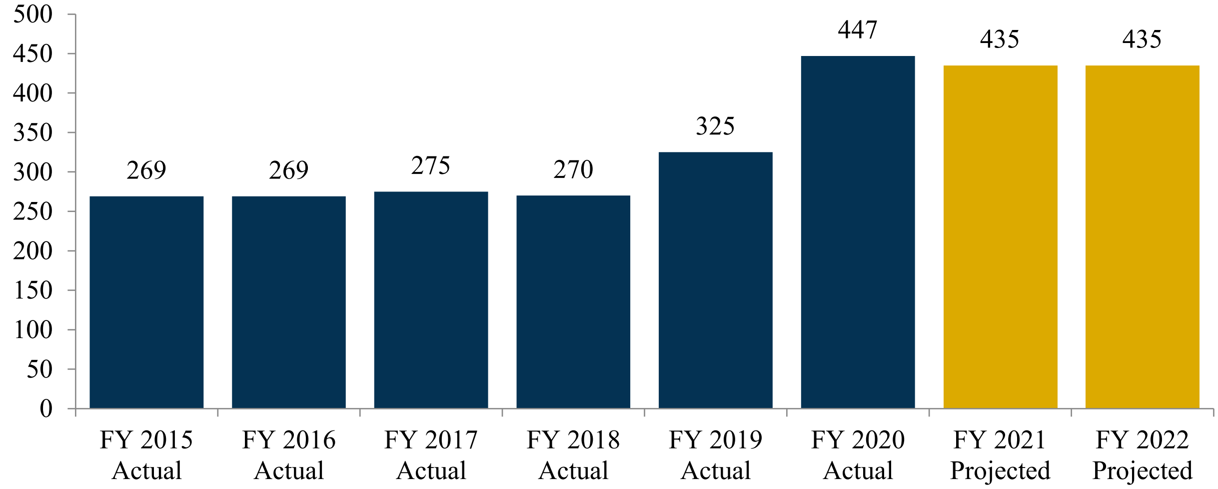
($26,297,000 from direct appropriations, $4,888,000 from reimbursable sources)

The Wholesale Securities Services (WSS) budget activity 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.

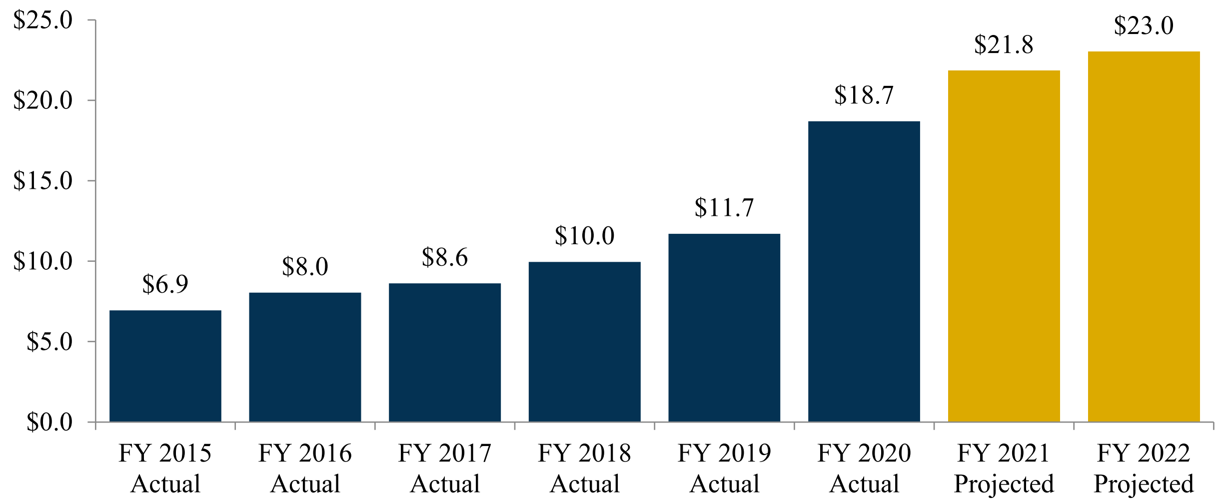
In FY 2020, the Federal Government's response to the COVID-19 pandemic resulted in unprecedented increase in Treasury borrowing needs. Treasury successfully conducted 447 auctions and raised more than $18.6 trillion without disrupting financial markets. In FY 2020, Fiscal Service set many records for auction-related workload indicators. Thirteen auctions, the most since 2008, were conducted during the week of April 6-10, auctioning $611 billion in Treasury securities. Five auctions in a single day were conducted for the first time ever on May 27, and six auctions in a single day were conducted on September 8.

Prior to the economic stimulus package, WSS averaged 28 auctions and $1.06 trillion securities awarded per month. Since April 2020, the monthly averages have increased to 47 auctions (+67.7 percent) and $2.04 trillion awarded (+89.18 percent) per month.

Total Number of Auctions Conducted



Dollar Amount of Marketable Securities Issued ($ Trillions)



Description of Performance:
In FY 2020, Fiscal Service saw unprecedented demand for borrowing needs and set several workload volume records. Through this increased workload, Fiscal Service continued to demonstrate operational excellence by successfully completing 100 percent of auctions by the scheduled close date and by releasing 100 percent of auction results accurately.

Additionally, Treasury conducted substantial market outreach to a broad range of market participants to gather information on market conditions and help inform Treasury's policy decisions. Simultaneously, Treasury worked to improve its internal data and analytics platform to handle growing data sets and facilitate additional analyses.

Fiscal Service also continued efforts to modernize the Treasury securities auction system. Key FY 2020 accomplishments included implementing an enhanced operations and maintenance program to ensure the resiliency, reliability, and high-performance of the existing technology; developing a roadmap for additional system enhancements; and initiating additional discovery activities beyond the current enhancement roadmap for the auction modernization effort. In FY 2021, Fiscal Service will complete the Financing Modernization Discovery Phase to determine which approach to take to move forward with the Financing Modernization effort.

2.1.6 – Debt Collection Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Reimbursable Resources	$187,152	$176,928	$167,726	$204,512	$214,910	$228,984	$233,177
Budget Activity Total	**$187,152**	**$176,928**	**$167,726**	**$204,512**	**$214,910**	**$228,984**	**$233,177**
Full-time Equivalents (FTE)	**390**	**417**	**389**	**366**	**348**	**403**	**412**

Note: The FY 2016 - FY 2020 appropriated resources represent actual obligations.

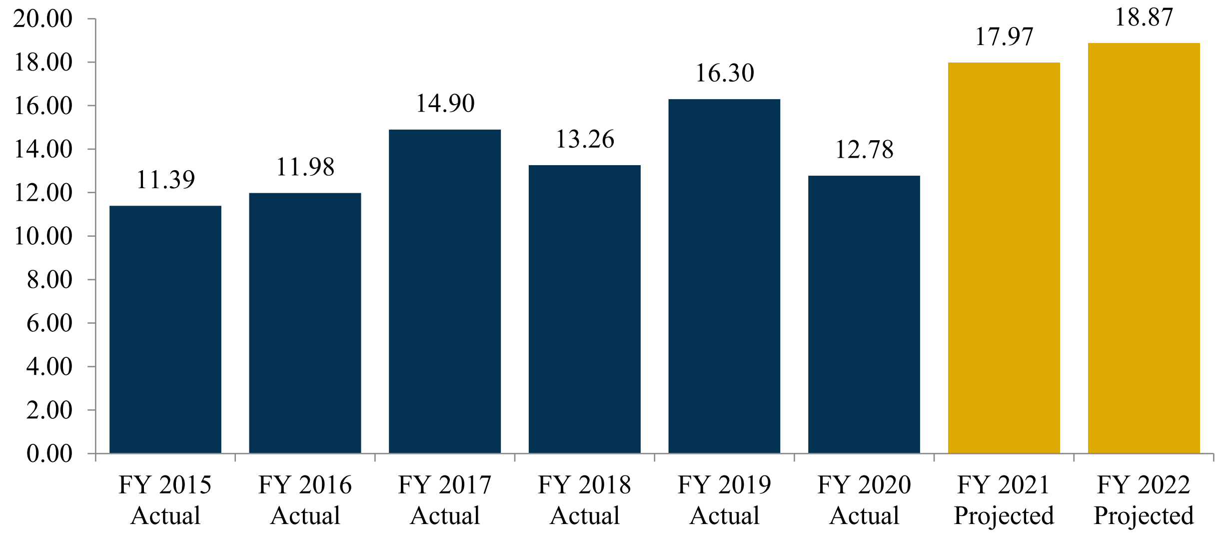
Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Amount of Delinquent Debt Collected Through All Available Tools ($ Billions)	7.41	7.61	7.44	9.65	10.68	8.88	8.81	9.04
All Delinquent Debt Collected as a Percentage of All Delinquent Debt Referred (%)	N/A	N/A	N/A	14.3	15.7	14.9	14.9	14.9
Percentage of the Active Delinquent Debt Portfolio Collected (%)	N/A	N/A	N/A	6.8	9.2	7.0	7.0	7.0

Debt Collection Budget and Performance

($233,177,000 from reimbursable sources)

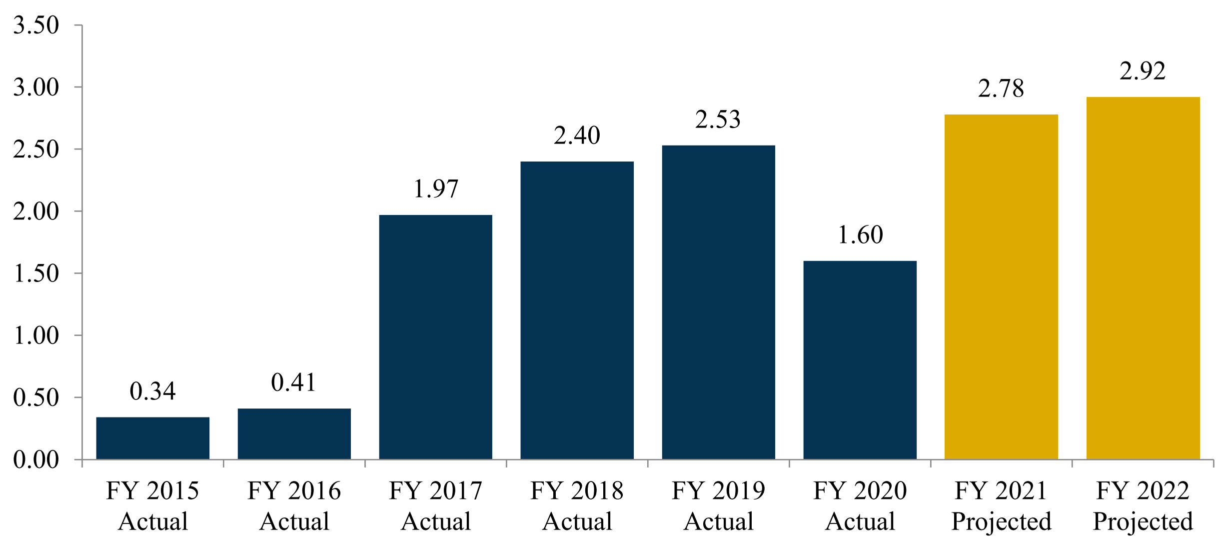
Fiscal Service is the Government's central debt collection agency, managing the Government's delinquent debt portfolio and collecting delinquent debts owed to the United States, such as Federal mortgage, small business, or student loans; Federal salary or benefit overpayments; and fines or penalties assessed by Federal agencies. Fiscal Service collects delinquent debt through two programs: Treasury Offset Program (TOP) and Cross-Servicing. Through TOP, the names and taxpayer identifying numbers of debtors included in a Fiscal Service database are matched against the names and taxpayer identifying number of recipients of Federal payments. If there are matches, the amounts of the payments are reduced ("offset") to satisfy the delinquent debts. In FY 2020, Fiscal Service processed 12.78 million debts through TOP.

Number of Debts Processed Through TOP (Millions)



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 credit to bureaus, and contracting for the services of private collection agencies. In FY 2020, Fiscal Service processed 1.60 million debts through Cross-Servicing.

Number of Debts Processed Through Cross Servicing (Millions)



Fiscal Service continues to increase the amount of delinquent debt collected through all available tools. During FY 2020, the COVID-19 pandemic had a significant impact on delinquent debt collection. Beginning in April 2020, several federal and state creditor agencies suspended collection activities due to economic concerns related to the pandemic. In FY 2020, Fiscal

Service was still able to exceed its $8.8 billion collection target with a total $10.68 billion collected. Of the $10.68 billion collected in delinquent debt, $10.41 billion was collected through the Treasury Offset Program (TOP) and $268.9 million through the Cross-Servicing program. This total also includes a collection of $3.4 billion from economic impact payments (EIPs) to satisfy delinquent child support.

Fiscal Service also continued to exceed targets for delinquent debt collected as a percentage of delinquent debt referred, and the percentage of the active delinquent debt portfolio collected.

However, Fiscal Service anticipates continuing challenges in delinquent debt collection in FY 2021 due to ongoing concerns about the COVID-19 pandemic. In FY 2020, the collections success was driven by offsets of the first round of EIP. The second and third rounds of EIP did not allow for the same offsets and resulted in a decline in collections revenue. Fiscal Service made efforts to reduce expenditures to address these challenges. Additionally, Fiscal Service received new authority to use CARES Act implementation funds to offset some of this lost debt collection revenue and continue these operations. However, agencies continuing to suspend collections is resulting in an overall decrease in Fiscal Service's collections revenue. As such, the collection targets for FY 2021 are significantly reduced from the collection amounts of FY 2020, and the pandemic impacts on future collections remain uncertain. Collection projections are contingent on timeframes for agency suspension of debt collection activities.

C – Changes in Performance Measures
There are no changes to performance measures since the FY 2021 Congressional Justification.

D– Evidence-Building Activity
The table below describes Fiscal's major evidence-building activities and corresponding resources. Additionally, refer to the Executive Summary for a discussion of Treasury-wide evidence-building functions.

Type of Evidence Building Activity	Major Activities and Planned Projects	Resource Types	Use
Evaluation *Collection and analysis of data to assess effectiveness and efficiency of programs, policies, or procedures* Estimated share of all Evidence-Building Activities:	**Major activities:** • Program Evaluation • Assessing Innovative, Emerging Technology • Data Quality	• 0340 – Program Manager • 0343 – Management & Program Analyst • Contract Resources	☒ For internal policy decision-making ☒ During internal strategic management processes ☒ By external partners (government) ☐ By external partners (non-government)

Type of Evidence Building Activity	Major Activities and Planned Projects	Resource Types	Use
10%	**FY21 and FY22 projects:** • Program Evaluation: Establish an Evidence Register, create an Enterprise Learning Agenda, and an Annual Evaluation Plan. (Active) • Blockchain for Grant Payments: Examine distributed ledger technology (i.e. blockchain) to understand its value proposition and legal and regulatory implications in the federal grant payment domain. Evidence will enable Fiscal Service to make a "Go/No Go" recommendation for continuing to a potential pilot. (Active) • Emerging Technology Incubator: Launch a beta blockchain incubator, complete an Artificial Intelligence (AI) Warrant Lab and make a "Go/No Go" decision on whether to proceed with proof of concept / pilot, and identify one additional emerging technology proof of concept / pilot. (Active) • Data Quality: Initiate data quality research project and develop data quality improvement plans. (Active)		☒ By unaffiliated external researchers ☐ Other (describe)
Research *Modeling or other systematic use of data to*	**Major activities:** • Customer Research • Environmental Scans / Research	• 0340 – Program Manager • 0343 – Management & Program Analyst	☒ For internal policy decision-making ☒ During internal

Type of Evidence Building Activity	Major Activities and Planned Projects	Resource Types	Use
explore emerging issues or potential scenarios to generate new knowledge Estimated share of all Evidence-Building Activities: ***50%***	**FY21 and FY22 projects:** • Future Readiness Assessment: Align Fiscal Service resources to achieve the vision for the future of federal financial management. (Active) • Matured Unredeemed Debt (MUD): Customer research. (Active) • Treasury Retail Investment Manager (TRIM): Customer journey research. (Active) • Disbursement Services Modernization Initiative (DSMI): Conduct Benefit agency user experience and feedback session(s) centered on future of payment disbursements. (Active) • Financing Modernization: Conduct project discovery phase and financing environmental scan to inform options and recommendations. (Active) • Treasury Financial Experience (TFX): Utilize user focus groups during the TFX design process. (Active)	• Contract Resources	strategic management processes ☒ By external partners (government) ☐ By external partners (non-government) ☐ By unaffiliated external researchers ☐ Other (describe)

Type of Evidence Building Activity	Major Activities and Planned Projects	Resource Types	Use
Analysis *Routine and frequent use of data that produces insights for decision making and program management* Estimated share of all Evidence-Building Activities: ***25%***	**Major activities:** • Performance Measurement • Alternatives Analysis	• 0301 – Miscellaneous Administration and Program • 0340 – Program Manager • 0343 – Management & Program Analyst • Contract Resources	☒ For internal policy decision-making ☒ During internal strategic management processes ☒ By external partners (government) ☒ By external partners (non-government) ☒ By unaffiliated external researchers ☐ Other (describe)

Type of Evidence Building Activity	Major Activities and Planned Projects	Resource Types	Use
	FY21 and FY22 projects: • Mainframe Strategy: Conduct a modernization study to determine a path forward for aging mainframe platform. (Active) • E-Invoicing Modernization: Complete E-Invoicing alternative analysis and develop future state recommendation. (Active) • Payment Integrity Center of Excellence (PICOE): Complete a pilot and implementation planning that will support increased recovery and prevention of payments to the deceased. Research, analyze, and design a solution that supports sharing of compromised accounts and payees. Determine approaches for sharing data with two agencies. • Participate in Joint Financial Management Improvement Program (JFMIP) project that studies the effects of integrating identity management as a mitigation strategy to reduce billions of dollars annual in improper payments, including those that should never have been made. (Active)		

Type of Evidence Building Activity	Major Activities and Planned Projects	Resource Types	Use
Statistics *Collection, compilation, and processing of data for describing or estimating characteristics or insights concerning groups* Estimated share of all Evidence-Building Activities: ***15%***	**Major activities:** • Analytics Projects **FY21 and FY22 projects:** • Do Not Pay (DNP) Analytics: Initiate analytics projects with new state and new federal programs, and expand DNP Portal functionality to state and federal programs. (Active)	• 0340 – Program Manager • 0343 – Management & Program Analyst	☒ For internal policy decision-making ☒ During internal strategic management processes ☒ By external partners (government) ☒ By external partners (non-government) ☐ By unaffiliated external researchers ☐ Other (describe)

Section III – Additional Information

A – Summary of Capital Investments

Fiscal Service leads the way for responsible, effective government through our commitment to technology enablement, customer-focused service, efficient operations, strategic partnering, and agility to enable the missions of the Federal Government. Fiscal Service strategically governs and manages its information technology (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.

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.

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, scope, operational performance, and risk is in place, as are an informal ChatStat process – which uses internal Bureau meetings to discuss investment, program, or project plans and performance concerns and identify actionable steps for course correction – and 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 and Total Cost of Ownership (TCO) model; the bureau has achieved 99 percent IT financial data transparency through alignment to the TBM IT and finance layers. The value 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.

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, with over 85 percent of the bureau's current software development projects using an iterative development methodology. Project-based reporting is used to align projects from governance through execution and thus improve the bureau's ability to monitor performance and shape IT strategy. Additionally, Fiscal Service is continually assessing and improving its program and project management capability, and is implementing principles outlined in the Program Management Improvement Accountability Act (PMIAA).

Enterprise Architecture Services
Enterprise Architecture (EA) services ensure that Fiscal Service applies a common framework, using consistency and standardization practices, to describe and analyze investments which enables the bureau to proactively plan for changes, according to business vision and technology trends. 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 development of a Fiscal Service technology roadmap, which is leveraged in tandem with IT Portfolio rationalization and investment and cost optimization efforts to continuously transform methods of IT service and product delivery. Service Brokers ensure this transformation is designed and implemented in a standardized manner while also aligned with customer expectations by engaging with stakeholders ahead of their modernization needs.

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. To this end, 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. Fiscal Service has also established a Bureau Risk Committee to provide executive-level accountability for identifying, managing, and monitoring enterprise risk for the bureau, making timely and collaborative risk decisions, providing transparency around enterprise risks, and enabling a risk-aware culture. 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 to maintain confidence in the financial ecosystem of the United States and avoid the 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. While Fiscal Service has not identified any data or security compromises associated with the recent supply chain threats impacting the IT sector, Fiscal Service is accelerating efforts that will enhance cybersecurity, including protection, detection, and response capabilities, in 2021 and beyond, to include adopting a Zero Trust approach.

Department of the Treasury Office of Financial Stability

Congressional Budget Justification and Annual Performance Plan and Report

FY 2022

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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 fiscal year (FY) 2016 began to wind-down the largest TARP housing program. As of November 30, 2020, OFS has recovered more than 96 percent of the $442.7 billion in total program funds disbursed under TARP, as well as an additional $17.6 billion from Treasury's equity in American International Group, Inc. (AIG). When all of Treasury's AIG investments are included, the amount recovered is greater than the funds disbursed by nearly $0.2 billion.

1.1 - Program Account Summary

Dollars in Thousands

	FY 2020	FY 2021	FY 2022	FY 2021 to FY 2022	
	Actual	Estimated	Estimated	Change	% Change
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Obligations					
Equity Program Account	6,671	5,000	0	(5,000)	-100.00%
Housing Account	0	0	0	0	NA
TARP Direct Program Account	0	0	0	0	NA
TARP Administrative Account	43,078	40,789	37,637	(3,152)	-7.73%
TARP Negative Downward Reestimate Receipt Account	(74,433)	0	0	0	NA
Total Obligations	**($24,684)**	**$45,789**	**$37,637**	**($8,152)**	**-17.80%**
Budget Authority					
Equity Program Account	6,671	5,000	0	(5,000)	NA
Housing Account	0	0	0	0	NA
TARP Direct Program Account	0	0	0	0	NA
TARP Administrative Account	51,399	40,789	37,637	(3,152)	-7.73%
TARP Negative Downward Reestimate Receipt Account	(74,433)	0	0	0	NA
Total Budget Authority	**($16,363)**	**$45,789**	**$37,637**	**($8,152)**	**-17.80%**
Outlays					
Equity Program Account	6,671	5,000	0	(5,000)	NA
Housing Account	669,436	643,944	426,846	(217,098)	-33.71%
TARP Direct Program Account	0	0	0	0	NA
TARP Administrative Account	43,962	43,154	37,637	(5,517)	-12.78%
TARP Negative Downward Reestimate Receipt Account	(74,433)	0	0	0	NA
Total Outlays	**$645,635**	**$692,098**	**$464,483**	**($227,615)**	**-32.89%**
Total Full-time Equivalents (FTE)	14	11	10	**(1)**	-9.09%

1.2 – Financing Account Summary

Dollars in Thousands

	FY 2020	FY 2021	FY 2022	FY 2021 to FY 2022	
	Actual	Estimated	Estimated	Change	% Change
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
TARP Direct Loans					
Obligations	73,222	0	0	0	NA
Collections	0	0	0	0	NA
Financing Authority (net)	0	0	0	0	NA
Financing Disbursements (net)	73,222	0	0	0	NA
Equity Purchases					
Obligations	1,371	4,000	0	(4,000)	NA
Collections	12,491	13,000	3,000	(10,000)	NA
Financing Authority (net)	(10,147)	(8,000)	(3,000)	5,000	NA
Financing Disbursements (net)	(11,299)	(12,000)	(3,000)	9,000	NA
Housing					
Obligations	975	1,000	0	(1,000)	NA
Collections	17	0	0	0	NA
Financing Authority (net)	0	0	0	0	NA
Financing Disbursements (net)	958	1,000	0	(1,000)	NA

1.3 – Program Disbursement, Repayments, and Cost/Savings

Dollars in Billions

	Cumulative Obligated (as of 11/30/2020)	Cumulative Disbursed (as of 11/30/2020)	Cumulative Outstanding (as of 11/30/2020)	Total Cumulative Income (as of 11/30/2020)	Total Cash Back (as of 11/30/2020)	Total Estimated Life Costs (as of 11/30/2020)
Bank Support Programs	250.5	245.5	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	32.6	30.9	0.0	0.0	0.0	32.4
Total	**449.6**	**443.0**	**0.0**	**48.6**	**425.1**	**32.1**
Additional AIG Common Shares Held by Treasury	0.0	0.0	0.0	17.6	17.6	(17.6)
Total for Programs and Shares	**449.6**	**443.0**	**0.0**	**66.2**	**442.7**	**14.5**

*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."

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 FY 2009, the program was projected to cost $341 billion, but as of November 30, 2020, it is estimated to cost only $32.1 billion (of which $-0.3 billion relates to investments and $32.4 billion relates to housing programs that do not require repayments by recipients). Lifetime costs are projected to be $14.5 billion with the inclusion of receipts from Treasury's sale of additional AIG common stock.

During FY 2021 and FY 2022, OFS's priority is to continue the responsible wind-down of all TARP programs. OFS is expected to complete its wind-down in FY 2024.

OFS Administrative Expenses
The authority for OFS's administrative funding is provided in section 118 of EESA. In FY 2021, OFS plans to obligate just over $40 million and use 10 Full-Time Equivalent (FTE) employees. In FY 2022, OFS plans to obligate just over $38 million and use 10 FTE employees, a reduction of over 6% and 9%, respectively, from the current FY 2021 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; (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.

Account Descriptions
TARP Equity Purchase Program Account: 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.

TARP Equity Purchase Financing Account: The account is a non-budgetary account that records all financial transactions to and from the government resulting from equity purchases. The account 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, as a means of financing, is not included in the budget totals when calculating total government spending.
TARP Housing Programs Account: The TARP Housing Programs Account records the subsidy costs and cash outlays associated with Treasury's housing programs under TARP. The Making Home Affordable (MHA) and Hardest Hit Fund (HHF) housing 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 Direct Loan Financing Account: The account is a non-budgetary account that records all financial transactions to and from the government resulting from direct loans. Like the TARP Equity Purchase Financing Account, 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 2021 Estimate	**11**	**$40,751**
Changes to Base:		
Maintaining Current Levels (MCLs):	-	815
Pay Annualization (1.1% average pay raise)	-	6
Pay Raise (2.7% average pay raise)	-	17
FERS Contribution Increase	-	22
Non-Pay	-	771
Subtotal Changes to Base	0	815
FY 2022 Current Services	**11**	**$41,566**
Program Changes:		
Program Decreases	(1)	(3,929)
Housing Program Support	0	(1,000)
Maintenance and Disposition of Assets	0	(381)
OFS Salaries and Benefits	(1)	(300)
Organizational Support	0	(2,248)
Subtotal Program Changes	**(1)**	**($3,929)**
Total FY 2022 Estimate	**10**	**$37,637**

D – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs)……………………………………+$815,000 / +0 FTE

Pay Annualization (1.0%) +$6,000 / +0 FTE

Funds are required for annualization of the January 2021 pay raise.

Pay-Raise (2.7% in 2022) +$17,000 / +0 FTE

Funds are required for a 2.7% average pay raise in January 2022.

FERS Contribution Increase +$22,000 / +0 FTE

Funds are required for the Federal Employee Retirement System (FERS) contribution rates effective FY 2022.

Non-Pay +$771,000 / +0 FTE

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

Program Decreases…………………………………………………………-$3,929,000 / -1 FTE

Housing Program Support -$1,000,000 / +0 FTE

Administrative and compliance functions will continue to wind-down during FY 2021 and over time as programs close and no new assistance actions are provided and commitments are paid.

Maintenance and Disposition of Assets -$381,000 / +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 institutions (CDCI). In FY 2021, OFS expects its portfolio to be composed of a few institutions, primarily CDCI institutions.

OFS Salaries and Benefits -$300,000 / -1 FTE
Savings resulted from natural attrition and expiration of term appointments due to the wind-down of various TARP programs.

Organizational Support -$2,248,000/ +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 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2020 Actual Obligations	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
11.1 - Full-time permanent	2,407	1,763	1,489
11.5 - Other personnel compensation	72	45	42
11.9 - Personnel Compensation (Total)	**2,479**	**1,808**	**1,531**
12.0 - Personnel benefits	757	407	384
Total Personnel and Compensation Benefits	**$3,236**	**$2,215**	**$1,915**
21.0 - Travel and transportation of persons	9	5	15
23.3 - Communication, utilities, and misc charges	1	1	1
25.1 - Advisory and assistance services	4,024	3,418	2,510
25.2 - Other services from non-Federal sources (TOTAL)	30,191	29,031	27,650
25.3 - Other goods and services from Federal sources	5,616	6,070	5,536
26.0 - Supplies and materials	0	3	3
31.0 - Equipment	0	8	8
Total Non-Personnel	**$39,842**	**$38,536**	**$35,722**
New Budgetary Resources	**$43,077**	**$40,751**	**$37,637**
FTE	**14**	**11**	**10**

*Amounts include all budgetary resources.

E – Appropriations Language and Explanation of Changes

OFS does not receive discretionary appropriations from Congress. Therefore, no appropriations language is proposed.

Section II – Annual Performance Plan and Report

A – Strategic Alignment
In accordance with the Government Performance and Results Act Modernization Act (GPRAMA) of 2010, the Department of the Treasury is currently developing the FY 2022 – 2026 Departmental Strategic Plan. The Strategic Plan is scheduled for publication in 2022. The Annual Performance Plan will be updated in the FY 2023 President's Budget to reflect new departmental strategic goals and objectives.

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 2020, OFS continued to wind-down remaining CPP investments. As of November 30, 2020, CPP has generated $226.4 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, 2020, CDCI has generated $592 million in recoveries for taxpayers with two institutions remaining in the program, for a total of $1 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 Consolidated Appropriations Act, 2016 (P.L. 114-113), 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, 2020, OFS had disbursed $21.4 billion out of a possible $22.9 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 (DC). In December 2015, P.L. 114-113 granted Treasury authority to make an additional $2.0 billion in commitments through the HHF. As of November 30, 2020, OFS had disbursed $9.5 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, 2020, the revised lifetime cost estimate for the program was $13 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, 2020, 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 AIG Investment Program.

B – Budget and Performance by Budget Activity

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 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	66.75	87.5	100	94	100	100	100	100
Percentage of FOIA Assignments On-Time or Less Than 30-Days Overdue (ensure transparency within the government)	56.56	85	85	98	100	95	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)	94.7	96.25	100	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.

C – 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, 2020, OFS had $17 million in outstanding CPP investments and $1 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. P.L. 114-113, 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, 2020, more than 1.7 million homeowners have secured permanent mortgage modifications. In addition, the HHF Program provides funding to 18 states and DC to assist struggling homeowners. As of November 30, 2020, HHF has disbursed approximately $9.5 billion in total program and administrative funds, and HFAs have drawn approximately $9.5 billion to prevent avoidable foreclosures and help stabilize neighborhoods. Based on information provided by the HFAs, 6 states are projected to be fully closed by the end of FY 2021, including having completed final compliance reviews and returning any unused funds to Treasury.

<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.

D – Evidence-Building Activity
Refer to the Executive Summary for a discussion of Treasury-wide evidence-building functions.

Section III – Additional Information

A – Summary of Capital Investments
OFS uses Departmental Offices (DO) systems 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

Department of the Treasury
Office of Financial Research

Congressional Budget Justification and Annual Performance Report and Plan

FY 2022

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 principally to support the Financial Stability Oversight Council and its member agencies.

Vision: A transparent, efficient, and stable financial system.

B – Summary of the Request

The Office of Financial Research (OFR or Office) is estimating a fiscal year (FY) 2022 funding level of $75.271 million, which is $3.090 million higher than its FY 2021 estimated funding level. The FY 2022 Budget includes increases in funding for both the Technology Center and Research and Analysis Center (RAC). The increased funding will assist these offices as they continue to build out their infrastructure in support of OFR's legislative mandate under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (P.L. 111-203).

1.1 – Resource Detail Table

Dollars in Thousands

Budgetary Resources	FY 2020 Actual		FY 2021 Estimate		FY 2022 Estimate		FY 2021 to FY 2022 % Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Revenue/Offsetting Collections								
Assessments	0	$64,761	0	$50,099	0	$70,594	NA	40.9%
Interest	0	$476	0	$64	0	$440	NA	584.9%
Recoveries	0	$2,064	0	$4,438	0	$3,080	NA	-30.6%
Restoration of Sequestration Rescission	0	$3,563	0	$3,849	0	$2,859	NA	-25.7%
Unobligated Balances from Prior Years	0	$50,420	0	$54,725	0	$38,168	NA	-30.3%
Total Revenue/Offsetting Collections	**0**	**$121,285**	**0**	**$113,176**	**0**	**$115,142**	**NA**	**1.7%**
Expenses/Obligations								
Data Center	9	$2,771	11	$3,576	11	$3,710	0.0%	3.7%
Technology Center	47	$35,739	60	$35,750	66	$37,541	10.0%	5.0%
Research and Analysis Center	21	$7,340	26	$13,290	32	$14,718	23.1%	10.7%
Operations and Support Services	25	$17,237	31	$19,565	36	$19,302	16.1%	-1.3%
Total Expenss/Obligations	**102**	**$63,087**	**128**	**$72,181**	**145**	**$75,271**	**13.3%**	**4.3%**
Sequestration Reduction		(3,849)		(2,859)		(4,049)		
Net Results	**102**	**54,349**	**128**	**38,136**	**145**	**35,822**	**13.3%**	**-6.1%**

FY 2020 Other Resources and Full-time Equivalents (FTE) reflect actuals.

1) The OFR is financed through assessments on certain bank holding companies and nonbank financial companies. See Treasury's final rule.

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.

3) The assessments, recoveries, interest and FTE estimates in the table above differ from the amounts in the 2022 President's Budget. This difference is primarily due to adjustments made subsequent to the Appendix submission to account for lower interest income, higher-than-anticipated recoveries and anticipated carryover funding from FY 2020 to FY 2021, as well as slower than anticipated hiring.

1.2 - Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2021 Estimate	**128**	**$72,181**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$1,051
FERS Contribution Increase	0	$276
Non-Pay	0	$775
Non-Recurring Costs	0	($2,651)
Subtotal Changes to Base	0	($1,600)
FY 2022 Current Services	**128**	**$70,581**
Program Changes:		
Program Increases:	17	$4,690
Increased Staffing	17	$4,690
Subtotal Program Changes	**17**	**$4,690**
FY 2022 Estimate	**145**	**$75,271**

Note: The assessments, recoveries, interest and FTE estimates in the table above differ from the amounts in the 2022 President's Budget. This difference is primarily due to adjustments made subsequent to the Appendix submission to account for lower interest income, higher-than-anticipated recoveries and anticipated carryover funding from FY 2020 to FY 2021, as well as slower than anticipated hiring.

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) ....+$1,051,000 / +0 FTE

FERS Contribution Increase +$276,000 / +0 FTE

Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2022.

Non-Pay +$775,000 / +0 FTE

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

Non-Recurring Costs……...-$2,651,000 / +0 FTE

Non-Recurring Costs -$2,651,000 / +0 FTE

The OFR's FY 2022 request redirects non-labor cost savings from Operations and Administrative Support Services that included non-recurring investments as part of the OFR's migration to a cloud-based infrastructure and short-term initiatives in FY 2021.

Program Increases ....+$4,690,000 / +17 FTE

Increased Staffing +$4,690,000 / +17 FTE

The FY 2022 staffing model continues the OFR's planned recruitment that came out of its reshaping; the OFR will bring its workforce up to the targeted 145 FTE. This includes 6 additional FTEs in the Research and Analysis Center to support long-term research and monitoring initiatives. It also includes 6 FTEs within the Technology Center and 5 FTEs within the Operations Division to support the IT and operational support infrastructure needed for the OFR's research and data efforts. Funds are also requested for anticipated increases to labor costs to include merit pay increases for qualifying current staff.

1.2 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2020 Actual Obligations	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
11.1 - Full-time permanent	19,112	24,768	28,214
11.3 - Other than full-time permanent	0	305	615
11.5 - Other personnel compensation	338	0	0
11.9 - Personnel Compensation (Total)	**19,450**	**25,073**	**28,829**
12.0 - Personnel benefits	7,194	8,358	9,610
Total Personnel and Compensation Benefits	**$26,644**	**$33,431**	**$38,439**
21.0 - Travel and transportation of persons	77	415	425
23.3 - Communications, utilities, and miscellaneous charges	116	167	167
24.0 - Printing and reproduction	14	0	0
25.1 - Advisory and assistance services	14,073	14,855	13,487
25.2 - Other services from non-Federal sources	798	938	2,340
25.3 - Other goods and services from Federal sources	5,842	6,568	6,593
25.4 - Operation and maintenance of facilities	0	89	90
25.7 - Operation and maintenance of equipment	5,028	3,565	3,810
26.0 - Supplies and materials	9,864	9,513	8,805
31.0 - Equipment	541	2,640	1,115
32.0 - Land and structures	90	0	0
Total Non-Personnel	**$36,443**	**$38,750**	**$36,832**
Total Obligations	**$63,087**	**$72,181**	**$75,271**
Full-time Equivalents (FTE)	**102**	**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.
2) The assessments, recoveries, interest and FTE estimates in the table above differ from the amounts in the 2022 President's Budget. This difference is primarily due to adjustments made subsequent to the Appendix submission to account for lower interest income, higher-than-anticipated recoveries and anticipated carryover funding from FY 2020 to FY 2021, as well as slower than anticipated hiring.

E – Appropriations Language and Explanation of Changes

The OFR receives no annual appropriations from Congress.

F – Legislative Proposals

The OFR has no legislative proposals.

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 its member agencies though research, analytic tools, and data-related support on issues related to financial stability. Serving principally the FSOC and its member agencies, the OFR is tasked with improving the quality, transparency, and accessibility of financial data and information; assessing and monitoring threats to financial stability; conducting and sponsoring research related to financial stability; and promoting best practices in risk management.

In accordance with the Government Performance and Results Act Modernization Act (GPRAMA) of 2010, the Department of the Treasury is currently developing the FY 2022 – 2026 Departmental Strategic Plan. The Strategic Plan is scheduled for publication in 2022. The Annual Performance Plan will be updated in the FY 2023 President's Budget to reflect new departmental strategic goals and objectives.

OFR priorities for FYs 2021 and 2022 include:

1. Conducting relevant research and providing timely financial stability analysis and data products to the FSOC, its member agencies, and other stakeholders.
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 FSOC and its member agencies.

The Office will continue to focus on monitoring risks to financial stability and enhancing and expanding tools for the OFR, FSOC, and its member agencies to monitor those risks. The OFR will continue to provide stakeholders with high-quality, timely research and policy analysis. The OFR will also continue its work to identify and fill financial data gaps and to develop and implement financial data standards that 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 repurchase agreements, as well as support for the Secured Overnight Financing Rate planned as an alternative to LIBOR.

The OFR will 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. The OFR will also continue in to assist the FSOC Secretariat by providing data, analysis, and other resources needed for its annual report to Congress. High quality data, strong research expertise, and capable and flexible information technology (IT) are essential to continue to support these assessments.

The OFR is implementing 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 FYs 2021 and 2022 includes a range of initiatives targeting this area. The OFR will continue work related to Federal Employee Viewpoint Survey results. Upcoming work will focus on internal communications, workforce planning, organizational performance management, enterprise risk management, and establishment of a new framework for enterprise-level strategic and tactical planning, among other areas.

B –Budget and Performance by Budget Activity
2.1.1 – Data Center Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Expenses/Obligations	$16,477	$17,833	$15,967	$5,849	$2,771	$3,576	$3,710
Budget Activity Total	**$16,477**	**$17,833**	**$15,967**	**$5,849**	**$2,771**	**$3,576**	**$3,710**
Full-time Equivalents (FTE)	**37**	**44**	**42**	**9**	**9**	**11**	**11**

Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Number of Legal Entity Identifiers (LEIs) Issued Cumulatively in the United States and Internationally	464,412	587,941	1,300,832	1,487,695	1,733,473	I	I	I
Number of Times That Financial Data Standards are Incorporated in Rules and Regulations	9	4	1	1	3	I	I	I
Percent of monitors updated or expanded during the reporting period	N/A	N/A	N/A	N/A	100	90	95	95

I = Performance Indicator

Data Center Budget and Performance

($3,710,000 from Assessments):

The Data Center seeks new ways to promote and share the OFR's data and data analytic products with external stakeholders and advances the development and use of data standards to improve the quality and sharing of data across the regulatory system. The Data Center's efforts are divided into two major focus areas: 1) Data Products, and 2) Data Strategy and Standards.

Data Products

The Data Products Team serves as the product integrator of the overall vision, management, and implementation of the data products program at the OFR. They serve as product owners in various cross-functional OFR teams—comprised of subject matter experts, engineers, and product designers—that facilitate issue resolution, promote enterprise-wide collaboration, and balance scope and resources.

The Data Products Team was launched at the start of FY 2019 to provide industry liaison support for the OFR's financial stability risk monitors. The team is maturing from a basic product promotion and support function to a unit that incorporates elements of data science in expanding the ability to gain deeper insight of data the OFR produces. This work includes developing a data science framework to define a path from conception to production for machine learning products, perform exploratory data analysis for the development of new data visualizations, and increase the interpretability of complex financial data.

An OFR data product is a holistic asset whose primary function is to leverage data in a recurring and reproducible manner, to provide financial market transparency, analytical insights, or to make the organization's work more efficient and effective. This holistic view encompasses *functionality* (the product features), *technology* that enables the product features, *user experience* design that presents this functionality, and how the OFR attracts users and promotes product adoption. Data products also include *offline experiences* (i.e. training and press conferences), that are essential to delivering the products' value, and automations that make OFR's work more efficient and effective. Each data product meets OFR quality control, compliance, and records management standards.

The OFR envisions its data products as high-quality tools for financial monitoring and related aims to be used by key stakeholders, such as the FSOC and its member agencies, and other stakeholders. Current tools include four online monitors (for more info see sub-section C), links to the global Legal Entity Identifier (LEI) system (a data standard that identifies parties to financial transactions), and an interagency data inventory, described in more detail below in sub-section C on Evidence-Building Activity. In FY 2021, the OFR began phasing in another tool, the Financial Instrument Reference Database (FIRD). The FIRD establishes a set of granular data that are the basis for creating and describing financial instruments. The foundational component is a data dictionary that leverages an international standard for the development of financial messages.

Data Strategy and Standards
The Data Strategy and Standards (DSS) team is the OFR's principal unit for ensuring the OFR meets its standards mandates. To meet these mandates, DSS participates in domestic and international financial data standards organizations that meet the definition of a voluntary consensus standards organization, as established in Circular No. A-119 of the Office of Management and Budget. Standards for financial data benefit regulators and financial market participants by making data aggregation easier, improving analysis, and reducing data collection costs.

While promotion of the LEI remains a foundational standards focus for the OFR, the DSS team continues to play a leading role in the development of international consensus for, and governance of, vital identifiers for products, transactions, and the data elements critical to derivatives market reporting and regulation. Throughout FYs 2021 and 2022, the team will also continue analyses to identify data standards gaps and the potential to fill them. Specific engagements include contributing to the International Standards Organization (ISO) development of the Unique Production Identifier for Over-The-Counter Derivatives in partnership with other FSOC members and integration of Critical Data Elements for Derivatives data harmonization into the ISO 20022 standard.

The DSS team also leads the development of the FIRD and will conduct analysis and validation of open datasets for use in future phases of the FIRD. To assist the OFR's partners in Treasury's Office of International Financial Markets, the DSS team continues to engage in research and monitoring of emerging developments in the area of payments.

The OFR monitors progress through the following key performance indicators:[1]

- Number of Legal Entity Identifiers (LEIs) Issued Cumulatively in the United States and Internationally – The LEI helps the financial industry, regulators, and policymakers trace exposures and connections across the financial system. It also generates efficiencies for financial companies in internal reporting; risk management; and in collecting, cleaning, and aggregating data. In addition, the LEI can ease companies' regulatory reporting burdens by reducing overlap and duplication with respect to the multiple identifiers reporting firms must manage. The indicator developed for the LEI tracks the progress of industry's use of the LEI over time. The Data Center monitors this indicator with the expectation that it will continue to rise over time. If that trend were to reverse, the Data Center 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 those 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 2020, the number of LEIs issued continued its upward trend, increasing by approximately 16 percent from the prior year. The Data Center will continue its strategy of engagement with financial data standards-setting organizations.

For FY 2020, the OFR saw an uptick in rules that incorporate use of financial data standards, with two final rules and a rule change that covered the LEI, among other matters.

2.1.2 – Technology Center Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Expenses/Obligations	$32,132	$29,235	$23,530	$28,278	$35,739	$35,750	$37,541
Budget Activity Total	**$32,132**	**$29,235**	**$23,530**	**$28,278**	**$35,739**	**$35,750**	**$37,541**
Full-time Equivalents (FTE)	**61**	**63**	**52**	**47**	**47**	**60**	**66**

Technology Center Budget and Performance

($37,541,000 from Assessments): The OFR Technology Center oversees OFR's information technology systems and system security, including an information technology platform to support analysis of large-scale data sets. The Technology Center also acquires commercial, nonpublic, and proprietary data through procurements, provider agreements, and the OFR's own collection activities. To advance Treasury's strategic goal to promote financial stability, the Technology Center provides mission-critical technology resources needed to produce financial stability monitors, research and briefings for the FSOC and other stakeholders, and evaluations of financial stability policies. It is responsible for secure access to data sets, and maintenance of

[1]Note that these are not measures, but indicators because the OFR, through its leadership in standards and regulatory oversight bodies and provision of technical guidance to other regulators, can influence these metrics but cannot directly control them.

data lineage, privacy, and governance. It provides data stewardship, onboarding, processing, storing, and archiving of data and work products.

U.S. Centrally-Cleared Repurchase Agreement Data Collection
In the fourth quarter of FY 2020, the OFR fully operationalized its new daily collection of repurchase agreement (repo) data. The OFR also began daily publication of prototype series on rates and volumes in three segments of repo markets. These series include information on rates and volumes in each segment, with detail available by tenor (the amount of time before that contract expires) or collateral.

The Technology Center will continue to streamline the daily collection processes that include validation and transformation of the collected data to support business uses. Another key focus is to develop and implement preliminary and final versions of the data release, shifting production from the initial prototype. This budget request provides for the needed capacity and capabilities to support and mature this critical daily collection. In FY 2021, the OFR is establishing baseline experience with the data collection and series publication, which will inform the development of potential performance measures in FY 2022.

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, OFR's three-year strategy moves most IT services and infrastructure to the cloud by the end of FY 2022. OFR expects to spend an additional $1.3M to finish this work in FY 2021. 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 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Expenses/Obligations	$14,239	$15,605	$12,302	$8,238	$7,340	$13,290	$14,718
Budget Activity Total	**$14,239**	**$15,605**	**$12,302**	**$8,238**	**$7,340**	**$13,290**	**$14,718**
Full-time Equivalents (FTE)	**54**	**53**	**42**	**24**	**21**	**26**	**32**

Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Timeliness of responses to FSOC research and analysis requests %	N/A	N/A	N/A	N/A	90	90	95	95

Research and Analysis Center Budget and Performance
($14,718,000 from Assessments):
The Research and Analysis Center conducts applied research and analysis and essential long-term research on systemic risk, macroprudential policy, and financial stability to support the stability of the U.S. financial system. The Center's work aims to inform sound policy and develop tools for risk monitoring. Working closely with the FSOC, Treasury, the Financial Research Advisory Council, and other key stakeholders, the OFR collaboratively identifies important issues that need to be addressed. The OFR focuses its resources on delivering impactful results that identifies financial system fragilities and vulnerabilities, and the channels and sources of risk amplification through which vulnerabilities can affect financial stability.

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.

Throughout FYs 2021 and 2022, the Research and Analysis Center will continue its direct work for the FSOC Secretariat, providing support for the FSOC's 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 . The Center also provides subject-matter experts to FSOC committees and working groups, and routinely collaborates on policy evaluation and financial research with staff from FSOC member agencies. Staffers frequently make presentations of their research and analysis to FSOC committees, such as the Systemic Risk Committee.

The Center will also continue to provide thought leadership, research, and analysis to enhance the OFR's existing financial monitoring tools. An important initiative this year is the development of metrics for assessing the risks of central counterparties (entities that help facilitate trading in derivatives and equities markets) and the potential for contagion if a central clearing counterparty should default.

2.1.4 – Operations and Support Services Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Expenses/Obligations	$32,026	$26,533	$24,226	$17,496	$17,237	$19,565	$19,302
Budget Activity Total	**$32,026**	**$26,533**	**$24,226**	**$17,496**	**$17,237**	**$19,565**	**$19,302**
Full-time Equivalents (FTE)	**56**	**59**	**49**	**25**	**25**	**31**	**36**

Operations and Support Services Budget and Performance
($19,302,000 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.

The OFR has made organizational excellence a critical priority. Initiatives related to Federal Employee Viewpoint Survey results, internal communications, workforce planning activities, process improvements, organizational performance management, and enterprise planning frameworks are led by Operations and guided by the Director's Office and Chief Counsel.

In FYs 2021 and 2022, Operations will develop an enterprise risk management program and, in cooperation with Treasury's Chief Risk Officer's team, conduct an organizational risk assessment. Operations will also seek to improve efficiency and effectiveness of strategic and tactical planning and organizational performance measurement with a more integrated approach.

C – 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 United States. In FY 2020, the OFR delivered a report to Congress covering macroeconomic, credit, market, liquidity, and funding risks; leverage in the financial system; potential financial firm insolvency and contagion; uncertainty around cybersecurity, natural disasters, the transition from LIBOR to alternative reference rates, the United Kingdom's exit from the European Union; as well as an exploration of systemic risk in the information markets. Similar work assessing the state of the U.S. financial system will continue during FY 2022 and beyond.

OFR continues to fulfill its data-related mandates through an array of initiatives, including publication of a new daily data release on transactions in the $4 trillion market for centrally cleared repos, which provide funding to securities dealers and others. The data release improves transparency and risk monitoring of the market; the OFR will continue making enhancements to the data series into the next fiscal year and beyond.

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:

- **Bank Systemic Risk Monitor:**
  This monitor presents key measures of systemic risks posed by the largest banks, including systemic importance scores for international and U.S. banks, the OFR's Contagion Index, and more.
- **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.
- **Interagency Data Inventory:**
  The inventory is a product of the FSOC Data Committee that catalogs the data collected by FSOC member organizations, along with key metadata that describes each collection. The inventory may be used for identifying data gaps and for improving research and analysis to understand threats and vulnerabilities in the financial system.

- **Short-term Funding Monitor:**
  This daily monitor provides new insights into short-term funding activities captured by repurchase rate agreements, the core of liquidity and maturity transformation in financial markets. It places these data in context with other data sources, such as primary dealer statistics and Treasury reference rates.
- **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 FYs 2021 and 2022, the OFR will continue to produce and evaluate the development of new products, as appropriate. Additionally, refer to the Executive Summary for a discussion of Treasury-wide evidence-building functions.

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:
http://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx

Department of the Treasury
Financial Stability Oversight Council

Congressional Budget Justification and Annual Performance Plan and Report

FY 2022

Table of Contents

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) 2022 funding level of $10.821 million, which is an increase of $0.370 million from the FY 2021 estimated funding level. This request includes $6.520 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. On March 31, 2021, the Council re-established the Hedge Fund Working Group to share data, identify risks and address potential issues related to hedge funds. The Council also committed to the coordination of regulators' efforts to improve the measurement and management of climate-related risks in the financial system as the country transitions to a net-zero carbon economy.

1.1 – Appropriations Detail Table

Dollars in Thousands

Budgetary Resources	FY 2020 Actual		FY 2021 Estimate		FY 2022 Estimate		FY 2021 to FY 2022 % Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Revenue/Offsetting Collections								
Assessments	0	$8,831	0	$6,832	0	$9,627	NA	40.9%
Interest	0	$65	0	$9	0	$60	NA	584.9%
Recoveries	0	$282	0	$605	0	$420	NA	-30.6%
Restoration of Sequestration Rescission	0	$486	0	$525	0	$390	NA	-25.7%
Unobligated Balances from Prior Years	0	$6,876	0	$7,463	0	$5,205	NA	-30.3%
Total Revenue/Offsetting Collections	**0**	**$16,539**	**0**	**$15,433**	**0**	**$15,701**	**NA**	**1.7%**
Expenses/Obligations								
FSOC	15	$4,865	18	$6,000	21	$6,520	16.7%	8.7%
FDIC	0	$2,993	0	$4,451	0	$4,301	NA	-3.4%
Total Expenss/Obligations	**15**	**$7,858**	**18**	**$10,451**	**21**	**$10,821**	**16.7%**	**3.5%**
Sequestration Reduction		(525)		(390)		(552)		
Net Results	**15**	**8,156**	**18**	**4,592**	**21**	**4,328**	**16.7%**	**-5.7%**

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.
3) The amounts of obligations, assessments, interest, and FTEs in the table above differ from the amounts in the 2022 President's Budget . This difference is primarily due to adjustments for lower interest income and higher-than-anticipated recoveries as well as lags in hiring due to the COVID-19 pandemic and other factors in FY 2020 and FY 2021.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2021 Estimate	**18**	**$10,451**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$233
Pay Annualization (1.0% average pay raise)	0	$9
Pay Raise (2.7% average pay raise)	0	$72
FERS Contribution Increase	0	$14
Non-Pay	0	$139
Efficiency Savings	0	($190)
Subtotal Changes to Base	0	$43
FY 2022 Current Services	**18**	**$10,494**
Program Changes:		
Program Decreases	0	($150)
FDIC Cost Adjustment	0	($150)
Program Increases:	3	$477
FTE Adjustment	3	$477
FY 2022 Estimate	**21**	**$10,821**

Note: The amounts of obligations and FTEs for 2021 in the table above differ from the amounts in the 2022 President's Budget. This difference is primarily due to adjustments in anticipated spending for FSOC related to lags in hiring due to the COVID-19 pandemic and other factors efforts.

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) ....+$233,000 / +0 FTE

Pay Annualization (1.0%) +$9,000 / +0 FTE:

Funds are requested for annualization of the January 2021 1.0% average pay raise.

Pay Raise (2.7% in 2022) +$72,000 / +0 FTE:

Funds are requested for a 2.7% average pay raise in January 2022.

FERS Contribution Increase +$14,000 / +0 FTE

Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2022.

Non-Pay +$139,000 / +0 FTE

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

Efficiency Savings...-$190,000/ +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.

Program Decreases..-$150,000 / +0 FTE

FDIC Cost Adjustment -$150,000 / +0 FTE

Cost decrease for FDIC reimbursable expenses. FDIC reimbursable expenses for FY 2022 are estimated at a commensurate level with FY 2019, which reflects a slight decrease from FY 2021.

Program Increases ....+$477,000 / +3 FTE

FTE Adjustment +$477,000 / +3 FTE

The Secretariat expects to hire additional staff in FY 2021, bringing total Secretariat and Office of the Independent Member staff from its FY 2020 level of 15 onboards to 21 onboards.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2020 Actual Obligations	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
11.1 - Full-time permanent	2,282	2,562	3,024
11.3 - Other than full-time permanent	169	0	0
11.5 - Other personnel compensation	66	174	206
11.9 - Personnel Compensation (Total)	**2,517**	**2,736**	**3,230**
12.0 - Personnel benefits	742	788	930
Total Personnel and Compensation Benefits	**$3,259**	**$3,524**	**$4,160**
21.0 - Travel and transportation of persons	16	55	53
25.1 - Advisory and assistance services	153	349	336
25.2 - Other services from non-Federal sources	10	19	19
25.3 - Other goods and services from Federal sources	4,498	5,480	5,270
26.0 - Supplies and materials	245	1,012	973
31.0 - Equipment	2	12	11
Total Non-Personnel	**$4,923**	**$6,927**	**$6,661**
Total Obligations	**$8,182**	**$10,451**	**$10,821**
Full-time Equivalents (FTE)	**15**	**18**	**21**

The amounts of obligations and FTEs for 2021 in the table above differ from the amounts in the 2022 President's Budget. This difference is primarily due to adjustments in anticipated spending for FSOC related to lags in hiring due to the COVID-19 pandemic and other factors.

D – Appropriations Language and Explanation of Changes

The FSOC receives no annual discretionary appropriations from Congress.

E – Legislative Proposals

The FSOC does not have any legislative proposals at this time.

Section II – Annual Performance Plan and Report

A – Strategic Alignment
In accordance with the Government Performance and Results Act Modernization Act (GPRAMA) of 2010, the Department of the Treasury is currently developing the FY 2022 – 2026 Departmental Strategic Plan. The Strategic Plan is scheduled for publication in 2022. The Annual Performance Plan will be updated in the FY 2023 President's Budget to reflect new departmental strategic goals and objectives.

The Council is chaired by the Secretary of the Treasury and consists of ten 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.

B – Financial Stability Oversight Council
($6,-520,000 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.

2.1.1 – Financial Stability Oversight Council Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Expenses/Obligations	$7,157	$5,655	$4,966	$5,246	$4,865	$6,000	$6,520
Budget Activity Total	**$7,157**	**$5,655**	**$4,966**	**$5,246**	**$4,865**	**$6,000**	**$6,520**
Full-time Equivalents (FTE)	**22**	**17**	**13**	**14**	**15**	**18**	**21**

The amounts of obligations and FTEs for 2021 in the table above differ from the amounts in the 2022 President's Budget.
This difference is primarily due to adjustments in anticipated spending for FSOC related to slower-than-anticipated hiring efforts.

During 2020 the Council met a total of five times. During the year, member agencies provided updates on the impact of COVID-19 and steps taken by agencies in response to the pandemic.

In March 2020, the Council approved by notational vote the final rule for assessments to fund the Financial Research Fund (FRF). The rule increased the consolidated assets under control for bank holding companies and nonbank financial companies supervised by the Board of Governors of the Federal Reserve System (the Board) to be subject to assessment from $50 billion to $250 billion.

On December 3, 2020, the Council published its annual report. The report analyzed the financial effects of the COVID-19 pandemic and the policy responses taken to mitigate its impact on the economy and the financial system, in addition the annual report described significant financial market and regulatory developments, potential emerging threats to U.S. financial stability, recommendations to promote U.S. financial stability, and the activities of the Council.

C – 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.

2.1.2 – FDIC Reimbursement Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Expenses/Obligations	$6,571	$5,126	$4,162	$4,301	$2,993	$4,451	$4,301
Budget Activity Total	**$6,571**	**$5,126**	**$4,162**	**$4,301**	**$2,993**	**$4,451**	**$4,301**
Full-time Equivalents (FTE)	**0**	**0**	**0**	**0**	**0**	**0**	**0**

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. These include commercially available products widely used throughout the financial services and markets, publicly 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.

Additionally, refer to the Executive Summary for a discussion of Treasury-wide evidence-building functions.

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://home.treasury.gov/about/budget-financial-reporting-planning-and-performance/budget-requestannual-performance-plan-and-reports.

Department of the Treasury
Treasury Franchise Fund

Congressional Budget Justification and Annual Performance Plan and Report

FY 2022

Table of Contents

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 leveraging economies of scale which promote efficient 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 shared service 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 2022 Congressional Budget Justification reflects revised estimates for FY 2021 along with new funding estimates for FY 2022. The revised estimates in FY 2021 for ARC Administration (Admin) includes an operations and maintenance costs increase to support an expanded customer base. The revised estimates will also support ARC Information Technology's (IT) continued modernization efforts of the bureau's IT infrastructure and technology service delivery (to include cloud adoption and low-code platform solutions), implementing enterprise-scale foundational and common technology services, and continuing to enhance IT portfolio management practices and the cybersecurity posture across the enterprise. The Centralized Treasury Administrative Services (CTAS) programs will reduce the FY 2021 operating levels to more accurately reflect the level of administrative support services provided for the Foreign Investment Risk Review Modernization Act (FIRRMA) initiatives, Departmental Offices (DO) Salaries and Expenses and Terrorism and Financial Intelligence offices.

In FY 2022, the Treasury Shared Services programs (TSSP) will continue to support efforts in cybersecurity with the additional operations and maintenance costs transferred for initiatives developed under the Cybersecurity Enhancement Account (CEA). These cybersecurity initiatives will be deployed and implemented as a shared service provided to the Department of the Treasury (Treasury) bureaus. TSSP will also focus on system modernization investments, IT reporting through Technology Business Management (TBM) and continuous improvement of baseline level services support.

In FY 2022, the US Department of Agriculture (USDA) customers are expected begin transitioning to ARC for financial management (FM) services. In addition, ARC will continue to progress through a strategic project to continue simplifying customer FM services, increase customer FM maturity and public trust, maximize ARC value, and further emphasize laws, regulations, and federal mandates. These initiatives will allow agencies to focus on mission activities and ensure cost sharing opportunities are accessible.

1.1 – Resource Detail Table

Dollars in Thousands

Treasury Franchise Fund Budgetary Resources	FY 2020 Actuals		FY 2021 Revised Estimate		FY 2022 Estimate		FY 2021 to FY 2022 Change		FY 2021 to FY 2022 % Change	
Revenues/Offsetting Collections	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Treasury Shared Services Program		287,914		299,891		314,318		14,427		4.8%
Centralized Treasury Administrative Services		166,591		135,203		146,043		10,840		8.0%
Administrative Services		188,832		177,925		201,008		23,083		13.0%
Information Technology Services		195,408		193,003		195,710		2,707		1.4%
Recovery from Prior Years		9,472		24,016		22,815		(1,201)		-5.0%
Unobligated Balances from Prior Years		211,208		210,629		193,244		(17,385)		-8.3%
Total Revenues/Offsetting Collections		**$1,059,425**		**$1,040,667**		**$1,073,138**		**$32,471**		**3.1%**
Expenses/Obligations										
Treasury Shared Services Program	252	284,298	269	299,891	269	314,318	0	14,427	0.0%	4.8%
Centralized Treasury Administrative Services	161	121,771	197	135,203	197	145,848	0	10,645	0.0%	7.9%
Administrative Services	1,152	220,180	1,171	194,856	1,236	211,308	65	16,452	5.6%	8.4%
Information Technology Services	504	222,547	517	217,473	517	221,670	0	4,197	0.0%	1.9%
Totals Expenses/Obligations	**2,069**	**$848,796**	**2,154**	**$847,423**	**2,219**	**$893,144**	**65**	**$45,721**	**3.0%**	**5.4%**
Net Results	**2,069**	**$210,629**	**2,154**	**$193,244**	**2,219**	**$179,994**	**65**	**($13,250)**	**3.0%**	**-6.9%**

*The Financial Management Administrative Support Service and Shared Services Programs, as denoted in the President's budget is also referred to as the Administrative Services and Treasury Shared Services Program, respectively.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2021 President's Budget Estimate	**2,112**	**$869,321**
Adjustments to FY 2021 President's Budget	**42**	**(21,898)**
Administrative Initiatives Adjustments (CTAS)	0	(27,059)
Increased Personnel Resources/IT Support (ARC Admin/IT)	42	5,161
FY 2021 Revised Estimate	**2,154**	**$847,423**
Changes to Base:		
Maintaining Current Levels (MCLs):		20,192
Pay Annualization (1.0% average pay raise)		667
Pay Raise (2.7% average pay raise)		5,420
FERS Contribution Increase		2,058
Non-Pay		12,047
Subtotal Changes to Base	0	20,192
FY 2022 Current Services	**2,154**	**$867,615**
Program Changes:		
Program Increases:	65	25,529
Cybersecurity Enhancement Account (CEA) Operations and Maintenance (TSSP)	0	5,254
Systems Modernization and Program Support (TSSP)	0	2,108
Continuous Diagnostic and Mitigation (CDM) Licenses (TSSP)	0	1,184
Systems Modernization (CTAS)	0	5,662
Electric Vehicles and Associated Infrastructure (CTAS)	0	304
Customer Growth (ARC Admin)	35	6,017
FSSP Consolidation (ARC Admin)	30	5,000
Subtotal Program Changes	**65**	**$25,529**
Total FY 2022 Estimate	**2,219**	**$893,144**

C – Budget Increases and Decreases Description
FY 2021 Adjustments……………………………………………….. -$21,898,000/ +42 FTE

Centralized Treasury Administrative Services (CTAS) -$27,059,000 / -0 FTE

In FY 2021, the adjustments for administrative support include the following:

Administrative Support Reduction for FIRRMA -$20,632,000 / -0 FTE

Reductions to the planned level of administrative support resulting in a decrease to administrative costs necessary to support the Foreign Investment Risk Review Modernization Act (FIRMMA) initiatives:

- Case management (-$13,378,000)
- Facilities (-$4,800,000)
- Personnel (-$2,454,000)

DO and TFI -$6,427,000, / -0 FTE

Reductions in administrative support for DO that were realized in FY 2020 and carry through to FY 2021. This includes reduced level of support for initiatives within DO Salaries and Expenses and the Office of Terrorism and Financial Intelligence (TFI).

Increased Personnel Resources/IT Support (ARC Admin/IT) +$5,161,000 / +42 FTE

In FY 2021, the adjustments for the ARC Admin and IT budgets include the following:

ARC Admin +$4,684,000 / +29 FTE

Revised FY 2021 estimates includes adjustments for human resources staffing required to meet critical workforce demands of customers. Without these resources, customers will experience delays in hiring, impacting mission success.

ARC IT +$477,000 / +13 FTE

In FY 2021, new service offerings and systems were added, offset by the transition of the Oracle hosting contract to ARC Admin. The increase will support technology modernization, implementation of an on-premise cloud environment, and increased investment in Cyber Security measures that will protect the National Critical Financial Infrastructure.

Maintaining Current Levels (MCLs)………………………………….. +$20,192,000 / +0 FTE

Pay Annualization (1.0%) +$667,000 / +0 FTE:

Funds are required for annualization of the January 2021 1.0% average pay raise.

Pay Raise (2.7% in 2022) +$5,420,000 / +0 FTE:

Funds are required for a 2.7% average pay raise in January 2022.

FERS Contribution Increase +$2,058,000 / +0 FTE

Funds are required for the Federal Employee Retirement System (FERS) contribution rates effective FY 2022.

Non-Pay +$12,047,000 / +0 FTE

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

Program Increases………………………………………………….. +$25,529,044 / +65 FTE

Cybersecurity Enhancement Account (CEA) Operations and Maintenance (O&M) (TSSP) +$5,253,742 / +0 FTE

Treasury will increase TSSP by $5.26 million to support the transition of the operations and maintenance costs from CEA investments to TSSP. The total FY 2022 estimated spending transitioned into TSSP since FY 2020 will be $16.48 million including this increase. The FY 2022 increase will support the operations and maintenance costs for the following initiatives:

- Fiscal Service Trusted Internet Connection (TIC) (+$3,622,676)
- Treasury Identity Enterprise Services (+$857,000)
- Treasury Secured Data Network (+$592,226)
- Threat Hunting Analysis (+$181,840)

Systems Modernization and Program Support (TSSP) +2,108,498 / +0 FTE

Treasury will increase spending to support the system modernization and enhancements across TSSP programs to include:

- O&M costs for the TBM tool that was implemented in FY 2021 (+$1,198,000)
- Enterprise Data Management Cloud Support (+$581,250)
- Automation of the change management process (+$374,248)
- Enhancements for the Equal Employment Opportunity complaint tracking system (+$336,000)

Continuous Diagnostic and Mitigation (CDM) Licenses (TSSP) +$1,184,000 / +0 FTE

The FY 2022 increase in costs for CDM licenses is $1.184 million for Phase II in support of the CEA O&M initiatives transitioning into TSSP. These licenses are provided by the Department of Homeland Security (DHS) 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. Total spending for FY 2022 is estimated at $13.284 million.

Systems Modernization (CTAS) +$5,662,000 / +0 FTE

IT Modernization investment of $5.7 million will support increase spending for critical lifecycle upgrades and enhancements to modernize the DO IT infrastructure and IT server replacements. The following projects are included in this initiative:

- *End User Equipment Lifecycle* – Asset refresh of end of life end equipment (i.e., laptops, desktops, zero clients, etc.) and migrate service
- *Telework Workforce Enhancements* – Hardware and software hardware/software to support efficiency and mission achievement in telework paradigm.
- *Video Teleconferencing* – Increased software licenses, support and services for DO web conferencing
- *Managed Remote Access* - Transition from government owned and operated to managed service remote access for DO user community
- *Managed Desktop/Virtual Desktop Infrastructure (VDI)* - Transition from government owned and operated virtual desktop infrastructure to managed service
- *IT Server Replacement* - In FY 2022, Treasury will replace IT servers that have reached end

of life. These servers support majority of IT operations and the daily workload within DO. By FY 2022, over 120 of these critical servers of will no longer receive vendor support and will no longer receive updates, which put critical IT components at risk of failure or breach. Cloud migration assessments for these servers have been conducted and results have helped to identify servers that can be moved to the cloud and replacement servers that support workloads not yet cloud ready. Re-capitalization of servers represents the majority of costs incurred, in addition to additional anticipated operational expenses associated with cloud computing.

Electric Vehicle Fleet Management (CTAS) +$304,000 / +0 FTE
In accordance with Executive Order (E.O.) 14008, "Tackling the Climate Crises at Home and Abroad", Treasury will support the Administration's priority to develop a comprehensive plan to create good jobs and stimulate clean energy industries by revitalizing the Federal Government's sustainability efforts. This includes Treasury's commitment to use all available procurement authorities to augment its Departmentwide fleet management program with a continued focus on the purchase and/or leasing of electric vehicles (EV) and its essential infrastructure.

Currently, DO has a total of 14 vehicles in its fleet, five are EVs. In FY 2022, this investment of $304,000 will fund the full conversion of its fleet and the purchase, installation, maintenance, and/or upgrade of infrastructure required to maintain an EV fleet management program.

Customer Growth (ARC Admin) +$6,017,000 / +35 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 2021, ARC expanded services with Corporation for National and Community Service (CNCS) and the Special Inspector General for Pandemic Recovery (SIGPR). In FY 2022, ARC will expand supported shared services transitions for the Office of Personnel Management (OPM) and limited new services to the Federal Emergency Management Administration (FEMA).

Financial Shared Service Provider (FSSP) Consolidation (ARC Admin) +$5,000,000 / +35 FTE
In FY 2021, portions of USDA's shared service customer base will be merged into ARC operations as USDA is planning to discontinue their shared services operations in response to OMB M-19-16. ARC plans to maintain financial management services for current USDA and General Services Administration (GSA) customers.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2020 Actual Obligations	FY 2021 Revised Estimated Obligations	FY 2022 Estimated Obligations
11.1 - Full-time permanent	178,024	185,193	192,824
11.3 - Other than full-time permanent	1,023	998	1,036
11.5 - Other personnel compensation	7,075	5,258	5,487
11.9 - Personnel Compensation (Total)	**186,122**	**191,449**	**199,347**
12.0 - Personnel benefits	65,752	70,262	72,118
Total Personnel and Compensation Benefits	**$251,874**	**$261,711**	**$271,464**
21.0 - Travel and transportation of persons	498	1,399	1,069
22.0 - Transportation of things	47	5	5
23.1 - Rental payments to GSA	30,438	32,328	33,200
23.2 - Rental payments to others	50	544	543
23.3 - Communication, utilities, and misc charges	79,340	87,103	88,492
24.0 - Printing and reproduction	148	268	243
25.1 - Advisory and assistance services	170,393	120,969	126,887
25.2 - Other services from non-Federal sources	33,957	31,017	31,912
25.3 - Other goods and services from Federal sources	144,287	147,544	155,220
25.4 - Operation and maintenance of facilities	45	2,446	2,448
25.7 - Operation and maintenance of equip	84,084	114,425	128,168
26.0 - Supplies and materials	3,296	2,857	3,022
31.0 - Equipment	46,491	43,770	49,434
32.0 - Land and structures	2,989	1,037	1,037
44.0 - Refunds	859	0	0
Total Non-Personnel	**$596,922**	**$585,712**	**$621,680**
New Budgetary Resources	**$848,796**	**$847,423**	**$893,144**
FTE	**2,069**	**2,154**	**2,219**

*Amounts include all budgetary resources.

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

In accordance with the *Government Performance and Results Act Modernization Act (GPRAMA)* of 2010, the Department of the Treasury is currently developing the FY 2022 – 2026 Departmental Strategic Plan. The Strategic Plan is scheduled for publication in 2022. The Annual Performance Plan will be updated in the FY 2023 President's Budget to reflect new departmental strategic goals and objectives.

The TFF is well positioned in FY 2022 to be a key federal resource. 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.

B – Budget and Performance by Budget Activity

2.1.1 – Treasury Shared Services Program Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Expenses/Obligations	229,070	235,811	241,845	235,515	284,298	299,891	314,318
Budget Activity Total	**$229,070**	**$235,811**	**$241,845**	**$235,515**	**$284,298**	**$299,891**	**$314,318**
Full-time Equivalents (FTE)	**228**	**235**	**234**	**225**	**252**	**269**	**269**

*The FY 2016 - FY 2020 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Average Cost per FTE	N/A	N/A	N/A	1,463.5	1,719.4	1,460.0	1,580.3	1,710.5
Annual Effective Spend Rate	N/A	N/A	N/A	97.1	98.4	96.0	96.0	96.0
Customer Satisfaction	N/A	N/A	N/A	75.0	90.0	80.0	80.0	80.0

Treasury Shared Services Programs Budget and Performance

($314,318,000 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.

Description of Performance

TSSP measures focus on customer satisfaction and the value proposition of the services provided.

The Current TSSP performance measures are:

- Average Cost per FTE
- Annual Effective Spend Rate
- Customer Satisfaction

In order to provide greater transparency into the value proposition of shared services, the average cost per FTE and annual effective spend rate measures have been identified as measures to demonstrate the value. As agencies budgets shrink, it becomes increasingly important to demonstrate clear insight into the current cost of shared services and to help customers assess the cost efficiency benefits of the shared approach.

The annual effective spend rate provides insight to the financial management and oversight of the program. It measures how much of the resources collected from customers are being obligated for service delivery in the fiscal year. This measure captures the efficient use of resources by the service providers. In FY 2020, 98.4 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 2021 and FY 2022.

In FY 2020, the survey results yielded a 90 percent overall customer satisfaction rating which is up from 75 percent in the prior year for services provided through the TSSP. Strategic partnership with TSSP governance councils, meeting monthly with Treasury budget directors and the use of the TSSP Roadshows provides expanded customer engagement opportunities to the various stakeholders to better communicate the expected changes to program budgets and the impact to their upcoming service level agreements. This level of transparency has contributed to the higher rating. The target for this measure is set at 80 percent for both FY 2021 and 2022.

2.1.2 – Centralized Treasury Administrative Services Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Expenses/Obligations	NA	NA	NA	136,565	122,034	135,203	145,848
Budget Activity Total	**$0**	**$0**	**$0**	**$136,565**	**$122,034**	**$135,203**	**$145,848**
Full-time Equivalents (FTE)	**NA**	**NA**	**NA**	**196**	**161**	**197**	**197**

*The FY 2016 - FY 2020 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Annual Effective Spend Rate	N/A	N/A	N/A	97.8	94.3	96.0	96.0	96.0
Customer Satisfaction	N/A	N/A	N/A	75.0	75.0	80.0	80.0	80.0

Centralized Treasury Administrative Services Budget and Performance

($145,848,000 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.

Description of Performance

FY 2019 was the first year of inclusion CTAS program into the TFF. CTAS has identified the following performance measures:

- Annual Effective Spend Rate
- Customer Satisfaction

In FY 2020, the annual effective spend rate was 94.3 percent, which was slightly below 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 2021 and 2022 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 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Expenses/Obligations	156,869	157,284	150,876	170,184	220,180	194,856	211,308
Budget Activity Total	**$156,869**	**$157,284**	**$150,876**	**$170,184**	**$220,180**	**$194,856**	**$211,308**
Full-time Equivalents (FTE)	**936**	**988**	**957**	**988**	**1152**	**1,171**	**1,236**

The FY 2016 - FY 2020 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Customer Unmodified Audit Opinions [%]	NA	NA	100	100	100	100	100	100
Percentage of shared services service level agreement performance metrics met or exceeded [%]	NA	NA	NA	89.4	86.7	94.0	94.0	94.0
Customer Satisfaction with ARC Admin Services [%]	NA	NA	NA	93.2	90.4	80.0	80.0	80.0

Administrative Services Budget and Performance

($211,308,000 from offsetting collections):

ARC, as a critical strategic partner to OMB and Treasury, 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 provides administrative services in the areas of financial management, human resources, procurement, and travel to our Federal customers to support core business activities. ARC's services allow agencies to focus on their missions and avoid redundancies within administrative operations, creating cost avoidance across the Federal government, including more than $100,000,000 in FY 2020. Using shared services reduces the need for Treasury to maintain duplicative financial management systems, thereby promoting efficiency and cost savings while enhancing the quality, timeliness, and accuracy of financial management processes. ARC and Fiscal Service continue to focus on financial innovation and transformation.

Description of Performance:
In FY 2020, ARC continues to receive strong customer satisfaction scores, with 90.4 percent of customers being satisfied with ARC Administrative Services. ARC service lines of Financial Management, Human Resources, and Procurement all improved with their customer satisfaction percentages from 2019 to 2020.

In FY 2020, ARC received 17 consecutive unmodified opinions on franchise operations and supported 31 customer clean audits meeting its performance target of 100 percent of customer unmodified audit opinions. ARC continues to gain public confidence in federal stewardship, operations, and accuracy of information shared through transparency information by meeting this metric consistently year after year.

ARC supported the Coronavirus Aid, Relief, and Economic Security Act (CARES) by processing over 4,800 payments providing relief to taxpayers, American industry and small businesses and relief for state, local, and Tribal governments. Additionally, during the pandemic, ARC was able to continue hiring, implemented CARES Act employee benefits, and worked with regulatory agencies to adjust processes requiring non-digital signatures such as retirement packages. ARC continued to streamline its processes by implementing 66 robotic process automation bots into production, resulting in a cost avoidance of over $1.5 million and 10.75 FTE.

In FY 2021 and FY 2022, ARC is committed to Financial Management Quality Service Management Office (FM QSMO) readiness, continuing improvements to customer experience, increasing the number of streamlined processes, meeting or exceeding service level agreement metrics, using technology and automation to reduce manual work and provide increased economies of scale, and further improving the efficiency and effectiveness of its services.

2.1.4 – Information Technology Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Expenses/Obligations	192,877	195,441	197,009	179,631	222,547	217,473	221,670
Budget Activity Total	**192,877**	**195,441**	**197,009**	**179,631**	**222,547**	**217,473**	**221,670**
Full-time Equivalents (FTE)	**499**	**493**	**465**	**465**	**504**	**517**	**517**

*The FY 2016 - FY 2020 columns represent realized resources for full-time equivalents, reimbursables, and user fees

Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actuals	FY 2020 Target	FY 2021 Target	FY 2022 Target
Fiscal IT Hosting – Percentage of Time Service is Operational (Uptime Excluding Planned Maintenance)	99.8	99	99.8	99.6	99.9	99.0	Disc	Disc
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 [#]	1	2	1	1	3	2	Disc	Disc
Percentage of POA&Ms Scheduled for closure in last 30 days - closed early or on time	N/A	69.6	90.0	N/A	N/A	Disc	Disc	Disc
Percentage of IT Portfolio (TFF) Software and Hardware Currency	N/A	N/A	N/A	N/A	N/A	N/A	B	
Percentage of On-Premise Target Service Level Agreements Met	N/A	N/A	N/A	N/A	N/A	N/A	B	

*B- Baseline; Disc- Discontinued

Information Technology Services Budget and Performance
($221,670,000 from offsetting collections):
ARC Information Technology Services (ARC IT) provides shared services to a variety of federal customers, delivering value through consolidated IT infrastructures and standardized IT service delivery in a modern, technically innovative, and secure environment.

Description of Performance:
In FY 2020, ARC IT exceeded its hosting performance target, percentage of time service is operational (uptime excluding planned maintenance), with 99.9 percent uptime. As modernization efforts advance within the Bureau, high availability (measured as percent uptime) proves to be crucial to perform the Bureau's functions. ARC IT also achieved its target by having 2 engagements in strategic sourcing. These engagements allow the Bureau to realize certain economies of scale through leveraging shared services and Treasury-wide contracts.

In FY 2021, ARC IT plans to continue modernizing the integration and delivery of technology solutions. ARC IT will implement an enterprise hosting strategy to provide a coordinated, standardized, and optimized set of platforms across multiple environments; implement a network architecture strategy to include Trusted Internet Connections migrations to co-location data centers, software defined networking, and redesign Wide Area Network; conduct a modernization study with the IT Hosting customers to determine a path forward for aging mainframe applications; and define a common, enterprise approach to provide access to data through Application Program Interfaces.

C – Changes in Performance Measures

The following are the proposed changes in the TFF performance measures:

Current Performance Measures	New Proposed Performance Measures
Fiscal IT Hosting – Percentage of Time Service is Operational (Uptime Excluding Planned Maintenance)	Percentage of IT Portfolio (TFF) Software and Hardware Currency (Measure) Indicates the percentage of IT portfolio Treasury Franchise Fund (TFF) software and hardware that has current vendor support and are not end-of-life
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.	Percentage of on-premise target service level agreements met (Measure) Indicates the percentage of service level agreement targets that are met or exceeded, where on-premise is defined by the technology infrastructure housed and managed onsite in ARC IT locations.

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 2020 to a wide range of customers both internal and external. The TFF worked with the Office of Strategic Planning and Performance Improvement to develop a well-rounded survey tool that would give customers the opportunity to provide detailed feedback. Overall, the feedback was positive with TFF receiving an 85.1 percent satisfaction rating (average is based on results from TSSP, CTAS, and ARC FY 2020 surveys).

The feedback received from the survey will give much needed insight that can be used by fund's oversight body 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. Additionally, refer to the Executive Summary for a discussion of Treasury-wide evidence-building functions.

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.

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 121 of the FY 2021 Financial Services and General Government appropriations bill.

Treasury Franchise Fund – Treasury Shared Services Programs, FY 2020 Total Charges by Customer

FY 2020 TSSP Customers	Enterprise Business Solutions	Infrastructure Operations	Cybersecurity	IT Strategy and Technology Management	Non-Information Technology Services	Total
Alcohol Tobacco Tax and Trade Bureau	$ 297,383.16	$ 589,629.08	$ 14,437.26	$ 15,583.31	$ 591,640.54	$ 1,508,673.36
Bureau of Printing and Engraving	$ 617,783.17	$ 3,509,865.76	$ 51,261.04	$ 55,330.22	$ 1,297,732.76	$ 5,531,972.95
Bureau of the Fiscal Service	$ 1,511,897.57	$ 533,151.92	$ 59,385.65	$ 64,099.77	$ 2,134,469.90	$ 4,303,004.80
Consumer Financial Protection Bureau	$ 430,099.27	$ -	$ -	$ -	$ 97,257.69	$ 527,356.96
DHS - Immigration & Customs Enforcement	$ -	$ -	$ -	$ -	$ 68,390.78	$ 68,390.78
DHS Office of Inspector General	$ -	$ -	$ -	$ -	$ 8,484.81	$ 8,484.81
DHS Customs and Immigration Service	$ -	$ -	$ -	$ -	$ 44,465.75	$ 44,465.75
DHS Headquarters	$ -	$ -	$ -	$ -	$ 98,265.84	$ 98,265.84
DHS U.S. Secret Service	$ 1,187,434.58	$ -	$ -	$ -	$ 101,239.51	$ 1,288,674.10
Departmental Offices - CARES Administrative/Operations	$ 2,254,078.66	$ -	$ -	$ -	$ 68,531.22	$ 2,322,609.88
Community Development Financial Institutions Fund	$ 103,943.79	$ 257,915.16	$ 2,045.77	$ 2,208.16	$ 430,794.70	$ 796,907.57
DC Pensions	$ 25,491.10	$ 64,988.23	$ 496.83	$ 536.27	$ 76,187.59	$ 167,700.01
Departmental Offices - Economic Stabiliazaion Fund	$ 1,793,400.34	$ -	$ -	$ -	$ 1,093,215.48	$ 2,886,615.82
Federal Financing Bank	$ 29,918.51	$ 479,684.93	$ 350.70	$ 378.54	$ 126,095.84	$ 636,428.53
Financial Stability Oversight Council	$ 285,725.55	$ 208,024.90	$ 379.93	$ 410.09	$ 91,451.99	$ 585,992.46
Treasury Office of Financial Research	$ 265,677.04	$ 5,265,743.70	$ 2,980.97	$ 3,217.61	$ 465,853.16	$ 6,003,472.48
Treasury Office of Financial Stability	$ 520,139.21	$ 51,757.18	$ 526.05	$ 567.81	$ 748,379.36	$ 1,321,369.62
Treasury Office of Technical Assistance	$ 18,033.62	$ 69,966.70	$ 350.70	$ 378.54	$ 169,607.94	$ 258,337.51
Small Business Lending Fund Administration	$ 4,089.73	$ 8,363.23	$ 204.58	$ 220.82	$ 110,343.87	$ 123,222.23
Treasury Departmental Offices Salaries and Expenses	$ 15,274,250.65	$ 2,833,445.21	$ 24,607.64	$ 26,561.03	$ 3,771,910.40	$ 21,930,774.92
Treasury Executive Office of Asset Forfeiture	$ 2,226,699.40	$ 102,600.76	$ 672.18	$ 725.54	$ 172,297.13	$ 2,502,995.01
Departmental Offices - Terrorism and Financial Intelligence	$ 2,123,015.44	$ 2,001,866.39	$ 14,232.68	$ 15,362.49	$ 1,310,682.29	$ 5,465,159.30
Treasury Terrorism Risk Insurance Program	$ 1,468.39	$ 3,112.49	$ 29.23	$ 31.55	$ 36,714.87	$ 41,356.53
Department of Commerce	$ 9,777,507.25	$ -	$ -	$ -	$ 436,608.48	$ 10,214,115.73
DOC - National Oceanic & Atmosphere Administration	$ -	$ -	$ -	$ -	$ 34,589.51	$ 34,589.51
DOC - International Trade Administration	$ -	$ -	$ -	$ -	$ 18,437.64	$ 18,437.64
DOD- Defence Security Corporation Agency	$ -	$ -	$ -	$ -	$ 71,543.94	$ 71,543.94
DOD - U.S. Air Force	$ -	$ -	$ -	$ -	$ 140,670.86	$ 140,670.86
Department of Energy	$ -	$ -	$ -	$ -	$ 3,946.94	$ 3,946.94
Department of Interior	$ 98,345.55	$ -	$ -	$ -	$ 4,207.19	$ 102,552.74
DOJ - Drug Enforcement Agency	$ -	$ -	$ -	$ -	$ 46,216.88	$ 46,216.88
DOJ - Executive Office of Immigration Review	$ -	$ -	$ -	$ -	$ 8,839.41	$ 8,839.41
DOJ - U.S. Marshal Service	$ -	$ -	$ -	$ -	$ 28,878.95	$ 28,878.95
DOJ Alcohol Tobacco Firearms and Explosives	$ 819,244.60	$ -	$ -	$ -	$ 73,699.71	$ 892,944.31
Department of Labor	$ 2,986,499.63	$ -	$ -	$ -	$ 144,908.98	$ 3,131,408.60
DOL - Bureau of Labor Statistics	$ -	$ -	$ -	$ -	$ 12,666.51	$ 12,666.51
DOL - Office of the Inspector General	$ -	$ -	$ -	$ -	$ 6,584.01	$ 6,584.01
DOT-Build America Bureau	$ -	$ -	$ -	$ -	$ 14,397.12	$ 14,397.12
DOT- Federal Transit Agency	$ -	$ -	$ -	$ -	$ 9,999.31	$ 9,999.31
Department of Education	$ -	$ -	$ -	$ -	$ 509,204.94	$ 509,204.94
Export Import Bank-Office of the Inspector General	$ -	$ -	$ -	$ -	$ 2,633.60	$ 2,633.60
Environmental Protection Agency	$ -	$ -	$ -	$ -	$ 188,993.28	$ 188,993.28
Federal Communications Commission	$ 48,573.20	$ -	$ -	$ -	$ 2,035.99	$ 50,609.19
Federal Deposit Insurance Corporation	$ 22,647.18	$ 96,000.00	$ -	$ -	$ 4,337.47	$ 122,984.65
Federal Emergency Management Agency	$ -	$ -	$ -	$ -	$ 52,214.19	$ 52,214.19
Federal Housing Finance Agency	$ -	$ -	$ -	$ -	$ 32,920.03	$ 32,920.03
Financial Crimes Enforcement Network	$ 108,534.40	$ 1,302,299.58	$ 7,890.81	$ 8,517.19	$ 336,044.44	$ 1,763,286.42
Government Accountability Office	$ 600,210.77	$ -	$ -	$ -	$ 26,470.96	$ 626,681.73
General Service Administration	$ -	$ -	$ -	$ -	$ 68,876.46	$ 68,876.46
HHS - Agency for Healthcare Research and Quality	$ -	$ -	$ -	$ -	$ 2,630.83	$ 2,630.83
HHS- Centers for Medicare and Medicaid Services	$ -	$ -	$ -	$ -	$ 116,785.25	$ 116,785.25
HHS- Headquarters	$ -	$ -	$ -	$ -	$ 6,221.79	$ 6,221.79
Housing and Urban Development	$ 3,120,215.16	$ -	$ -	$ -	$ 199,343.63	$ 3,319,558.79
HUD - Office of Inspector General	$ 19,642.69	$ -	$ -	$ -	$ 2,794.80	$ 22,437.48
Internal Revenue Service	$ 30,995,893.25	$ 89,818,073.63	$ 2,347,808.21	$ 2,534,180.67	$ 32,354,117.32	$ 158,050,073.08
Millennium Challenge Corporation	$ -	$ -	$ -	$ -	$ 21,715.88	$ 21,715.88
U.S. Mint	$ 539,339.49	$ 2,823,720.32	$ 45,415.99	$ 49,021.18	$ 1,321,488.18	$ 4,778,985.17
National Records and Archives Administration	$ -	$ -	$ -	$ -	$ 25,674.85	$ 25,674.85
National Transportation Safety Board	$ -	$ -	$ -	$ -	$ 11,066.81	$ 11,066.81

Treasury Franchise Fund – Treasury Shared Services Programs, FY 2020 Total Charges by Customer (continued)

FY 2020 TSSP Customers	Enterprise Business Solutions	Infrastructure Operations	Cybersecurity	IT Strategy and Technology Management	Non-Information Technology Services	Total
Office of the Comptroller of the Currency	$ 3,482,635.23	$ 1,746,326.64	$ 107,081.21	$ 115,581.48	$ 1,953,446.47	$ 7,405,071.03
Office of Government Ethics	$ -	$ -	$ -	$ -	$ 2,634.99	$ 2,634.99
Treasury Office of Inspector General	$ 102,349.52	$ 130,761.03	$ 4,588.36	$ 4,952.59	$ 230,430.76	$ 473,082.26
Office of Management and Budget	$ -	$ -	$ -	$ -	$ 50,908.85	$ 50,908.85
Peace Corps	$ 135,826.55	$ -	$ -	$ -	$ 5,401.81	$ 141,228.36
Small Business Administration	$ 68,407.36	$ -	$ -	$ -	$ 48,716.70	$ 117,124.06
Special Inspector General for Pandemic Releif	$ 258,500.00	$ 117,049.00	$ -	$ -	$ 33,868.49	$ 409,417.49
Special Inspector General for TARP	$ 543,809.43	$ 434,069.96	$ 2,454.92	$ 2,649.79	$ 214,945.35	$ 1,197,929.45
Centralized Treasury Administrative Services	$ 1,065,138.84	$ 1,450,481.25	$ 5,406.67	$ 5,835.86	$ 472,988.01	$ 2,999,850.62
TFF - Administrative Resources Center	$ 1,410,102.21	$ 4,354,073.36	$ 110,115.86	$ 39,305.27	$ 744,671.22	$ 6,658,267.92
Treasury Inspector General for Tax Administration	$ 346,823.73	$ 1,475,492.66	$ 21,509.76	$ 23,217.24	$ 787,274.90	$ 2,654,318.29
USAID	$ 1,206,918.11	$ -	$ -	$ -	$ 84,196.36	$ 1,291,114.47
Grand Total	**$ 86,727,693.34**	**$ 119,728,463.10**	**$ 2,824,233.00**	**$ 2,968,873.02**	**$ 54,085,263.49**	**$ 266,334,525.95**

Treasury Franchise Fund – Centralized Treasury Administrative Services Programs, FY 2020 Total Charges by Customer

FY 2020 CTAS Customers	Information Technology Services	Treasury Facilities and Operations Serivces	Financial Management Services	Budget and Travel Services	Human Resource Services	Privacy, Transparency and Records Services	Other Administrative Services	Total
Consumer Financial Protection Bureau	$ 5,459.00	$ 732,926.82	$ -	$ -	$ -	$ -	$ 40,749.72	$ 779,135.54
Departmental Offices - CARES Administrative/Operations	$ -	$ -	$ -	$ -	$ -	$ 101,625.00	$ -	$ 101,625.00
Community Development Financial Institutions Fund	$ -	$ 967,999.25	$ 524,869.30	$ 143,108.73	$ 190,054.88	$ -	$ 87,611.90	$ 1,913,644.06
DC Pensions	$ 513,993.94	$ 683,987.63	$ -	$ 189,018.06	$ 56,213.41	$ -	$ 61,633.95	$ 1,504,846.99
Departmental Offices - Economic Stabiliazaion Fund	$ -	$ -	$ -	$ -	$ -	$ 33,875.00	$ -	$ 33,875.00
Federal Financing Bank	$ 2,816,744.79	$ 448,928.79	$ -	$ 51,806.15	$ 77,628.05	$ -	$ 145,680.25	$ 3,540,788.03
Financial Stability Oversight Council	$ 214,232.48	$ 345,503.45	$ -	$ 165,380.70	$ 40,152.44	$ -	$ 33,109.15	$ 798,378.22
Treasury Office of Financial Research	$ 25,000.00	$ 4,052,886.26	$ -	$ 1,542,359.13	$ 273,036.59	$ -	$ 242,460.84	$ 6,135,742.82
Treasury Office of Financial Stability	$ 356,018.79	$ 760,174.65	$ 199,830.26	$ 307,563.74	$ 53,536.59	$ 123,569.28	$ 85,065.04	$ 1,885,758.35
Treasury Office of Technical Assistance	$ 142,938.91	$ 725,631.36	$ -	$ 2,501,499.28	$ 32,121.95	$ -	$ 145,680.25	$ 3,547,871.76
Small Business Lending Fund Administration	$ 39,252.23	$ 120,698.51	$ 147,515.77	$ 53,341.94	$ 8,030.49	$ -	$ 16,809.26	$ 385,648.19
Treasury Departmental Offices Salaries and Expenses	$ 14,942,919.30	$ 11,409,579.28	$ 1,156,518.92	$ 8,714,482.99	$ 1,715,847.56	$ 1,645,050.39	$ 1,645,779.37	$ 41,230,177.82
Treasury Executive Office of Asset Forfeiture	$ 963,858.06	$ 10,477,049.34	$ -	$ 1,047,468.97	$ 72,274.39	$ -	$ 527,199.52	$ 13,087,850.28
Departmental Offices - Terrorism and Financial Intelligence	$ 10,882,222.24	$ 6,976,116.48	$ 51,000.00	$ 6,642,469.77	$ 1,244,725.61	$ 741,518.75	$ 1,112,976.76	$ 27,651,029.61
Treasury Terrorism Risk Insurance Program	$ 49,892.70	$ 58,230.45	$ -	$ 46,356.68	$ 10,707.32	$ -	$ 7,131.20	$ 172,318.35
Financial Crimes Enforcement Network	$ 551,058.47	$ 738,567.26	$ -	$ -	$ -	$ -	$ 52,465.27	$ 1,342,091.00
Office of the Comptroller of the Currency	$ 19,680.66	$ 534.98	$ -	$ -	$ -	$ -	$ 1,528.11	$ 21,743.76
Treasury Office of Inspector General	$ 19,680.66	$ -	$ -	$ -	$ -	$ -	$ 1,528.11	$ 21,208.77
Special Inspector General for Pandemic Releif	$ 40,030.00	$ 2,588.18	$ -	$ 11,053.05	$ 6,692.07	$ -	$ -	$ 60,363.30
Special Inspector General for TARP	$ 1,265,753.72	$ 1,427,887.72	$ -	$ 68,995.29	$ -	$ 7,399.98	$ 121,230.42	$ 2,891,267.12
TFF- Shared Services Program	$ 5,967,001.91	$ 4,689,630.10	$ -	$ 5,992,754.59	$ 615,670.73	$ 352,484.43	$ 759,982.30	$ 18,377,524.06
Treasury Inspector General for Tax Administration	$ 104,970.36	$ -	$ -	$ -	$ -	$ 6,578.00	$ 509.37	$ 112,057.73
Grand Total	**$ 38,920,708.23**	**$ 44,618,920.52**	**$ 2,079,734.25**	**$ 27,477,659.05**	**$ 4,396,692.07**	**$ 3,012,100.83**	**$ 5,089,130.82**	**$ 125,594,945.77**

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		$ 100,719	$ 50,434	$ 24,267		$ 437,569
ADMIN OFFICES OF THE US COURTS	$ 76,328						$ 76,328
ADMINISTRATION FOR CHILDREN AND FAMILIES	$ 106,525				$ 2,661		$ 109,186
AFRICAN DEVELOPMENT FOUNDATION	$ 884,456			$ 300,549	$ 21,503		$ 1,206,508
AGENCY FOR INTERNATIONAL DEVELOPMENT	$ 86,374	$ 95,819					$ 182,193
AGENCY FOR INTERNATIONAL DEVELOPMENT - OIG	$ 99,419						$ 99,419
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU	$ 802,356		$ 1,010,157	$ 891,934	$ 189,006		$ 2,893,453
ALCOHOL TOBACCO FIREARMS AND EXPLOSIVES					$ 972,916		$ 972,916
ARCHITECT OF THE CAPITOL	$ 60,384						$ 60,384
ARMED FORCES RETIREMENT HOME	$ 877,434		$ 1,171,872	$ 448,783	$ 13,349		$ 2,511,438
BUREAU OF ENGRAVING AND PRINTING			$ 2,057,069		$ 145,262		$ 2,202,331
BUREAU OF THE FISCAL SERVICE	$ 9,746,518		$ 4,956,474	$ 3,146,863	$ 452,298	$ 159,979,210	$ 178,281,363
CDFI PROGRAM FUND	$ 908,626		$ 172,288	$ 190,463	$ 15,028		$ 1,286,405
CENTER FOR DISEASE CONTROL					$ 1,887,052		$ 1,887,052
CHEMICAL SAFETY AND HAZARD BOARD	$ 312,315			$ 333,924	$ 27,835		$ 674,074
COMPTROLLER OF THE CURRENCY				$ 124,928			$ 124,928
CONSUMER FINANCIAL PROTECTION BUREAU	$ 1,005,871		$ 2,905,383	$ 1,002,227	$ 879,447		$ 5,792,928
CONSUMER PRODUCT SAFETY COMMISSION	$ 626,759			$ 581,828	$ 46,032		$ 1,254,619
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE	$ 540,887		$ 218,862	$ 191,958	$ 16,182		$ 967,889
DC PENSIONS PROJECT OFFICE	$ 2,157,895		$ 28,541	$ 40,542	$ 1,803	$ 1,628,083	$ 3,856,864
DEFENSE HEALTH AGENCY					$ 61,336		$ 61,336
DEFENSE LOGISTICS AGENCY	$ 299,778						$ 299,778
DENALI COMMISSION	$ 572,312		$ 86,957	$ 137,460	$ 16,993		$ 813,722
DEPARTMENT OF AGRICULTURE		$ 167,510					$ 167,510
DEPARTMENT OF COMMERCE		$ 95,819					$ 95,819
DEPARTMENT OF DEFENSE		$ 187,342					$ 187,342
DEPARTMENT OF EDUCATION		$ 230,616					$ 230,616
DEPARTMENT OF ENERGY	$ 152,195	$ 124,236					$ 276,431
DEPARTMENT OF HEALTH & HUMAN SERVICES		$ 230,616			$ 278,222		$ 508,838
DEPARTMENT OF HOMELAND SECURITY	$ 358,461	$ 187,342				$ 587,067	$ 1,132,870
DEPARTMENT OF HOMELAND SECURITY - CIS					$ 386,766		$ 386,766
DEPARTMENT OF HOMELAND SECURITY - OIG	$ 813,064		$ 86,239	$ 247,293	$ 343,129		$ 1,489,725
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	$ 17,795,602	$ 230,616	$ 12,341,997	$ 2,187,040	$ 2,520,798		$ 35,076,053
DEPARTMENT OF JUSTICE	$ 11,417						$ 11,417
DEPARTMENT OF JUSTICE JMD/OCIO/EGSS/BOG		$ 248,472					$ 248,472
DEPARTMENT OF LABOR	$ 105,328	$ 282,798					$ 388,126
DEPARTMENT OF STATE	$ 231,988	$ 191,784					$ 423,772
DEPARTMENT OF THE INTERIOR	$ 693,565	$ 124,236					$ 817,801
DEPARTMENT OF TRANSPORTATION		$ 230,616					$ 230,616
DEPARTMENT OF VETERANS AFFAIRS		$ 158,998			$ 8,602		$ 167,600
DEPARTMENT OF VETERANS AFFAIRS - OIG			$ 2,782,877				$ 2,782,877
DEPARTMENT OF VETERANS AFFAIRS - TAC	$ 145,262					$ 571,612	$ 716,874
ELECTION ASSISTANCE COMMISSION	$ 372,062			$ 137,473	$ 65,692		$ 575,227

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
ENVIRONMENTAL PROTECTION AGENCY		$ 95,819					$ 95,819
EXECUTIVE OFFICE OF THE PRESIDENT	$ 1,239,578			$ 280,073	$ 325,321		$ 1,844,972
FARM CREDIT ADMINISTRATION	$ 447,063			$ 68,165	$ 182,242		$ 697,470
FARM CREDIT SYSTEM INSURANCE CORPORATION	$ 213,719			$ 2,093	$ 5,054		$ 220,866
FEDERAL EMERGENCY MANAGEMENT AGENCY					$ 13,818		$ 13,818
FEDERAL HOUSING FINANCE AGENCY	$ 967,039			$ 188,310	$ 218,597		$ 1,373,946
FEDERAL HOUSING FINANCE AGENCY - OIG	$ 366,681		$ 264,943	$ 184,261	$ 76,903		$ 892,788
FEDERAL LABOR RELATIONS AUTHORITY	$ 499,529			$ 35,700	$ 55,901		$ 591,130
FEDERAL MARITIME COMMISSION	$ 365,425		$ 110,000	$ 79,177	$ 27,202		$ 581,804
FEDERAL MEDIATION & CONCILIATION SERVICE	$ 326,361			$ 53,333	$ 52,976		$ 432,670
FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION	$ 354,945		$ 130,188	$ 14,647	$ 28,248		$ 528,028
FEDERAL TRADE COMMISSION	$ 554,400			$ 123,292	$ 56,208		$ 733,900
FINANCIAL CRIMES ENFORCEMENT NETWORK	$ 602,188		$ 217,541	$ 865,566	$ 67,395	$ 2,035,081	$ 3,787,771
FOOD AND DRUG ADMINISTRATION					$ 537,437		$ 537,437
GENERAL SERVICE ADMINISTRATION		$ 41,332					$ 41,332
GULF COAST ECOSYSTEM RESTORATION COUNCIL	$ 289,115		$ 74,083	$ 75,069	$ 21,777		$ 460,044
INTER AMERICAN FOUNDATION	$ 662,254			$ 529,003	$ 30,827		$ 1,222,084
INTERNAL REVENUE SERVICE			$ 1,167,554		$ 8,475		$ 1,176,029
MERIT SYSTEMS PROTECTION BOARD	$ 576,709			$ 30,182	$ 55,006		$ 661,897
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION	$ 162,706	$ 124,236				$ 492,829	$ 779,771
NATIONAL ARCHIVES & RECORDS ADMINISTRATION	$ 3,794,537		$ 3,134,416	$ 524,341	$ 281,680		$ 7,734,974
NATIONAL CAPTIAL PLANNING COMMISSION	$ 233,815			$ 16,541	$ 7,161		$ 257,517
NATIONAL MEDIATION BOARD	$ 305,958			$ 147,482	$ 47,650		$ 501,090
NATIONAL SCIENCE FOUNDATION		$ 139,094			$ 30,584		$ 169,678
NUCLEAR REGULATORY COMMISSION	$ 1,692,077	$ 41,332			$ 291,876		$ 2,025,285
OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION	$ 292,348			$ 13,886	$ 25,674		$ 331,908
OFFICE OF FINANCIAL STABILITY	$ 308,728		$ 85,310	$ 70,430	$ 12,773		$ 477,241
OFFICE OF GOVERNMENT ETHICS	$ 374,685		$ 225,139	$ 144,190	$ 9,902		$ 753,916
OFFICE OF PERSONNEL MANAGEMENT	$ 356,163	$ 41,332					$ 397,495
OFFICE OF TECHNICAL ASSISTANCE	$ 888,506		$ 28,746	$ 39,358	$ 97,093		$ 1,053,703
OFFICE OF THE INSPECTOR GENERAL	$ 351,220		$ 520,166	$ 169,292	$ 70,179		$ 1,110,857
RAILROAD RETIREMENT BOARD					$ 6,447		$ 6,447
SECURITIES AND EXCHANGE COMMISSION	$ 337,609		$ 7,730				$ 345,339
SMALL BUSINESS ADMINISTRATION		$ 67,475					$ 67,475
SOCIAL SECURITY ADMINISTRATION		$ 67,475				$ 694,626	$ 762,101
SPECIAL INSPECTOR GENERAL - TARP	$ 378,869		$ 355,921	$ 256,194	$ 84,978	$ 22,928	$ 1,098,890
TREASURY DEPARTMENTAL OFFICES					$ 13,971	$ 3,839,828	$ 3,853,799
TREASURY EXECUTIVE OFFICE FOR ASSET FORFEITURE	$ 194,023			$ 5,538			$ 199,562
TREASURY FRANCHISE FUND/ADMINISTRATIVE SERVICES						$ 15,102,327	$ 15,102,327
TREASURY FRANCHISE FUND/INFORMATION TECHNOLOGY	$ 1,092,147		$ 1,069,014	$ 1,166,152	$ 113,072		$ 3,440,385
TREASURY FRANCHISE FUND/SHARED SERVICES PROGRAM	$ 3,569,465	$ 95,892	$ 5,125,568	$ 1,223,944	$ 605,042	$ 6,240,095	$ 16,860,006
TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION	$ 610,244		$ 1,451,283	$ 766,711	$ 392,455		$ 3,220,693
TRUST FUND - BLACK LUNG DISABILITY	$ 75,935						$ 75,935
TRUST FUND - FEDERAL DISABILITY	$ 210,263						$ 210,263
TRUST FUND - FEDERAL HOSPITAL INSURANCE	$ 277,947						$ 277,947

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
TRUST FUND - FEDERAL OLD AGE & SURVIVORS	$ 210,263						$ 210,263
TRUST FUND - FEDERAL SUPPLEMENT INSURANCE	$ 277,947						$ 277,947
TRUST FUND - OIL SPILL LIABILITY	$ 165,000						$ 165,000
TRUST FUND - UNEMPLOYMENT	$ 311,244						$ 311,244
U.S. DEPARTMENT OF COMMERCE OFFICE OF INSPECTOR GENERAL			$ 75,000				$ 75,000
UNITED STATES MARSHALS SERVICE					$ 11,219		$ 11,219
UNITED STATES MINT	$ 8,345,811		$ 2,916,073	$ 2,190,754	$ 215,030	$ 27,145	$ 13,694,813
US COURT OF APPEALS FOR VETERANS	$ 279,478			$ 11,578	$ 13,444		$ 304,500
US DEPARTMENT OF JUSTICE	$ 125,593						$ 125,593
US TAX COURT	$ 15,000			$ 1,000	$ 1,000		$ 17,000
USDA FOOD AND NUTRITION						$ 935,805	$ 935,805
USDA OCIO INTERNATIONAL TECHNOLOGY SERVICES			$ 1,484,099				$ 1,484,099
USDA OFFICE OF INSPECTOR GENERAL			$ 59,521				$ 59,521
Grand Total	**$72,807,919**	**$ 3,500,807**	**$46,421,729**	**$ 19,289,962**	**$ 12,470,795**	**$ 192,156,637**	**$ 346,647,849**

Department of the Treasury Treasury Executive Office of Asset Forfeiture

Congressional Budget Justification and Annual Performance Report and Plan

FY 2022

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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 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 2020-2021 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 2020-2021 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 seeks to use high-impact asset forfeiture in investigative cases to disrupt and dismantle criminal enterprises.

- **Airbus Has Entered into a Three-year Deferred Prosecution Agreement (DPA) with DOJ Resulting in a $55 million Forfeiture in a Foreign Bribery and ITAR Case**
  Airbus, a France based aerospace company, entered into a three year DPA with the U.S. Department of Justice. As part of the DPA, Airbus agreed to pay the U.S. Government $527 million dollars for Foreign Corrupt Practice Act (FCPA) and International Traffic in Arms Regulation (ITAR) violations. They also agreed to a civil forfeiture of approximately $55 million dollars for violations tied to ITAR related conduct. The DPA was a part of a $4 billion-dollar global settlement with the US, France, and the UK to resolve charges that Airbus violated the anti-bribery provisions of the FCPA. Additionally, Airbus was charged with conspiracy to violate the Arms Export Control Act and the ITAR. The investigation was conducted by ICE's Homeland Security Investigations (HSI).
- **HSBC pays penalty and forfeits $71.850 million after helping to hide over $1 billion in U.S. clients' assets from the IRS**
  HSBC Switzerland, a private bank headquartered in Geneva, entered into a DPA with the U.S. Department of Justice, admitting to conspiring with their U.S. accountholders to hide their assets abroad to evade U.S. taxes. According to the DPA, HSBC Switzerland agreed to pay $192.35 million in three parts. The first part was $60.6 million to the IRS as restitution for unpaid taxes on the undeclared assets. Secondly, the bank forfeited $71.850 million, which represented gross fees it charged clients, and finally, it agreed to pay a $59.9 million penalty. The investigation was conducted by IRS Criminal Investigations.
- **Border Patrol Bike Unit Arrests Two Men Smuggling 165 Pounds of Methamphetamine through Drainage Tunnel**
  In January 2020, agents from the Nogales Border Patrol Bike Unit received intelligence that narcotics were being smuggled though storm drains that originate in Mexico and extend approximately 20 miles into the United States. Based off the intelligence, agents dropped into the tunnel and located two suspects floating 70 packages through the storm drain. Agents observed them pulling the packages through grates on the Mexico side into the United States and stuffing the packages into duffle bags. After apprehending the two men, agents determined through interviews that there was another individual waiting for the narcotics in a car, which they quickly located.

COVID 19 Related Case Highlights

- **Homeland Security Investigations Operation Stolen Promise Targets Counterfeit Vaccines and Treatments for COVID-19**
  Since April 2020, ICE's HSI Cyber Crimes Center (C3) and Intellectual Property Rights (IPR) Center have been successfully targeting online fraud schemes and the sale of illicit COVID 19 vaccines and treatments using illicit websites and dark net marketplaces. As of March 1, 2021, using advanced analytical tools, attribution tools, cyber threat intelligence tools, and online undercover activities, ICE agents have initiated 123 criminal investigations, disrupted 378 COVID-19 fraud websites and 11 COVID-19 counterfeit vaccines and treatments websites. Case highlights include:
  - In December 2020, HSI New York and HSI Baltimore, with assistance from C3 and the IPR Center, executed seizure orders for websites GRASSEPHARM[.]COM,

mordernatx.com and regeneronmedicals.com. These sites purported to belong to biotech companies developing treatments for COVID-19 virus but in reality, were spoof/ phishing sites designed to collect personal identifiable information (PII) of individuals visiting the site. Currently, the site visitors see a message informing them that these sites have been seized by the federal government;
    - In February 2021, HSI Baltimore agents arrested three subjects for violations of Wire Fraud in connection to the creation of spoof/fraudulent COVID-19 vaccine website and the illegal sale of a COVID-19 vaccine. They also seized Modernatx[.]shop, a spoof/fraudulent website offering the sale of COVID-19 vaccines. A search warrant was also executed at a residence of a subject who accepted payment for fraudulent COVID-19 vaccines. The subject agreed to cooperate with HSI and identified other individuals who orchestrated the fraud;
    - In March 2021, HSI Baltimore seized another spoof/ phishing website "remdesivirmx.com," which purported to sell and distribute Remdesivir, an antiviral drug approved for COVID-19 treatment.

- **USSS San Antonio obtains $5.250 million in a COVID-19 fraud investigation**
  In April 2020, USSS San Antonio Field Office initiated an investigation involving the $5.25 million deposit related to the purchase of 3M N95 Masks by a medical supply company Med Tech LLC. The agents have determined that the suspect supplier was not a verified distributor of N95 masks and had no association with 3M. After receiving the $5.25 million deposit, subjects of the investigation transferred out $520,000 to an account that supposedly belonged to a "mask supplier"; but in reality, belonged to another suspect recruited online to convert these funds into Bitcoins. Additional investigation revealed that the targets used various counterfeit certificates to portray themselves as legitimate suppliers. The $5.250million was forfeited for violations of Title 18 USC 1342, Wire Fraud. A Petition for Remission or Mitigation of Forfeiture for the loss has been submitted by the defrauded party, Med Tech, LLC.

Priorities: In FY 2022, 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 and 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, 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

[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.

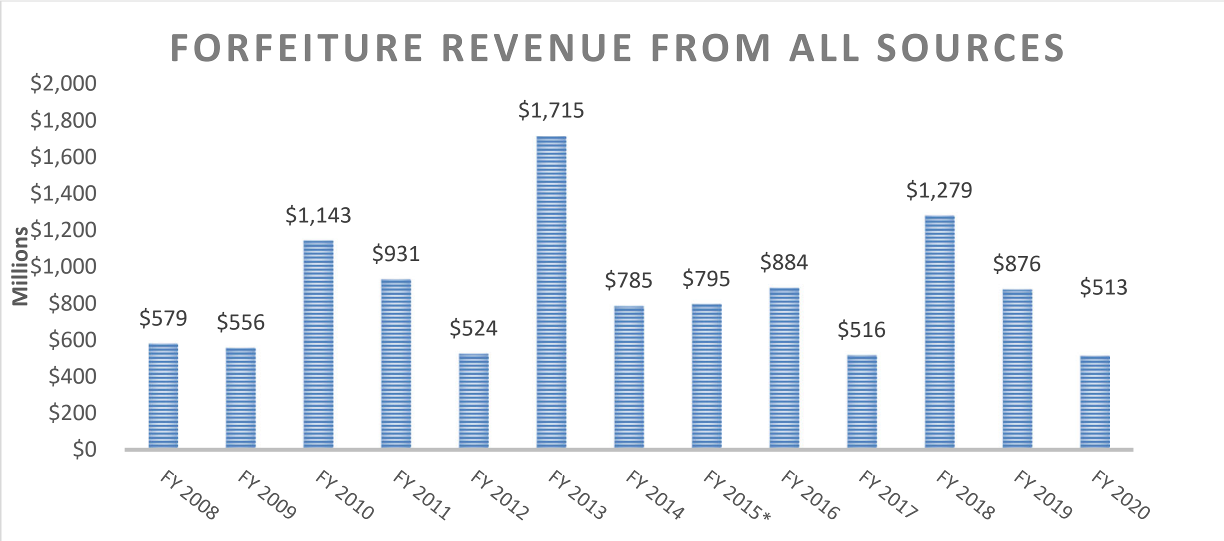
funded to yield successful prosecutions and forfeitures. The resulting forfeiture deposits are used to compensate the victims defrauded by the violators.

One of TEOAF's highest immediate priorities now is supporting TFF participating law enforcement agencies' response to COVID-19 related crimes. Our agencies are facing formidable challenges dealing with massive COVID-19 related fraud schemes such the use of PII obtained via network intrusion or phishing schemes or the sales of counterfeit vaccines and COVID treatments online and via Darknet marketplaces. Many of these investigations require analytical and cyber-investigative tools and services that are currently not available or insufficient. From the start of the pandemic, TEOAF has made it a priority to support our agencies' efforts aimed at intercepting, disrupting and dismantling multi-million-dollar COVID fraud schemes and returning the money to the victims. It will remain a TEOAF high priority in FY 2021-2022, as the number of COVID-19 crimes is still growing, and the new financial assistance programs on federal and state levels will likely generate a significant number of fraud cases.

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. They launder illicit funds derived from many criminal violations, including drug trafficking, human smuggling and COVID-19 fraud. This type of investigation requires extraordinary law enforcement efforts, manpower, and resources. TEOAF prioritizes the support of such investigations, including their ongoing operation's needs and cutting-edge technology capabilities required for big data analytics, dark net investigations, block chain analysis, and mobile forensics necessary for these operations. These investments buttress the anti-money laundering and countering the financing of terrorism (AML/CFT) strategy of DHS and Treasury and uncertainty about future funding for investigations and forfeitures

Challenges: Large rescissions enacted in prior years have resulted in inconsistent Strategic Support allocations and have led to uncertainty about future funding for financial investigations and forfeitures.

The table below reflects forfeiture revenue from all sources including direct 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 by Congress under the Consolidated Appropriations Act of 2016, Pub. L. 114-113, Div. O, Tit. IV, §404(e) and §405(b). The remainder was returned to the General Fund in FY 2018.

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 the vast majority of seizure cases do not t initially start as financial cases. They grow out of other cases pursuing specified unlawful activities such as drug trafficking, human smuggling, or cybercrime, which are all dependent on SEF funding for operational support. The nature of revenue and expenses for both Mandatory and SEF funding is equally dynamic, requiring adjustments during the fiscal year.

In addition, TEOAF tracks future remission payments to third parties as contingent liabilities. However, these amounts are not recorded as Fund obligations 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 consideration of contingent liabilities provides a more accurate representation of the Fund's financial position.

1.1 – Appropriations Detail Table

Dollars in Thousands

Treasury Forfeiture Fund Budgetary Resources	FY 2020 Actual		FY 2021 Estimated		FY 2022 Estimated		FY 2021 to FY 2022 $ Change		FY 2021 to FY 2022 % Change	
	FTE [1]	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Revenue/Offsetting Collections										
Interest		$18,565		$25,000		$25,000		$0	NA	0%
Restored Prior Year Sequestration Reduction		$54,340		$30,294		$32,609		$2,315	NA	8%
Forfeited Revenue		$494,893		$547,096		$547,096		$0	NA	0%
Recovery from Prior Years		$32,358		$12,000		$12,000		$0	NA	0%
Unobligated Balances from Prior Years		$609,632		$691,453		$717,902		$26,449	NA	4%
Total Revenue/Offsetting Collections		**$1,209,788**		**$1,305,843**		**$1,334,607**	**0**	**$28,764**	**NA**	**2%**
Expenses/Obligations										
Mandatory Obligations	27	($465,205)	27	($445,332)	27	($445,332)		$0	0.00%	0%
Secretary's Enforcement		($22,836)		($35,000)		($35,700)		($700)	NA	2%
Strategic Support [2]		$0		TBD		TBD		NA	NA	NA
Total Expenses/Obligations	**27**	**($488,041)**	**27**	**($480,332)**	**27**	**($481,032)**	**0**	**($700)**	0.00%	0%
Rescissions/Cancellations										
Sequestration Reduction	0	($30,294)		($32,609)		($32,609)		NA	NA	NA
Permanent Cancellation	0	$0		($75,000)		$0		$75,000	NA	-100%
Total Rescission/Cancellations		**($30,294)**		**($107,609)**		**($32,609)**		**$75,000**	**NA**	**-70%**
Net Results	**27**	**$691,453**	**27**	**$717,902**	**27**	**$820,966**	**0**	**$103,064**	**0.00%**	**14%**
Contingent Liabilities		**($512,764)**		**($465,000)**		**($465,000)**		**$0**	**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 2021 and FY 2022, 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.

1.2 – Obligations Detail Table

Dollars in Thousands

Treasury Forfeiture Fund Obligations	FY 2020 Actual	FY 2021 Estimated	FY 2022 Estimated	% Change FY 2021 to FY 2022
Mandatory				
CBP	$41,687	$42,110	$42,110	0.0%
ICE	$162,302	$123,195	$123,195	0.0%
IRS	$98,569	$124,484	$124,484	0.0%
USSS	$49,258	$43,829	$43,829	0.0%
USCG	$1,124	$1,428	$1,428	0.0%
TEOAF	$81,799	$91,180	$91,180	0.0%
TTB	$774	$1,058	$1,058	0.0%
DOJ	$29,692	$18,048	$18,048	0.0%
Total Mandatory	$465,205	$445,332	$445,332	
SEF				
CBP	$4,370	$4,400	$4,488	2.0%
ICE	$7,034	$12,123	$12,365	2.0%
IRS	$6,734	$12,001	$12,241	2.0%
USSS	$4,348	$6,126	$6,249	2.0%
TTB	$350	$350	$357	2.0%
Total SEF	$22,836	$35,000	$35,700	
Strategic Support				
Total Strategic Support	$0	TBD	TBD	NA
Total Expenses/Obligations	**$488,041**	**$480,332**	**$481,032**	**0.1%**

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2020 Actual	FY 2021 Estimated	FY 2022 Estimated
25.2 - Other services from non-Federal sources	12,412	46,532	46,532
25.3 - Other goods and services from Federal sources	246,657	140,546	140,546
26.0 - Supplies and materials	1	1	1
41.0 - Grants, subsidies, and contributions	131,218	115,502	115,502
43.0 - Interest and dividends	170	19	20
44.0 - Refunds	73,133	142,032	142,731
94.0 - Financial Transfers	24,450	35,700	35,700
Total Non-Personnel	**$488,041**	**$480,332**	**$481,032**
Total Budgetary Resources	**$488,041**	**$480,332**	**$481,032**
FTE [1]	**27**	**27**	**27**

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.

E – Legislative Proposals

TEOAF has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment
In accordance with the *Government Performance and Results Act Modernization Act (GPRAMA)* of 2010, the Department of the Treasury is currently developing the FY 2022 – 2026 Departmental Strategic Plan. The Strategic Plan is scheduled for publication in 2022. The Annual Performance Plan will be updated in the FY 2023 President's Budget to reflect new departmental strategic goals and objectives.

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.

B – Budget and Performance by Budget Activity
2.1.1 Treasury Forfeiture Fund Resources and Measures
Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimated	FY 2022 Estimated
Expenses/Obligations	$508,746	$526,228	$1,007,426	$1,022,684	$488,041	$480,332	$481,032
Budget Activity Total	**$508,746**	**$526,228**	**$1,007,426**	**$1,022,684**	**$488,041**	**$480,332**	**$481,032**
FTE	**25**	**25**	**25**	**26**	**27**	**27**	**27**

Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Target	FY 2020 Actual	FY 2021 Target	FY 2022 Target
Percent of Forfeited Cash Proceeds Resulting from High-Impact Cases	81.79	80	94.19	90.8	80	82.87	80	80

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 cases that pursue major criminal targets and their financial networks, and therefore, central to 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 percent 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 2021 and FY 2022, 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.

D– Evidence-Building Activity
In FY 2020 TEOAF has conducted various analyses related to the TFF member agencies' investigative capabilities, resource needs and funding requests to determine the most effective ways to allocate TEOAF's funds.

For example, TEOAF also have been actively analyzing over 100 cases designated for TEOAF's support through the Third-Party Money Laundering (3PML) Program. The 3PML Program is a TEOAF-led collaborative effort with the TFF member agencies. It is focused on identifying and supporting TFF agencies' most important and complex cases targeting professional money launderers (individuals or entities), and performing analyses of the associated money laundering typologies, emerging trends and investigative needs. This includes 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 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.

TEOAF plans to continue its high-impact work in FY 2021 and 2022. For example, a newly launched effort is the upgrade of technology for member agencies for scanning and analysis of financial records 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-capitalinvestments.aspx.

Department of the Treasury
Bureau of Engraving and Printing

Congressional Budget Justification and Annual Performance Plan and Report

FY 2022

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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 dyes; manufacturing inks used to print security products; purchasing materials, supplies and equipment; and storing and delivering products in accordance with customer requirements. BEP supports

BEP's FY 2022 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 2018 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 support from the U.S. Army Corps of Engineers. The property transfer Memorandum of Agreement (MOA) between USDA and Treasury was finalized in early 2020. The formal transfer of administrative control from USDA to Treasury is anticipated in late 2021. 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 2021, BEP plans to begin early site development construction activities estimated at $30 million to include the removal of hazardous building materials, demolition of twenty-two former agriculture research buildings and minor utility system relocations to support the BEP development. Contracts for this work will be awarded in late summer 2021. FY 2022 funding in the amount of $897 million will include the award of the construction contract for the replacement facility. Specifically, it will fund the structure of the building. The contract will cover the construction of a smaller, more efficient facility to support current and future manufacturing processes.

2. **Western Currency Facility Expansion:** BEP began expanding the Western Currency Facility (WCF) in 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.

The expansion work is expected to be completed in FY 2022. The FY 2022 projected cost for the WCF is $1 million for construction close-out activities.

3. **Banknote Design and Development:** In FY 2022, BEP will continue to work on this multi-year project 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 2021/2022, 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 obsolete electrical and mechanical parts on existing presses and upgrade the inspection system to meet present and future currency printing requirements, as well as to extend the life of electrical and mechanical systems in the existing machinery.
   - Replace aging COPE–PAK equipment with the next generation of processing technology including the Large Examining and Printing Equipment (ns-LEPE). This project will replace the existing aging equipment and will expand BEP capabilities to manufacture 50 notes per sheet across all production lines. This will improve productivity for the remaining currency denominations that continue to be produced at 32 notes per sheet.
   - Replace existing electrolytic chrome line with a PVD (Physical Vapor Deposition) Chrome system. PVD has known environmental plate life improvement benefits. This project will eliminate the BEP's need to use hexavalent chromium to coat printing plates. PVD coatings could also improve plate life.
   - The LEPE Inspection and Electrical Upgrades project is to make improvements to the existing system in operation to bring them up to the new capabilities that are included on the next generation LEPE system mentioned above.

5. **Human Capital/Talent Management:** The BEP will continue its designated talent management initiatives, while filling personnel gaps in needed STEM and cybersecurity skill sets. The BEP has proactively continued to fill the gaps in STEM and cybersecurity positions in FY 2021 by utilizing a variety of hiring authorities and participating in a virtual fair in November 2020, which specifically targeted STEM positions in the federal government. Additionally, the BEP attended six recruitment events in the D.C. and Dallas/Ft. Worth locations to attract potential candidates in targeted demographic areas. STEM positions will continue to be highlighted by the BEP during our participation in four upcoming Recruit Military career fairs targeting potential veteran applicants. To date we have on boarded 13 new hires in the STEM field.

   In terms of Employee Engagement, BEP continued making 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 took place during FY 2020. Throughout FY 2021, BEP will rebrand employee engagement by educating the workforce on important engagement topics, reevaluating the current Engagement Strategy, recruiting new volunteers to implement the engagement initiatives, and promoting direct communications with BEP executive leadership to reinforce that their voices are heard. BEP will also 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 2020 Actual		FY 2021 Revised Estimate		FY 2022 Estimate		FY 2021 to FY 2022 % Change	
Revenue/Offsetting Collections	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Currency Program	1,737	$863,552	1,860	$1,029,054	1,860	$1,037,205	0.00%	0.79%
Other Programs	0	10,009	0	10,000	0	10,000	0.00%	0.00%
DC Replacement Facility	3	5,050	3	29,940	3	897,048	0.00%	2896.15%
Total Revenue/Offsetting Collections	**1,740**	**$878,611**	**1,863**	**$1,068,994**	**1,863**	**$1,944,253**	**0.00%**	**81.88%**
Expenses/Obligations								
Direct Manufacturing	823	415,585	876	429,104	876	429,961	0.00%	0.20%
Indirect Manufacturing Support	914	457,976	984	609,950	984	617,244	0.00%	1.20%
DC Replacement Facility	3	5,050	3	29,940	3	897,048	0.00%	2896.15%
Total Expenses/Obligations	**1,740**	**878,611**	**1,863**	**1,068,994**	**1,863**	**1,944,253**	**0.00%**	**81.88%**
Net Results	**0**	**$0**	**0**	**$0**	**0**	**$0**	**NA**	**NA**

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Materials	Operating & Capital	Total
FY 2021 Original Estimate	**1,863**	**$248,921**	**$638,479**	**$887,400**
Program Changes				
Program Increases	0	140,079	41,515	181,594
Currency Program (6.8B to 7.6B)	0	120,079	41,515	161,594
Currency Paper Production COOP	0	20,000	0	20,000
Subtotal Program Changes	0	140,079	41,515	181,594
FY 2021 Revised Estimate	**1,863**	**$389,000**	**$679,994**	**$1,068,994**
Changes to Base				
Maintaining Current Levels (MCLs)	0	5,278	11,145	16,423
Pay Annualization (1.0% average pay raise)	0	0	726	726
Pay Raise (2.7% average pay raise)	0	0	5,894	5,894
FERS Contribution Increase	0	0	2,010	2,010
Non-Pay	0	5,278	2,515	7,793
Subtotal Changes to Base	0	5,278	11,145	16,423
FY 2022 Current Services	**1,863**	**$394,278**	**$691,139**	**$1,085,417**
Program Changes				
Program Decreases	0	(20,000)	(25,247)	(45,247)
Currency Paper Production COOP	0	(20,000)	0	(20,000)
Facilities Support	0	0	(4,890)	(4,890)
Manufacturing Support	0	0	(10,512)	(10,512)
WCF Building Expansion	0	0	(3,770)	(3,770)
Security and Accountability	0	0	(6,075)	(6,075)
Program Increases	0	0	904,083	904,083
Washington D.C. Replacement Facility	0	0	867,108	867,108
Retooling	0	0	36,975	36,975
Subtotal Program Changes	0	(20,000)	878,836	858,836
Total FY 2022 Estimate	**1,863**	**$374,278**	**$1,569,975**	**$1,944,253**

C – Budget Increases and Decreases Description

FY 2021 Adjustments

Program Increases…………………………………………………+$181,594,000 / +0 FTE

Currency Program +161,594,000 / +0 FTE

This increase is to reflect the currency order commitment increase from 6.8B to 7.6B notes.

Currency Paper Production COOP +$20,000,000 / +0 FTE

This increase is for the one-time COOP improvement to the currency paper production.

Maintaining Current Levels (MCLs) ....+$16,423,000 / +0 FTE

Pay Annualization (1.0%) +$726,000 / +0 FTE

Funds are required for annualization of the January 2021 1.0% average pay raise.

Pay Raise (2.7% in 2022) +$5,894,000 / +0 FTE

Funds are required for a 2.7% average pay raise in January 2022.

FERS Contribution Increase +$2,010,000 / +0 FTE
Funds are required for the Federal Employee Retirement System (FERS) contribution rates effective FY 2022.

Non-Pay +$7,793,000 / +0 FTE
Funds are required for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

FY 2022 Program Decreases... -$45,247,000 / -0 FTE
Currency Paper Production COOP -$20,000,000 / -0 FTE
This is a reduction for the FY21 COOP improvement to the currency paper production.

Facilities Support -$4,890, 000 / -0 FTE
WCF vault automated racking system and shipping roof replacement.

Manufacturing Support -$10,512,000 / -0 FTE
Barcoding and RFID implementation and inspection equipment.

WCF Building Expansion -$3,770,000 / -0 FTE
Construction will be completed in FY 2022.

Security and Accountability -$6,075,000 / -0 FTE
Radio system upgrade for both facilities.

FY 2022 Program Increases..+$904,083,000 / +0 FTE
Washington DC Replacement Facility +867,108,000 / +0 FTE
This amount reflects the increase of planned obligation for the new DC facility for FY 2022.

Retooling +$36,975,000 / +0 FTE
This increase reflects the planned capital spending for PVD (Physical Vapor Deposition) chrome system, offset press replacement and acquisition of additional LEPEs (Large Examining and Printing Equipment) and upgrade of existing LEPEs now in production. (LEPEs combine three previously separate processes of inspection, printing serial numbers and seals and final packaging).

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2020 Actual Obligations	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
11.1 - Full-time permanent	173,869	176,850	189,926
11.3 - Other than full-time permanent	250	200	200
11.5 - Other personnel compensation	20,618	8,012	7,500
11.6 - Overtime	20,653	32,000	25,300
11.9 - Personnel Compensation (Total)	**215,390**	**217,062**	**222,926**
12.0 - Personnel benefits	73,509	73,274	73,730
13.0 - Benefits for former personnel	1	3	3
Total Personnel and Compensation Benefits	**$288,900**	**$290,340**	**$296,659**
21.0 - Travel and transportation of persons	786	1,927	1,965
22.0 - Transportation of things	442	128	130
23.1 - Rental payments to GSA	3,231	4,204	3,641
23.2 - Rental payments to others	630	768	783
23.3 - Communication, utilities, and misc. charges	20,113	23,133	24,150
24.0 - Printing and reproduction	12	13	250
25.1 - Advisory and assistance services	4,187	81,932	9,007
25.2 - Other services	141,517	98,292	177,020
25.3 - Other purchases of goods and services from Government Accounts	35,277	40,917	908,019
25.4 - Operation and maintenance of facilities	39,528	6,126	6,159
25.5 - Research and development contracts	7,127	4,397	4,083
26.0 - Supplies and materials	236,419	389,069	376,129
31.0 - Equipment	100,048	127,187	136,103
42.0 - Insurance claims and indemnities	395	561	155
Total Non-Personnel	**$589,711**	**$778,654**	**$1,647,594**
Total Obligations	**$878,611**	**$1,068,994**	**$1,944,253**
FTE	**1,740**	**1,863**	**1,863**

D – Appropriations Language and Explanation of Changes

The BEP does not require annual appropriations language.

E – Legislative Proposals

BEP has no legislative proposals.

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.

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.

In accordance with the Government Performance and Results Act Modernization Act (GPRAMA) of 2010, the Department of the Treasury is currently developing the FY 2022 – 2026 Departmental Strategic Plan for publication in 2022. The Annual Performance Plan will be updated in the FY 2023 President's Budget to reflect new departmental strategic goals and objectives. The Bureau of Engraving and Printing will also publish a component plan in FY 2022 that aligns bureau activities and priorities to the Department's Strategic Plan by the 3rd quarter of FY 2022.

B – Budget and Performance by Budget Activity
2.1 – Manufacturing Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Expenses/Obligations	$648,365	$712,920	$914,134	$955,212	$878,611	$1,068,994	$1,944,253
Budget Activity Total	$648,365	$712,920	$914,134	**$955,212**	**$878,611**	**$1,068,994**	**$1,944,253**
Full-time Equivalents (FTE)	**1,790**	**1,818**	**1,748**	**1,727**	**1,740**	**1,863**	**1,863**

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Currency Notes Delivered Returned Due to Defects (Parts per Million)	N/A	B	.0031ppm	.09ppm	.02ppm	<1ppm	<1ppm	<1ppm
FEVS Satisfaction Index	N/A	73	74	74	74	>65%	>65%	>65%
Lost Time Accident Rate per 100 Employees[2]	1.77	1.36	0.78	1.48	1.01	<1.8	<1.8	<1.8
Manufacturing Costs For Currency (Dollar Costs Per Thousand Notes Produced)	$44.25	$43.58	$47.41	$50.33	$56.19	$59.65[1]	$64.33	$65.00
Yearly Currency Order (percent of order completed versus planned)	N/A	N/A	N/A	100%	100%	100%	100%	100%

Key: B - Baseline

[1] Target Manufacturing Cost in FY 2020 was increased from $55.73 to $59.65 in Jun 2020 in response to an increase in FY 2020 order due to pandemic demand.

[2] Lost Time Accident Rates are adjusted following adjudication of accident reports received during each fiscal year. The FY 2016, 2017 and 2018 numbers shown reflect these adjustments.

Manufacturing Budget and Performance

($1,944,253,000 from reimbursable sources)

The BEP has one budget activity: Manufacturing. This budget activity supports all of BEP's strategic goals.

Description of Performance:

Currency Notes Returned Due to Defects (in parts per million or 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 2020 due to improved quality assurance processes with an actual result of 0.02 ppm notes returned due to a defect. BEP's target for this performance metric will be held constant at <1 ppm for FY 2021 and FY 2022.

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 Satisfaction Index with a target of 65 percent. In FY 2021 and 2022, 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 2020 Lost Time Accident rate was at 1.01 cases per 100 employees, 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 2022, 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. A 1.8 case rate represents approximately one injury per facility per month, which is quite low. Therefore, BEP's target will be held at 1.80 cases per 100 employees for FY 2021 and FY 2022.

Manufacturing Cost 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 and timing of denominations ordered. Actual performance against standard costs depends on BEP's ability to meet spoilage, efficiency, and capacity utilization goals. The final FY 2020 cost was $56.19 per 1,000 notes produced. BEP's target for this performance metric is $59.65 in FY 2020 and $64.33 in FY 2021. The target for FY 2022 is set at $65.00 per 1,000 notes produced and will be refined once the currency order is received.

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 2020, BEP met its target of delivering 100 percent of the currency notes ordered, including a 20 percent increase mid-year due to increased demand during the COVID-19 pandemic. In FY 2021, BEP has committed to deliver 7.6B notes. Additionally, the FRB will accept any additional production up to a total of 9.6B notes. Should production exceed the commitment of 7.6B notes, the Yearly Currency Order figure reported will be greater than 100percent (applicable to FY 2021 only).

C – Changes in Performance Measures
BEP has no changes in performance measures.

D – Evidence-Building Activity
The table below describes the BEP's major evidence-building activities and corresponding resources. Additionally, refer to the Executive Summary for a discussion of Treasury-wide evidence-building functions.

Type of Evidence Building Activity	Major Activities and Planned Projects	Resource Types	Use
Evaluation *Collection and analysis of data to assess effectiveness and efficiency of programs, policies, or procedures*	**Major activities:** • Data collection and analysis is a key feature of production	• Data collection performed by personnel in numerous job series, in addition to automated data collection systems.	☒ For internal policy decision-making ☒ During internal strategic

Type of Evidence Building Activity	Major Activities and Planned Projects	Resource Types	Use
Estimated share of all Evidence-Building Activities: ***40 %***	processes organization-wide. **FY21 and FY22 projects:** • CQA	• Data Evaluation is performed at several levels, including on-press, in summary reports by management and senior leadership.	management processes ☐ By external partners (government) ☐ By external partners (non-government) ☐ By unaffiliated external researchers ☐ Other (describe)
Research *Modeling or other systematic use of data to explore emerging issues or potential scenarios to generate new knowledge* Estimated share of all Evidence-Building Activities: ***20 %***	**Major activities:** • Currency security and other feature research and development • Correction and Preventive Actions **FY21 and FY22 projects:** • None	• Security and other feature research and development consists of both basic and applied/practical research efforts. Personnel involved: doctorally-educated research scientists (13xx) of various series. • Corrective and preventive actions (CAPA) result from process and or quality concerns, and involves practical research in both how our outcomes are produced, and how outcomes can be improved. Personnel involved: personnel in quality assurance (19xx) and production roles throughout the bureau.	☒ For internal policy decision-making ☐ During internal strategic management processes ☐ By external partners (government) ☐ By external partners (non-government) ☐ By unaffiliated external researchers ☐ Other (describe)
Analysis *Routine and frequent use of data that produces insights for decision making and program management*	**Major activities:** • Performance Measurement activities • Currency Quality Assurance (CQA)	• As a normal part of its business, BEP manages using a number of metrics (both strategic and tactical), and takes action when parameters exceed established norms, or when	☒ For internal policy decision-making ☒ During internal strategic management processes

Type of Evidence Building Activity	Major Activities and Planned Projects	Resource Types	Use
Estimated share of all Evidence-Building Activities: ***25 %***	**FY21 and FY22 projects:** • None	product quality concerns are noted. • The quarterly Quality Management Review involves analysis of key metric data and performance, and allows continuing review of suitability, adequacy, and effectiveness of its Quality Management System (QMS) and its alignment with the strategic direction of the Bureau. This meeting involves leaders from throughout the bureau in various job series. • These activities involve personnel in numerous job series.	☐ By external partners (government) ☐ By external partners (non-government) ☐ By unaffiliated external researchers ☐ Other (describe)
Statistics *Collection, compilation, and processing of data for describing or estimating characteristics or insights concerning groups* Estimated share of all Evidence-Building Activities: ***15%***	**Major activities:** • Characterization of product parameters using statistical process and quality control. **FY21 and FY22 projects:** • None	• We use statistics to analyze results, product characteristics and performance to requirements. Examples of this include durability testing, in-line and offline currency inspection systems, and single note inspection (SNI). Job series involved in these activities include wage grade employees and management on press, engineers (08xx), scientists (13xx) and quality assurance specialists (19xx) offline.	☒ For internal policy decision-making ☐ During internal strategic management processes ☐ By external partners (government) ☐ By external partners (non-government) ☐ By unaffiliated external researchers ☐ Other (describe)

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 2022

Table of Contents

Section I – Budget Request

A – Mission Statement
To enable 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) 2022, the Mint's total estimated budgetary requirements for operations, metal, and capital investments are $3.31 billion. This budget will support the production of 18 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) Foster 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.

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 2021 and FY 2022 is forecasted at 20.0 billion and 18.0 billion coins, respectively. This level reflects a 29 percent increase for FY 2021 and a 16 percent increase for FY 2022 in shipments of all coin denominations, as compared to 15.5 billion in FY 2020. Circulating revenue is forecasted at $1.678 billion in FY 2021 and $1.382 billion in FY 2022. FY 2020 unit costs decreased for all denominations except the dime compared to last year. The unit cost for both pennies (1.76 cents) and nickels (7.42 cents) remained above face value for the 15th 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 2020, bullion demand increased to 24.7 million ounces from the 18.8 million ounces sold in FY 2019. Demand for bullion is forecasted at 21.1 million ounces for both FY 2021 and FY 2022. Bullion revenue is forecasted to be $1.99 billion in FY 2021 and $2.1 billion in FY 2022.

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 decreased by 0.9 percent from $349.6 million in FY 2019 to $346.6 million in FY 2020 due to a $23.0 million increase in gold and platinum products offset by a $34.3 million decrease in commemorative product revenues. Total units decreased by 20.9 percent from 4.3 million in FY 2019 to 3.4 million in FY 2020. FY 2021 and FY 2022 numismatic revenues are projected to be $514.5 million and $454.5 million, based on projected demand for numismatic products of 3.6 million in FY 2021 and increasing to 3.8 million in FY 2022.

1.1 – Resource Detail Table

Dollars in Thousands

Budgetary Resources	FY 2020 Actual		FY 2021 Estimate		FY 2022 Estimate		FY 2021 to FY 2022 % Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Revenue/Offsetting Collections								
Other Income								
Circulating	0	$1,168,492	0	$1,678,351	0	$1,381,960	NA	-17.66%
Bullion/Numismatic	0	$2,458,264	0	$2,509,019	0	$2,573,819	NA	2.58%
Total Revenue/Offsetting Collections	**0**	**$3,626,756**	**0**	**$4,187,370**	**0**	**$3,955,779**	**NA**	**-5.53%**
Expenses/Obligations								
Manufacturing								
Circulating	831	$1,115,526	919	$1,168,175	919	$1,237,311	0.00%	5.92%
Bullion/Numismatic	708	$2,346,835	752	$2,132,325	752	$2,075,287	0.00%	-2.67%
Total Expenses/Obligations	**1,539**	**$3,462,361**	**1,671**	**$3,300,500**	**1,671**	**$3,312,598**	0.00%	0.37%
Net Results	**1,539**	**$164,395**	**1,671**	**$886,870**	**1,671**	**$643,181**	**0.00%**	**-27.48%**

Coin Shipments (Units In Millions/Coins)	FY 2020	FY 2021	FY 2022	% Change
Circulating:				
One Cent	8,174	9,550	9,223	-3.4%
5-Cent	1,598	2,623	2,045	-22.0%
Dime	2,801	3,366	3,303	-1.9%
Quarter	2,906	4,460	3,429	-23.1%
Half-Dollar	-	-	-	0.0%
Dollar	-	-	-	0.0%
Total Circulating	**15,479**	**20,000**	**18,000**	-10.0%

Budget Category	FY 2020 Actual	FY 2021 Estimated	FY 2022 Estimated	% Change
Administrative Operating Costs	$404,433	$430,000	$442,098	2.8%
Capital Investments	$39,463	$60,500	$60,500	0.0%
Metals and Materials Costs	$3,018,466	$2,810,000	$2,810,000	0.0%
Total Budgetary Resources	**$3,462,361**	**$3,300,500**	**$3,312,598**	0.4%

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Materials	Operating & Capital	Total
FY 2021 Original Estimate	**1,705**	**$2,080,000**	**$467,197**	**$2,547,197**
Program Changes				
Program Decreases:	(34)	$0	($9,827)	($9,827)
FTE Reduction	(34)	$0	($2,107)	($2,107)
Operating Efficiencies	0	$0	($7,720)	($7,720)
Program Increases:	0	$730,000	$33,130	$763,130
Metal Due to Forecasted Increase in Circulating Coin Production	0	$250,000	$0	$250,000
Metal Due to Forecasted Increase in Bullion and Numismatic Production	0	$480,000	$0	$480,000
COVID-19 Requirements	0	$0	$5,410	$5,410
Increased Shipping and Handling	0	$0	$17,744	$17,744
Equipment and Facilities O&M	0	$0	$9,976	$9,976
Subtotal Program Changes	(34)	$730,000	$23,303	$753,303
FY 2021 Revised Estimate	**1,671**	**$2,810,000**	**$490,500**	**$3,300,500**
Changes to Base				
Maintaining Current Levels (MCLs)	0	$0	$12,098	$12,098
Pay Annualization (1.0% average pay raise)	0	$0	$547	$547
Pay Raise (2.7% average pay raise)	0	$0	$4,443	$4,443
FERS Contribution Increase	0	$0	$1,675	$1,675
Non-Pay	0	$0	$5,433	$5,433
Subtotal Changes to Base	0	$0	$12,098	$12,098
FY 2022 Current Services	**1,671**	**$2,810,000**	**$502,598**	**$3,312,598**
FY 2022 Estimate	**1,671**	**$2,810,000**	**$502,598**	**$3,312,598**

C – Budget Increases and Decreases Description

Program Decreases…………………………………………………-$9,827,000 / -34 FTE

FTE Reduction -$2,107,000 / -34 FTE

Salary savings will be realized through natural attrition across all directorates.

Operating Efficiencies -$7,720,000 / -0 FTE

The Mint will reduce its operating budget by continuing to monitor costs and implement various savings strategies.

Program Increases……………………………….……………… +$763,130,000 / +0 FTE

Metal Due to Forecasted Increase in Circulating Coin Production +$250,000,000 / +0 FTE

FY 2021 forecasted circulating coin production is increasing by 29%, from 15.5 billion coins in FY 2020 to approximately 20 billion coins. Metal prices are also projected to increase which results in an overall increase in circulating coin program costs.

Metal Due to Forecasted Increase in Bullion and Numismatic Production +$480,000,000 / +0 FTE

FY 2021 forecasted demand for the bullion coin program is increasing metal requirements by $480 million. Bullion program sales are forecasted to increase by 6 percent, and precious metal prices have surged. The projected increase is bullion sales coupled with the surge in metal prices results in an overall increase in program costs.

COVID-19 Requirements +$5,410,000 / +0 FTE
COVID -19 funding is required to maintain a healthy and safe workforce. The Mint has taken steps to ensure the safety of its employees by installing plexi-glass shields in areas with high customer interaction. Touchless faucets, touchless paper towel dispensers, and touchless soap dispensers are being installed in bathrooms throughout our facilities, and water fountains are being converted to water bottle filling stations. In FY 2022, the Mint will continue to provide all our facilities with Personal Protective Equipment (PPE) and enhanced janitorial cleaning services to ensure the safety of all who enter our buildings. In addition, as coin demand has soared during the pandemic and is expected to remain high, overtime will be used to ensure these elevated production levels are met.

Increased Shipping and Handling +$17,744,000 / +0 FTE
As a result of the increase in FY 2021 forecasted demand for the bullion coin program and circulating coin production, operating cost has also increased requiring additional funding for freight.

Equipment and Facilities O&M +$9,976,000 / +0 FTE
With increases to FY 2021 forecasted demand for the bullion coin program and circulating coin production, operation and maintenance of equipment and facilities cost has also increased requiring additional funding.

Maintaining Current Levels (MCLs)... +$12,098,000 / +0 FTE
Pay Annualization (1.0%) +$547,000 / +0 FTE
Funds are required for annualization of the January 2021 1.0% average pay raise.

Pay Raise (2.7% in 2022) +$4,443,000 / +0 FTE
Funds are required for a 2.7% average pay raise in January 2022.

FERS Contribution Increase +$1,675,000 / +0 FTE
Funds are required for the Federal Employee Retirement System (FERS) contribution rates effective FY 2022.

Non-Pay +$5,433,000 / +0 FTE
Funds are required for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2020 Actual Obligations	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
11.1 - Full-time permanent	138,201	150,696	166,705
11.3 - Other than full-time permanent	266	161	161
11.5 - Other personnel compensation	16,111	12,000	15,700
11.9 - Personnel Compensation (Total)	**154,579**	**162,857**	**182,566**
12.1 - Personnel benefits	55,222	54,990	54,990
13.0 - Benefits for former personnel	18	1,019	1,019
Total Personnel and Compensation Benefits	**$209,818**	**$218,866**	**$238,575**
21.0 - Travel and transportation of persons	911	900	2,663
22.0 - Transportation of things	33,310	39,144	21,400
23.1 - Rental Payments to GSA	1	0	0
23.2 - Rental payments to others	11,292	14,000	14,000
23.3 - Communication, utilities, and misc charges	13,807	18,960	18,960
24.0 - Printing and reproduction	1,728	2,000	3,366
25.1 - Advisory and assistance services	52,143	52,000	60,621
25.2 - Other services	18,988	19,000	21,063
25.3 - Other purchases of goods & serv from Govt accounts	20,105	20,500	20,586
25.4 - Operation and maintenance of facilities	9,955	10,000	9,375
25.5 - Research and development contracts	72	100	900
25.6 - Medical care	1,106	900	900
25.7 - Operation and maintenance of equip	9,726	11,000	7,059
26.0 - Supplies and materials	18,140	19,050	19,050
26.0 - Raw Materials	3,018,466	2,810,000	2,810,000
31.0 - Equipment	29,883	51,000	52,266
32.0 - Land and structures	12,911	13,080	11,814
Total Non-Personnel	**3,252,543**	**3,081,634**	**3,074,023**
Total Obligations	**$3,462,362**	**$3,300,500**	**$3,312,598**

Full-time Equivalents (FTE)	**1,539**	**1,671**	**1,671**

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 [2021] *2022* under such section 5136 for circulating coinage and protective service capital investments of the United States Mint shall not exceed $50,000,000. *(Department of the Treasury Appropriations Act, 2021.)*	

E – Legislative Proposals

Mint has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

In accordance with the Government Performance and Results Act Modernization Act (GPRAMA) of 2010, the Department of the Treasury is currently developing the FY 2022 – 2026 Departmental Strategic Plan. The Strategic Plan is scheduled for publication in 2022. The Annual Performance Plan will be updated in the FY 2023 President's Budget to reflect new departmental strategic goals and objectives. The Mint will publish a component plan that aligns bureau activities and priorities to the Department's by Spring 2022.

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 2021, the program will end with one final quarter honoring Tuskegee Airmen National Historic Site (Alabama). The Circulating Collectible Coin Redesign Act of 2020 (Public Law 116-330) will begin in 2022 with the first redesign and issuance of quarters emblematic of prominent American Women and commemorating the 19th Amendment.

Numismatic Program

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.

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 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. The 100th anniversary of the Mint's last strike of the Morgan Silver Dollar and first strike of the Peace Silver Dollar will occur in 2021. In accordance with the 1921 Silver Dollar Coin Anniversary Act (Public Law 116-286), the Mint will produce both Peace and Morgan Silver Dollars to honor the anniversary of the 1921 designs of both coins.

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 commemorative coins honoring Christa McAuliffe (Public Law 116-65) and National Law Enforcement (Public Law 116-94). In 2022, the Mint has authorization to mint commemorative coins commemorating National Purple Heart Hall of Honor (Public Law 116-247) and Negro Leagues Baseball Centennial (Public Law 116-209).

B – Budget and Performance by Budget Activity
2.1.1 – Manufacturing Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Expenses/Obligations	$3,272,106	$2,203,909	$1,424,770	$1,555,462	$3,462,361	$3,300,500	$3,312,598
Budget Activity Total	**$3,272,106**	**$2,203,909**	**$1,424,770**	**$1,555,462**	**$3,462,361**	**$3,300,500**	**$3,312,598**
FTE	**1,695**	**1,645**	**1,545**	**1,536**	**1,539**	**1,671**	**1,671**

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Circulating On-Time Delivery	100	100	100	100	100	97.5	97.5	97.5
Customer Satisfaction Index (%)	91	91.7	93.6	93.6	91.7	90.0	87.0	90.0
Numismatic Sales Units (Million Units)	4.2	3.9	3.3	4.3	3.4	3.8	3.6	3.8
Safety Incident Recordable Rate	2.53	1.96	1.9	1.45	1.29	2.32	2.30	2.16
Seigniorage per Dollar Issued ($)	0.52	0.45	0.37	0.4	0.47	0.36	0.41	0.41

Manufacturing Budget and Performance
($3,312,598,000 from offsetting collections) The Mint will mint and issue circulating coins and produce numismatic products, including bullion, to meet demand.

<u>Description of Performance:</u>
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, "Revitalization of products and customer base," and the Mint's internal strategic objective linked to this goal, "Integrated marketing plan", which includes metrics for performance, customer engagement and customer satisfaction to evaluate the health of the Mint's sales and marketing program.

In FY 2020, the CSI was 91.7 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 has set the target for this metric at 87.0 percent for FY 2021 and at 90.0 percent for FY 2022.

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, "Revitalization of products and customer base" and the Mint's internal strategic objective linked to this goal, "Increasing brand awareness."

Numismatics product sales for FY 2020 totaled 3.4 million units, missing its 3.8 million unit target. The Mint's numismatic unit sales fell in FY 2020, likely as a result of the worldwide COVID-19 pandemic. Currently the environment for numismatic sales overall remains challenging. The performance target for numismatic sales units is 3.6 million for FY 2021 and 3.8 million for FY 2022. Targets are representative of anticipated results for the various numismatic product programs for that year. Therefore, targets tend to 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."

In FY 2020, the total recordable case rate reached 1.29, well below the Mint's FY 2020 target of 2.32, and significantly below the most recently published industry average rate of 4.9 for comparable private sector manufacturing operations. During FY 2020, 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 2.30 for FY 2021 and 2.16 for FY 2022. The Mint is currently on target to exceed its FY 2021 goal.

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, "Advancing the circulating mission," as well as the Mint's internal strategic objective linked to the goal, "Utilize research, analysis, and technology for enhancement of circulating coin output and input."

At the end of FY 2020, Seigniorage per Dollar Issued was $0.47, well above the FY 2020 performance target of $0.36 as a result of an increase in circulating units shipped. The FY 2021 and FY 2022 target increases are a result of anticipated increases in production volumes, as well as base metals cost for all denominations, as market prices are expected to escalate. The Seigniorage per Dollar Issued performance targets are set at $0.41 for both FY 2021 and FY 2022.

Circulating On-time Delivery

Circulating On time Delivery is the percentage total scheduled circulating coin orders shipped on time to the Federal Reserve Banks. Each month, the FRB provides Mint a report detailing the next month's requirements for coinage. Based on this report, the Mint establishes a shipment schedule that is captured in the Oracle manufacturing system. Changes to the schedule are only made when the FRB provides formal documentation of a requested adjustment to scheduled orders. The Mint will continue to respond to FRB orders as needed, as well as make every effort to have the appropriate amount of coinage available to accommodate timely shipments. On-time delivery to the Federal Reserve Banks (FRB) is the percentage of total scheduled orders shipped on time to the FRB. Performance over the past few years has consistently averaged around 100 percent. On time delivery for FY 2020 was 100 percent. The performance targets for circulating on-time delivery is set at 97.5 percent for both FY 2021 and FY 2022.

C – Changes in Performance Measures

Performance Measure	Proposed Change and Justification
1. Circulating On-Time Delivery	The Mint is reactivating this measure to ensure the Mint responds to FRB orders as needed, as well as make every effort to have the appropriate amount of coinage available to accommodate timely shipments.

D – Evidence-Building Activity

The table below describes the Mint's major evidence-building activities and corresponding resources. Additionally, refer to the Executive Summary for a discussion of Treasury-wide evidence-building functions.

Type of Evidence Building Activity	Major Activities and Planned Projects	Resource Types	Use
Evaluation ***Collection and analysis of data to assess effectiveness and efficiency of programs, policies, or procedures*** **Estimated share of all Evidence-Building Activities:** ***35%***	**Major activities:** • Business cases and After Actions Reports **FY21 and FY22 projects:** • Net income maximization project for numismatic portfolio (active)	Series 0343 dedicated to safety measurement Series 0501 dedicated to project analysis Series 0510 dedicated to program and budget analysis	☒ For internal policy decision-making ☒ During internal strategic management processes ☐ By external partners (government) ☐ By external partners (non-government) ☐ By unaffiliated external researchers ☐ Other (describe)
Research ***Modeling or other systematic use of data to explore emerging issues or potential scenarios to generate new knowledge*** **Estimated share of all Evidence-Building Activities:** ***25%***	**Major activities:** • Demand and sales forecasting • Numismatic product pricing • Payments market trend analysis **FY21 and FY22 projects:** • Long-term circulating coin demand trend modelling (active) • Improved numismatic modelling (active)	Series 0343 dedicated to forecasting and pricing analysis Series 1101 dedicated to forecasting Economic research contract	☒ For internal policy decision-making ☒ During internal strategic management processes ☒ By external partners (government) ☒ By external partners (non-government) ☐ By unaffiliated external researchers ☐ Other (describe)

Type of Evidence Building Activity	Major Activities and Planned Projects	Resource Types	Use
Analysis ***Routine and frequent use of data that produces insights for decision making and program management*** **Estimated share of all Evidence-Building Activities:** ***30%***	**Major activities:** • Performance Measurement **FY21 and FY22 projects:** • Data warehouse implementation (planned) • Executive level dashboards (planned)	Series 0343 dedicated to safety measurement Series 1035 dedicated to public engagement analysis Series 0343 dedicated to performance reporting Series 0501 dedicated to performance reporting Series 0510 dedicated to performance reporting Marketing contract	☒ For internal policy decision-making ☒ During internal strategic management processes ☐ By external partners (government) ☐ By external partners (non-government) ☐ By unaffiliated external researchers ☐ Other (describe)
Statistics ***Collection, compilation, and processing of data for describing or estimating characteristics or insights concerning groups*** **Estimated share of all Evidence-Building Activities:** ***10%***	**Major activities:** • Numismatic customer base research • Customer satisfaction measurement **FY21 and FY22 projects:** • None	Series 1101 dedicated to survey research Survey research contract	☒ For internal policy decision-making ☐ During internal strategic management processes ☐ By external partners (government) ☐ By external partners (non-government) ☐ By unaffiliated external researchers ☐ Other (describe)

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 $50 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's maintenance is scheduled and performed regularly to keep the manufacturing equipment operating at optimal levels.

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 2022

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, 2020, the OCC supervised 821 national bank charters, 53 federal branches and agencies, and 284 federal savings associations. In total, the OCC supervises approximately $14.1 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.

The OCC receives no appropriated funds from congress for any portion of its operations. 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.

FY 2021 and 2022 Priorities
A major focus of the OCC's supervisory, regulatory, and charter programs for FY 2021 and forward involves 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 COVID-19 pandemic and efforts to contain its spread in the United States caused a historic economic downturn in early 2020. While economic activity is rebounding, there is significant ongoing financial risk. The OCC is observing signs that credit risk is transitioning as the economic downturn affects customer ability to service debts. Credit risk is evolving as government assistance programs expire and unemployment levels remain elevated. Strategic risk is an emerging issue due to the impact on bank profitability of the historically low-rate environment and potential credit stress. Operational risk is elevated as banks respond to altered work environments, an evolving and complex operating environment, and cybersecurity threats. Compliance risk is also elevated due to a combination of altered work environments and the requirement to quickly implement new federal, state, and proprietary programs designed to support businesses and consumers.

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 all laws and regulations, including consumer protection laws and regulations. Priorities and activities will include supervisory reviews of commercial and retail credit quality and control functions, cybersecurity and operational resiliency, the implementation of pandemic assistance programs such as the Coronavirus Aid, Relief, and Economic Security (CARES) Act's Paycheck Protection Program (PPP) and other federal, state, and bank-initiated forbearance and deferred payment programs, the impact of changing interest rate outlooks, implementation and preparedness for the current expected credit losses (CECL) accounting standard, preparation for the phaseout of the London Interbank Offering Rate (LIBOR), technological innovation, 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 and fair lending. 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 Reports of Examination and appropriate enforcement actions and ensuring timely follow-up on needed corrective actions.

1.1 – Resource Detail Table

Dollars in Thousands

Budgetary Resources	FY 2020 Actual		FY 2021 Estimated		FY 2022 Estimated		FY 2021 to FY 2022 % Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Revenue/Offsetting Collections								
Assessments	0	$1,022,157	0	$1,059,445	0	$1,059,445	NA	0.00%
Interest	0	$15,330	0	$21,464	0	$21,464	NA	0.00%
Other Income	0	$18,075	0	$13,791	0	$13,791	NA	0.00%
Unobligated Balances from Prior Years	0	$1,669,476	0	$1,656,000	0	$1,588,000	NA	-4.11%
Total Revenue/Offsetting Collections	**0**	**$2,725,038**	**0**	**$2,750,700**	**0**	**$2,682,700**	**NA**	**-2.47%**
Expenses/Obligations								
Supervise	3,202	$953,433	3,125	$1,030,945	3,125	$1,038,425	0.00%	0.73%
Regulate	318	$94,738	332	$109,481	332	$110,275	0.00%	0.73%
Charter	69	$20,519	66	$21,715	66	$21,873	0.00%	0.73%
Total Expenses/Obligations	**3,589**	**$1,068,690**	**3,523**	**$1,162,141**	**3,523**	**$1,170,573**	0.00%	0.73%
Net Results		**$1,656,348**		**$1,588,559**		**$1,512,127**	**NA**	**-4.81%**

- 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, 2020, the net position of the OCC was $1,574.7 million.
- 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 2020 Actual Obligations	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
11.1 - Full-time permanent	554,034	570,242	575,944
11.3 - Other than full-time permanent	4,710	3,703	3,703
11.5 - Other personnel compensation	2,731	2,722	2,722
11.9 - Personnel Compensation (Total)	**561,475**	**576,667**	**582,369**
12.0 - Personnel benefits	237,138	272,903	275,632
13.0 - Benefits for former personnel	342	230	230
Total Personnel and Compensation Benefits	**$798,955**	**$849,800**	**$858,231**
21.0 - Travel and transportation of persons	17,570	21,186	21,186
22.0 - Transportation of things	812	2,417	2,417
23.1 - Rental payments to GSA	68	79	79
23.2 - Rental payments to others	69,212	66,577	66,577
23.3 - Communication, utilities, and misc charges	17,725	21,084	21,084
24.0 - Printing and reproduction	535	592	592
25.1 - Advisory and assistance services	23,672	21,742	21,742
25.2 - Other services	26,141	31,117	31,117
25.3 - Other purchases of goods & serv frm Govt accounts	10,866	8,729	8,729
25.4 - Operation and maintenance of facilities	5,641	8,622	8,622
25.7 - Operation and maintenance of equip	58,783	73,618	73,618
26.0 - Supplies and materials	4,682	6,259	6,259
31.0 – Equipment	23,830	24,777	24,777
32.0 - Land and structures	4,856	25,158	25,158
33.0 - Investments and loans	5,000	0	0
42.0 - Insurance claims and indemnities	344	384	384
Total Non-Personnel	**$269,735**	**$312,341**	**$312,341**
Total Budgetary Resources	**$1,068,690**	**$1,162,141**	**$1,170,572**
Full-time Equivalents (FTE)	**3,589**	**3,523**	**3,523**

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

D – Appropriations Language and Explanation of Changes

The OCC receives no appropriated funds from Congress.

E – Legislative Proposals

The OCC has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment
In accordance with the *Government Performance and Results Act Modernization Act (GPRAMA)* of 2010, the Department of the Treasury is currently developing the FY 2022 – 2026 Departmental Strategic Plan. The Strategic Plan is scheduled for publication in 2022. The Annual Performance Plan will be updated in the FY 2023 President's Budget to reflect new departmental strategic goals and objectives. The OCC will publish a component plan that aligns bureau activities and priorities to the Department's by fall 2022, or within 12 months of the confirmation of a new Comptroller of the Currency.

As such, the OCC's nationwide staff of bank examiners conducts on-site and off-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 (CMPs); 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 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimated	FY 2022 Estimated
Expenses/Obligations	$975,477	$993,680	$1,105,022	$939,193	$953,433	$1,030,945	$1,038,425
Budget Activity Total	**$975,477**	**$993,680**	**$1,105,022**	**$939,193**	**$953,433**	**$1,030,945**	**$1,038,425**
Full-time Equivalents (FTE)	**3,441**	**3,498**	**3,434**	**3,289**	**3,202**	**3,125**	**3,125**

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Percentage of National Banks and Federal Savings Associations with Composite CAMELS Rating 1 or 2	93	94	96	96	96	90	90	90
Percentage of National Banks and Federal Savings Associations That Are Categorized as Well Capitalized	96	97	95	98	99	95	95	95
Percentage of National Banks and Federal Savings Associations with Consumer Compliance Rating of 1 or 2	98	97	98	98	98	94	94	94
Rehabilitated National Banks and Federal Savings Associations as A Percentage of Problem National Banks One Year Ago (CAMEL 3,4, or 5)	43	40	44	15	23	40	40	40
Total OCC Costs Relative to Every $100,000 in Bank and Federal Savings Associations Assets Regulated ($)	9.65	9.49	9.12	8.07	7.78	8.10	7.71	7.71

Supervise Budget and Performance
($1,038,425 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 FYs 2020 and 2021, the OCC took a number of enforcement actions, including imposition of large CMPs to address violations of the Bank Secrecy Act and Anti-Money Laundering requirements, and/or failure to maintain effective risk management programs for enterprise-wide risk management, compliance risk management, internal controls, or IT risk governance that are commensurate with the bank's size, complexity, and risk profile.

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 and represents the lowest supervisory risk. 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, 2020, 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 the earliest 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 risk controls, and thus the OCC would not 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, 2020, 99 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 and represents the lowest risk for noncompliance. The target for FY 2021 remains unchanged at 94 percent. As of September 30, 2020, 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:
The OCC's early identification and intervention with problem financial institutions can lead to a successful rehabilitation. As of September 30, 2020, 23 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. In addition, there were no national bank or federal savings association failures in FY 2020 compared to the 2 failures in FY 2019 and 0 in FY 2018. The OCC continues to focus on the early identification and rehabilitation of problem institutions.

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 early 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 2021 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, 2020, total OCC cost relative to every $100,000 in assets regulated was $7.78 compared to the FY 2020 target of $8.10. 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 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimated	FY 2022 Estimated
Expenses/Obligations	$90,463	$92,151	$106,649	$93,323	$94,738	$109,481	$110,275
Budget Activity Total	**$90,463**	**$92,151**	**$106,649**	**$93,323**	**$94,738**	**$109,481**	**$110,275**
Full-time Equivalents (FTE)	**319**	**324**	**331**	**327**	**318**	**332**	**332**

Regulate Budget and Performance

($110,275 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 action to reduce regulatory burden on and expand economic opportunity, including in response to the pandemic. To implement a provision of the CARES Act, the agency adopted interim and final rules to temporarily lower the community bank leverage ratio and to provide a graduated transition back to its pre-pandemic level. The OCC issued a final rule to codify the agency's longstanding understanding that a bank may transfer a loan without affecting the permissible interest term. This rule clarifies banks' ability to serve consumers, businesses, and the broader economy effectively and effectively, particularly in times of economic crisis. To address sudden disruptions in financial markets as a result of the pandemic, the OCC issued an interim final rule and order to temporarily extend the maturity limits for short-term investment funds affected by the market effects of Covid-19. The agency also issued, after extensive opportunity for public input, a final rule strengthening and modernizing the agency's regulations under the Community Reinvestment Act (CRA). OCC actions also supported responsible innovation by regulated institutions. For example, the OCC issued an advanced notice of proposed rulemaking inviting comment on its rules governing banks' digital activities. This rulemaking is part of the agency's ongoing efforts to remain responsive to rapidly changing trends and technology developments in the financial marketplace.

OCC continued to support responsible industry innovation by offering a program of Office Hours and Listening Sessions, sponsored by its Office of Innovation, and established 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 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimated	FY 2022 Estimated
Expenses/Obligations	$23,978	$24,426	$24,033	$20,212	$20,519	$21,715	$21,873
Budget Activity Total	**$23,978**	**$24,426**	**$24,033**	**$20,212**	**$20,519**	**$21,715**	**$21,873**
Full-time Equivalents (FTE)	**85**	**86**	**75**	**71**	**69**	**66**	**66**

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Percentage of Licensing Applications and Notices Completed within Established Timeframes	98	96	97	99	98	95	95	95

Charter Budget and Performance
($21,873 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.

Description of Performance:
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, 2020, the OCC completed 98 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
The table below describes the OCC's major evidence-building activities and corresponding resources. Additionally, refer to the Executive Summary for a discussion of Treasury-wide evidence-building functions.

Type of Evidence Building Activity	Major Activities and Planned Projects	Resource Types	Use
Evaluation *Collection and analysis of data to assess effectiveness and efficiency of programs, policies, or procedures* Estimated share of all Evidence-Building Activities: ***20 %***	**Major activities:** • OCC Strategic Operating Plan **FY 2021 and FY 2022 projects:** • Enterprise Workforce Planning	FTE Series 0301, 0343, 0570, 0110, 2210	☒ For internal policy decision-making ☒ During internal strategic management processes ☐ By external partners (government) ☐ By external partners (non-government) ☐ By unaffiliated external researchers ☐ Other (describe)
Research *Modeling or other systematic use of data to explore emerging issues or potential scenarios to generate new knowledge* Estimated share of all Evidence-Building Activities: ***60 %***	**Major activities:** • Economic and financial research functions • Issuance of interpretive letters that provide legal certainty for cryptocurrency activities **FY 2021 and FY 2022 projects:** • Economics to establish policy research workgroups in numerous areas with both internal and external SMEs • Technology Modernization • Single Supervisory Platform Project • Enterprise Data Governance	FTE Series 0110, 0343, 0301, 2210	☒ For internal policy decision-making ☒ During internal strategic management processes ☐ By external partners (government) ☒ By external partners (non-government) ☐ By unaffiliated external researchers ☐ Other (describe)

Type of Evidence Building Activity	Major Activities and Planned Projects	Resource Types	Use
Analysis *Routine and frequent use of data that produces insights for decision making and program management* Estimated share of all Evidence-Building Activities: ***15 %***	**Major activities:** • Performance Measurement • Financial sector and policy analysis • Strategic analysis **FY 2021 and FY 2022 projects:** • None	FTE Series 0301, 0343, 0570, 0110	☒ For internal policy decision-making ☒ During internal strategic management processes ☐ By external partners (government) ☐ By external partners (non-government) ☐ By unaffiliated external researchers ☐ Other (describe)
Statistics *Collection, compilation, and processing of data for describing or estimating characteristics or insights concerning groups* Estimated share of all Evidence-Building Activities: ***5 %***	**Major activities:** • None **FY 2021 and FY 2022 projects:** • None	FTE Series 1160	☒ For internal policy decision-making ☒ During internal strategic management processes ☐ By external partners (government) ☐ By external partners (non-government) ☐ By unaffiliated external researchers ☐ Other (describe)

Section III – Additional Information

A – Summary of Capital Investments

Modernizing the OCC's approach to bank supervision through standardizing data and information, reducing duplication of effort, and leveraging technology is an agency priority. A single supervisory platform will provide data, information, and analytics to OCC staff to assist in making better decisions, in near real time, to support the agency's mission.

The OCC Chief, Information Officer's (CIO) strategy 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 strategy is implemented through the budget formulation and the Capital Planning and Investment Control processes. 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 to ensure that they are 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 2021 and 2022 Plans - The OCC has 4 major IT initiatives in FY 2021 and 2022:

- *Server 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 build out additional capacity and support server technology refresh, business resiliency, and enterprise storage capacity.
- *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 workforce. In FY 2021, the OCC will continue to refresh telecommunication infrastructure to increase capacity, maximize uptime, and ensure maintenance and security are maintained.
- *End User Services and Support (EUSS)* - EUSS includes help desk/customer service support, computer hardware and software operations and maintenance, mobile devices, printers, asset management, and desktop engineering and image management. In FY 2021, OCC will refresh mobile devices and begin the planning for the next computer refresh.
- *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 and Ongoing Authorization. In FY 2021, the OCC will continue to deploy additional cloud-based services to minimize dependence on the OCC Data Center for critical network security and infrastructure services.

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.

International Programs

The Department of the Treasury's FY 2022 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

Summary of FY 2022 Appropriations Language

Below is a summary of proposed Treasury appropriations language changes from the FY 2021 enacted bill. Please note that brackets indicate which material will be deleted, and italics indicate which material will be inserted.

DEPARTMENTAL OFFICES

SALARIES AND EXPENSES

For necessary expenses of the Departmental Offices including operation and maintenance of the Treasury Building and 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, [$233,000,000] *$270,669,000*: 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] *$34,000,000* shall remain available until September 30, [2022] *2023*, 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 Cybersecurity and Critical Infrastructure Protection, including entering into co- operative agreements; (E) operations and maintenance of facilities; and (F) international operations.

OFFICE OF TERRORISM AND FINANCIAL INTELLIGENCE

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,**[** $175,000,000,**]** *$185,192,000* 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, **[**2022**]** *2023.*

CYBERSECURITY ENHANCEMENT ACCOUNT

For salaries and expenses for enhanced cybersecurity for systems operated by the Department of the Treasury, **[**$18,000,000**]** *$132,027,000*, to remain available until September 30, **[**2023**]** *2024*: *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**]** *$4,000,000* 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-WIDE SYSTEMS AND CAPITAL INVESTMENTS PROGRAM

For development and acquisition of automatic data processing equipment, software, and services and for repairs and renovations to buildings owned by the Department of the Treasury, $6,118,000, to remain available until September 30, **[**2023**]** *2024*: *Provided*, That these funds shall be transferred to accounts and in amounts as necessary to satisfy the requirements of the Department's offices, bureaus, and other organizations: *Provided further*, That this transfer authority shall be in addition to any other transfer authority provided in this Act: *Provided further*, That none of the funds appropriated under this heading shall be used to support or supplement "Internal Revenue Service, Operations Support" or "Internal Revenue Service, Business Systems Modernization".

OFFICE OF THE INSPECTOR GENERAL

SALARIES AND EXPENSES

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, **[**$41,044,000**]** *$42,362,000*, 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, **[**2022**]** *2023*, 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.

COMMITTEE ON FOREIGN INVESTMENT IN THE UNITED STATES

For necessary expenses of the Committee on Foreign Investment in the United States, $20,000,000, to remain available until expended: *Provided*, That the chair-person 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 re-main 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 ap-propriated under this heading from the general fund shall be reduced as such offset-ting collections are received during fiscal year **[**2021**]** *2022*, so as to result in a total appropriation from the general fund estimated at not more than **[**$15,000,000**]***$0*. For necessary expenses of the Committee on Foreign Investment in the United States, $20,000,000, to remain available until expended: *Provided*, That the chair-person 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 re-main 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 ap-propriated under this heading from the general fund shall be reduced as such offset-ting collections are received during fiscal year **[**2021**]** *2022*, so as to result in a total appropriation from the general fund estimated at not more than **[**$15,000,000**]** *$0*.

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses of the Treasury Inspector General for Tax Administration in carrying out the Inspector General Act of 1978, as amended, including purchase and hire of passenger motor vehicles (31 U.S.C. 1343(b)); and services authorized by 5 U.S.C. 3109, at such rates as may be determined by the Inspector General for Tax Administration; **[**$170,250,000**]***$175,762,000*, of which $5,000,000 shall remain available until September 30, **[**2022**]***2023*; 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. 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**]** *$175,762,000*, of which $5,000,000 shall remain available until September 30, **[**2022**]** *2023*; 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.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND PROGRAM ACCOUNT

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, [$270,000,000] *$330,000,000.* Of the amount appropriated under this heading—(1) not less than [$167,000,000] *$217,383,000*, 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, [2022] *2023*, 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 (12U.S.C. 4708), of which up to [$2,374,500] *$3,153,750* may be used for the cost of direct loans, of which up to $6,000,000, 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 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 territory or possession of the United States; (2) Not less than [$16,500,000] *$21,500,000*, notwithstanding section 108(e) of Public Law 103–325 (12 U.S.C. 4707(e)), is available until September 30, [2022] *2023*, 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 $26,000,000 is available until September 30, [2022] *2023*, for the Bank Enterprise Award program; (4) not less than $23,000,000, 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, [2022] *2023*, 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 dis- tressed communities; (5) not less than $8,500,000 is available until September 30, [2022] *2023*, 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; up to [$29,000,000] *$33,617,000* is available until September 30, [2021]*2022*, 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 the development of tools to better assess and inform CDFI in- vestment performance and CDFI Fund program impacts, and up to $300,000 is for administrative expenses to carry out the direct loan program; and (7) during fiscal year [2021] *2022*, none of the funds available under this heading are available for the cost, as defined in section 502 of the Congressional Budget Act of 1974, of commitments to guarantee bonds and notes under section 114A of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4713a): Provided, That commitments to guarantee bonds and notes under such section 114A shall not exceed $500,000,000: Provided further, That such section 114A shall remain in effect until December 31, [2021] *2022*: Provided further, That of the funds awarded under this heading, except those provided for the Economic Mobility Corps, 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.

SPECIAL INSPECTOR GENERAL FOR THE TROUBLED ASSET RELIEF PROGRAM

SALARIES AND EXPENSES

For necessary expenses of the Office of the Special Inspector General in carrying out the provisions of the Emergency Economic Stabilization Act of 2008 (Public Law 110−343), **[**$19,000,000**]** *$17,000,000*.

FINANCIAL CRIMES ENFORCEMENT NETWORK

SALARIES AND EXPENSES

For necessary expenses of the Financial Crimes Enforcement Network, including hire of passenger motor vehicles; travel and training expenses of non-Federal and foreign government personnel to attend meetings and training concerned with domestic and foreign financial intelligence activities, law enforcement, and financial regulation; services authorized by 5 U.S.C. 3109; not to exceed **[**$12,000**]** *$45,000* for official reception and representation expenses; and for assistance to Federal law enforcement agencies, with or without reimbursement, **[**$126,963,000**]** *$190,539,000*, of which not to exceed **[**$34,335,000**]** *$94,600,000* shall remain available until September 30, **[**2023**]** *2024 for information technology and to implement Division F of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 (Public Law 116–283)*.

BUREAU OF THE FISCAL SERVICE

SALARIES AND EXPENSES

For necessary expenses of operations of the Bureau of the Fiscal Service, **[**$345,569,000**]** *$360,266,000*; of which not to exceed $8,000,000, to remain available until September 30, **[**2023**]** *2024*, 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 re-imburse administrative and personnel expenses for financial management of the Fund, as authorized by section 1012 of Public Law 101−380.

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

SALARIES AND EXPENSES

For necessary expenses of carrying out section 1111 of the Homeland Security Act of 2002, including hire of passenger motor vehicles, **[**$124,337,000**]** *$131,330,000*; of which *$5,000,000 shall remain available until September 30, 2023; of which* not to exceed $6,000 shall be available 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, 2022, shall be for the costs as- sociated with enforcement of and education regarding the trade practice provisions of the Federal Alcohol Administration Act (27 U.S.C. 201 et seq.)**]**.

UNITED STATES MINT PUBLIC ENTERPRISE FUND

Pursuant to section 5136 of title 31, United States Code, the United States Mint is provided funding through the United States Mint Public Enterprise Fund for costs associated with the production of circulating coins, numismatic coins, and protective services, including both operating expenses and capital investments: *Provided*, That the aggregate amount of new liabilities and obligations incurred during fiscal year **[**2021**]** *2022* under such section 5136 for circulating coinage and protective service capital investments of the United States Mint shall not exceed $50,000,000.

INTERNAL REVENUE SERVICE

TAXPAYER SERVICES

For necessary expenses of the Internal Revenue Service to provide taxpayer ser-vices, 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, **[**$2,555,606,000**]** *$2,940,876,000*, of which not less than *$11,000,0000* shall be for the Tax Counseling for the Elderly Program, of which not less than *$13,000,000* shall be available for low-income taxpayer clinic grants, of which not less than *$30,000,000*, to remain available until September 30, **[**2022**]** *2023*, shall be available for the Community Volunteer Income Tax Assistance Matching Grants Program for tax return preparation assistance, and of which not less than *$211,000,000* 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, **[**$5,212,622,000**]** *$5,462,823,000*, of which not to exceed $250,000,000 shall remain available until September 30, **[**2022**]** *2023*; 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**]** *$21,000,000* 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. *In addition, $287,452,000, for an additional amount to meet the terms of a concurrent resolution on the budget for tax enforcement activities under this heading, including tax compliance to address the Federal tax gap: Provided, That such additional amounts may not be transferred or reprogrammed for any other activity.*

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; **[**$3,928,102,000**]** *$4,448,195,000*, of which not to exceed $275,000,000 shall remain available until September 30, **[**2022**]** *2023*; 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, **[**2023**]** *2024*, 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 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 **[**2022**]** *2023*, a summary of cost and schedule performance information for its major information technology systems. *In addition, $129,445,000, for an additional amount to meet the terms of a concur- rent resolution on the budget for tax enforcement activities under this heading, including tax compliance to address the Federal tax gap: Provided, That such additional amounts may not be transferred or reprogrammed for any other activity.*

BUSINESS SYSTEMS MODERNIZATION

For necessary expenses of the Internal Revenue Service's business systems modernization program,**[** $222,724,000**]** *$305,032,000*, to remain available until September 30, **[**2023**]** *2024*, for the capital asset acquisition of information techno- logy 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 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

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**]** *notice to* 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. *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.*

SEC. 112*. There is hereby established the Internal Revenue Service Working Capital Fund (Fund), which shall be available without fiscal year limitation, for expenses necessary for facility services, technology, and other centralized services that the Commissioner of Internal Revenue, subject to prior notice to the Office of Management and Budget, deems appropriate and advantageous to provide on a reimbursable basis: Provided, That amounts deposited in the Fund shall be in addition to funds otherwise available for such purposes, and shall remain available until expended: Provided further, That the Fund may receive advances and reimbursements from funds available to the business units and offices of the Internal Revenue Service for which such centralized services are performed at rates which will return in full all expenses of operation: Provided further, That unobligated balances of expired amounts* *appropriated or otherwise made available for this or any succeeding fiscal year to the Internal Revenue Service may be transferred and merged into the Fund no 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: Provided further, That no funds may be transferred pursuant to the previous proviso unless advance notification is provided to the Committees on Appropriations of the House of Representatives and the Senate.*

ADMINISTRATIVE PROVISIONS—DEPARTMENT OF THE TREASURY

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

SEC. 112. Not to exceed 2 percent of any appropriations in this title made available under the headings "Departmental Offices—Salaries and Expenses", "Office of Inspector General", "Special Inspector General for the Troubled Asset Relief Program", "Financial Crimes Enforcement Network", "Bureau of the Fiscal Service", and "Alcohol and Tobacco Tax and Trade Bureau" may be transferred between such appropriations upon the advance **[**approval**]** *notification* of the Committees on Appropriations of the House of Representatives and the Senate: *Provided*, That no transfer under this section may increase or decrease any such appropriation by more than 2 percent.

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

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

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

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

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

the House of Representatives and the Senate.
SEC. 118. Funds appropriated by this Act, or made available by the transfer of funds in this Act, for the Department of the Treasury's intelligence or intelligence related activities are deemed to be specifically authorized by the Congress for purposes of section 504 of the National Security Act of 1947 (50 U.S.C. 414) during fiscal year **[**2021**]** *2022* until the enactment of the Intelligence Authorization Act for Fiscal Year **[**2021**]** *2022*.
SEC. 119. Not to exceed $5,000 shall be made available from the Bureau of Engraving and Printing's Industrial Revolving Fund for necessary official reception and representation expenses.
SEC. 120. The Secretary of the Treasury shall submit a Capital Investment Plan to the Committees on Appropriations of the House of Representatives and the Senate not later than 30 days following the submission of the annual budget submitted by the President: *Provided*, That such Capital Investment Plan shall include capital investment spending from all accounts within the Department of the Treasury, including but not limited to the Department-wide Systems and Capital Investment Programs account, Treasury Franchise Fund account, and the Treasury Forfeiture Fund account: *Provided further*, That such Capital Investment Plan shall include expenditures occurring in previous fiscal years for each capital investment project that has not been fully completed.
SEC. 121. Within 45 days after the date of enactment of this Act, the Secretary of the Treasury shall submit an itemized report to the Committees on Appropriations of the House of Representatives and the Senate on the amount of total funds charged to each office by the Franchise Fund including the amount charged for each service provided by the Franchise Fund to each office, a detailed description of the services, a detailed explanation of how each charge for each service is calculated, and a de-scription of the role customers have in governing in the Franchise Fund.
SEC. 122. During fiscal year [2021] *2022*— (1) none of the funds made available in this or any other Act may be used by the Department of the Treasury, including the Internal Revenue Service, to issue, revise, or finalize any regulation, revenue ruling, or other guidance not limited to a particular taxpayer relating to the standard which is used to determine whether an organization is operated exclusively for the promotion of social welfare for purposes of section 501(c)(4) of the Internal Revenue Code of 1986 (including the proposed regulations published at 78 Fed. Reg. 71535 (November 29, 2013)); and (2) the standard and definitions as in effect on January 1, 2010, which are used to make such determinations shall apply after the date of the enactment of this Act for purposes of determining status under section 501(c)(4) of such Code of organizations created on, before, or after such date.
SEC. 123. (a) Not later than 60 days after the end of each quarter, [the Office of Financial Stability and] *the Office of Financial Research* shall submit reports on their activities to the Committees on Appropriations of the House of Representatives and the Senate, the Committee on Financial Services of the House of Representatives and the Senate Committee on Banking, Housing, and Urban Affairs.
(b) The reports required under subsection (a) shall include— (1) the obligations made during the previous quarter by object class, office, and activity; (2) the estimated obligations for the remainder of the fiscal year by object class, office, and activity; (3) the number of full-time equivalents within each office during the previous quarter; (4) the estimated number of full-time equivalents within each office for the remainder of the fiscal

year; and (5) actions taken to achieve the goals, objectives, and performance measures of each office. (c) At the request of any such Committees specified in subsection (a), [the Office of Financial Stability and] the Office of Financial Research shall make officials available to testify on the contents of the reports required under subsection (a).

[SEC. 124. In addition to the amounts otherwise made available to the Department of the Treasury, $25,000,000, to remain available until expended, shall be for expenses associated with digitization and distribution of the Department's records of matured savings bonds that have not been redeemed.]

SEC. 124. *Of the amounts appropriated in section 4027(a) of the Coronavirus Aid, Relief, and Economic Security Act (15 U.S.C. 9061) that are available for obligation as a result of the deobligation of amounts that were, as of January 9, 2021, obligated for the credit subsidy cost of loans and loan guarantees that the Secretary of the Treasury had committed under paragraphs (1) through (3) of section 4003(b) of the Coronavirus Aid, Relief, and Economic Security Act (15 U.S.C. 9042(b)(1)-(3)), $25,000,000 shall be available to the Special Inspector General for Pandemic Recovery to carry out section 4018 of the Coronavirus Aid, Relief, and Economic Security Act (15 U.S.C. 9053): Provided, That such amounts shall be in addition to any other amounts available for such purpose.*

SEC. 125*. Notwithstanding any other provision of law, the unobligated balances from amounts made available to the Secretary of the Treasury for administrative expenses pursuant to sections 4003(f) and 4112(b) of the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116–136); section 421(f)(2) of Division N of the Consolidated Appropriations Act, 2021 (Public Law 116–260); sections 3201(a)(2)(B), 3206(d)(1)(A), and 7301(b)(5) of the American Rescue Plan Act of 2021 (Public Law 117–2); and section 602(a)(2) of the Social Security Act, as added by section 9901 of the American Rescue Plan Act of 2021 (Public Law 117–2), shall be available for any administrative expenses determined by the Secretary of the Treasury to be necessary to respond to the coronavirus, including but not limited to expenses necessary to implement any provision of the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116–136), Division N of the Consolidated Appropriations Act, 2021 (Public Law 116–260), the American Rescue Plan Act (Public Law 117–2), or title VI of the Social Security Act: Provided, That such un-obligated balances shall be available in addition to any other appropriations provided for such purposes.*

SEC. 126*. Section 121 of the Emergency Economic Stabilization Act of 2008 (12U.S.C. 5231) is amended in subsection (e)(1)(B)(ii) by striking "subparagraph" and all that follows through the period at the end and inserting "subparagraph, the Special Inspector General may not make any appointment that exceeds 24 months or that extends beyond the date on which the Special Inspector General terminates under subsection (k)."*