DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

March 4, 2024

Dear Member:

On behalf of President Biden, it is my pleasure to submit the Department of the Treasury's Budget request for Fiscal Year (FY) 2025. The President's 2025 Budget for Treasury supports a fair and robust tax system that ensures large corporations and the wealthy pay their fair share; maintains improved taxpayer experience and service; combats terrorism and financial crime; promotes community development and access to capital in disadvantaged communities; strengthens corporate transparency; helps address cybersecurity risks; and builds institutional capacity to address emerging issues and advance equity across all Treasury programs. The FY 2025 budget request of $14.4 billion aligns resources to the Department's long-term goals and objectives, as described in Treasury's FY 2022-2026 Strategic Plan. The plan can be found on Treasury's website here.

Treasury's IRS request includes $12.3 billion in discretionary resources to ensure that taxpayers receive the highest quality customer service and that all Americans are treated fairly by the U.S. tax system. These regular appropriations are essential to maintaining current "steady-state" operations, allowing the IRS to improve service, process returns in a timely manner, and continue reducing paper inventory.

The robust multi-year funding provided by the Inflation Reduction Act (IRA), which supplements the annual budget, is being used to make long-term investments to transform customer service, modernize technology, and allow the IRS to reduce our Nation's deficits by ensuring wealthy individuals, large corporations and partnerships pay the Federal taxes they legally owe. The Budget proposes new long-term funding to sustain service enhancements and deficit-reducing tax compliance initiatives funded by the Inflation Reduction Act. This proposal builds on already realized service improvements and decades of analysis demonstrating that program integrity investments to enforce existing tax laws increase revenues by closing the tax gap—the difference between taxes owed and taxes paid.

The Budget provides $150 million for the Department to protect and defend sensitive agency systems and information, including high-value assets. The request provides $325 million for the Community Development Financial Institutions with the goal of improving historically underserved and often low-income communities' access to credit, capital, and financial support to grow businesses. The Budget includes $312 million for Treasury's Departmental Offices to address their expanding role in promoting investment security, support artificial intelligence policy development, and continue to restore staffing levels.

Additionally, the request includes $231 million for the Office of Terrorism and Financial Intelligence (TFI) to expand Treasury's capacity to provide financial intelligence and conduct sanctions-related economic analysis and $216 million for FinCEN to continue addressing anti-money laundering and corporate transparency requirements.

The FY 2025 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

Enclosure

FY 2025 EXECUTIVE SUMMARY

President's Budget Discretionary Appropriation Request

Dollars in Thousands

	FY 2023 Enacted (pre IRS transfer)	FY 2023 Enacted (post IRS transfer)	FY 2024 Annualized CR	FY 2025 President's Budget
Management & Financial	**$1,880,728**	**$1,880,728**	**$1,871,728**	**$2,038,259**
Departmental Offices Salaries and Expenses [1]	$273,882	$273,882	$273,882	$312,294
Committee on Foreign Investment in the United States (CFIUS) Fund	$21,000	$21,000	$21,000	$21,000
CFIUS Fees	($21,000)	($21,000)	($21,000)	($21,000)
Office of Terrorism and Financial Intelligence [1]	$216,059	$216,059	$216,059	$230,533
Cybersecurity Enhancement Account	$100,000	$100,000	$100,000	$150,000
Department-wide Systems and Capital Investments Program	$11,118	$11,118	$11,118	$14,470
Office of Inspector General	$48,878	$48,878	$48,878	$50,174
Treasury Inspector General for Tax Administration [1]	$174,250	$174,250	$174,250	$179,026
Special Inspector General for TARP[3]	$9,000	$9,000	$0	$0
Special Inspector Pandemic Recovery[3]	$12,000	$12,000	$12,000	$5,327
Community Development Financial Institutions Fund	$324,000	$324,000	$324,000	$324,908
Financial Crimes Enforcement Network [1]	$190,193	$190,193	$190,193	$215,689
Alcohol and Tobacco Tax and Trade Bureau	$148,863	$148,863	$148,863	$159,679
Bureau of the Fiscal Service	$372,485	$372,485	$372,485	$396,159
Tax Administration [1, 2]				
Internal Revenue Service Total	**$12,319,054**	**$12,319,054**	**$12,319,054**	**$12,319,054**
Taxpayer Services	$2,780,606	$2,880,606	$2,780,606	$2,780,606
Enforcement	$5,437,622	$5,165,741	$5,437,622	$5,437,622
Technology and Operations Support	$4,100,826	$4,122,707	$4,100,826	$4,100,826
Business Systems Modernization	$0	$150,000	$0	$0
Subtotal, Treasury Appropriations excluding TEOAF	**$14,199,782**	**$14,199,782**	**$14,190,782**	**$14,357,313**
Treasury Executive Office of Asset Forfeiture (TEOAF) Permanent Rescission	($150,000)	($150,000)	($150,000)	$0
Subtotal, Treasury Appropriation including TEOAF	**$14,049,782**	**$14,049,782**	**$14,040,782**	**$14,357,313**
Treasury International Programs				
Multilateral Development Banks	$1,906,315	$1,906,315	$1,906,315	$2,168,215
IMF Facilities and Trust Funds	$20,000	$20,000	$20,000	$0
Energy and Environment Funds	$275,200	$275,200	$275,200	$300,200
Food Security	$53,000	$53,000	$53,000	$54,000
Global Infrastructure Facility	$0	$0	$0	$5,000
Office of Technical Assistance	$38,000	$38,000	$38,000	$40,000
Debt Restructuring and Relief	$72,000	$72,000	$72,000	$10,000
Treasury Int'l Assistance Programs	$0	$0	$0	$15,000
Subtotal, excluding rescissions	**$2,364,515**	**$2,364,515**	**$2,364,515**	**$2,592,415**
Rescission: Debt Restructuring	$0	$0	$0	($111,000)
Treasury International Programs Subtotal, including rescissions	**$2,364,515**	**$2,364,515**	**$2,364,515**	**$2,481,415**
Total, Treasury Appropriations excluding TEOAF and Debt Restructuring Rescissions	**$16,564,297**	**$16,564,297**	**$16,555,297**	**$16,949,728**
Total, Treasury	**$16,414,297**	**$16,414,297**	**$16,405,297**	**$16,838,728**

[1] Excludes IRA resources, or one-time mandatory funding.

[2] FY 2023 Enacted (post IRS transfer) includes a transfer of $271.9 million from Enforcement to Taxpayer Services ($100 million), Operations Support ($21.9 million) and Business Systems Modernization ($150 million).

[3] SIGTARP completed operations per statute in FY 2024. The FY 2025 Budget assumes SIGPR wind down in FY 2025 as in current law.

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 $14.4 billion in base discretionary resources for the Department of the Treasury's domestic programs, a $.2 billion or 1 percent increase from the FY 2023 enacted level.

- Protects Improvements to Taxpayer Experience and Supports Ensuring the Wealthy and Big Corporations Pay the Taxes They Owe. The Inflation Reduction Act addressed long-standing Internal Revenue Service (IRS) funding deficiencies by providing stable, multi-year funding to improve tax compliance by finally cracking down on high-income individuals and corporations who have too often avoided paying their lawfully owed taxes, and improving service for the millions of Americans who do pay their taxes. The IRS is using Inflation Reduction Act funding to modernize its information technology infrastructure, administer new clean energy tax credits, rebuild the administrative capacity of the Agency to better assist taxpayers, and crack down on tax evasion by the wealthy and big corporations. These goals can only be realized if annual discretionary appropriations are provided to maintain and protect current services. To ensure that taxpayers continue to receive high-quality customer service and that all Americans are treated fairly by the U.S. tax system, the Budget maintains annual funding at the 2023 level for all IRS activities and provides a total of $12.3 billion for the Agency. In addition to annual discretionary funding, the Budget proposes to restore the full Inflation Reduction Act investment and provide new funding over the long-term to maintain progress on service enhancements and deficit-reducing tax compliance initiatives. This proposal reflects a robust research base demonstrating that program integrity investments to enforce existing tax laws increase revenues in a progressive way and, in doing so, shrink the tax gap—the difference between taxes owed and taxes paid.
- Promotes Access to Capital to Underserved Communities. The Budget provides $325 million for the Community Development Financial Institutions (CDFI) Fund, an increase of $1 million above the 2023 level, and $55 million, or a 20-percent increase above the 2021 level, to provide access to credit and technical assistance to historically underserved and often low-income communities. To address the shortage of long-term affordable credit for development projects in disadvantaged communities, the Budget also includes a $10 million subsidy for the CDFI Fund's Bond Guarantee Program and proposes changes to broaden participation while still minimizing the risk of loss to the Federal Government. The Budget would also broaden access to the Small Dollar Loan Program, allowing more organizations to participate in the program that supports individuals seeking affordable credit building loans and alternatives to costly payday loans.

- Combats Terrorism and Corruption and Increases Corporate Transparency. Treasury plays a leading role in monitoring and disrupting corruption, money laundering, terrorist financing, the use of the financial system by malicious actors domestically and abroad, and combatting the trafficking of illicit substances such as fentanyl in American communities. The Budget provides $231 million to the Office of Terrorism and Financial Intelligence, $15 million above the 2023 level, to expand Treasury's capacity to provide financial intelligence and conduct sanctions-related economic analysis while continuing to modernize the sanctions process. These investments would expand Treasury's ability to craft, implement, and enforce sanctions, including the historic sanctions program targeting Russia's illegal war in Ukraine, and sanctions on key Hamas terrorist group members and financial facilitators in Gaza. The Budget also provides $216 million for the Financial Crimes Enforcement Network, $26 million above the 2023 level, to support Beneficial Ownership Information reporting which will be required for existing covered companies beginning in 2025. This reporting will provide investigative tools making it harder for bad actors to hide or benefit from their ill-gotten gains through shell companies or other opaque ownership structures.
- Builds Critical Agency Capacity to Address Emerging Threats. The Budget provides $312 million for Treasury's Departmental Offices, an increase of $38 million, or a 14-percent increase above the 2023 level, to continue to rebuild staffing levels for Treasury's core policy offices and support Treasury's role in promoting investment security in sensitive technologies and products critical to the national security of the United States. The increase in funding would also allow Treasury to support a Chief Artificial Intelligence Officer to ensure responsible use and development of artificial intelligence capabilities. The Budget builds institutional capacity to support Treasury-wide coordination of program evaluation and expand engagement with historically underrepresented and underserved groups to advance equity across all Treasury programs.
- Strengthens Enterprise Cybersecurity. The Budget provides $150 million for the Cybersecurity Enhancement Account, an increase of $50 million above the 2023 level, to protect and defend sensitive agency systems and information, including those designated as high-value assets. The Budget increases centralized funding to strengthen Treasury's overall cybersecurity efforts and to continue the implementation of a Zero Trust Architecture. These investments would protect Treasury's systems, and the American public's sensitive data safeguarded within these systems, from future attacks. The Budget also provides $396 million for the Bureau of the Fiscal Service, $24 million above the 2023 level. This includes funding to enhance the security posture of core Government financial systems by modernizing and transitioning all mainframe applications to the secure cloud.

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

Appropriation[1]	2023 Actual Direct	2023 Actual Reimb.	2023 Actual Total	2024 Annualized CR Direct	2024 Annualized CR Reimb.	2024 Annualized CR Total	2025 President's Budget Direct	2025 President's Budget Reimb.	2025 President's Budget Total
Departmental Offices Salaries and Expenses[2]	848	44	**892**	918	41	**959**	974	41	**1,015**
DO-IRA (non-add)	*30*	-	***30***	*77*	-	***77***	*67*	-	***67***
Terrorism and Financial Intelligence	594	34	**628**	623	32	**655**	644	32	**676**
Cybersecurity Enhancement	13	-	**13**	34	-	**34**	34	-	**34**
Office of Inspector General	241	-	**241**	210	-	**210**	210	-	**210**
Treasury Inspector General for Tax Administration	705	2	**707**	789	2	**791**	792	2	**794**
TIGTA-IRA (non-add)	*60*	-	***60***	*139*	-	***139***	*142*	-	***142***
Special Inspector General for TARP	29	-	**29**	7	-	**7**	-	-	**-**
Special Inspector General for Pandemic Recovery	53	-	**53**	38	-	**38**	11	-	**11**
Community Development Financial Institutions Fund	80	-	**80**	102	-	**102**	102	-	**102**
Financial Crimes Enforcement Network	273	1	**274**	289	3	**292**	304	3	**307**
Alcohol and Tobacco Tax and Trade Bureau	503	10	**513**	539	11	**550**	568	11	**579**
Bureau of the Fiscal Service[3]	1,759	10	**1,769**	1,817	9	**1,826**	1,839	19	**1,858**
Internal Revenue Service[4]	82,987	472	**83,459**	82,141	652	**82,793**	89,727	685	**90,412**
IRS-IRA (non-add)	-	-	**-**	*14,504*	-	***14,504***	*28,401*	-	***28,401***
IRS Energy Security (non-add)	-	-	**-**	*1,810*	-	***1,810***	*1,810*	-	***1,810***
Subtotal, Treasury Appropriated Level, Excluding IRA	**87,995**	**573**	**88,568**	**70,977**	**750**	**71,727**	**64,785**	**793**	**65,578**
Subtotal, Treasury Appropriated Level	**88,085**	**573**	**88,658**	**87,507**	**750**	**88,257**	**95,205**	**793**	**95,998**
Office of Financial Stability (Administrative Account)	6	-	**6**	2	-	**2**	-	-	**-**
Office of Capital Access[4]	79	-	**79**	105	-	**105**	100	.	**100**
Community Development Financial Institutions Fund, Emergency Support	6	-	**6**	4	-	**4**	4	-	**4**
Capital Magnet Fund	7	-	**7**	9	-	**9**	9	-	**9**
Office of Financial Research	134	-	**134**	213	-	**213**	231	-	**231**
Financial Stability Oversight Council	25	-	**25**	44	-	**44**	48	-	**48**
Treasury Franchise Fund	-	2,062	**2,062**	-	2,252	**2,252**	-	2,263	**2,263**
Bureau of Engraving and Printing	-	1,904	**1,904**	-	1,925	**1,925**	-	1,925	**1,925**
United States Mint	-	1,598	**1,598**	-	1,705	**1,705**	-	1,705	**1,705**
Office of the Comptroller of the Currency	-	3,475	**3,475**	-	3,639	**3,639**	-	3,639	**3,639**
Terrorism Insurance Program	10	-	**10**	14	-	**14**	14	-	**14**
IRS Private Collection Agent Program[4]	717	-	**717**	918	-	**918**	918	-	**918**
Subtotal, Treasury Non-Appropriated Level	**984**	**9,039**	**10,023**	**1,309**	**9,521**	**10,830**	**1,324**	**9,532**	**10,856**
Total, Treasury, Excluding IRA	**88,979**	**9,612**	**98,591**	**72,286**	**10,271**	**82,557**	**66,109**	**10,325**	**76,434**
Total, Treasury	**89,069**	**9,612**	**98,681**	**88,816**	**10,271**	**99,087**	**96,529**	**10,325**	**106,854**

1/ Presentation for appropriated accounts include FTE funded with annual appropriated resources, user fees, carryover, multiyear authority, IRA, and supplemental funding.

2/ Departmental Offices presentation include Direct FTE funded from the Social Impact Demonstration Projects account, the Office of Technical Assistance account, and the Committee on Foreign Investment in the United States Fund.

3/ Direct FTE for the Bureaus of the Fiscal Service include FTE funded from the Debt Collection Fund.

4/ The Office of Capital Access presentation include FTE related to Transportation Services, Payroll Support Program, Air Carrier Worker Support & Pandemic Relief for Aviation Workers, Economic Stabilization Program, Coronavirus Relief Fund, Homeowner Assistance Fund, Emergency Rental Assistance, State Small Business Credit Initiative (SSBCI) and Emergency Capital Investment Program.

Summary of FY 2025 Increases and Decreases

(Dollars in Thousands)

	DO	CFIUS[1]	TFI	Cyber[2]	DSCIP	OIG	TIGTA	SIGPR[3]	CDFI	FinCEN	TTB	BFS	IRS	Total
FY 2024 Annualized CR	**$273,882**	**$0**	**$216,059**	**$100,000**	**$11,118**	**$48,878**	**$174,250**	**$12,000**	**$324,000**	**$190,193**	**$148,863**	**$372,485**	**$12,319,054**	**$14,190,782**
Maintaining Current Levels (MCLs)	$7,383	$0	$5,431	$2,236	$0	$1,296	$4,776	$322	$870	$4,537	$3,833	$9,711	$329,551	$369,946
Pay Annualization	$2,109		$1,420	76		$532	$1,842	$142	$210	$741	$1,173	$3,183	$118,950	$130,378
Pay Raise	$2,466		$1,660	89		$455	$2,153	$121	$245	$866	$1,371	$3,720	$139,036	$152,182
Non-Pay	$2,808		$2,351	2,071		$309	$781	$59	$415	$2,930	$1,289	$2,808	$71,565	$87,386
Non-Recurring Costs				($17,293)	($11,118)									($28,411)
Technical Adjustments											$5,199		($329,551)	($324,352)
Adjustment to Reach Winddown Level								($6,995)						($6,995)
Adjustments to Base	**$7,383**	**$0**	**$5,431**	**($15,057)**	**($11,118)**	**$1,296**	**$4,776**	**($6,673)**	**$870**	**$4,537**	**$9,032**	**$9,711**	**$0**	**$10,188**
FY 2025 Base	**$281,265**	**$0**	**$221,490**	**$84,943**	**$0**	**$50,174**	**$179,026**	**$5,327**	**$324,870**	**$194,730**	**$157,895**	**$382,196**	**$12,319,054**	**$14,200,970**
Program Decreases									($26,000)					($26,000)
CFIUS Fund Appropriation		$21,000												$21,000
CFIUS User Fees		($21,000)												($21,000)
Program Increases/Reinvestments	$31,029		$9,043	$65,057	$14,470				26,038	$20,959	$1,784	$13,963		$182,343
Subtotal, Program Changes	**$31,029**	**$0**	**$9,043**	**$65,057**	**$14,470**	**$0**	**$0**	**$0**	**$38**	**$20,959**	**$1,784**	**$13,963**	**$0**	**$156,343**
FY 2025 President's Budget funded from discretionary resources	**$312,294**	**$0**	**$230,533**	**$150,000**	**$14,470**	**$50,174**	**$179,026**	**$5,327**	**$324,908**	**$215,689**	**$159,679**	**$396,159**	**$12,319,054**	**$14,357,313**

1/ CFIUS Fund Annualized CR levels are net appropriations including CFIUS Fees.

2/ Cyber refers to the Treasury Cybersecurity Enhancement Account (CEA).

3/ SIGPR will be sunsetting in FY 2025, as their statutory authority expires in FY 2025.

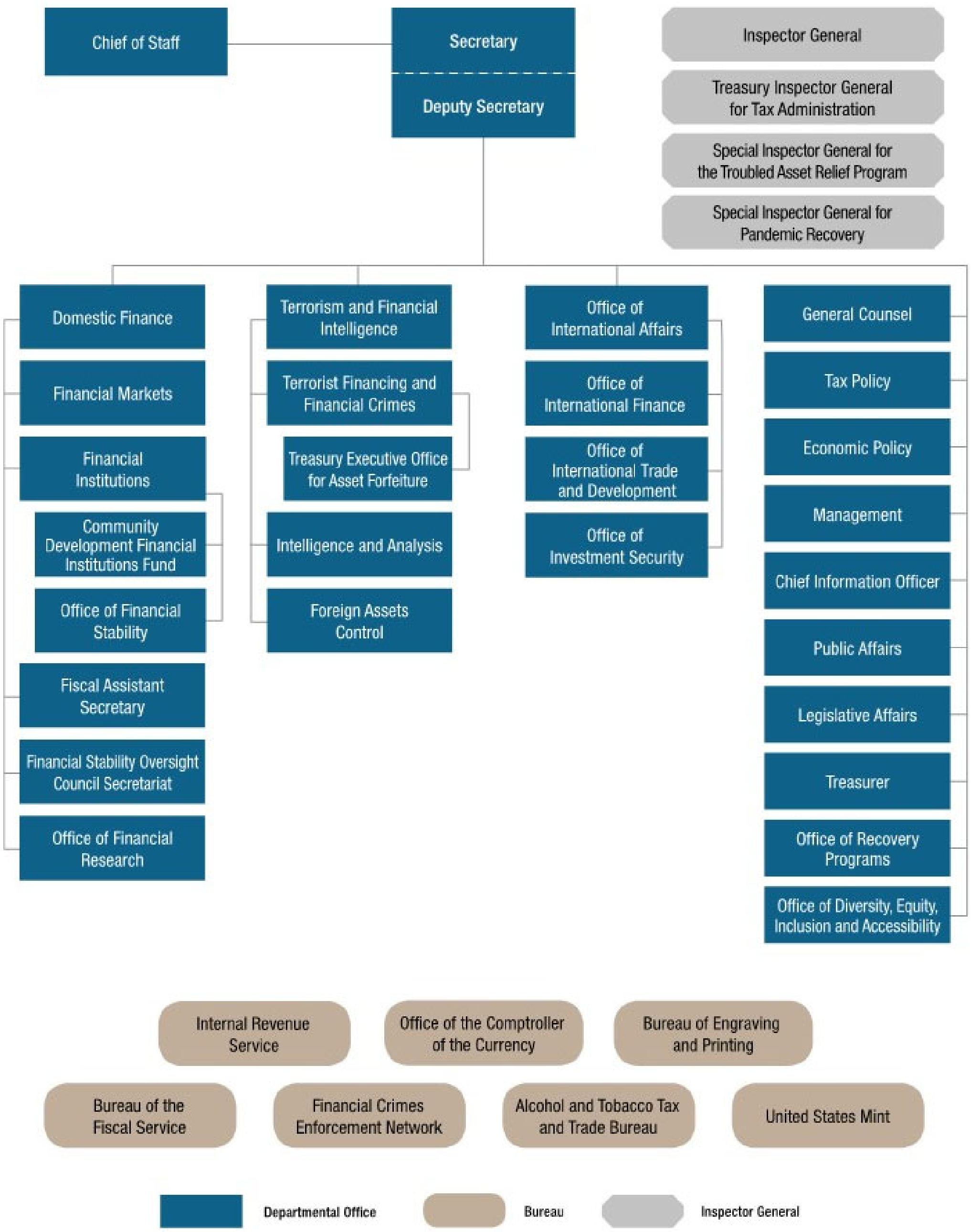
FY 2025 President's Budget by Strategic Goal

Dollars in Thousands

Treasury Goal/Objective	Promote Equitable Economic Growth and Recovery	Enhance National Security	Protect Financial Stability and Resiliency	Combat Climate Change	Modernize Treasury Operations	Total
Cybersecurity Enhancement Account		$150,000				$150,000
Department-wide Systems and Capital Investments Program				$2,069	$12,401	$14,470
Office of Inspector General	$46,411	$1,957		$502	$1,305	$50,174
Treasury Inspector General for Tax Administration	$114,577	$7,161		$3,581	$53,708	$179,026
Special Inspector General for Pandemic Recovery	$5,327					$5,327
Community Development Financial Institutions Fund	$289,000				$35,908	$324,908
Financial Crimes Enforcement Network		$161,767	$28,040	$4,314	$21,569	$215,689
Alcohol and Tobacco Tax and Trade Bureau	$144,030	$639			$15,010	$159,679
Bureau of the Fiscal Service		$80,091	$85,194	$32,382	$198,492	$396,159
Tax Administration	$12,319,054					$12,319,054
IRS Taxpayer Services	$2,780,606					$2,780,606
IRS Enforcement	$5,437,622					$5,437,622
IRS Technology and Operations Support	$4,100,826					$4,100,826
Business Systems Modernization						
Total, Treasury	**$13,032,178**	**$695,659**	**$157,219**	**$67,845**	**$404,412**	**$14,357,313**

ORGANIZATION

Treasury is organized into the Departmental Offices, seven bureaus, and four offices of the Inspectors General. The Departmental Offices are primarily responsible for headquarters operations and formulating policy, while the bureaus are the operating divisions within the organization.



DEPARTMENTAL OFFICES

Domestic Finance works to support equitable and sustainable economic growth and financial stability through policies that increase the resilience of financial institutions and markets, and which increase access to credit for small businesses and low-to-moderate income communities. It focuses on Treasury Department activities in the areas of financial institutions, federal and municipal debt finance, financial regulation, and capital markets.

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

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

Tax Policy develops and implements tax policies and programs, reviews regulations and rulings to administer the Internal Revenue Code, and provides revenue estimates for 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, including coordinating Tribal relations across the Department, directly overseeing the U.S. Mint and the Bureau of Engraving and Printing, 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, enterprise risk management, information technology, acquisition, and data.

The **Office of Recovery Programs** principally focuses on efficiently administering Treasury's programs to support an equitable and swift recovery from the economic challenges precipitated by the COVID-19 pandemic.

The **Office of Diversity, Equity, Inclusion, and Accessibility** serves as a center of excellence to modernize the Department's overall diversity, equity, inclusion, and accessibility (DEIA) strategy, and drives cohesive implementation and accountability across the Department.

Other offices within Departmental Offices include **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, while enforcing and administering 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—and promotes 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 conducts 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 and strikes, Congressional gold medals and other medals of national significance. It maintains physical custody and protection of most of the nation's gold and 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 the organization to assess the organization's health and impact, while promoting effective decision-making, and improving the execution of its strategies and resource allocations. In this spirit, we developed a framework using best-in-class organizational performance practices to help achieve our strategic goals and objectives.

ORGANIZATIONAL PERFORMANCE REVIEW CYCLE

Our organizational performance reviews provide a regular forum for open dialogue and coordination between the bureaus and the 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. We review agency results quarterly to measure progress on our goals. Also, as required by the *Program Management Improvement Accountability Act*, we integrate portfolio reviews of programs within our performance review cycle activities. Through our Strategic Objective Annual Review (SOAR) process, we conduct an annual exercise to validate our supporting objectives as well as analyze performance results across Treasury components to identify a set of strategic objectives as priority focus areas for the following year. The *Foundation for Evidence-Based Policy Act* further advances the U.S. government's evidence-building functions. In this past fiscal year, we continued to implement the evidence-building requirements by leveraging our strategic management framework, including the SOAR, and to discuss our evidence-building efforts and learning agenda.

At designated points throughout the fiscal year, we assess annual priorities, evaluate progress against goals and objectives, discuss new strategies to improve program outcomes, and align our available funding to maximize results for the agency. We describe our process and framework for managing our strategic objectives and performance outcomes in Table 1 on the following page.

TABLE 1: TREASURY ANNUAL ORGANIZATIONAL PERFORMANCE REVIEW CYCLE

Sessions	Fall (October – November)	Winter (February – March)	Spring (April – May)	Summer (June – July)
Focus	**Bureau Organizational Health & Priorities**	**Strategic Objective Annual Review (SOAR)**	**Cross-cutting Risks/Challenges; Critical Programs and Projects**	**Budget; Check-In for Critical Program and Projects**
Chair	Deputy Secretary, Assistant Secretary for Management/Performance Improvement Officer (ASM/PIO); Strategic Goal Leads	Strategic Goal Leads	ASM/PIO	ASM/PIO and Budget Officer, Strategic Goal Leads
Goals/Outcomes	• Review prior year's performance at the bureau/office level • Recognize successes • Set priorities for year ahead • Identify shortfalls and risks; accountability • Assess organizational health	• Evaluate cross-agency progress toward strategic objectives (including progress of critical programs and projects) • Identify/validate Treasury priorities and/or strategic shifts • Outline potential topics for annual review with OMB	• Issue-based sessions: Dive deep on cross-cutting issues identified in the SOAR, identify near-term improvement strategies • Program-based sessions: check in on critical programs and identified in the SOAR that need Treasury Leadership attention	• Align funding to performance impacts and risk mitigation • Strengthen IT acquisition, budgeting, and accountability • Check-in on critical program and project health and review list of critical programs and projects

FY 2022 – 2026 Strategic Framework

The strategic framework provides the foundation for the Department's FY 2022 – 2026 strategic goals and objectives and FY 2022 – 2023 Agency Priority Goals (APGs), which align to specific objectives. All bureaus and offices align their programs and performance within this framework. Our updated goals and objectives are reflected below.

Strategic Goals	Strategic Objectives/APGs	Contributing Bureaus/Offices
Goal 1: Promote Equitable Economic Growth and Recovery	1.1: Tax Administration and Policy 1.2: Global Economic Leadership 1.3: Economically Resilient Communities 1.4: Resilient Housing Market	IRS Tax Policy TTB Economic Policy International Affairs Office of Small and Disadvantaged Business Utilization Office of Management ORP Domestic Finance
Goal 2: Enhance National Security	2.1: Cyber Resiliency of Financial Systems and Institutions 2.2: Economic Measures to Advance National Security 2.3: Modernize Sanctions Regime 2.4: Transparency in the Financial System *Aligned APG: Promoting Transparency in the Financial System*	Office of Management All Bureaus/Offices
Goal 3: Protect Financial Stability and Resiliency	3.1: Financial System Vulnerabilities 3.2: Resilient Treasury and Municipal Securities Markets 3.3: Financial Innovation *Aligned APG: Improving the Payment Experience*	Domestic Finance International Affairs Economic Policy OCC TFI FinCEN Fiscal Service U.S. Mint BEP IRS Tax Policy
Goal 4: Combat Climate Change	4.1: Global Climate Commitment and Leadership 4.2: Climate Incentives and Investment 4.3: Climate-Related Financial Risks 4.4: Sustainable Treasury Operations *Aligned APG: Increasing Treasury Sustainability*	Office of Management OCC All Bureaus/Offices
Goal 5: Modernize Treasury Operations	5.1: Recruit and Retain a Diverse and Inclusive Workforce 5.2: Future Work Routines 5.3: Better Use of Data 5.4: Customer Experience Practices	All Office and Bureaus, led by the Office of Management

PERFORMANCE OVERVIEW

We carry great responsibility for fostering prosperity and security for the American people. We play a critical role both in the U.S. economy and globally to meet the needs of the nation. The *Treasury Strategic Plan 2022 – 2026* charts a course to guide our responsibilities to the public. The following performance overview reflects our accomplishments and challenges in the goal areas of strengthening equitable economic growth, enhancing national security, protecting financial stability, combatting climate change, and modernizing our operations in service to the country.

Goal 1: Promote Equitable Economic Growth and Recovery

Treasury plays a central role in addressing systemic issues in the financial system and strengthening economic resiliency for all Americans, while taking the lead in partnering with foreign countries to promote global recovery and sustainable growth. In the past year, we dramatically improved service in tax filing season, led global efforts to establish a Global Minimum Tax, and supported compliance and evidence-building efforts for recovery programs.

Under this goal, our first strategic objective—identified as an area of noteworthy progress and focus area for improvement in our FY 2023 SOAR process—focuses on developing a more efficient tax system that ensures we administer the tax code fairly and impartially for all Americans. Our second strategic objective under this goal relates to global economic leadership, which aims to restore confidence in U.S. economic policy leadership and promote inclusive global economic growth. Our third strategic objective focuses on addressing systemic inequities in the economy, catalyzing equitable growth through increased access to capital and resources for small businesses, households, and underserved communities. Our fourth strategic objective under this goal relates to promoting the long-term stability of the U.S. housing market in collaboration with the Department of Housing and Urban Development and other federal agencies.

TAX ADMINISTRATION AND POLICY

We took steps in FY 2023 to improve taxpayer experience with the IRS and address compliance among certain taxpayer groups.

Source: Adobe Stock

IRS Audits

The IRS has announced new initiatives as part of a historic effort to restore fairness in tax compliance by shifting more attention onto non-filers, high-income earners, partnerships, large corporations and promoters abusing the nation's tax laws.

In FY 2023, the IRS accomplished a range of actions to assist taxpayers and improve the taxpayer experience on the phones and in person. With additional funding from the *Inflation Reduction Act* (IRA), the IRS hired an additional 5,000 Customer Service Representatives to answer taxpayer calls. During the filing season, the IRS answered more calls from taxpayers seeking help than last year and significantly reduced phone wait times. This allowed the IRS to achieve a filing season (January 23 through April 21) Level of Service of 87 percent, compared to 15 percent in the prior year, including an average taxpayer telephone wait time of approximately three minutes. This was a big improvement compared to 28 minutes in tax season 2022.

The IRS also announced the expansion of the customer callback option (having the option to get a call back instead of waiting on hold) to cover 95 percent of all taxpayers seeking live assistance. Additionally, the IRS provided more in-person assistance through the 363 Taxpayer Assistance Centers (TACs) open for business. We opened TACs on select Saturdays and in May we offered walk-in services, and conducted outreach events in underserved and rural communities to provide direct assistance to taxpayers who do not have convenient access to a live assistor.

The IRS has announced new initiatives as part of a historic effort to restore fairness in tax compliance by shifting more attention onto non-filers, high-income earners, partnerships, large corporations and promoters abusing the nation's tax laws. The IRS published an Interim Guidance Memorandum setting forth guidance for considering Advance Pricing Agreement submissions from taxpayers to increase awareness of tax certainty programs and their benefits to taxpayers with complex issues. As part of its initiative to offer proactive debt resolution, the IRS updated the self-service payment plan functionality in Online Account for individual taxpayers. The IRS also worked to expand engagement with non-filers by developing notices for the IRS core tax processing systems for the Case Creation Non-Filer Identification Process and launched a pilot program to address new non-filers. Finally, the IRS announced its increased focus on taxpayers with complex returns—in which audit rates are minimal today—such as those related to large partnerships, large corporations, and high-income and high-wealth individuals.

The TTB also focused on compliance by large alcohol and tobacco companies and increased filing compliance rates for these taxpayers from 94.0 percent in FY 2018 to 98.2 percent in FY 2023 through the use of enhanced analytical tools. Further, to facilitate voluntary compliance by all taxpayers, the TTB piloted new tax forms, starting with brewers, which will reduce total filing burden while improving the utility of data for tax administration and enforcement.

To support equitable economic growth and recovery, in FY 2023, the Office of Tax Policy implemented changes to the tax code through recent legislation, including the IRA and *CHIPS and Science Act* (CHIPS Act). The office published several regulations addressing credits for new clean vehicles, low-income communities, and prevailing wage and apprenticeship requirements. The office pursued new research on equity and taxation, including the development of a methodology to impute race and ethnicity in tax data, and the evaluation of how tax expenditures are distributed across different racial and ethnic groups, and a collaborative effort with the IRS and the United States Census Bureau to investigate the demographics of recipients of the initial round of Economic Impact Payments in 2020.

Source: Adobe Stock

Global Minimum Tax

In FY 2023, the Office of Tax Policy led global negotiations to establish a Global Minimum Tax to ensure that large multinational businesses pay a minimum effective tax rate in every jurisdiction in which they operate, which led many of the U.S.'s largest trading partners to implement the Global Minimum Tax starting in 2024.

Global Economic Leadership

In FY 2023, the Office of Tax Policy led global negotiations to establish a Global Minimum Tax to ensure that large multinational businesses pay a minimum effective tax rate in every jurisdiction in which they operate, which led many of the U.S.'s largest trading partners to implement the Global Minimum Tax starting in 2024. The Office of Tax Policy negotiators also secured multilateral guidance to coordinate the Global Minimum Tax with the U.S. tax system, thereby ensuring a level playing field for U.S. businesses and workers.

To prevent technical barriers to trade for U.S. alcoholic beverage products, the TTB continued to monitor World Trade Organization notifications on foreign trade measures that could adversely affect U.S. exports. Additionally, the TTB improved service delivery for export certificates to ensure U.S. industry access to foreign markets—issuing more than 12,000 certificates to U.S. alcohol exporters in an average of three days. The TTB also improved the filing experience by launching a new myTTB online option for customers to obtain export certificates.

In the wake of major disruptions such as Russia's illegal invasion of Ukraine, the offices of Economic Policy, Terrorist Financing and Financial Crimes, International Affairs (IA), and the Office of Foreign Assets Control laid the foundation for developing, organizing, and implementing the price cap on Russian seaborne oil—which went into effect December 2022—and the price caps on Russian seaborne petroleum products—which went into effect February 2023. We coordinated with the Price Cap Coalition (G7, European Union, and Australia) to implement the price cap policy and continue to evaluate and review the policy with our Coalition partners. Since its implementation, the price cap policy has helped to reduce Russian revenues while maintaining global oil supply.

Economically Resilient Communities

We supported financially underserved communities and bolstered economic resiliency for households that were disproportionately impacted by the economic repercussions of the Coronavirus Disease of 2019 (COVID-19) pandemic. In part through stewardship of over $1 trillion of funds within Treasury, the *American Rescue Plan Act of 2021* (ARP) has helped to power one of the strongest and most equitable recoveries on record while making investments that position our nation for economic success in the coming decades.

We supported economic recovery programs for state, local, territorial, and Tribal governments across the country. To date, we have delivered over 99 percent of all available State and Local Fiscal Recovery Funds (SLFRF) to state, local, territorial, and Tribal governments across the country to support their response to and recovery from the COVID-19 pandemic. SLFRF recipients have budgeted $12.1 billion for public health projects, $17.7 billion for housing-related purposes, $12.8 billion for workforce support, $5 billion for small business support, and $31.2 billion for critical investments in broadband, water, and sewer infrastructure.

In FY 2023, we increased investments in financially underserved communities through lending and investment programs. Our Emergency Capital Investment Program (ECIP) funded approximately $285 million in investments in eligible depository institutions that were certified as Community Development Financial Institutions (CDFIs) or designated as Minority Depository Institutions (MDIs) for the purpose of increasing lending in financially underserved communities, bringing our total ECIP investment in CDFIs and MDIs to over $8.5 billion. In addition, the CDFI Fund has provided resources to counteract the economic effects of the COVID-19 pandemic. During FY 2022, CDFI Program award recipients originated more than $38 billion in loans and investments in distressed and underserved areas. Cumulatively, CDFI Program award recipients have provided more than $170 billion in loans and investments to counteract disinvestment in these areas. In addition, the CDFI Fund announced and began disbursing over $1.73 billion in awards under the CDFI Equitable Recovery Program to strengthen the ability of CDFIs to help low- and moderate-income communities recover from the COVID-19 pandemic and invest in long-term prosperity. Rapid Response Program award recipients reported making loans and investments of more than $14.8 billion to help distressed and underserved communities recover from the pandemic.

Our bureaus increased recovery, growth, and startup of small and disadvantaged businesses through supplier diversity efforts, meeting our socio-economic goals and sending millions of dollars to small and minority businesses. In FY 2023, the bureaus awarded over $10.1 billion in eligible small business dollars and obligated over $3.6 billion to small businesses, totaling over 36 percent awarded to small businesses. Also, the bureaus awarded over $1.2 billion to small, disadvantaged businesses (over 11 percent) and over $976 million to women-owned small businesses (over nine percent).

We also improved services for the alcohol and tobacco industries that we regulate to promote fair competition and growth. TTB continued to prioritize timely federal permit approvals for new producers, wholesalers, and importers to facilitate economic growth, particularly in new small businesses, and aims to improve service by simplifying the application requirements through phased rulemaking to reflect current industry operations and statutory requirements. TTB also continued phased rulemaking to modernize alcohol beverage labeling requirements, which will consolidate and clarify rules and help alcohol producers and importers obtain label approval quickly by correctly filing the first time.

Resilient Housing Market

Throughout the COVID-19 pandemic and FY 2023, we successfully distributed assistance to renters and homeowners to mitigate the effects of the pandemic, through the Emergency Rental Assistance (ERA) and Homeowner Assistance Fund (HAF) programs.

The ERA program delivered nearly 10.8 million assistance payments to families at risk of eviction. While eviction diversion programs were uncommon before the pandemic, at least 180 jurisdictions across 36 states have now launched or strengthened eviction diversion programs with the ERA funding, which have significantly limited eviction rates.

More than 230,000 families at risk of foreclosure received assistance in 2022 through the HAF program. Despite the economic disruptions COVID-19 caused, foreclosure proceedings remain significantly below pre-pandemic levels.

GOAL 1: KEY PERFORMANCE DATA HIGHLIGHTS

Measure (Responsible Bureau/Office)	FY 20	FY 21	FY 22	FY 23	FY 23 Target	Result vs Target
Customer Service Representative Level of Service (CSR LOS) (IRS)[1]	53.1%	18.5%	17.4%	51.8%	60.0%	Unmet
Timeliness of Critical Individual Filing Season Tax Products (IRS)[2]	78.4%	92%	96.4%	96.4%	83.0%	Exceeded
Percentage of Permit Applications Processed within Service Standards (TTB)[3]	84.1%	92.2%	91.2%	86.3%	85%	Exceeded
Engagement of Partner Countries in Programs – 5 point scale (International Affairs) [4]	3.3	3.6	3.5	3.5	3.6	Unmet
Enterprise Self-Assistance Participation Rate (ESAPR) (IRS)[5]	90.6%	92.3%	93.9%	94.2%	94.0%	Met
Percent of Procurement Dollars Spent on Small Business (Management)[6]	45.0%	39.9%	37.6%	36.2%	40.0%	Unmet
Number of governments using funds to support workers and develop the workforce (ORP)[7]	N/A	676	903	1023	975	Exceeded
Number of unique homeowners receiving assistance (cumulative) (ORP)[8]	N/A	N/A	162,102	425,000 (est)	300,000	Exceeded

Explanation of Results
[1]CSR LOS was 51.8 percent which was 13.6 percent below the target of 60 percent, and an increase of 197.8 percent over the prior year actual level of service of 17.4 percent. The level of service for the filing season (from January 23 through April 21) was 87 percent. The IRS allocated employees in October through December, from accounts management that answer phone calls, to assist in processing correspondence. This resulted in delivering a lower level of service. Customer service representatives answered around 17.9 million calls in FY 2023 while accounts management demand fell 52.3 percent to 38.8 million in FY 2023 from 81.3 million in FY 2022. Average wait time was 10.1 minutes, which was less than half the average from the prior fiscal year of 26.0 minutes. In FY 2023, around 8.5 million taxpayers were offered a callback and 64 percent accepted. This resulted in around 2.4 million hours saved for the taxpayer, providing a better experience. To meet service goals in FY 2024, the IRS will continue to monitor demand in real time and the resources allocated down to the half hour enabling us to regularly shift people between telephones and paper.
[2]Timeliness of Critical Individual Filing Season (CIFS) Tax Products to the Public of 96.4 percent is 16 percent above the plan of 83 percent. Eighty of 83 CIFS tax products were available to the public seven calendar days before the official IRS start of the (individual) filing season. Filing season 2023 tax products were significantly impacted by the enactment of the Inflation Reduction Act of 2022 and the CHIPS Act of 2022. The IRS assessed legislation quickly and prioritized work on the impacted products; prioritized work on the release of critical products, especially forms and instructions, over other products; and utilized overtime, credit, and compensatory time during workdays, weekends, and holidays.
[3]This measure represents the overall rate at which the TTB is meeting its annual service standard (75 days for FYs 2020 – 2023) for all original permit applications and registrations. The measure reflects the efficiency and consistency of the TTB's permitting process and supports effective communication with industry members regarding the TTB's level of service. In FY 2023, the TTB issued nearly 87 percent of applications within its 75-day service standard, surpassing its 85 percent target. With sustained high application volume, to maintain performance at target, the TTB is undertaking process and system enhancements, including an effort to streamline permit application requirements.
[4]Measures the degree to which foreign counterparts are engaging proactively and constructively with Office of Technical Assistance (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 2022 is 3.5, a reduction of 0.1 from FY 2022 target of 3.6.
[5]The Enterprise Taxpayer Self-Assistance Participation Rate of 94.2 percent was slightly above the fiscal year plan of 94 percent. In FY 2023 total Self -Assisted services were 1.62 billion which is 7.6 percent higher than 1.51 billion in FY 2022, assisted services were 99.41 million which is 2 percent higher than FY 97.5 million in FY 2022, and total FY 2023 Services rose to 1.72 billion which is 7.3 percent higher than 1.6 billion in FY 2022. Using the self-assistance services, taxpayers received more than 970 million transcripts, made around 212 million electronic payments, set up 1.6 million online installment agreements, received almost 2.3 million IP Pins, and accessed nearly 64.4 million Online Accounts sessions.
[6]This goal measures the percentage of procurement dollars obligated toward small businesses (or Treasury's overall small business goal) and highlights Treasury's efforts to ensure that small businesses have the maximum practicable opportunity to provide goods and services to the federal government. Treasury fell short of meeting its FY 2023 small business goal of 40 percent. However, Treasury overperformed and exceeded the socio-economic small business goals. Treasury awarded $685 million more to small business over last year.
[7]In May 2022, recipients received a letter from the Deputy Secretary that encouraged recipients to use SLFRF funds for investments in priority areas, including to expand the workforce and provide competitive wages. Since then, Treasury has continued to emphasize and uplift examples of how recipients are using SLFRF funds to support the workforce.
[8]Treasury worked with programs to identify and address program design challenges and applicant barriers, increasing eligible homeowners' access to HAF assistance. HAF programs addressed the needs of a broader set of homeowners than prior housing programs, such as providing the flexibility to serve homeowners living in manufactured housing and those with land contracts, resulting in a broader reach of HAF assistance.

Goal 2: Enhance National Security

We continue to play a key role in promoting and enhancing our national security. In FY 2023, we increased cyber resiliency in the financial sector and engaged key allies to effectively target the application of tools and authorities to dismantle bad actors. We also made progress implementing recommendations from the 2021 Sanctions Review and preparing for the implementation of *Anti-Money Laundering Act of 2020* (AMLA).

Under this goal, our first strategic objective—identified as an area of noteworthy progress and focus area for improvement in our FY 2023 SOAR—centers on ensuring that we harden the U.S. and global financial systems against cyber incidents and counter malicious cyber actions. Our second strategic objective—identified as an area of noteworthy progress and focus area for improvement in our FY 2023 SOAR—is to address threats that criminal elements, foreign adversaries, and certain foreign investments pose to U.S. national security and strategic interests using our policy, intelligence, regulatory and enforcement authorities, and tools. Our third strategic objective focuses on updating the authorities and processes we use to deploy sanctions to effectively address emerging challenges. Our fourth strategic objective—identified as a focus area for improvement in our FY 2023 SOAR process—focuses on strengthening transparency in the domestic and international financial systems to aid in the detection of illicit financial activity to protect the integrity of markets and the global financial framework.

Cyber Resiliency of Financial Systems and Institutions

We continue to refine our ability to respond to cyber and noncyber incidents, including cybersecurity attacks that stem from the U.S.'s role in the Russian-Ukraine War. We have responded by accelerating the implementation of protective and detective controls and expanding our information sharing, seeking to prevent these types of incidents while also preparing for the impact if they occur. This also includes streamlining the mechanism to coordinate public messaging with public and private partners, which is an essential element of a mature incident response process.

Through regular engagement with international partners, we are coordinating efforts to address operational vulnerabilities and enhance sector cyber hygiene to maintain system health and improve online security. We, along with the Bank of England, serve as co-chairs of the G7 Cyber Expert Group (CEG) and are working to continually improve the volume and timeliness of relevant threat information as well as develop a collective incident response capability. The G7 CEG made several significant advancements in 2023. For example, the group restructured and formalized its relationship with its private sector participants to fully use the breadth of experiences and skills in our sector. In addition, the CEG launched a website in 2023 to provide an enduring platform for the group's public work. Along with these achievements, the CEG has continued to produce Fundamental Elements documents that incorporate expertise and good practice from group members for cybersecurity practitioners worldwide. The resources are now available publicly through the new website.

Beyond our work with the G7, we continue to engage bilaterally with key international partners, including Singapore and Israel, with which we held exercises in 2023. We are also helping to develop the capacity of countries, including Ukraine, to improve the cybersecurity and resilience of their financial sectors.

To address technology vulnerabilities and facilitate stronger security operations and management posture, we have implemented increased controls to better meet the requirements of the *Federal Information Security Modernization Act of 2014* (FISMA). Fiscal Service's FISMA systems have achieved the following: 84 percent has implemented multifactor authentication for enterprise and public users; 90 percent has implemented encryption for data at rest; and 63 percent has encrypted data in transit. While the multifactor authentication solution for Modernized e-File is currently available, we continue to enhance and upgrade the systems to achieve our goals. Additionally, the IRS will enable multifactor authentication on all FISMA systems by the end of the calendar year.

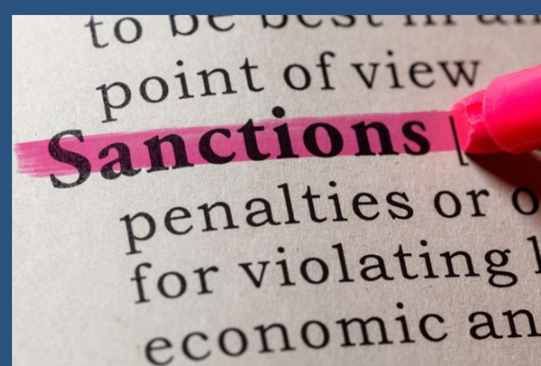
We have enhanced vulnerability and threat management capabilities in key areas. The IRS continues to deliver analytics tools that leverage machine learning to proactively identify and respond to emerging insider threats and fraudulent behavior. The IRS also continues High Value Asset continuous monitoring to protect systems that are segmented from the agency's enterprise network. Fiscal Service continues to optimize, secure, and scale technology resources—including prioritizing resources to adopt cloud technology—to effectively support our role in national security and to implement the requirements of the Cybersecurity Executive Order (EO) 14028, *Improving the Nation's Cybersecurity*. To comply with the Cybersecurity EO, Fiscal Service will continue implementing Zero Trust cloud solutions and Enterprise Log Management as it moves toward Zero Trust Architecture compliant platform services.

We and our partners in the Financial and Banking Information Infrastructure Committee (FBIIC) assessed how trends in technology usage could affect the operational resilience of the U.S. financial services sector, and released a report, "*The Financial Services Sector's Adoption of Cloud Services*," in February 2023. This report shares our findings on core issues related to the current state of cloud adoption in the sector, including potential benefits and challenges associated with increased adoption, which we have been working closely with the FBIIC and the Financial Services Sector Coordinating Council to address.

Economic Measures to Advance National Security

Since Russia invaded Ukraine in February 2022, we, working alongside a global coalition of more than 30 countries, implemented a historic economic pressure campaign to deprive Russia of the revenue it uses to wage war. These targeted economic measures are enhancing and protecting U.S. national security interests. We issued more than 2,500 Russia-related sanctions designations and, together with international partners, immobilized at least $280 billion of Russian sovereign assets. The combined effects of these measures have contributed to significant economic difficulties for Russia's financial, energy, and manufacturing sectors, including Russia's military supply chain. In collaboration with the Department of Commerce and international partners, we are working to maintain the pressure on Russia by monitoring for and countering Russia's attempts to evade our sanctions and other economic controls.

We continue to share information with our global partners to address threats to U.S. national security and strategic interests. Through participation in the Egmont Group of Financial Intelligence Units (FIUs), FinCEN strives to share high-value and impactful financial intelligence quickly and securely with trusted foreign partners. FinCEN regularly evaluates its processes for sharing information to gain efficiencies and takes a risk-based approach to ensure it appropriately prioritizes requests from foreign FIUs.



Source: Adobe Stock

U.S. Issued Russian-Related Sanctions

We issued more than 2,500 Russia-related sanctions designations, and, together with international partners, immobilized at least $280 billion of Russian sovereign assets.

In March 2022, FinCEN established the Russia-Related Illicit Finance and Sanctions FIU Working Group with nine of our closest FIU partner countries, in part to further expedite and increase sharing of financial intelligence related to Russian illicit finance, including sanctions evasion. FinCEN issued a number of Russia-related alerts and advisories (including two joint alerts with the Department of Commerce's Bureau of Industry and Security) to draw attention to, and generate reporting by, U.S. financial institutions on Russian sanctions and export control evasion, as well as other illicit financial activity tied to Russian oligarchs and sanction Russian elites. These actions have helped drive the filing of Suspicious Activity Reports (SARs) with FinCEN; SARs play an important role in sanctions designations and law enforcement efforts to counter Russian illicit activity.

To ensure that covered foreign investments do not give rise to unresolved national security risks, we released the first ever Committee on Foreign Investment in the United States (CFIUS) Enforcement and Penalty Guidelines, which provide the public with information about how CFIUS assesses violations of the laws and regulations that govern transaction parties, including potential breaches of CFIUS mitigation agreements. Transaction parties' compliance is critical to ensuring we protect national security against transnational risks certain foreign investments pose. We are also implementing the provisions of the IRA that bolster energy security by strengthening and diversifying vital supply chains in partnership with allies.

Modernize Sanctions Regime

We made considerable progress toward modernizing the sanctions regime by implementing recommendations from the *Treasury 2021 Sanctions Review*, executing the Sanctions Modernization Action Plan, and working with interagency partners to re-evaluate the interagency sanctions framework. This includes creating the Sanctions Economic Analysis Unit led by a Chief Sanctions Economist to serve as a center of excellence for analyses on the effectiveness of sanctions. This unit provides economic and financial policy analyses that better inform the design and implementation of sanctions policy and targeting options under existing or proposed authorities. This unit is also responsible for standardizing a consistent approach to economic and financial policy analyses that better inform policy decisions. This includes analyses of potential collateral effects of proposed sanctions to identify issues that may be mitigated.

In April 2023, we launched the Sanctions Economic Analysis Division, a cross-functional team working with IA, the Office of Terrorism and Financial Intelligence (TFI), and others to develop economic and financial analysis to inform the design and implementation of sanctions options. Finally, we improved our communication and transparency on sanctions by modernizing our Information Technology (IT) and website, enhancing case management, and other related efforts.

Transparency in the Financial System

Our work to increase transparency in the domestic and international financial systems is aiding the detection of illicit financial activity and positioning the U.S. and international financial system to better detect, disrupt, and deter illicit financial activities.

Our work addressing the illicit finance risks of digital assets from the 2022 National Strategy for Combatting Terrorist and Other Illicit Financing included the April 2023 publication of the 2023 DeFi Illicit Finance Risk Assessment, the first such risk assessment conducted on decentralized finance in the world, as well as extensive ongoing work with interagency and international partners to better understand digital asset gaps in the U.S. and global Anti-Money Laundering / Countering the Financing of Terrorism (AML/CFT) frameworks.

We are finalizing development and implementation of a Beneficial Ownership Secure System to crack down on the use of anonymous shell companies by malicious actors. FinCEN's rulemaking on beneficial ownership information and efforts to increase transparency in the real estate sector are enabling us to address emerging challenges.

We made significant progress implementing new beneficial ownership information reporting requirements as part of ongoing efforts to carry out the Corporate Transparency Act (part of the AMLA). Specifically, FinCEN issued a notice of proposed rulemaking proposing regulations that would govern the access to and protection of beneficial ownership information. Additionally, FinCEN launched a new beneficial ownership information reporting page on its website containing information related to the new reporting requirements, including frequently asked questions and informational videos. FinCEN continues to develop additional public guidance for entities that will need to report their beneficial ownership information. FinCEN also completed initial development and began testing and assessing the security of an IT system to receive and store beneficial ownership information.

Additionally, we made progress developing a notice of proposed rulemaking to address money laundering threats in the U.S. residential real estate sector.

Source: Adobe Stock

2023 DeFi Illicit Finance Risk Assessment

Our work addressing the illicit finance risks of digital assets from the 2022 National Strategy for Combatting Terrorist and Other Illicit Financing included the April 2023 publication of the 2023 DeFi Illicit Finance Risk Assessment, the first such risk assessment conducted on decentralized finance in the world, as well as extensive ongoing work with interagency and international partners to better understand digital asset gaps in the U.S. and global (AML/CFT) frameworks.

GOAL 2: KEY PERFORMANCE DATA HIGHLIGHTS

Measure (Responsible Bureau/Office)	FY 20	FY 21	FY 22	FY 23	FY 23 Target	Result vs Target
Percentage of CFIUS Cases Reviewed within Statutory Timeframes, reported by calendar year (International Affairs)[1]	100%	100%	100%	TBD	100%	TBD
Number of New or Modified Sanctions Programs Established by Executive Order or Congressional Mandate (TFI)[2]	7	8	11	2	N/A	TBD

Explanation of Results

[1]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. We report results on a calendar year basis, at which time the comparison can be made of actual results versus target.

[2]This indicator tracks the number of new or modified sanctions programs that we must implement and enforce. However, the indicator does not capture the levels of relative complexity for each sanction program or the complexity of individual national security objectives that sanctions attempt to achieve. We do not set targets for new or modified sanctions programs since the existence of a sanctions program is not itself a measure of success.

Goal 3: Protect Financial Stability and Resiliency

We play a critical role in improving financial resiliency and addressing vulnerabilities in core financial markets. We continued to promote a more resilient financial system, as demonstrated through the improved resiliency of Treasury security markets. The Financial Stability Oversight Council (FSOC), which is chaired by Secretary Yellen and charged with identifying risks to the financial stability of the U.S., has seen its capacity grow over the past year. We were also heavily involved in developing policy and engaging on digital assets and made significant progress in facilitating financial innovation.

Under this goal, our first strategic objective focuses on monitoring and coordinating responses to threats to financial stability both domestically and globally. Our second objective is to mitigate vulnerabilities in Treasury and municipal securities markets, keeping pace with changes in the industry, regulatory environment, trading practices, and investor demands. Our third strategic objective—identified as a focus area for improvement in our FY 2023 SOAR process—focuses on encouraging the responsible use of innovative financial technology, both across the financial sector and within Treasury.

Financial System Vulnerabilities

Through our work to rebuild FSOC's capacity, we are strengthening our ability to coordinate and improve collective actions to mitigate threats to financial stability. The FSOC continued its work to identify emerging vulnerabilities to the financial system through its monthly interagency Systemic Risk Committee meetings, as well as through recommendations to address those vulnerabilities in its Annual Report in December 2022. Identifying, assessing, and responding to systemic risks are among FSOC's core functions, and the Council has taken recent action to strengthen and provide greater transparency into how it performs these duties. On April 21, 2023, the FSOC issued its *Proposed Analytic Framework for Financial Stability Risk Identification, Assessment, and Response,* which is intended to inform the public how the Council engages with risks to the financial system. At the same time, the Council issued proposed interpretive guidance on its authority to designate nonbank financial companies for Federal Reserve supervision and prudential standards.

In FY 2023, the Office of Financial Research (OFR) proposed a rule to establish an ongoing collection of noncentrally cleared bilateral repurchase agreement data to improve transparency in short-term funding markets. The sound functioning of such markets is critical to financial stability, and the OFR will continue working to finalize and launch this daily financial data collection. The OFR also made substantial progress building its capability to collect data directly from financial companies, which it will leverage for the planned new noncentrally cleared bilateral repurchase agreement data collection and for future FSOC data collection needs. Additionally, OFR launched the Joint Analysis Data Environment (JADE), designed to enhance FSOC member agencies' access to data, high-performance computing, and tools for research and analysis on financial stability and vulnerabilities.

Source: Adobe Stock

Financial Stability Oversight Council

FSOC, which is chaired by Secretary Yellen and charged with identifying risks to the financial stability of the U.S., has seen its capacity grow over the past year.

Resilient Treasury and Municipal Securities Markets

The Treasury security markets have withstood multiple shocks this year, demonstrating their improved resiliency.

The Inter-Agency Working Group on Treasury Market Surveillance, which consists of Treasury, the Federal Reserve Board, the Federal Reserve Bank of New York, the U.S. Securities and Exchange Commission, and the Commodity Futures Trading Commission, continues to focus on improving the resilience of market intermediation, improving data quality and availability, evaluating expanded central clearing, enhancing trading venue transparency and oversight, and examining the effects of leverage and fund liquidity risk management practices. Additionally, we continue to make progress toward beginning a Treasury marketable securities buyback program in 2024. Our buybacks will have two debt management objectives—liquidity support and case management.

In 2023, the Office of Economic Policy developed and implemented important enhancements to the high-quality market corporate bond (HQM) yield curve methodology that significantly expanded market coverage of the HQM yield curve and improved the ability of the curve to capture market movements. The enhancements also enabled the HQM yield curve to be better used in combination with the Treasury securities yield curves.

Increasing market monitoring to understand the causes and effects of changes in municipal bondholder composition and municipal bond market volatility and liquidity is crucial for promoting greater efficiency, liquidity, and transparency in the market. For these reasons, we developed internal monitoring tools for variable rate and high-yield municipal debt and engaged with municipal market regulators and federal agencies on implementation of market transparency measures including voluntary disclosure of climate-risk and impact information. We also convened municipal issuer groups to improve disclosures by disseminating best practices for financing resilient infrastructure.

Financial Innovation

In FY 2023, we continued to modernize financial management processes through increased federal electronic payments and collections, and reduced use of paper checks with federal agencies. In February, the IRS implemented the capability for taxpayers who electronically filed Form 1040-X (Individual Amended Return) to receive electronic funds transfer (EFT) refunds. We are monitoring the impact on tax refund EFT percentages for the remainder of 2024. In FY 2023, the overall EFT rate was 96.5 percent. Additionally, Fiscal Service and the Federal Emergency Management Agency signed a Memorandum of Understanding to pilot emerging digital payments for faster assistance to disaster victims.

To better diversify representation on our national currency, the U.S. Mint developed and delivered to the Secretary design options for the five 2024 American Women Quarters, the 2024 American Innovation $1 Coin for Missouri, and the Liberty & Britannia 24k Gold Coin and Silver Medal. The U.S. Mint also conducted design development for the final five 2025 American Women Quarters, the 2025 Native American $1 Coin, and the 2025 American Innovation $1 Coins for Michigan and Arkansas. In addition, the U.S. Mint created a cross-functional team to increase awareness of the American Women Quarters™ Program, and, through extensive stakeholder outreach to previously untapped audiences, stimulated new interest in coin collecting.

The U.S. Mint is planning to strengthen its anti-counterfeit processes by leveraging new technologies, including advanced detection methods for authenticating bullion and circulating coinage. The advanced technology will also ease manufacturing burdens. The U.S. Mint will continue to support other federal agencies with circulating coin authentication.

Source: Adobe Stock

BEP's New Developments

BEP's development activities for the newly redesigned family of banknotes made notable progress during FY 2023. BEP implemented multiple high-volume print trials integrating machine readable, and covert security features, along with a raised tactile feature that will be appearing on U.S. currency for the first time.

Fiscal Service established the Office of Payment Integrity by merging the Do Not Pay Business Center and Payment Integrity Center of Excellence. This office manages a portfolio of payment integrity tools, services, and data sources to focus on access to data and data sharing, data analytics, and government-wide and agency-specific solutions. In FY 2023, we identified, prevented, or recovered $652.7 million in improper payments as a direct result of Fiscal Service Payment Integrity services and solutions. In FY 2024, Fiscal Service will advance a payment integrity vision and will evaluate the bureau's role in stopping improper payments.

Additionally, in FY 2023, BEP made notable progress on development activities for the newly redesigned family of banknotes. BEP implemented multiple high-volume print trials integrating public, machine readable, and covert security features, along with a raised tactile feature that will be appearing on U.S. currency for the first time. Currency redesigns are a multi-year process to ensure security and their successful adoption in domestic and international markets, and they play a vital role in maintaining end-user trust and confidence in U.S. currency.

GOAL 3: KEY PERFORMANCE DATA HIGHLIGHTS

Measure (Responsible Bureau/Office)	FY 20	FY 21	FY 22	FY 23	FY 23 Target	Result vs Target
Percentage of Treasury Payments Made Electronically (Fiscal Service)[1]	96.0%	96.2%	96.4%	96.5%	96.6%	Unmet
Percentage of Total Federal Government Receipts Initiated Electronically (Fiscal Service)[2]	84.1%	83.0%	83.2%	84.8%	84.0%	Met

Explanation of Results

[1]This measure provides the percentage of the total volume of electronic payments that are disbursed electronically. FY 2020, FY 2021, and FY 2022 data does not include pandemic-related relief payments such as economic impact payments and advance child tax credit payments.

[2]This measure provides the percentage of total federal government revenue collection dollars initiated electronically.

Goal 4: Combat Climate Change

We continue to work with domestic and international partners to emphatically respond to the challenges of climate change, including taking action to adapt to an already changing climate. With our partners, we work on mitigating risks associated with climate change and strive toward positioning the global economy for a clean and sustainable future. Our work in this area will strengthen the nation's energy security and enhance its competitiveness in the clean energy economy. This year, we established foundations to strengthen finance for emerging markets and climate adaptation through leadership in a variety of international forums, including co-chairing the Green Climate Fund (GCF), co-chairing the G20 Sustainable Finance Working Group, and co-chairing the Trust Fund Committee of the Climate Investment Funds. Additionally, the IRA has positioned our Department as a prominent leader in the climate space, and its implementation will be key in advancing progress towards U.S. climate goals.

Under this goal, our first strategic objective focuses on using U.S. leadership to re-engage with international partners to enhance global action and mobilize and align financial flows to combat climate change. Our second strategic objective—identified as an area of noteworthy progress and a focus area of improvement in our FY 2023 SOAR process—aims to promote incentives and policies to encourage the private sector's investment in climate-friendly projects. Our third strategic objective focuses on developing and executing approaches to measure and monitor climate risks to the financial sector, government, businesses, and households. Our fourth strategic objective focuses on our efforts to invest in adaptation and resiliency efforts to address climate change impacts on our operations and services.

GLOBAL CLIMATE COMMITMENT AND LEADERSHIP

In FY 2023, we made strides to advance global commitments in combating climate change, including setting foundations to strengthen finance for emerging markets, helping developing economies adapt to a changing climate, and demonstrating leadership in several multilateral forums.

Source: Adobe Stock

Climate Change and the Global Economy

With our partners, we work on mitigating risks associated with climate change and strive toward positioning the global economy for a clean and sustainable future.

IA implemented programs to improve its oversight of key climate funds to ease access to finance for beneficiary countries, make more financing available to the most vulnerable countries, including small island states, and improve effectiveness of climate finance. In April, President Biden announced a $1 billion contribution to the GCF, which IA co-chairs. IA also co-chaired the G20 Sustainable Finance Working Group with China and led the Administration's work to implement the Just Energy Transition Partnerships, multilateral funding agreements that aim to bridge the gap between developed and developing nations in moving towards clean energy. In addition, IA initiated a review of the global climate finance architecture culminating in broad agreement at the June Paris Summit.

Climate Incentives and Investment

The IRA is the most significant investment in climate and clean energy in U.S. history. As tax incentives deliver most of the law's investment, we are playing a leading role in implementing the law. The IRA established or modified approximately 20 clean energy-related tax incentives that will be critical in advancing the nation's climate goals while lowering costs for consumers and creating good-paying jobs. We are focused on implementing the clean energy tax provisions as quickly and effectively as possible, with a commitment to ensuring that IRA implementation maximizes the law's economic, energy security, and climate impacts in the years to come.

Our implementation efforts have stretched across the Department—including the Office of Tax Policy, Climate Hub, IRA Program Office, Office of the Deputy Assistant Secretary for Management and Budget, and the IRS—and involved extensive collaboration with other federal agency partners. Since the law was enacted, we and the IRS have issued over 40 pieces of guidance on the law's clean energy provisions, while engaging with hundreds of stakeholders and reviewing thousands of written comments. We are also modernizing the IRS's customer service and technology to ensure that we deliver the IRA's clean energy tax incentives accurately and seamlessly.

The Office of Financial Markets (OFM) is working with OMB to update Federal credit policies to integrate climate-related financial risk into financial management and reporting for federal credit programs. This effort includes proposed disclosures to facilitate public reporting of climate risk and impacts. The OFM will work with agencies to develop a standardized reporting framework across federal programs. We are also working in other ways to encourage private sector investment in companies and activities that will underpin the clean energy economy of the future. This includes releasing the *Net-Zero Principles for Financing & Investment* and working to better understand the challenges and opportunities associated with voluntary carbon markets.

Source: Adobe Stock

Consumer Climate Based Tax Incentives

The IRA established or modified approximately 20 clean energy-related tax incentives that will be critical in advancing the nation's climate goals while lowering costs for consumers and creating good-paying jobs.

Climate-Related Financial Risks

We made progress toward incorporating climate-related risks into assessments of financial stability risk. Following FY 2022's successful climate-related financial data and analytics hub pilot, the OFR developed an expanded and enhanced platform, JADE. This platform is designed for FSOC member agencies to jointly analyze financial-stability risks and currently provides access to publicly available climate and financial data. While JADE can support research on a variety of financial stability topics, climate-related financial risk is the first research topic the FSOC is exploring within JADE. Further, the FSOC continued its work to assess climate-related financial risk. It held multiple convenings of the Climate-related Financial Risk Advisory Committee (CFRAC) and, in July 2023, the FSOC published a staff progress report highlighting the FSOC and its member agencies' progress to better assess and address climate-related financial risk.

SUSTAINABLE TREASURY OPERATIONS

We have met one of two objectives in our "Sustainable Treasury Operations" APG, specifically in our progress converting our fleet to electronic vehicles. We are on track to disseminate a climate literacy program for our targeted audience.

We developed strategies and standardized processes to acquire carbon-free electricity (CFE) to meet our goal of 100 percent usage across our "Energy Goal Facilities" by 2030, with up to 50 percent generated on a 24/7 basis. We identified new and additional actionable CFE opportunities, including initiatives at the Denver Mint and the BEP's Western Currency Facility. The Denver Mint uses 100 percent clean energy by purchasing its electricity through Xcel Energy's wind energy program, Windsource. The U.S. Mint is also installing electric vehicle charging stations at all plants. In addition, the Climate Literacy Working Group partnered with the National Oceanic and Atmospheric Administration and successfully published a Climate 101 training for all staff. Additionally, Treasury published a Climate and Sustainability SharePoint site, which offers additional resources and references to all stakeholders.

GOAL 4: KEY PERFORMANCE DATA HIGHLIGHTS

Measure (Responsible Bureau/Office)	FY 20	FY 21	FY 22	FY 23	FY 23 Target	Result vs Target
Treasury-wide Footprint (Thousands of Square Feet) (Management)[1]	32,517	32,006	31,691	TBD	31,734	TBD
Explanation of Results						
[1]The actual FY 2023 square footage of Treasury-wide real property is not available until December 2023, at which time the comparison can be made of actual results versus target.						

Goal 5: Modernize Treasury Operations

We made progress in filling critical Diversity, Equity, Inclusion, and Accessibility (DEIA) leadership positions, expanding efforts to increase diversity in our talent pipeline and create a more inclusive workplace culture, and adjusting work routines to support a hybrid workforce. We also clarified our priorities regarding how we use data, beginning with building data capacity across the Department. Additionally, we issued an agency vision statement for customer experience, which is a key deliverable of our FY 2022 – 2026 Strategic Objective 5.4, to mature and embed strong customer experience practices across the Department.

Under this goal, our first strategic objective—identified as a focus area for improvement in our FY 2023 SOAR process—focuses on developing a diverse pipeline for hiring and promotions, and investing in training and development opportunities to improve retention and inclusion in our workforce. Our second strategic objective—assessed as a focus area for improvement in our FY 2023 SOAR process—focuses on modernizing our workplace infrastructure and work routines to enable an engaged and inclusive workforce of the future. Our third strategic objective centers on strengthening our data infrastructure, data governance, and analytic capabilities within the workforce. Our fourth strategic objective is to mature customer experience practices across the Department, while increasing American's trust in government.

Recruit and Retain a Diverse and Inclusive Workforce

We established the Office of Diversity, Equity, Inclusion, And Accessibility (ODEIA) to serve as a center of excellence to modernize the Department's overall DEIA strategy and drive cohesive implementation and accountability across the departmental offices and bureaus. The new structure allows for greater, more concentrated, and dedicated focus on civil rights compliance and mitigation, as well as DEIA accountability, competencies, and transparency.

Source: Adobe Stock

Newly Centralized ODEIA

The newly centralized ODEIA is responsible for four essential functions: carrying out policy analysis on racial and economic issues; advancing efforts to develop a workforce that reflects the diversity of the nation; ensuring fair and equitable business utilization; and guaranteeing compliance with civil rights laws and regulations.

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- carrying out policy analysis on racial and economic issues;
- developing a workforce that reflects the diversity of the nation;
- ensuring fair and equitable business utilization; and
- guaranteeing compliance with civil rights laws and regulations.

To improve our ability to implement these key functions, we expanded our Office of Minority and Women Inclusion (OMWI) Treasury-wide and aligned OMWI with our Office of Civil Rights and Equal Employment Opportunity (OCRE), formerly known as the Departmental Office's Office of Civil Rights and Diversity. In addition, ODEIA added a new component, the Treasury Equity Hub. This new office focuses on economic analysis and public policy to ensure DEIA is central to our efforts of reaching and providing services and resources to the public.

In FY 2022, ODEIA began recruiting for key senior leadership positions, including the Chief of the ODEIA, the OCRE Director, and the Director of the Equity Hub. In FY 2023, we appointed Directors of the OCRE and the Equity Hub, and we successfully filled the ODEIA Chief position in FY 2024.

Bureaus have expanded their critical leadership in DEIA efforts as well. For example, the U.S. Mint, BEP, and Fiscal Service have each hired Chief Diversity or Equity Hub Officers. Other bureaus have expanded the role of their Equal Employment Opportunity Officers to include DEIA efforts.

To ensure we develop a workforce that reflects the diversity of the nation, Fiscal Service began posting vacant positions in all its locations, where appropriate. Fiscal Service plans to increase partnerships with minority-serving institutions, improve inclusive and accessible language in recruitment and public-facing materials, expand outreach to minority-serving networks, and use alternative job listing sites. In addition, Fiscal Service continued quarterly rotational leadership development opportunities for Director-level employees in FY 2023.

TTB continued efforts to increase diversity in its talent pipeline and to create a more inclusive workplace culture. TTB established an Inclusion, Diversity, Engagement, Equity and Accessibility Council comprised of a cross-section of bureau volunteers to generate input for TTB workforce engagement and diversity strategies. TTB is also continuing a multi-year initiative to develop career development models by TTB job series based on competency and proficiency level. These tools provide transparent expectations on capabilities employees must demonstrate to advance by job series and grade, and are an important part of TTB's plans to prepare candidates for leadership positions.

In addition, FinCEN actively participates in virtual Historically Black Colleges and Universities (HBCU) recruiting events, in part through our ongoing outreach to HBCU students and alumni. FinCEN also participates in the Annual National HBCU Week Conference, planned under the leadership of the White House Initiative on HBCUs and coordinated by the Department of Education. FinCEN engages with the HBCU Museum and the Black Scholarship Fund on career opportunities.

Additionally, in FY 2023, we established an agency-wide recruitment program. The new program, which includes a council with diverse representatives from across the agency, will establish an employee value proposition and foster new talent partnerships both internally and externally.

FUTURE WORK ROUTINES

We are committed to an evidence-based approach to developing the future of work, including adjusting work routines, and are rightsizing and equipping office spaces to support a hybrid workforce. Future efforts will focus on creating an equitable experience by enabling leaders and teams to use available tools and facilities effectively to build and maintain strong relationships and avoid proximity and in-group biases.

Source: Adobe Stock

Future of Work

We are committed to an inclusive and evidence-based approach to developing the future of work, including adjusting work routines, and are rightsizing and equipping office spaces to support a hybrid workforce.

In FY 2023, we established agency and component Work Environment Plans in accordance with OMB Memorandum M-23-15, *Measuring, Monitoring, and Improving Organizational Health and Organizational Performance in the Context of Evolving Agency Work Environments*. We continue to increase the amount of meaningful in-person interactions across the organization. In addition, our bureaus have experimented with innovative, flexible work arrangements to fill critical talent gaps and improve retention, such as piloting remote work and maxi-flex work schedules.

As work routines, employee expectations, and customer needs evolve, we continuously evaluate our practices through the Quarterly Performance Review, Organizational Health Workbook, and other organizational performance health measurement processes. We also completed an evaluation of telework policies and practices.

Better Use of Data

In FY 2023, we established the role and function of the Chief Data Officer and clarified priorities, beginning with building data capacity, increasing data literacy, improving data infrastructure, and facilitating a common lexicon across our Department.

In FY 2023, USAspending.gov launched a new homepage that improves the experience of users by re-organizing content and presenting a friendly face to reduce what was previously reported as being intimidating. The USAspending.gov team also created several features to help users understand data, including an interactive tool called "About the Data," and launched eight new videos on YouTube to help users understand how to use USAspending.gov answer common questions. Finally, given the importance of Congressional stakeholders, USAspending.gov updated features across the site to reflect new Congressional Districts, while ensuring that all data is backwards compatible to show prior Congressional Districts.

In FY 2024, we will expand our capacity to visualize and mature data by developing a data governance operational model with a focus on data stewardship and data sharing responsibilities. Implementing a Treasury-wide data catalogue will enable our workforce to access our metadata for analysis in support of mission priorities.

We are poised to better assess our commercial data investments by: (1) expanding the utility of our data inventory to capture each bureau's third-party data inventory; (2) building a data strategy to consolidate the investment, leading to a strategic sourcing effort that better leverages our buying power; and (3) potentially reducing cost burdens and improving data sharing.

Customer Experience Practices

Despite limited resources, we continue to make significant progress strengthening customer experience governance and capacity. We issued an agency vision statement for customer experience: "Earning your trust through reliable, exceptional service." Our customer experience vision statement is a key deliverable of our FY 2022 – 2026 Strategic Objective 5.4, to mature and embed strong customer experience practices across the Department. Our customer experience vision statement builds on previous actions that established the Treasury Customer Experience Community of Practice, which provides a senior leadership forum to promote successful adoption of customer experience practices across our bureaus and offices through collaboration and information sharing.

The Customer Experience Community of Practice has sufficiently matured to allow the transition to bureau leadership and continues to facilitate meaningful coordination, sharing, and collaboration across service providers.

GOAL 5: Key Performance Data Highlights

Measure (Responsible Bureau/Office)	FY 20	FY 21	FY 22	FY 23	FY 23 Target	Result vs Target
Percent of Aged Hardware (IRS)[1]	16.0%	9.3%	7.1%	19.9%	20.0%	Met
Treasury-wide EVS Satisfaction Index (Management)[2]	71%	67%	65%	65%	65%	Met

Explanation of Results

[1]The percent of aged hardware was 19.9 percent which met the 20 percent target for FY 2023. The major driver in exceeding this goal was the focus on hardware selections and timely refresh implementations. For FY 2024, IRS will continue with risk-based management to prioritize funding of assets with highest risk values.

[2]The Federal Employee Viewpoint Survey (FEVS) is the primary tool that agencies use to measure employee sentiment. Each year, we track and report on the FEVS Overall Satisfaction Index which comprises three FEVS satisfaction questions.

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 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 and transparent culture that encourages personnel 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 Enterprise Risk Management (ERM) Council, chaired by the Deputy CRO, brings together risk managers from each of our bureaus and policy offices on a bi-monthly basis to share best practices and discuss risks. In October 2022, the Assistant Secretary for Management aligned the ERM program to the Office of Strategy, Planning, and Performance Improvement (OSPPI) to improve its integration with our strategic direction. OSPPI works with our bureaus and policy offices to monitor and annually update our risk profile.

Beyond its work within the Department, the Deputy CRO leads an interagency ERM community of practice including officials from more than 50 federal agencies. This group originated from our efforts to support agencies in their implementation of ERM, including the *Playbook: Enterprise Risk Management for the U.S. Federal Government* as amended in 2021. This government-wide working group meets bimonthly to discuss common risks and various methods of implementing the guidelines of the circular.

Risks and Challenges

Through the FY 2023 SOAR and enterprise risk management process, we identified the following cross-cutting risks.

Evolving Cyber Risks: We and financial sector partners face increasing attacks from cyber criminals and state actors attempting to disrupt operations or steal data from sensitive systems. The tactics, techniques, and procedures that these threat actors employ are constantly evolving.

Human Capital: There is a potential for an erosion in our mission capability due to human capital challenges, such as in the areas of hiring, knowledge management, diversity and inclusion, and employee engagement. This risk may be exacerbated when paired with changing mission and skill requirements.

Enterprise Prioritization: We may not be able to achieve the fullest extent of our objectives and perform our mission to its greatest capacity if we cannot allocate resources effectively in the current resource-constrained environment. This risk is exacerbated by uncertain funding, new or changing legislative requirements, and reduced capacity.

Data and Evidence: If we are not able to leverage data as a strategic asset, then poor data quality may deteriorate our decision-making and impede our ability to generate evidence for effective use. Insufficient technology infrastructure, poor data governance, lack of accessibility and reliability of data, and the inability to interpret data compounded by process inefficiencies may hinder our ability to use and share data and evidence to support decision-making.

Operational Resilience: We may face significant disruptions to operations, due to climate change, natural disasters, terrorist events, pandemics, or lapse in appropriations, which could inhibit successful mission delivery, curtail progress in critical areas, and introduce challenges for agency employees and contractors as well as our customers and taxpayers.

Procurement, Acquisition, and Vendor Management: The inability of our offices and bureaus to timely acquire necessary products and services, initiate work under contracts, and effectively monitor contract execution and budget may result in failure to execute mission, loss of funding, and public loss of confidence in us.

CLIMATE-RELATED RISKS AND CHALLENGES

Climate change is already impacting or is anticipated to impact our national infrastructure, operations, agriculture, human health and labor productivity, and household financial security. The likelihood of extreme weather events that could threaten our ability to fulfill time-sensitive tasks is increasing. Highly visible disruptions to our operations may reduce public confidence in government and financial markets.

We issue broad guidelines rather than overly restrictive instructions for conducting climate risk assessments as we have diverse missions and operations. These guidelines included, but were not limited to, key factors such as flooding, heat, and extreme weather (*e.g.,* hurricanes). Currently, we are using our climate action plan to guide investments towards enhancing the resilience of our buildings. Additionally, we are working to improve the access to and quality of climate data and analytical tools to better inform decision-making across the financial system. As noted above, this year the OFR launched JADE, which supports the FSOC and its member agencies researching climate-related financial risks. Finally, we are continuing to coordinate with regulators through the FSOC to facilitate information sharing, analysis, and capacity building on climate-related financial risks. This year we launched the Climate-related Financial Risk Advisory Committee (CFRAC) within FSOC to receive information and analysis on climate-related financial risks from a broad array of stakeholders.

We are committed to using our broad and far-reaching policy influence to lead and support Executive Order 14008, *Tackling the Climate Crisis at Home and Abroad*. We will play a significant role working with other federal agencies, foreign governments, and international financial institutions to stimulate global action on addressing climate change, environmental justice, and working to prevent climate change-created economic and financial crises.

Our latest Climate Action Plan can be found on our website: https://home.treasury.gov/about/budget-financial-reporting-planning-and-performance/climate-action-plan.

FY 2024 Strategic Outlook

Our FY 2022 – 2026 Strategic Plan, published in March 2022, describes the long-term goals and objectives we aim to achieve during this Administration. In September 2023, we updated our FY 2022 – 2026 Strategic Plan to reflect our progress, including updating our goals and objectives to reflect the most relevant initiatives and stakeholder feedback, as well as further specifying our desired outcomes and measures/indicators of success.

The updated strategic plan includes language that better describes the unique status of Tribal Governments and the nature of our work with Tribal communities and governments, updates to strategic objectives that reflect initiatives associated with the IRA, and updates to reflect our priorities in global climate commitments, among others.

Our FY 2023 SOAR outlined several critical leadership actions in the following priority areas for the coming year: (1) economic measures to advance national security; (2) transparency in the financial system; (3) climate incentives and investment; (4) sustainable Treasury operations; and (5) recruiting and retaining a diverse and inclusive workforce.

Looking ahead, we will make progress in these areas and other key priorities through several targeted initiatives:

- identify different mechanisms to encourage progress towards beneficial ownership accountability (Goal 2: Enhance National Security);
- continue the current APG on payment experience (Goal 3: Protect Financial Stability and Resiliency);
- implement tax incentives for investments in clean energy, domestic manufacturing, and cost-saving energy efficiency as authorized by the IRA (Goal 4: Combat Climate Change);
- continue implementing OMB Memorandum 23-15, *Measuring, Monitoring, and Improving Organizational Health and Organizational Performance in the Context of Evolving Agency Work Environments,* (Goal 5: Modernize Treasury Operations).

In addition, we will continue to work diligently to support efforts to combat climate change as articulated in the IRA. We have made strides and will continue to advance global commitments in combating climate change, including setting foundations to strengthen finance for emerging markets, climate adaptation, and demonstrating leadership in the Green Climate Fund.

ADDITIONAL INFORMATION

HUMAN CAPITAL PLAN IMPLEMENTATION

In FY 2025, Treasury's Human Capital Community will continue its efforts to recruit, hire, engage, and retain a diverse workforce that represents the communities that Treasury serves. The following highlights several of the strategies on which we will focus during FY 2025:

- Promote the effectiveness of our hybrid workforce through the monitoring and assessment of non-telework, telework and remote work types across the Department.
- Establish an enterprise recruitment strategy with a focus on cross-organizational mission critical occupations and diversity.
- Establish processes for supporting Enterprise-wide recruitment and talent matching for critical positions.
- Improve workforce analysis to support more targeted recruitment efforts. Promote training and make process improvements to facilitate and evaluate recruitment activities at an operational level.
- Continue to work with appropriate stakeholders to mitigate resource, funding, or policy gaps.
- Build a framework that facilitates Treasury competency assessment processes to support and inform human capital business functions (recruitment, training, retention, etc.).,
- Create and/or designate a centralized reporting capability for tracking, monitoring, leveraging, and forecasting Treasury-wide competency and staffing data.
- Build infrastructure to support Treasury workforce supply and demand analysis through optimization of workforce staffing plans and position management capabilities.
- Increase the use of rigorous hiring assessments for mission critical occupations.
- Evaluate and analyze Talent / Learning Management alignment with emerging competency development initiatives and adjust delivery approach to schedule, scope, and cost constraints.
- Assess opportunities to further utilize technology, the Treasury Executive Institute, and other delivery methods in support of learning path development and delivery.
- Deliver training and development opportunities with new curriculum (e.g., data analytics, continuous improvement, human centered design, project/program management, customer experience, cybersecurity, digital assets, climate change, etc.).

SUMMARY OF MANAGEMENT AND PERFORMANCE CHALLENGES

In accordance with the Reports Consolidation Act of 2000, the Inspectors General are required to provide the Secretary of the Treasury with their perspective on the most serious management and performance challenges facing the Department of the Treasury. At the end of each fiscal year, the Treasury Office of Inspector General (OIG) and Treasury Inspector General for Tax Administration (TIGTA) send an update of these management challenges to the Secretary of the Treasury (hereafter referred to as "Secretary") and cite any new challenges for the upcoming fiscal year. The Special Inspector General for the Troubled Asset Relief Program (SIGTARP) identifies their management or performance challenges for the Office of Financial Stability (OFS) separately in their quarterly report to Congress. This section contains the OIG and TIGTA identified management and performance challenges and management's response.[1]

In this year's memorandum, OIG reported six challenges, one of which is new and reports on the challenges faced with operating in an uncertain environment. As shown below, five challenges are repeated and updated from last year to include Treasury's continued role in combatting the economic fallout of the Coronavirus Disease 2019 (COVID-19) global pandemic, as well as its impacts on related workforce and workstreams. The new challenge considers factors beyond Treasury's control and their impact on Treasury's operations.

- COVID-19 Pandemic Relief (Repeat)
- Cyber Threats (Repeat)
- Anti-Money Laundering/ Terrorist Financing and Bank Secrecy Act Enforcement (Repeat)
- Information Technology Acquisition and Project Management (Repeat)
- Climate Initiatives Risk (Repeat)
- Operating in an Uncertain Environment (New)

OIG identified challenges based on the threat they pose to Treasury's mission and stakeholders' interests. OIG also acknowledges the Department's accomplishments and efforts over the past year to address critical matters as noted within each challenge. While the national emergency declaration for the COVID-19 pandemic ended in May 2023, Treasury programs established to support the pandemic are in various stages of maturity and continue to pose challenges for Treasury. As noted throughout this memorandum, Treasury will need to continue to act swiftly and draw on its existing resources to meet economic needs.

TIGTA – Identified Management Challenges

For FY 2024, TIGTA identified the IRS's top management and performance challenges as:

- Managing IRA Transformation Efforts;
- Tax Law Changes;
- Taxpayer Service;
- Human Capital;
- Information Technology Modernization;
- Protection of Taxpayer Data and IRS Resources;
- Tax Compliance and Enforcement;
- Tax Fraud and Improper Payments; and
- Taxpayer Rights.

GAO – Identified High-Risk Areas

- Modernizing the U.S Financial Regulatory System;
- Enforcement of Tax Laws; and
- Pension Benefit Guaranty Corporation Insurance Programs.

[1] The FY 2023 AFR is available at Agency Financial Report FY 2023 (treasury.gov). The response letters are on pages 217-225 (OIG) and 247-255 (TIGTA).

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*", "*On Hold*," or "*No further action will be taken*" 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 up through 01/31/2023 that remained unimplemented for one year or more from the planned fiscal year 2025 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 5: A listing of acronyms used throughout this report.

This year's report with executive summaries and other detailed reports are available on Treasury's website at https://home.treasury.gov/about/budget-financial-reporting-planning-and-performance/good-accounting-obligation-in-government-act-gao-ig-act-reports

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. Treasury's FY 2025 budget requests funding to increase capacity for evidence-building activities, including research, statistics, and evaluation. The Budget also proposes funds to evaluate Treasury programs. The Annual Performance Plan and Report section of each budget chapter (Section II, part B) highlights the ways in which evidence, including program evaluation and research findings, was used to further the agency's understanding of program performance, establish performance goals, and inform future priorities. Additionally, where the agency made changes to performance measures, the Annual Performance Plan and Report (Section II, Part C) describes how evidence informed these changes.

Treasury's FY 2022 – 2026 Learning Agenda is set of priority questions designed to generate evidence through research, evaluation, or analysis to inform agency decision-making on policy development or program administration. The Learning Agenda includes questions about past program performance and potential strategies or approaches to improve performance and meet agency goals. Additionally, the Treasury FY 2025 Annual Evaluation Plan identifies significant evaluations that Treasury plans to conduct next year to evaluate critical programs and develop evidence in support of the agency's learning agenda. Finally, the Treasury FY 2022 – 2026 Capacity Assessment highlights areas of agency strength and opportunities to increase the use of evidence, including performance data and evaluation findings, to guide decision-making. As Treasury works to strengthen its overall capacity for evidence-building and enterprise governance, the agency will continue to consider how evidence can be used to inform performance planning and reporting.[2]

IDEA Act

Utilizing the framework established in the Office of Management and Budget's M-23-22, Delivering a Digital-First Public Experience memo, Treasury continues its work on implementing Public Law 115-336, the 21st Century Integrated Digital Experience Act (IDEA). Treasury has a responsibility to manage customer experience and mature service delivery to ensure ease of use, trustworthiness, and accessibility for the American public. Treasury's ongoing commitment to modernizing operations as referenced in the department's FY 2022-2026 Strategic Plan Goal 5, will continue its work via iterative improvements with website modernization, digitization of services, standardization, and customer experience enhancements. Through these efforts, Treasury and its high impact service providers will adhere to policy guidance and reporting requirements while providing transparency in assessment of its 21st Century IDEA progress.

[2] The Treasury FY 2022 – 2026 Learning Agenda and Capacity Assessment and the FY 2024 Annual Evaluation Plan are available at: https://home.treasury.gov/about/budget-financial-reporting-planning-and-performance/budget-requestannual-performance-plan-and-reports

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 2025 Congressional Budget Justification. Please see the following link for more information: https://home.treasury.gov/about/budget-financial-reporting-planning-and-performance/budget-requestannual-performance-plan-and-reports.

SUMMARY OF FY 2025 APPROPRIATIONS LANGUAGE

Note.—A full-year 2024 appropriation for this account was not enacted at the time the Budget was prepared; therefore, the Budget assumes this account is operating under the Continuing Appropriations Act, 2024 and Other Extensions Act (Division A of Public Law 118–15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.

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, $312,294,000, of which not less than $9,000,000 shall be available for the administration of financial assistance, in addition to amounts otherwise available for such purposes: Provided, That of the amount appropriated under this heading— (1) not to exceed $650,000 is for official reception and representation expenses, of which not less than $300,000 shall be available for expenses to host and support G20 related events and shall remain available until September 30, 2026, and of which not to exceed $350,000 shall be for other 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 $42,000,000 shall remain available until September 30, 2026, 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; (F) international operations; and (G) investment security

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, $230,533,000, 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 $16,000,000 shall remain available until September 30, 2026.

CYBERSECURITY ENHANCEMENT ACCOUNT

For salaries and expenses for enhanced cybersecurity for systems operated by the Department of the Treasury, $150,000,000, to remain available until September 30, 2027: 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 $6,000,000 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; for the hire of zero emission passenger motor vehicles and for supporting charging or fueling infrastructure; for expenses related to realignment of leased office space within the District of Columbia; and for repairs and renovations to buildings owned by the Department of the Treasury, $14,470,196, to remain available until September 30, 2027: 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.

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, $50,174,000, 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, 2026, 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, $21,000,000, 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 2025, so as to result in a total appropriation from the general fund estimated at not more than $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; $179,026,000, of which $5,000,000 shall remain available until September 30, 2026; 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

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, $324,908,000. Of the amount appropriated under this heading— (1) not less than $210,000,000, 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, 2026, 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 $3,153,750 may be used for the cost of direct loans, of which up to $10,000,000, 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: 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 2016–2020 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]2020 Island areas Decennial Census data for any territory or possession of the United States; (2) not less than $25,000,000, notwithstanding section 108(e) of Public Law 103–325 (12 U.S.C. 4707(e)), is available until September 30, 2026, 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 $35,000,000 is available until September 30, 2026, for the Bank Enterprise Award program; (4) not less than $9,000,000 is available until September 30, 2026, 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; (5) up to $35,908,000 is available 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 program impacts, and up to $300,000 is for administrative expenses to carry out the direct loan program; and (6) up to $10,000,000 is available until September 30, 2026, 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, 2026: Provided further, That of the funds awarded under this heading, not less than 10 percent shall be used for awards that support investments that serve populations living in persistent poverty counties: Provided further, That for the purposes of this paragraph and paragraph (1), the term "persistent poverty counties" means any county, including county equivalent areas in Puerto Rico, that has had 20 percent or more of its population living in poverty over the past 30 years, as measured by the 1990 and 2000 decennial censuses and the 2016–2020 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, 2010, and 2020 Island Areas Decennial Censuses, or equivalent data, of the Bureau of the Census.*

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 $25,000 for official reception and representation expenses; and for assistance to Federal law enforcement agencies, with or without reimbursement, $215,689,000, of which not to exceed $94,600,000 shall remain available until September 30, 2027.

BUREAU OF THE FISCAL SERVICE

SALARIES AND EXPENSES

For necessary expenses of operations of the Bureau of the Fiscal Service, $396,159,000; of which not to exceed $8,000,000, to remain available until September 30, 2027, is for information systems modernization initiatives; and of which $5,000 shall be available for official reception and representation expenses. In addition, $235,000, 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, $159,679,000; 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 remain available until September 30, 2026.

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 2025 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 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, $2,780,606,000, of which not to exceed $100,000,000 shall remain available until September 30, 2026, of which not less than $11,000,000 shall be for the Tax Counseling for the Elderly Program, of which not less than $26,000,000 shall be available for low-income taxpayer clinic grants, including grants to individual clinics of up to $200,000, of which not less than $55,000,000, to remain available until September 30, 2026, shall be available for the Community Volunteer Income Tax Assistance Matching Grants Program for tax return preparation assistance, and of which not less than $236,000,000 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 $7,000,000 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, $5,437,622,000; of which not to exceed $250,000,000 shall remain available until September 30, 2026; of which not less than $60,257,000 shall be for the Interagency Crime and Drug Enforcement program; and of which not to exceed $35,000,000 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 "Technology and Operations Support" heading.*

TECHNOLOGY AND OPERATIONS SUPPORT

For necessary expenses to operate 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; $4,100,826,000, of which not to exceed $275,000,000 shall remain available until September 30, 2026; 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, 2027, for research; 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 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 2026, a summary of cost and schedule performance information for its major information technology systems.

ADMINISTRATIVE PROVISIONS— INTERNAL REVENUE SERVICE

***SEC. 101.** Not to exceed 8 percent of any funds made available in this Act or any other provision of law to the Internal Revenue Service may be transferred to any other Internal Revenue Service appropriation upon the advance notification 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. *The Secretary of the Treasury (or the Secretary's delegate) may use funds made available to the Internal Revenue Service in this Act or any other provision of to appoint, without regard to sections 3304 and 3309 through 3319 of title 5, United States Code, qualified candidates to positions in the competitive service in occupations for which the Secretary of the Treasury (or the Secretary's delegate) ("the Secretary") has determined in writing that that there is a critical hiring need or severe shortage of highly qualified candidates: Provided, That the Secretary shall consult with the Office of Personnel Management (OPM) on the positions to recruit (including quantity), as well as candidate recruitment, assessment, and selection policies; issue guidance to human resources practitioners in the Internal Revenue Service on use of this authority; use OPM qualification standards in all appointments made; and exercise this authority consistent with the requirements in any collective bargaining agreement between the Internal*
Revenue Service and a labor organization which has been granted exclusive recognition under chapter 71 of title 5, United States Code: Provided further, That no later than 180 days after expiration of this authority, the Secretary shall, in consultation with the Director of OPM, provide a report to Congress that includes demographic data of individuals hired pursuant to this authority; salary information of individuals hired pursuant to this authority; and how IRS exercised this authority consistent with merit systems principles: Provided further, That the appointment authority under this section shall expire September 30, 2027.
SEC. 112. *Notwithstanding section 1344 of title 31, United States Code, funds appropriated to the Internal Revenue Service in this Act may be used to provide passenger carrier transportation*

and protection between the Commissioner of Internal Revenue's residence and place of employment.
SEC. 113. *The Secretary of the Treasury (or the Secretary's delegate) may use funds made available to the Internal Revenue Service in this Act or any other provision of law, subject to such policies as the Secretary (or the Secretary's delegate) may establish, to take such personnel actions as the Secretary (or the Secretary's delegate) determines necessary to administer the Internal Revenue Code of 1986, including (1) in addition to the authority under section 7812(1) of the Internal Revenue Code of 1986, appointing not more than 200 individuals to positions in the Internal Revenue Service under streamlined critical pay authority subject to the requirements and conditions under section 9503 of title 5, United States Code, except that subsection 9503(a)(3) of such title shall not apply; and (2) appointing not more than 300 individuals to positions in the Internal Revenue Service at any one time for which (A) the rate of basic pay may be established by the Secretary of the Treasury (or the Secretary's delegate) at a rate that does not exceed the salary set in accordance with section 104 of title 3, United States Code; and (B) the total annual compensation paid to an employee in such a position, including allowances, differentials, bonuses, awards, and similar cash payments, may not exceed the maximum amount of total annual compensation payable at the salary set in accordance with section 104 of title 3, United States Code: Provided, That the authority provided under this paragraph shall expire on September 30, 2031.*

ADMINISTRATIVE PROVISIONS—DEPARTMENT OF THE TREASURY (INCLUDING TRANSFERS OF FUNDS)

SEC. 113. *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. 114. *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, "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 prior notification of the Committees on Appropriations of the House of Representatives and the Senate: Provided, That no such transfer may increase or decrease any such appropriation by more than 2 percent: Provided further, That, upon the prior notification of the Committees on Appropriations of the House of Representatives and the Senate, not to exceed 5 percent of any appropriation made available under the heading "Office of Terrorism and Financial Intelligence" and "Financial Crimes Enforcement Network" may be transferred between such appropriations.*
SEC. 115. *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 prior 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. 116. *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. 117. *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. 118*. 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 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. 119. *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 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. 120. *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 2025 until the enactment of the Intelligence Authorization Act for Fiscal Year 2025.*
SEC. 121. *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. 122*. During fiscal year 2025— (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*. Within 45 days after the date of enactment of this Act, the Secretary of the Treasury shall submit an itemized report to the Committees on Appropriations of the House of Representatives and the Senate on the amount of total funds charged to each office by the Franchise Fund including the amount charged for each service provided by the Franchise Fund to each office, a detailed description of the services, a detailed explanation of how each charge for each service is calculated, and a description of the role customers have in governing in the Franchise Fund.*
SEC. 124. *(a) Not later than 60 days after the end of each quarter, 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 Research shall make officials available to testify on the contents of the reports required under subsection (a).
SEC. 125*. In addition to amounts otherwise available, there is appropriated to the Special Inspector General for Pandemic Recovery, $5,327,000, to remain available until expended, for necessary expenses in carrying out section 4018 of the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116–136).*
SEC. 126. *Not to exceed 5 percent of any appropriation made available in this Act for the Department of the Treasury may be transferred to the Department's information technology system modernization and working capital fund (IT WCF), as authorized by section 1077(b)(1) of title X of division A of the National Defense Authorization Act for Fiscal Year 2018 (Public Law 115–91), for the purposes specified in section 1077(b)(3) of such Act, upon the prior notification of the Committees on Appropriations of the House of Representatives and the Senate: Provided, That amounts transferred to the IT WCF under this section shall remain available for obligation through September 30, 2028.*
SEC. 127. *Up to $1,000,000 of any appropriation in this title may be transferred to the Special Inspector General for Pandemic Recovery appropriation upon the prior notification of the Committees on Appropriations of the House of Representatives and the Senate.*
SEC. 128. *Amounts made available under section 601(f)(3) of the Social Security Act (42 U.S.C. 801(f)(3)) shall be available for any necessary expenses of the Department of the Treasury Office of Inspector General with respect to section 601 of that Act, subtitle A of title V of division N of the Consolidated Appropriations Act, 2021, and section 3201 of the American Rescue Plan Act of 2021, in addition to amounts otherwise available for such purposes.*

Department of the Treasury
Internal Revenue Service

Congressional Budget Justification and Annual Performance Plan and Report

FY 2025

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Commissioner's Message

The IRS is embarking on a once-in-a-generation endeavor to envision and realize the future of tax administration. As the next few years will be crucial for this journey, we are focusing on several major goals, including:

- Ensuring taxpayers can easily contact the IRS – whether in person, on the phone or online – and get help navigating complex tax laws and accessing the credits they deserve,
- Identifying the growing number of taxpayers with complex returns – including certain wealthy individuals, large corporations, and complex partnerships – who are shielding income to evade their tax responsibility and collecting from them what is owed, and
- Addressing the growing risk of tax scams and schemes by protecting honest taxpayers from them and rooting out the nefarious actors that perpetrate them.

The IRS has many other goals and objectives supporting this effort as part of our Strategic Operating Plan. This includes making dramatic improvements to our Information Technology (IT) infrastructure and design and delivering modern technology platforms that center around data and applications. These efforts will support all our transformation work.

Achieving this ambitious agenda will require that we rebuild areas in the IRS that have suffered from more than a decade of underfunding that preceded the Inflation Reduction Act. A critical change we are making involves providing our workforce with the right tools – including training, technology, and smarter processes – so we are ready now and, in the future, to meet our core mission of supporting taxpayers and the nation.

The Strategic Operating Plan outlines dozens of initiatives to achieve these goals – from call center modernization to enterprise digitization to protecting against emerging scams to revamping employee onboarding processes – and we have launched hundreds of associated projects to implement the plan.

These efforts are already starting to make transformational changes that will provide significant benefits over the next decade for taxpayers, tax professionals and the tax system. A few examples include:

- We cut phone wait times almost 90 percent (from 28 min to 3 min), answered 3 million more calls, and provided service to 140,000 more taxpayers in-person in Filing Season 2023 than in Filing Season 2022.
- We achieved a telephone Level of Service (LOS) of 87 percent throughout the 2023 filing season.
- We processed 750k+ more individual federal tax returns than in Filing Season 2022, scanned 225 times more forms than in 2022, made 51 additional forms and letters available for online response, and enabled a new direct-deposit refund option for taxpayers with amended returns.
- We opened or reopened 54 Taxpayer Assistance Centers.
- We cleared the backlog of unprocessed 2022 individual tax returns with no errors.

While We Seize this Moment, We Also Have to Look to the Future
The Fiscal Responsibility Act of 2023 (FRA) introduced uncertainty around our future funding by immediately rescinding $1.4 billion of IRA appropriations funding and proposing an additional $20.2 billion cut (assumed to be enacted in FY 2024 in this request). The IRS estimates this change will add to the United States' deficit by more than $100 billion. Additional rescissions of IRA funding would further undermine the nation's financial strength.

I am also concerned with funding levels in Taxpayer Services. At the current pace, without the new investments from the proposed mandatory funding, the IRS will exhaust IRA Taxpayer Services funds by FY 2026, leaving a calamitously large Taxpayer Services funding gap. Additionally, failing to sustain the IRA investment in technology and enforcement would force the IRS to significantly scale back its progress, resulting in a less fair tax system and increasing the deficit by tens of billions of dollars annually.

Building on the Successes of IRA is Good for the United States
The substantial, multi-year funding provided in the IRA fueled our recent successes. For these improvements to continue and accelerate, however, a consistent, reliable funding stream remains critical for the agency – both for our annual appropriations and maintaining the IRA funding.

We are requesting new mandatory appropriations of $104 billion over the 10-year budget window. This funding will allow us to fully realize the vision set forth in the IRA Strategic Operating Plan (SOP), sustain the dramatic improvements in taxpayer service we achieved in FY 2023, modernize our current IT portfolio, and sustain the rebuilding of our enforcement workforce. ***This investment will pay for itself several times over, yielding an estimated $341 billion in revenue*** over the 10-year period with enhanced enforcement on high-income, high-wealth taxpayers. In addition to the mandatory funding request, the IRS is also seeking more flexibility with our resources. Most likely, it will require a combination of both to fully ensure we are most effectively serving taxpayers and meeting the objectives of the Administration.

The decision about whether to adequately fund the agency comes down to a fundamental choice: Whether or not we will have an IRS that:

- taxpayers can easily interact with to meet their tax responsibilities or resolve issues if they arise,
- ensures fairness in the tax system through its enforcement activities,
- quickly and effectively addresses tax scams that exploit vulnerable populations, and
- has updated IT infrastructure and modern technology platforms capable of supporting our transformation work.

The IRS is a very different place from a year ago because of IRA. With the stable funding base, mandatory proposal, and additional flexibilities included in this request, much more is on the way. With Congress's support, I am confident that we can meet our ambitious goals and transform our agency to be the tax administrator the American people deserve.

-Danny Werfel
Commissioner

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

Appropriated Resources	FY 2023 Operating Plan[1 2]		FY 2024 Annualized CR		FY 2025 Request		FY 2024 to FY 2025 Change		% Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Taxpayer Services	27,880	$2,880,606	24,737	$2,780,606	23,961	$2,780,606	(777)		-3%	
Pre-filling Taxpayer Assistance and Education	4,447	763,472	4,200	749,814	4,076	749,814	(124)		-3%	
Filing and Account Services	23,433	2,117,134	20,538	2,030,792	19,885	2,030,792	(653)		-3%	
Enforcement	31,963	$5,165,741	30,576	$5,437,622	29,765	$5,437,622	(811)		-3%	
Investigations	3,076	730,488	2,822	757,402	2,773	757,402	(49)		-2%	
Exam and Collections	27,988	4,263,263	26,926	4,489,141	26,212	4,489,141	(714)		-3%	
Regulatory	899	171,990	828	191,079	780	191,079	(48)		-6%	
Technology and Operations Support[3]	11,175	$4,122,707	10,443	$4,100,826	10,282	$4,100,826	(161)		-2%	
Infrastructure		894,403		919,454		919,454				
Shared Services and Support	5,173	1,157,249	4,327	1,111,964	4,166	1,111,964	(161)		-4%	
Information Services	6,002	2,071,055	6,115	2,069,408	6,115	2,069,408				
Business System Modernization	116	$150,000								
Subtotal New Appropriated Resources	**71,134**	**$12,319,054**	**65,756**	**$12,319,054**	**64,008**	**$12,319,054**	**(1,749)**		-3%	
Other Resources[4]										
Reimbursables	699	168,000	652	176,400	685	211,050	33	34,650	5%	20%
Offsetting Collections (Non-reimbursable)		33,836		35,625		50,556		14,931		42%
User fees	86	31,827	71	603,100	56	303,100	(15)	(300,000)	-21%	-50%
Recoveries from Prior Years		53,633		53,635		61,589		7,954		15%
Unobligated Balances from Prior Years	1,843	884,175		259,000		263,880		4,880		2%
IRA Funding Usage[5 6 7]	13,661	3,396,142	16,314	7,244,826	25,719	9,313,255	9,405	2,068,429	58%	29%
Transfers In/Out		119		119		104		(15)		-13%
Resources from Other Accounts[8]	717	161,471	918	270,538	469	270,538			-49%	
Subtotal Other Resources	**17,006**	**$4,729,203**	**17,955**	**$8,643,243**	**26,929**	**$10,474,072**	**9,423**	**$1,830,829**	50%	21%
Total Budgetary Resources	**88,140**	**$17,048,257**	**83,711**	**$20,962,297**	**90,937**	**$22,793,126**	**7,674**	**$1,830,829**	**9%**	**9%**

[1] The FY 2023 Operating Plan does not include COVID supplemental funding, and includes an Inter-Appropriations Transfer (IAT) from Enforcement ($272 million) to Taxpayer Services ($100 million), Operations Support ($22 million), and Business Systems Modernization ($150 million).

[2] FY 2023 Enacted may differ slightly from the amounts reported in the IRS FY 2023 Operating Plan due to timing of legislative actions and agency decisions.

[3] The IRS is requesting to rename the Operations Support appropriation to Technology and Operations Support, as this title more accurately reflects its critical role of funding IRS technology, which now represents the single largest component of the appropriation.

[4] FY 2023 Other Resources represent actuals.

[5] 96 percent of the IRA funded estimated FY 2023 FTE levels support non-Enforcement activities. FY 2023 IRA Funding Usage includes amounts for Taxpayer Services ($889 million and 10,518 FTE), Enforcement ($299 million and 495 FTE), Technology and Operations Support ($1,474 million and 2,317 FTE), Business Systems Modernization ($723 million and 327 FTE), and Direct eFile ($12 million and 4 FTE).

[6] 84 percent of the IRA funded estimated FY 2024 FTE levels support non-Enforcement activities. FY 2024 IRA Funding Usage includes amounts for Taxpayer Services ($969 million and 7,279 FTE), Enforcement ($1,047 million and 4,088 FTE), Technology and Operations Support ($3,258 million and 2,944 FTE), Business Systems Modernization ($1,789 million and 193 FTE), and Energy Security tax credits ($180 million and 1,810 FTE).

[7] 72 percent of the IRA funded estimated FY 2025 FTE levels support non-Enforcement activities. FY 2025 IRA Funding Usage includes amounts for Taxpayer Services ($1,323 million and 12,562 FTE), Enforcement ($2.317 million and 7,239 FTE), Technology and Operations Support ($3,565 million and 3,808 FTE), Business Systems Modernization ($1,929 million and 300 FTE), and Energy Security tax credits ($180 million and 1,810 FTE).

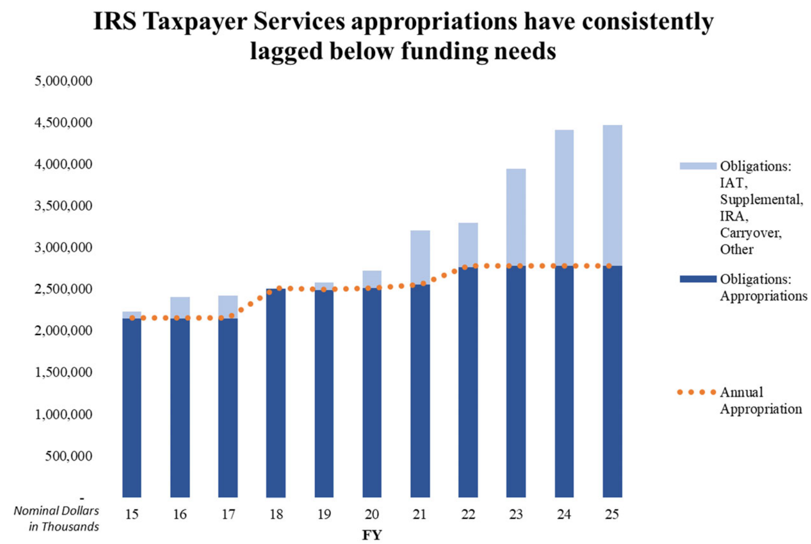
[8] Resources from Other Accounts reflect planned spending from Private Collection Agency retained earnings.

Introduction

The IRS Fiscal Year (FY) 2025 Budget Request (Budget) is $12.3 billion, in annual appropriations, equal to a potential FY 2024 Annualized Continuing Resolution (CR) and the FY 2023 Enacted level. The IRS is implementing its plans for transformative change with the significant resources provided by IRA. To support ongoing transformative efforts funded through the IRA, annual discretionary appropriations need to provide sufficient recurring "base" resources. Without additional funding, telephone level of service (LOS) is expected to see a drastic decline in FY 2026, when only about one in every ten taxpayers will be able to have their calls answered. The budget includes proposals to expand the IRS's transfer authority and extend IRA resources through FY 2034 to sustain completed improvements.

The IRA is already yielding tangible benefits for taxpayers. During filing season 2023, the IRS was able to achieve an 87 percent level of service on its main customer phone line, a dramatic reversal from 15.5 percent the year before. Wait times to speak with a customer service agent fell to 3 minutes on average, compared to 28 minutes in filing season 2022. Since the beginning of 2023 the IRS opened or reopened 54 Taxpayer Assistance Centers (TACs) to provide more in-person help to taxpayers, with more service improvements being implemented in filing season 2024. In addition, the IRS launched the Paperless Processing Initiative (PPI), which has allowed taxpayers to digitally submit all correspondence and responses to notices, and the Simple Notice Initiative, which will ensure the 170 million notices it sends to taxpayers each year are easier to understand. In addition, the IRS has collected more than $500 million from high-income individuals who were delinquent on their tax debt and launched new enforcement initiatives to ensure large corporations and complex partnerships pay taxes owed. These are just a few of the significant improvements made possible by the combination of IRA funding and IRS base funding.

However, with no anticipated discretionary increases for inflationary requirements in FY 2024 and FY 2025, the IRS will be required to further extend its reliance on IRA resources to fund base needs. IRA resources are limited, and the IRS will likely use them entirely before the funding expires in FY 2031. In addition, the authorizing language does not provide the flexibility to realign the IRA funds across appropriations. This will have the most immediate impact on the Taxpayer Services (TS) appropriation, with IRA TS resources expected to run out completely by FY 2026. As the figure illustrates, the IRS is spending much more on Taxpayer Services than is provided in annual appropriations, with IRA funding heavily supplementing telephone and in person service. Without additional funding or additional flexibility to realign between appropriations, LOS is expected to see a drastic decline in FY 2026 and fall even further in FY 2027. In this scenario, the vast majority of taxpayers would be unable to reach an IRS representative for assistance and millions of pieces of correspondence would not be answered timely.



To address this issue, the Budget also includes a mandatory proposal that will avert the IRA funding "cliffs," after which IRA funds are exhausted for a given appropriation and will extend IRA funding through FY 2034. This proposal would provide $104 billion over the 10-year budget window and is estimated to generate an additional $341 billion in revenue. It will ensure that the IRS's transformation efforts to improve service, modernize technology, and ensure high-income taxpayers, large corporations, and complex partnerships pay the taxes they owe, as described in the Strategic Operating Plan, can continue.

Technology and Operations Support

With this Budget, the IRS requests Congress change the name of the "Operations Support" appropriation to "Technology and Operations Support." In part this is an acknowledgement of the current reality – that IT is the largest component of "Operations Support." It is also an adjustment to reflect the fact that technology work which may previously have been funded through discretionary appropriations for Business Systems Modernization (BSM) will now be funded in the new Technology and Operations Support (TOS) appropriation. Due to Business Systems Modernization discretionary funding constraints in FY 2023, the IRA became the primary source of BSM funding. Though the IRA BSM resources were substantial, they alone are not sufficient to fulfill the planned requirements for IRS technology transformation through FY 2031. When the IRA BSM funding is exhausted, the TOS resources will be the sole funding source for both operations and maintenance (O&M) and IT transformation. If BSM funding is not approved, as requested in the Mandatory Proposal, TOS appropriations would have to provide an additional $3 billion for modernization through FY 2031. IRA is already supplementing TOS discretionary resources by roughly $1 billion per year for O&M (greater than $7 billion through FY 2031).

Absent the mandatory proposal, these pressures on TOS funding will only allow the IRS to partially modernize, leaving a sizeable legacy technology footprint that will prevent the IRS from enabling a real-time tax processing system that provides taxpayers with instant account updates, faster refund processing and payment posting, and near real-time status updates. Outdated legacy technology will operate inefficiently and with greater risks of outages affecting taxpayers and IRS employees, while the cost of operating and maintaining IRS technology will continue to rise as the IRS continues to manage both modern and legacy systems.

This Budget Addresses IRS's Operational Risks

In addition to steady discretionary resources, this budget requests Congress expand transfer authority to allow IRS to mitigate many of these issues. The flexibility provided by a transfer authority change will allow the IRS to allocate its existing resources to fill funding gaps, as well as make the IRS more nimble in responding as issues arise in the future. Addressing the potential exhaustion of IRA resources requires a combination of supportive discretionary funding and enhanced flexibility for transfers.

Without implementing these approaches, including the mandatory funding proposal, the IRS will experience a series of avoidable crises over the next several years as discretionary funding once again becomes the primary source for the IRS's expanding requirements. The consequences of not solving these problems cannot be overstated: taxpayers would ultimately find it next to impossible to contact the IRS for live assistance, millions of taxpayer calls would go unanswered, refund processing would be slowed, and fewer taxpayers would be able to get in-person help. In addition, IRA resources have allowed the IRS to increase its Enforcement staffing, for example, from 33,183 FTE in FY 2023 (actuals) to a targeted 37,004 FTE in FY 2025. This additional staff will allow the IRS to ensure large corporations, complex partnerships, and high-income individuals pay the taxes they owe. An abrupt and severe decline in the IRS's Enforcement budget beginning in fiscal year 2030, however, would force the IRS to significantly scale back these efforts. Returning to low audit rates for high-end taxpayers would mean a less fair tax system, while increasing the deficit by tens of billions annually. Tax scams and cheating would become more widespread, and crucial technology improvements to improve data security, create efficiencies, and deliver new tools for taxpayers would be stalled. The Administration's mandatory proposal, especially, addresses these issues.

1.2 – Inflation Reduction Act Implementation

The IRS Inflation Reduction Act (IRA) SOP, published in April 2023, guides the IRS's resources, programs, and operational decisions. The table below outlines IRS actual and planned spending of IRA funding. These funds are being used to strategically add staff, especially for service and compliance priorities, fund IT transformation, cover base shortfalls due to limited discretionary levels. and allow the IRS to undertake a wide variety of projects to transform how the IRS performs its mission.

Dollars in Thousands

Internal Revenue Service Budgetary Resources	FY 2022 Enacted*	FY 2022 Actual Obligations		FY 2023 Actual Obligations		FY 2024 Estimated Obligations		FY 2025 Estimated Obligations	
	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Taxpayer Services	$3,181,500		$1,073	10,518	$888,540	7,279	$969,303	12,562	$1,322,584
Enforcement	$44,247,875			495	$298,990	4,088	$1,047,639	7,239	$2,316,841
Operations Support	$25,326,400		$60,965	2,317	$1,473,849	2,944	$3,258,486	3,808	$3,564,800
Business Systems Modernization	$4,750,700		$43,924	327	$723,159	193	$1,789,398	300	$1,929,000
Direct eFile	$15,000			4	$11,603				
Energy Security	$500,000					1,810	$180,000	1,810	$180,000
Total Budgetary Resources	$78,021,475		$105,962	13,661	$3,396,142	16,314	$7,244,826	25,719	$9,313,225

*Reflects the $1.4 billion recission per the Fiscal Responsibility Act, P.L. 118-5.

Note: While Taxpayer Services and BSM funding are expected to run out in FY 2025 or shortly thereafter, Enforcement and Operations Support IRA spending is expected to continue into the future.

More information on the SOP can be found on page 20.
More information on IRA Taxpayer Services can be found on page 22.
More information on IRA Enforcement can be found on page 35.
More information on IRA Operations Support can be found on page 53.
More information on IRA Business Systems Modernization can be found on page 67.

B – Summary of the Request

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

In FY 2023, the IRS collected more than $4.7 trillion in taxes (gross receipts before tax refunds), nearly all the revenue that supports the Federal government's operations. With the U.S. tax base becoming more complex, one key responsibility of the IRS is to make it easier for taxpayers to understand and meet their tax obligations.

Some key tax statistics in FY 2023 include:

275M	$4.7T	$3,101	$86.1B
Federal Tax Returns and Forms Processed	Collected in Gross Taxes	Average Individual Refund	Enforcement Revenue Collected

Note: These statistics are from October 1, 2022, through September 30, 2023. The Average Individual Refund amount includes refunds issued in FY 2023 for all tax years.

FY 2025 Budget Request and Priorities

The FY 2025 discretionary budget request is $12.3 billion, equal to the FY 2023 Enacted Budget level. It contains various proposals that will increase financial flexibility for the IRS and support hiring efforts as the IRS continues to implement its transformation plans with IRA resources. These proposals include:

- Increase IRS transfer authority so all available resources can be used most effectively, and
- Expand Direct Hire Authority, which streamlines the hiring process, so that it can be used to accelerate hiring for new staff brought on to the IRS with IRA resources, and
- Extend the IRA investment into the future with a mandatory funding policy proposal

Collectively, these proposals will ensure that the IRS is making the best use of both its discretionary and IRA funding so that the IRS's transformation efforts can have the greatest impact. In FY 2025, the IRS will utilize IRA resources to build on recent successes and deliver key results for taxpayers.

1.3 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2024 Annualized CR	**65,756**	**$12,319,054**
Changes to Base:		
Maintaining Current Levels (MCLs):		$329,551
Pay Annualization (5.2% average pay raise)		$118,950
Pay Raise (2.0% average pay raise)		$139,036
Non-Pay (2.2% non-pay inflation)		$71,565
Program Decrease	(1,748)	($329,551)
Staff Attrition to Offset Unfunded FY 2025 MCLs	(1,748)	($329,551)
Subtotal Changes to Base	(1,748)	
FY 2025 Current Services	**64,008**	**$12,319,054**
Total FY 2025 Request	**64,008**	**$12,319,054**

See footnotes in 1.1 - Appropriations Detail Table.

C – Base Adjustment and Program Changes Description

Maintaining Current Levels………………………………………. +$329,551,000 / 0 FTE

Pay Annualization (5.2%) +$118,950,000 / 0 FTE

Funds are requested for annualization of the January 2024 5.2 percent average pay raise.

Pay Raise (2.0%) +$139,036,000 / 0 FTE

Funds are requested for a 2.0 percent average pay raise in January 2025.

Non-Pay (2.2%) +$71,565,000 / 0 FTE

Funds are requested for 2.2 percent increase in non-labor expenses such as travel, contracts, rent, supplies, and equipment due to inflation.

Program Decrease…………………………………………… -$329,551,000 / -1,748 FTE

Staff Attrition to Offset Unfunded FY 2025 MCLs -$329,551,000 / -1,748 FTE

The IRS will be forced to use IRA supplemental funds to offset the cost of increased MCLs in the base discretionary budget. Using supplemental funds to pay for activities that should be funded from the base creates operational risk for the IRS.

1.4 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2023 Operating Plan	FY 2024 Annualized CR	FY 2025 Request
11.1 - Full-time permanent	6,225,129	6,074,740	6,074,740
11.3 - Other than full-time permanent	65,702	92,754	92,754
11.5 - Other personnel compensation	443,566	384,296	384,296
11.8 - Spec. personal serv. paym'ts	56,072	99,204	99,204
11.9 - Personnel Compensation (Total)	**6,790,468**	**6,650,994**	**6,650,994**
12.1 - Personnel benefits	2,524,535	2,491,426	2,491,426
13.0 - Benefits for former personnel	12,522	12,483	12,483
Total Personnel and Compensation Benefits	**$9,327,525**	**$9,154,903**	**$9,154,903**
21.0 - Travel and transportation of persons	128,166	124,511	124,511
22.0 - Transportation of things	25,137	25,548	25,548
23.1 - Rental payments to GSA	578,392	606,708	606,708
23.2 - Rental payments to others	1,146	1,019	1,019
23.3 - Communications, utilities, and miscellaneous	241,153	253,389	253,389
24.0 - Printing and reproduction	39,924	39,206	39,206
25.1 - Advisory and assistance services	983,205	988,882	988,882
25.2 - Other services from non-Federal sources	120,722	182,576	182,576
25.3 - Other goods and services from Federal sources	203,616	230,160	230,160
25.4 - Operation and maintenance of facilities	191,358	192,086	192,086
25.6 - Medical care	22,782	16,567	16,567
25.7 - Operation and maintenance of equipment	54,655	47,540	47,540
26.0 - Supplies and materials	26,978	37,100	37,100
31.0 - Equipment	237,351	267,587	267,587
32.0 - Land and structures	47,573	59,999	59,999
41.0 - Grants, Subsidies	79,000	79,000	79,000
42.0 - Insurance Claims & Indemn	2,371	4,273	4,273
91.0 - Unvouchered Expenses	8,000	8,000	8,000
Total Non-Personnel	**$2,991,529**	**$3,164,151**	**$3,164,151**
New Budgetary Resources	**$12,319,054**	**$12,319,054**	**$12,319,054**
FTE	**71,134**	**65,756**	**64,008**

Amounts reflect obligations of annually appropriated discretionary resources.
See footnotes in 1.1 - Appropriations Detail Table.

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, $2,780,606,000, of which not to exceed $100,000,000 shall remain available until September 30, 2026, of which not less than $11,000,000 shall be for the Tax Counseling for the Elderly Program, of which not less than $26,000,000 shall be available for low-income taxpayer clinic grants, including grants to individual clinics of up to $200,000, of which not less than $55,000,000, to remain available until September 30, 2026, shall be available for the Community Volunteer Income Tax Assistance Matching Grants Program for tax return preparation assistance, and of which not less than $236,000,000 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 $7,000,000 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, $5,437,622,000; of which not to exceed $250,000,000 shall remain*	

available until September 30, 2026; of which not less than $60,257,000 shall be for the Interagency Crime and Drug Enforcement program; and of which not to exceed $35,000,000 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 "Technology and Operations Support" heading. *TECHNOLOGY AND* OPERATIONS SUPPORT *For necessary expenses to operate 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; $4,100,826,000, of which not to exceed $275,000,000 shall remain available until September 30, 2026; 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, 2027, for research; 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*	With the FY 2023 Enacted Budget not providing any BSM resources, the IRS remains committed to delivering the required technological portfolio that will foster modernization mandates.

Comptroller General of the United States detailing major information technology investments in the Internal Revenue Service 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 2026, a summary of cost and schedule performance information for its major information technology systems. ADMINISTRATIVE PROVISIONS- INTERNAL REVENUE SERVICE (INCLUDING TRANSFER OF FUNDS) *SEC. 101. Not to exceed 8 percent of any funds available in this act or any other provision of law to the Internal Revenue Service may be transferred to any other Internal Revenue Service appropriation upon the advance notification 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. The Secretary of the Treasury (or the Secretary's delegate) may use funds made available to the Internal Revenue Service in this Act or any other provision of law to appoint, without regard to sections 3304 and 3309 through 3319 of Title 5, United States Code, qualified candidates to positions in the competitive service in occupations for which the Secretary of the Treasury (or the Secretary's delegate)("the Secretary") has determined in writing that there is a critical hiring need or severe shortage of highly qualified candidates: Provided, That the Secretary shall consult with Office of Personnel Management (OPM) on the positions to recruit (including quantity), as well as candidate recruitment, assessment, and selection policies; issue guidance to human resources practitioners in the Internal Revenue Service on use of this authority; use OPM qualification standards in all appointments made; and exercise this authority consistent with the requirements in any collective bargaining agreement between the Internal Revenue Service and a labor organization which has been granted exclusive recognition under Chapter 71 of Title 5, United States Code: Provided further, no later than 180 days after expiration of this*	These changes will allow the IRS to utilize Direct Hire Authority (DHA) with IRA resources.

authority, the Secretary shall, in consultation with the Director of OPM, provide a report to Congress that includes demographic data of individuals hired pursuant to this authority; salary information of individuals hired pursuant to this authority; and how IRS exercised this authority consistent with merit systems principles. Provided further, That the appointment authority granted by this section shall expire September 30, 2027. *SEC. 112. Notwithstanding section 1344 of title 31, United States Code, funds appropriated to the Internal Revenue Service in this Act may be used to provide passenger carrier transportation and protection between the Commissioner of Internal Revenue's residence and place of employment.* *SEC. 113 The Secretary of the Treasury (or the Secretary's delegate) may use funds made available to the Internal Revenue Service in this Act or any other provision of law, subject to such policies as the Secretary (or the Secretary's delegate) may establish, to take such personnel actions as the Secretary (or the Secretary's delegate) determines necessary to administer the Internal Revenue Code of 1986, including (1) in addition to the authority under section 7812(1) of the Internal Revenue Code of 1986, appointing not more than 200 individuals to positions in the Internal Revenue Service under streamlined critical pay authority subject to the requirements and conditions under section 9503 of title 5, United States Code, except that subsection 9503(a)(3) of such title shall not apply; and (2) appointing not more than 300 individuals to positions in the Internal Revenue Service at any one time for which (A) the rate of basic pay may be established by the Secretary of the Treasury (or the Secretary's delegate) at a rate that does not exceed the salary set in accordance with section 104 of title 3, United States Code; and (B) the total annual compensation paid to an employee in such a position, including allowances, differentials, bonuses, awards, and similar cash payments, may not*	Streamlined Critical Pay authority gives the IRS a management tool to quickly recruit and retain employees with high levels of expertise in technical or professional fields that are crucial to the success of the IRS's transformative efforts by allowing for higher base salaries for these hires than would otherwise be possible. The current authority will expire in 2025.

exceed the maximum amount of total annual compensation payable at the salary set in accordance with section 104 of title 3, United States Code: Provided, That the authority provided under this paragraph shall expire on September 30, 2031.	

E – Legislative Proposals

For information on a complete list of the Administration's FY 2025 legislative proposals for improving tax administration and compliance and for sustaining the IRA funding through FY 2034, please follow this link: https://home.treasury.gov/policy-issues/tax-policy/revenue-proposals

Section II – Budget and Performance Plan

A – Strategic Alignment

Alignment to Treasury Strategic Plan and President's Management Agenda (PMA)
The IRS IRA Strategic Operating Plan aligns to the Treasury Strategic Plan FY 2022-2026 and the President's Management Agenda.

The following shows IRS's alignment to the Treasury Strategic Plan:
IRS co-leads one objective with the Office of Tax Policy.

Goal 1: Promote Equitable Economic Growth and Recovery
- Objective 1.1 Tax Administration and Policy (IRS co-leads this objective)

IRS supports four goals and eight objectives with other Treasury Department Offices and Bureaus:

Goal 2: Enhance National Security
- Objective 2.1 Cyber Resiliency of Financial Systems and Institutions
- Objective 2.4 Transparency in the Financial System

Goal 3: Protect Financial Stability and Resiliency
- Objective 3.3 Financial Innovation

Goal 4: Combat Climate Change
- Objective 4.2 Climate Incentives and Investment
- Objective 4.4 Sustainable Treasury Operations

Goal 5: Modernize Treasury Operations
- Objective 5.1 Recruit and Retain Diverse and Inclusive Workforce
- Objective 5.2 Future Work Routines
- Objective 5.3 Better Use of Data
- Objective 5.4 Customer Experience Practices

The IRS aligns to the three PMA priorities:
- PMA Priority 1: Strengthening and Empowering the Federal Workforce.
- PMA Priority 2: Delivering Excellent, Equitable, and Secure Federal Services and Customer Experience.
- PMA Priority 3: Managing the Business of Government.

IRA Strategic Operating Plan

The IRS IRA SOP, published in April 2023, guides the IRS's resources, programs and operational decisions. The SOP's transformation objectives are:

IRS Inflation Reduction Act Objectives	
Objective	**Outcome**
Better Taxpayer Experience	• Digitalization • Live Assistance • Self Service & Online Accounts • Employee Tools
Faster Issue Resolution	• Notifications & Scams
Smarter Enforcement	• Fairness in Enforcement
Advanced Technology and Analytics	• Foundational Technology
Empowered Employees	• Employee Experience • Human Capital Transformation

1. **Better Taxpayer Experience:** Dramatically improve services to help taxpayers meet their obligations and receive the tax incentives for which they are eligible.
2. **Faster Issue Resolution:** Quickly resolve taxpayer issues when they arise.
3. **Smarter Enforcement:** Focus expanded enforcement on taxpayers with complex tax filings and high-dollar noncompliance to address the tax gap.
4. **Advanced Technology and Analytics:** Deliver cutting-edge technology, data, and analytics to operate more effectively.
5. **Empowered Employees:** Attract, retain, and empower a highly skilled, diverse workforce and develop a culture that is better equipped to deliver results for taxpayers.

The SOP provides a vision for the future of Federal tax administration, which can be summarized as follows:

- A world class customer service operation where taxpayers can engage with the IRS in a fully digital manner if they choose, where helpful tools for taxpayers to navigate the complexity of our tax laws are deployed and then refreshed and updated regularly based on taxpayer feedback, and where our customer service workforce is maintained at the right size and with the right resources and training to always be ready to meet taxpayer demand for assistance.
- New capacities, including specialized skills, in place to decompose the complex filings of high-income taxpayers and large corporations and partnerships so Americans have confidence that all taxpayers, regardless of means, are doing their part to meet their responsibilities under the tax laws.
- An organization and infrastructure rooted in modern technology that provides taxpayers increased confidence that data is secure and that the IRS is prepared to more rapidly meet new requirements and responsibilities that may emerge in the future.

While the SOP provided the vision the IRS needs to achieve its transformation over a 10-year period, the IRS worked to create a framework to help it determine how best to prioritize the transformative initiatives identified in the SOP in the context of practical limitations related to procurement, IT, and human resources. Doing so will help the IRS better track, manage, and execute progress against those priorities. The resulting work identified the highest priority areas of focus through filing season 2025, with a second sprint to cover efforts through filing season 2026.

The following represent the areas of focus from this work:

- **Digitalization:** Digitize paper upon receipt by the IRS and enable IRS employees to perform their work digitally.
- **Fairness in Enforcement:** Expand enforcement efforts for complex taxpayer segments while simultaneously ensuring taxpayers at all levels receive appropriate fairness to include the outreach and support necessary to ensure taxpayers receive the benefits for which they are eligible.

- **Live Assistance:** Ensure when taxpayers need answers from the IRS, we are available.
- **Notifications & Scams:**
  - The IRS provides taxpayers with clear and concise notices.
  - The IRS is stepping in to disrupt and dismantle scams while providing support to victims.
- **Self Service & Online Accounts:** Taxpayers will have the option to address all of their tax-related needs with the IRS online if they choose.
- **Employee Tools and Experience:** Enable a fully equipped, empowered, and engaged IRS workforce ready to serve taxpayers.
- **Foundational Technology:** Modernize the IRS foundational technology to meet the needs of taxpayers and IRS employees.
- **Human Capital:** Attract, retain, and empower a highly skilled, diverse workforce that is better equipped to deliver results for taxpayers.

These priority items track to initiatives in the SOP and ensure progress can be made towards the SOP's vision.

Agency Priority Goal (APG)

In FY 2023, the IRS supported the Bureau of Fiscal Service's (BFS) *Improving the Payment Experience* APG. The IRS continued to partner with BFS and collaborated with tax industry to promote direct deposit for tax refunds. The tax refund electronic payment rate was 79.7 percent, just below the target of 81 percent. While 79.7 percent is under the FY 2023 target, it is above the pre-pandemic fiscal year-end rates. With reduced taxpayer filings from lower income taxpayers who needed urgent financial assistance during the pandemic, the IRS individual tax refund EFT rate was lower than during pandemic years, despite new programming allowing taxpayers to choose direct deposit for e-filed amended returns.

Taxpayer Services

Appropriation Description

The Taxpayer Services appropriation provides funding for taxpayer service activities and programs. This includes producing forms and publications, processing tax returns and related documents, offering filing and account services, phone and in-person taxpayer assistance, and providing taxpayer advocacy services. Hiring and equity, diversity, and inclusion costs for Taxpayer Services employees will now be paid from this appropriation. Notification of this change was included in the FY 2024 Budget.

The Taxpayer Services budget request for FY 2025 is $2,780,606,000 in direct appropriations funding 23,961 FTE. This amount is the same as the FY 2024 Annualized CR level, and funds 777 fewer FTE, 3.14 percent lower than the FY 2024 Annualized CR level, due to absorbing unfunded pay increases and inflation. For FY 2025, the IRS expects to use an estimated $1,322,584,000 to fund 12,562 FTE in Taxpayer Services with IRA resources.

The IRS uses base resources to fund its Taxpayer Services operations, as described above. Much of the expected funding from IRA is needed to supplement those base operations to provide adequate telephone, online, and in-person service to taxpayers. Base funding alone in FY 2025 will not fund an adequate level of service. By FY 2026, the IRS projects that IRA Taxpayer Services resources will be entirely consumed. Additional discretionary or mandatory (as shown in the policy proposal on page 93) resources will be needed to maintain the level of service that taxpayers deserve. Reducing the IRS's discretionary appropriations would further deplete IRA resources and hasten the onset of significant level of service reductions.

FY 2023 IRA Achievements

The IRS was only able to achieve significant improvements in FY 2023 for taxpayers with a substantial increase in funding due to the IRA—increasing the amount available for Taxpayer Services by over 30 percent. Some notable achievements include:

- Expanded the customer callback option to cover 95 percent of all taxpayers seeking live assistance.
- Cut phone wait times almost 90 percent, answered 3 million more calls, and serviced 140,000 more taxpayers in person during the 2023 filing season.
- Achieved a telephone level of service of 87 percent through the 2023 filing season.
- Expanded the Document Upload Tool to allow taxpayers to response to nearly all notices and letters that require a response, providing an alternative to responding by mail or fax.
- The IRS opened or reopened 54 Taxpayer Assistance Centers and began a series of Community Assistance Visits in underserved and rural communities.

The IRS is accelerating and expanding its work through the FY 2024 and FY 2025 priorities identified below. Please note that these activities are focused on Taxpayer Service related outcomes, but may involve funding from several appropriations, for example Information Technology work funded from both TOS and/or BSM.

FY 2024 IRA Priorities

Live Assistance: Ensure when taxpayers need answers from the IRS, we are available.

The IRS is committed to maintaining the significantly improved phone service achieved in filing season 2023 and will again reach 85 percent Level of Service on the agency's main taxpayer helpline during filing season 2024. The IRS will also achieve an average call wait time of 5 minutes or less on the agency's main taxpayer helpline during filing season.

As part of expanded taxpayer service efforts, nearly 250 IRS Taxpayer Assistance Centers around the country will extend their weekly office hours to give taxpayers additional time to get the help they need during the filing season, increasing the hours available at Taxpayer Assistance Centers by more than 8,500 hours.

Digitalization: Digitize paper as soon as it is received by the IRS and stand-up the tools and processes that allow IRS employees to perform their work in a fully digital manner.

In FY 2024, the IRS will continue realizing goals outlined in the Paper Processing Initiative by enabling taxpayers to go paperless through expanded e-filing, digital submission of non-tax forms and digitally processing paper submissions.

The IRS will also provide the option for taxpayers to e-file additional tax forms, enabling approximately 4 million additional tax documents to be digitally filed every year. In addition, certain IRS forms will have modern, mobile-friendly formats that make them easier for taxpayers to complete and submit electronically.

For Filing Season 2024, the IRS will have replaced scanning equipment that is older than 5 years as well as the automated mail sorter machines in the six highest-volume locations, streamlining the process of mail sorting, opening, and scanning, which will help lay the groundwork for turning the IRS into a digital agency.

Self Service & Online Accounts: Taxpayers will have the option to address all of their tax-related needs with the IRS online if they choose.

In filing season 2024, the IRS will deliver these key Individual Online Account capabilities:

- Enable Individuals to Schedule and Cancel Payments: Allows individual taxpayers to identify a future date when their payment will be processed and credited against their outstanding balance or for estimated payments. Individual taxpayers can also cancel the scheduled payment in advance of the transaction date.
- Enable Individuals to View Cancelled and Returned Payments: Allows individual taxpayers to see their scheduled payments that have been cancelled and payments that have been returned.

In filing season 2024, the IRS will deliver these key Business Tax Account capabilities:

- Expand Sole Proprietorships and, Single Member LLCs Online Account Functionality: Expands Business Tax Account functionality to allow a sole proprietor to take additional actions such as viewing business balance due, business tax records, viewing select digital notices, requesting a tax compliance check, registering for clean energy credits (if eligible), and giving account access to their employees.

- Expand Partnerships and S-Corps (Access to Online Accounts): Expands Business Tax Account to allow an authorized individual partner or shareholder to view business balance due, business transcripts and business name on file.

In filing season 2024, the IRS will deliver these key Tax Pro Online Account capabilities:

- Enable Individual tax professionals to:
    - Initiate Power of Attorney (POA) / Tax Information Authorization (TIA) for business clients (already possible to do this for individual clients)
    - View balance due of authorized clients
    - View payment activity (pending and scheduled)
    - Make payments on behalf of individual clients

Taxpayers will also benefit from important new updates to the Where's My Refund? tool, to allow taxpayers to see more detailed refund status messages in plain language, and they will also ensure Where's My Refund? works seamlessly on mobile devices.

Finally, the IRS launched a Direct File pilot in filing season 2024, providing certain taxpayers with the choice to e-file their federal tax return for free, directly with the IRS.

FY 2025 IRA Priorities

Digitalization: Digitize paper as soon as it is received by the IRS and stand-up the tools and processes that allow IRS employees to perform their work in a fully digital manner.

In FY 2025, the IRS will scan at point of entry virtually all paper-filed tax and information returns. It will also digitally extract data from scanned tax return forms and route it through IRS systems for quicker processing. In addition, the IRS will scan for digital processing approximately half (~125 million) of all paper-submitted correspondence, forms, and notice responses. Taken together, filing season 2025 will be a key turning point in creating a fully digital IRS, creating positive effects in how the IRS manages taxpayer service and compliance efforts across the enterprise.

Towards that end, the IRS will digitally transform major IRS process workflows to support filing season 2025 operations and expand the use of robotic process automation (RPA) to streamline time intensive, manual processes.

The IRS will also continue efforts begun in FY 2024 to scan historic paper documents, making scanned documents available for future search.

Live Assistance: Ensure when taxpayers need answers from the IRS, we are available.

When taxpayers call the IRS, they should reach an agent in a timely manner and have high levels of satisfaction with the interaction. In filing season 2025, the IRS remains committed to maintaining the significantly improved phone service achieved in filing season 2023 and planned for filing season 2024 by reaching 85 percent Level of Service and achieving an average call wait time of 5 minutes or less on the agency's main taxpayer helpline. The IRS will also complete the transition into a future state that can improve efficiency through improved forecasting, scheduling, and “just in time” ability to effectively manage taxpayer service through telephone, written, online, and in-person services. This more agile service model will provide taxpayers the ability to communicate their needs through multiple service channels and to receive rapid acknowledgement of actions taking place to resolve their account issues.

Simultaneous to these call center improvements, the IRS will improve over the prior year in overage volume for individual amended returns. Overage volume refers to the count of cases that have been open in inventory over an established aging criteria (e.g., 45 days for amended Form 1040X returns).

In addition to these changes, IRS agents and officers will be able to take payments over the phone or in-person using modern channels (e.g., credit/debit cards) and use taxpayer identity authentication via a chatbot to pre-authenticate a live phone callback without having to reauthenticate.

Self Service & Online Accounts: Taxpayers will have the option to address all of their tax-related needs with the IRS online if they choose.

In filing season 2025, the IRS will deliver these key Individual Online Account capabilities:

- In support of the Simple Notice Initiative, view digital copies of most notices and letters online.
- Allow individual taxpayers to access digital, mobile, and adaptive forms.
- Provide status updates within Online Account, such as changes in refund status.
- Expand secure 2-way messaging within Online Account.

In filing season 2025, the IRS will deliver these key Business Tax Account capabilities:

- Provide additional Business Tax Account functionality for Partnerships and S-Corps, such as the ability to take actions through their account.
- In support of the Simple Notice Initiative, view digital copies of most notices and letters online.
- Make balance due payments.
- View payments history, scheduled/cancelled payments.

In filing season 2025, the IRS will deliver these key Tax Pro Online Account capabilities:

- Link a business Centralized Authorization File (CAF) enables tax professionals that work for businesses, such as large accounting firms, to access their authorized clients' account with the different permission types based on their level of authority within the company.
- Initiate Power of Attorney (POA) / Tax Information Authorization (TIA) for individual clients.
- Enable authorized tax professionals to make payments on behalf of sole proprietor.
- Enable authorized tax professionals to make and modify payments on behalf of individual clients.

Stacked on top of the changes made in filing season 2024, these key changes enabled by the IRA funding will create an IRS that meets taxpayer expectations for interacting with other financial institutions – namely, the ability to see your financial status and resolve issues online.

2.1 – Budget Adjustments Table

Dollars in Thousands

Taxpayer Services Summary of Proposed FY 2025 Request	Amount	FTE
FY 2024 Annualized CR	**$2,780,606**	**24,737**
Changes to Base:		
Maintaining Current Levels (MCLs):	$77,881	
Pay Annualization (5.2% average pay raise)	31,184	
Pay Raise (2.0% average pay raise)	36,450	
Non-Pay (2.2%)	10,247	
Program Decrease	(77,881)	(777)
Staff Attrition to Offset Unfunded FY 2025 MCLs	(77,881)	(777)
Subtotal Changes to Base		(777)
FY 2025 Current Services	**$2,780,606**	**23,960**
FY 2025 President's Budget Request	**$2,780,606**	**23,960**

See footnotes in 1.1 - Appropriations Detail Table.

2.2 – Object Classification Obligations

Dollars in Thousands

Taxpayer Services Object Classification	FY 2023 Operating Plan[1]	FY 2024 Annualized CR	FY 2025 Request
11.1 - Full-time permanent	1,627,273	1,537,265	1,537,265
11.3 - Other than full-time permanent	31,838	58,893	58,893
11.5 - Other personnel compensation	193,613	167,870	167,870
11.9 - Personnel Compensation (Total)	**1,852,726**	**1,764,030**	**1,764,030**
12.0 - Personnel benefits	649,356	615,122	615,122
13.0 - Benefits for former personnel	12,194	12,155	12,155
Total Personnel and Compensation Benefits	**$2,514,276**	**$2,391,307**	**$2,391,307**
21.0 - Travel and transportation of persons	15,709	15,910	15,910
22.0 - Transportation of things	1,152	1,132	1,132
23.3 - Communications, utilities, and miscellaneous charges	1,196	1,217	1,217
24.0 - Printing and reproduction	10,478	9,717	9,717
25.1 - Advisory and assistance services	120,726	98,692	98,692
25.2 - Other services from non-Federal sources	47,493	98,380	98,380
25.3 - Other goods and services from Federal sources	82,666	80,001	80,001
25.6 - Medical care	2,864		
25.7 - Operation and maintenance of equipment	36	36	36
26.0 - Supplies and materials	3,982	4,027	4,027
31.0 - Equipment	373	532	532
41.0 - Grants, subsidies, and contributions	79,000	79,000	79,000
42.0 - Insurance claims and indemnities	655	655	655
Total Non-Personnel	**$366,330**	**$389,299**	**$389,299**
Total Obligations	**$2,880,606**	**$2,780,606**	**$2,780,606**
Full-time Equivalents (FTE)	**27,880**	**24,737**	**23,961**

[1] The FY 2023 Operating Plan does not include COVID supplemental funding, and includes an Inter-Appropriations Transfer (IAT) from Enforcement ($27 million) to Taxpayer Services ($100 million), Operations Support ($22 million), and Business Systems Modernization ($150 million).

Amounts reflect obligations of annually appropriated discretionary resources.

See footnotes in 1.1 - Appropriations Detail Table.

2.3 – Appropriation Detail Table

Dollars in Thousands

Taxpayer Services Appropriated Resources	FY 2023 Operating Plan[1]		FY 2024 Annualized CR		FY 2025 Request		FY 2024 to FY 2025 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Pre-Filing Taxpayer Assistance and Education	4,447	763,472	4,200	749,814	4,076	749,814	-3%	
Filing and Account Services	23,433	2,117,134	20,538	2,030,792	19,885	2,030,792	-3%	
Subtotal New Appropriated Resources	**27,880**	**$2,880,606**	**24,738**	**$2,780,606**	**23,961**	**$2,780,606**	**-3%**	
Other Resources								
Reimbursable	529	44,000	652	46,200	519	47,251	-20%	2%
User Fees	71	3,900	71	603,100	56	303,100	-21%	-50%
Recoveries from Prior Years		7,399		7,399		11,385		54%
Unobligated Balances from Prior Years		118,195						
IRA Funding Usage	10,518	888,540	7,279	963,303	12,562	1,322,584	73%	37%
Resources from Other Accounts								
Subtotal Other Resources	**11,118**	**$1,062,034**	**8,002**	**$1,620,002**	**13,137**	**$1,684,320**	**64%**	**4%**
Total Budgetary Resources	**38,998**	**$3,942,640**	**32,740**	**$4,400,608**	**37,098**	**$4,464,926**	**13%**	**1%**

[1] The FY 2023 Operating Plan does not include COVID supplemental funding, and includes an Inter-Appropriations Transfer (IAT) from Enforcement ($27 million) to Taxpayer Services ($100 million), Operations Support ($22 million), and Business Systems Modernization ($150 million).

See footnotes in 1.1 - Appropriations Detail Table.

2A – Pre-Filing Taxpayer Assistance and Education

($749,814,000 in direct appropriations, an estimated $105,000 in reimbursable programs, and an estimated $166,932,000 in IRA funding): This budget activity funds services 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 customers' needs; develops and manages educational programs; establishes partnerships with stakeholder groups; and disseminates tax information to taxpayers and the general 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.

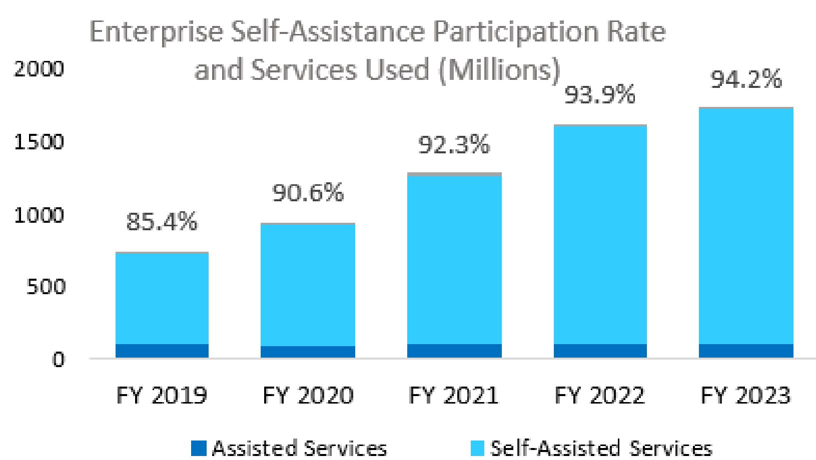
- Taxpayer Services Research provides resources to support taxpayer services by conducting taxpayer behavioral studies, data analysis, and uses advanced analytics to deliver results and conclusions to inform business decisions to improve IRS products and services.

Description of FY 2023 Performance – Pre-Filing and Taxpayer Assistance

In FY 2023, the **Timeliness of Critical Individual Filing Season (CIFS) Tax Products to the Public** (i.e., tax forms, schedules, instructions, and publications) was 96.4 percent, which exceeded the target of 83 percent and was the same compared to FY 2022 performance. In FY 2023, 80 of 83 CIFS tax products were made available to the public timely. Critical tax product timeliness is regarded as tax products that are made available to the public seven calendar days before the official IRS start of the (individual) filing season. IRS prioritized work on the release of critical products, especially forms and instructions, over other products and granted overtime, credit, and compensatory time during workdays, weekends, and holidays. The IRS expects to achieve a target of 89 percent for FY 2024 and FY 2025.

In FY 2023, the **Timeliness of Critical Tax Exempt/Government Entities (TE/GE) and Business (CTB) Filing Season Tax products to the Public** was 86.5 percent, above the target of 85 percent and a 9.9 percent decrease compared to FY 2022. In FY 2023, 64 of 74 tax products were available to the public timely. IRS prioritized work on the release of critical products, especially forms and instructions, over other products and granted overtime, credit, and compensatory time during workdays, weekends, and holidays. The IRS expects to achieve a target of 87 percent for FY 2024 and FY 2025.

The **Enterprise Self-Assistance Participation Rate (ESAPR)** represents the percentage of taxpayer assistance requests resolved using self-assisted automated services. The ESAPR of 94.2 percent exceeded the target of 94 percent. In FY 2023, the total self-assisted services of 1.6 billion was 7.6 percent higher than FY 2022 of 1.5 billion, total assisted services of 99.4 million was 2 percent above the FY 2022 of 97.5 million, and total services were 1.7 billion which was 7.3 percent higher than prior year of 1.6 billion. Using self-assisted services, taxpayers made over 212 million electronic payments, received completed information from the Where's My Refund? tool over 303 million times, and accessed their Online Accounts during nearly 64.4 million sessions. The IRS expects to achieve a target ESAPR of 94 percent for FY 2024 and FY 2025.



FY 2025 Changes by Budget Activity

Dollars in Thousands

Pre-Filing Taxpayer Assistance and Education Summary of Proposed FY 2025 Request	Amount	FTE
FY 2024 Annualized CR	**$749,814**	**4,200**
Changes to Base:		
Maintaining Current Levels (MCLs):	$19,276	
Pay Annualization (5.2% average pay raise)	8,078	
Pay Raise (2.0% average pay raise)	9,441	
Non-Pay (2.2% average pay raise)	1,757	
Program Decrease	($19,276)	(124)
Staff Attrition to Offset Unfunded FY 2025 MCLs	(19,276)	(124)
Subtotal Changes to Base		(124)
FY 2025 Current Services	**$749,814**	**4,076**
FY 2025 President's Budget Request	**$749,814**	**4,076**

See footnotes in 1.1 - Appropriations Detail Table.

2.1.1 – Budget and Performance Report and Plan

Dollars in Thousands

Pre-Filing Taxpayer Assistance & Education Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources[1]	$640,379	$621,907	$632,893	$658,344	$763,472	$749,814	$749,814
Reimbursable Resources[2]	260	118	578	142	75	100	105
Inflation Reduction Act Resources					16,774	122,342	166,932
Budget Activity Total	**$640,639**	**$622,025**	**$633,471**	**$658,486**	**$780,321**	**$872,256**	**$916,851**

[1] The FY 2019 - FY 2023 appropriated resources represent the approved operating plan including any inter-BAC transfers and Inter-Appropriation Transfers.
[2] The FY 2019 - FY 2023 columns represent realized resources for reimbursables.

Pre-Filing Taxpayer Assistance & Education Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Timeliness of Critical Filing Season Tax Products to the Public	92.6%	78.4%	92.0%	96.4%	96.4%	83.0%	89.0%	89.0%
Timeliness of Critical TE/GE & Business Tax Products to the Public	96.1%	96.0%	92.9%	96.0%	86.5%	85.0%	87.0%	87.0%
Enterprise Self Assistance Participation Rate	85.4%	90.6%	92.3%	93.9%	94.2%	94.0%	94.0%	94.0%

*FY 2024 and FY 2025 targets assume all sources of available funding.

2B – Filing and Account Services

($2,030,792,000 in direct appropriations, $46,095,000 from reimbursable programs, $303,100,000 from user fees, and an estimated $1,155,652,000 in IRA funding): This budget activity funds programs that provide filing and account services to taxpayers, process paper and electronically submitted tax returns, issue refunds, and maintain taxpayer accounts. The public continues to file more returns electronically, with 91.7 percent of individual returns filed electronically during the 2023 filing season—an increase of 2.2 percent over 2022. 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 Technology and Operations Support.
- Electronic Tax Administration (ETA) markets and administers electronic tax administration products and services.
- 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 2023 Performance – Filing and Account Services

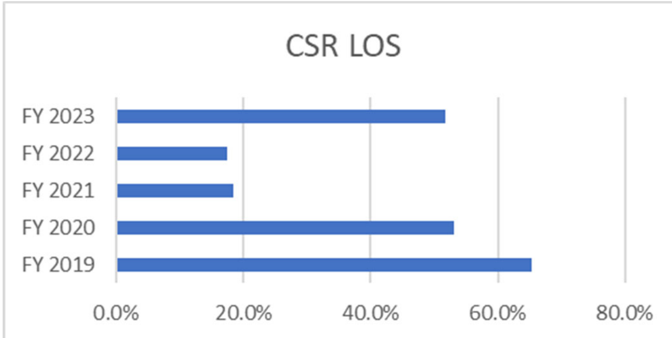
In FY 2023, **Customer Accuracy—Tax Law**, which is the percent of correct answers given by a live assistor on toll-free tax law inquiries, was 91.4 percent, which was above the target of 87 percent. The IRS will continue to monitor results through data-driven analysis of reports to achieve future goals. Ongoing efforts have and will continue to focus on meeting with field sites, promoting coding consistency of product reviews, and providing training to managers and employees to ensure quality service to customers. The IRS set the Tax Law Accuracy target at 89 percent for FY 2024 and FY 2025.

In FY 2023, **Customer Accuracy – Accounts**, which is the percent of correct answers given by a live assistor on toll-free account inquiries, was 89.2 percent, which was above the target of 87 percent. The IRS will continue to monitor results through data-driven analysis of reports to achieve future goals. Ongoing efforts have and will continue to focus on meeting with field sites, promoting coding consistency of product reviews, and providing training to managers and employees to ensure quality service to customers. The IRS set the Accounts Accuracy target at 89 percent for FY 2024 and FY 2025.

The **Customer Service Representative (CSR) Level of Service (LOS)** measures the relative success rate of taxpayers wanting to speak with an assistor. In FY 2023, from October 1, 2022, to September 30, 2023, CSR LOS was 51.8 percent, which was 13.6 percent below the target of 60 percent and an increase of 197.8 percent over the prior year actual level of service of 17.4 percent. During the filing season, which ran from January 23, 2023, through April 21, 2023, the telephone level of service on individual toll-free lines was 87 percent, meeting the Treasury Secretary's directive for IRS to achieve at least an 85 percent LOS during the filing season.

Customer service representatives answered around 17.9 million calls in FY 2023, and the average wait time was 10.1 minutes, which was less than half the average of 26.0 minutes in FY 2022. During the filing season, wait time was 3 minutes, compared to 28 minutes during filing season 2022.

Accounts Management Customer service representatives answer the phones and reply to written correspondence from taxpayers. Accounts management telephone demand fell 52.3 percent, from 81.3 million calls in FY 2022 to 38.8 million calls in FY 2023. Around 8.5 million taxpayers were offered a callback and 64 percent accepted. This resulted in around 2.4 million hours saved for the taxpayer, providing a better experience during FY 2023.



In addition to live assistors, the IRS also provides phone service to taxpayers using automation. During FY 2023, over 18 million taxpayers received the answer to their questions through automation. IRS implemented a new measure in FY 2023 called **LOS(A)**, which is defined as the relative success rate of taxpayers that call seeking assistance and receive a response to their inquiry by a live assistor or through automated responses. In FY 2023, LOS(A) was 66.4 percent.

The following table displays the LOS on multiple phone service lines. The two major phone service lines are the Accounts Management line and the Automated Collection System (ACS) line. Enterprise includes calls answered across the Service, including telephone lines serving individuals, small business/self-employed, large business and international, and tax-exempt and government entities.

	Assistor Calls Answered (Millions)	Level of Service (Percent)	Automated Calls Answered (Millions)
Accounts Management/CSR	17.9	51.8	18.1
Collection/ACS	5.4	56.1	1.2
Enterprise	27.3	51.3	19.7

The IRS is committed to continuing to deliver an improved experience for taxpayers. For FY 2024, the IRS is again striving to achieve an 85 percent LOS during the 2024 individual filing season and a 60 percent LOS for all of FY 2024 and FY 2025 as CSRs continue to balance answering phones with processing the elevated paper inventory.

Additionally, IRS has two inventory indicators, which provide a broader picture of the CSRs whose daily priorities include both answering phones and processing paper inventory. Total Ending Inventory (thousands) in Accounts Management increased from 2,156 in FY 2022 to 2,923 in FY 2023, mainly due to an increase in amended business returns received. Percent of Closures to Receipts was 93.8 percent.

The Taxpayers Satisfied with the IRS indicator – the former 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 2023 result for Taxpayers Satisfied with the IRS is not yet available and will be reported later this year.

FY 2025 Changes by Budget Activity

Dollars in Thousands

Filing and Account Services Summary of Proposed FY 2025 Request	Amount	FTE
FY 2024 Annualized CR	**$2,030,792**	**20,538**
Changes to Base:		
Maintaining Current Levels (MCLs):	$58,605	
Pay Annualization (5.2% average pay raise)	23,107	
Pay Raise (2.0% average pay raise)	27,008	
Non-Pay (2.2% average pay raise)	8,490	
Program Decrease	($58,605)	(653)
Staff Attrition to Offset Unfunded FY 2025 MCLs	(58,605)	(653)
Subtotal Changes to Base		(653)
FY 2025 Current Services	**$2,030,792**	**19,885**
FY 2025 President's Budget Request	**$2,030,792**	**19,885**

See footnotes in 1.1 - Appropriations Detail Table.

2.1.2 - Budget and Performance Report and Plan

Dollars in Thousands

Filing and Account Services Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources[1]	$1,712,511	$1,872,175	$1,901,467	$1,927,220	$2,117,134	$2,030,792	$2,030,792
Reimbursable Resources[2]	34,905	62,794	72,769	39,307	32,505	43,900	46,095
User Fees	69,987	3,900		64,900	31,827	603,100	303,100
Inflation Reduction Act Resources				1,073	871,766	846,961	1,155,652
Budget Activity Total	**$1,817,403**	**$1,938,869**	**$1,974,236**	**$2,032,500**	**$3,053,232**	**$3,524,753**	**$3,535,639**

[1] The FY 2019 - FY 2023 appropriated resources represent the approved operating plan including any inter-BAC transfers and Inter-Appropriation Transfers.
[2] The FY 2019 - FY 2023 columns represent realized resources for reimbursables and user fees.

Filing and Account Services Measures	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Customer Accuracy - Tax Law (Phones)	91.6%	91.0%	92.8%	92.0%	91.4%	87.0%	89.0%	89.0%
Customer Accuracy - Accounts (Phones)	94.3%	93.5%	93.0%	91.8%	89.2%	87.0%	89.0%	89.0%
Customer Service Representative (CSR) Level of Service (LOS)[1]	65.4%	53.1%	18.5%	17.4%	51.8%	60.0%	60.0%	60.0%
Total Ending Inventory (Thousands) (New FY 2022)[2]	1,100	1,100	4,100	2,156	2,923	Indicator	Indicator	Indicator
Percent of Closures to Receipts (New FY 2022)[2]	92.7%	99.6%	71.9%	116.4%	93.8%	Indicator	Indicator	Indicator
LOS(A) (New FY 2023)[2]	79.2%	71.6%	38.2%	39.3%	66.4%	Baseline	65.0%	65.0%
Taxpayers Satisfied with the IRS (based on a 100 point scale)[3]	73	74	70	69	TBD[3]	Indicator	Indicator	Indicator

*FY 2024 and FY 2025 targets assume all sources of available funding.
[1] The CSR LOS includes toll-free telephone lines answered by Accounts Management assistors only.
[2] Historical data provided for comparative purposes.
[3] 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. For 2023, there will be updates to the methodology. The final results are undergoing review and are not yet available.

Enforcement

Appropriation Description

The Enforcement appropriation provides funding for the examination of tax returns, both domestic and international; administrative and judicial settlement of taxpayer appeals of examination findings; technical rulings; monitoring of employee pension plans; determination of qualifications of organizations seeking tax-exempt status; examination of tax returns of exempt organizations; enforcement of statutes relating to detection and investigation of criminal violations of the internal revenue laws; identification of underreporting of tax obligations; securing of unfiled tax returns; and collection of unpaid accounts. Hiring and equity, diversity, and inclusion costs for Enforcement employees will now be paid from this appropriation. Notification of this change was included in the FY 2024 Budget; see page 5 for more information. With these funds, the IRS is committed to not increasing audit coverage for small businesses and households below the $400,000 threshold a year compared to historic levels.

The Enforcement budget request for FY 2025 is $5,437,622,000 in direct appropriations funding 29,765 FTE. This amount is the same as the FY 2024 Annualized CR level, and funds 811 fewer FTE, 2.65 percent lower than the FY 2024 Annualized CR level of 30,576 FTE. For FY 2025, the IRS expects to use an estimated $2,316,841,000 and fund 7,239 FTE in Enforcement with IRA resources.

The IRS will continue ongoing efforts to protect against Employee Retention Credit (ERC) abuse. To protect taxpayers from scams following concerns about aggressive ERC marketing from tax professionals and others, the IRS announced a moratorium on processing new ERC claims in September and has shifted focus to review ERC claims for compliance concerns, including intensifying audit work and criminal investigations on promoters and businesses filing dubious claims. These efforts include utilizing new technology to capture data from over 1 million paper-filed claims received in the months leading up to and after the moratorium for improved data analysis on preventing erroneous claims from being paid. Thousands of audits are currently in the pipeline with thousands more about to be started, nine open promoter investigations with another 123 under review, and 352 criminal investigations initiated involving more than $2.9 billion in potentially fraudulent ERCs in tax years 2020 – 2023. Additionally, IRS Criminal Investigation will host a series of educational sessions to ensure that tax professionals have the latest information about ERC claims and understand ERC eligibility. The IRS will also continue to administer the ERC Voluntary Disclosure Program and withdrawal program for pending ERC claims for businesses that filed a claim and received a payment in error.

The IRS uses base resources to fund its compliance operations, as described above. IRA resources fund an expanded compliance workforce, which allows the IRS to target the growing number of wealthy taxpayers who are evading their tax responsibility and address the growing risk of tax scams and schemes. Base funding alone in FY 2025 will not fund this expanded workforce, as evidenced by recent historically low audit coverage rates. Reducing the IRS's discretionary appropriations would deplete IRA resources and result in uncollected Enforcement revenue.

FY 2024 IRA Priorities

Fairness in Enforcement: Expand enforcement efforts for complex taxpayer segments while simultaneously ensuring taxpayers at all levels receive appropriate fairness to include the outreach and support necessary to ensure taxpayers receive the benefits for which they are eligible.

During FY 2024, the IRS will expand its enforcement presence through hiring in critical staffing areas such as revenue agents, revenue officers, and tax specialists to expand compliance for large corporations, complex partnerships, and high-wealth individual taxpayers to ensure they pay the taxes they owe.

The IRS recently expanded its large partnership compliance program, opening examinations of 76 of the largest partnerships in the U.S. that represent a cross section of industries including hedge funds, real estate investment partnerships, publicly traded partnerships, large law firms, and other industries. On average, these partnerships each have more than $10 billion in assets.

The IRS will continue greater focus on partnership issues through compliance letters and recently began mailing around 500 partnerships with over $10 million in assets that had discrepancies on balance sheets which is an indicator of potential non-compliance. Depending on the response, the IRS will add these to the audit stream for additional work.

The IRS will continue to expand efforts involving digital assets, including work through the John Doe summons effort and the release of proposed regulations on broker reporting. The IRS projects more digital asset cases will be developed for further compliance work during this fiscal year. A John Doe summons is an investigative tool used to determine the identity of unknown individuals who the IRS has reason to believe have been violating tax law. The summons requires a third party—such as a crypto exchange, bank, or credit card company—to provide certain information to the IRS.

The IRS will place more scrutiny on Report of Foreign Bank and Financial Accounts (FBAR) violations. High-income taxpayers from all segments continue to utilize Foreign Bank accounts to avoid disclosure and related taxes. IRS analysis of multi-year filing patterns has identified hundreds of possible FBAR non-filers with account balances that average over $1.4 million. The IRS plans to audit the most egregious potential non-filer FBAR cases during this fiscal year.

The IRS is increasing compliance efforts on the U.S. subsidiaries of foreign companies that distribute goods in the U.S. and do not pay their fair share of tax on the profit they earn of their U.S. activity. These foreign companies report losses or exceedingly low margins year after year through the improper use of transfer pricing to avoid reporting an appropriate amount of U.S. profits. To crack down on this strategy, in FY 2024 the IRS is sending compliance alerts to more than 180 subsidiaries of large foreign corporations to reiterate their U.S. tax obligations and incentivize self-correction.

The IRS is expanding its Large Corporate Compliance (LCC) program, which focuses on noncompliance by using data analytics to identify large corporate taxpayers for audit. LCC includes the largest and most complex corporate taxpayers with average assets of more than $24 billion and average taxable income of approximately $526 million per year. As new accountants come on board in 2024, the IRS is expanding the program by starting an additional 60 audits of the largest corporate taxpayers selected using a combination of artificial intelligence and subject matter expertise in areas such as cross-border issues and corporate planning and transactions.

As part of the agency's increased focus on the tax issues applicable to partnerships and partners, the IRS has been increasing compliance to ensure that Self-Employment Contributions Act (SECA) taxes are being properly reported and paid by wealthy individual partners who provide services and have inappropriately claimed to qualify as "limited partners" in state law limited partnerships (such as investment partnerships) not subject to SECA tax. The IRS efforts to date include more than 80 audits of wealthy individuals. Additionally, in November 2023, the Tax Court issued an opinion in *Soroban Capital Partners LP v. Commissioner* that agreed with the IRS's position that the limited partner exception to SECA tax does not apply to a partner who is "limited" in name only. As a result, partners who actively participated in the state law limited partnership must report their partnership share as net earnings from self-employment subject to SECA tax.

The IRS has ramped up efforts to pursue high income, high wealth individuals who have either not filed their taxes or failed to pay recognized tax debt, with dozens of Revenue Officers focused on these high-end collection cases. These efforts are concentrated among taxpayers with more than $1 million in income and more than $250,000 in recognized tax debt. In an initial success, the IRS collected $38 million from more than 175 high-income earners. The IRS last fall began contacting about 1,600 new taxpayers in this category that owe hundreds of millions of dollars in taxes. The IRS has assigned over 900 of these 1,600 cases to revenue officers, with over $482 million collected so far. This brings the total recovered from millionaires through these new initiatives to $520 million.

The IRS is committed to ensuring that IRS functions execute their work fairly and equitably. The IRS will substantially reduce the number of correspondence audits focused on refundable credits, including the Earned Income Tax Credit (EITC), and implementing an initial round of changes to the EITC audit selection processes that should improve the accuracy of exam outcomes and further reduce disparities.

Notifications & Scams: The IRS provides taxpayers with clear and concise notices and steps to disrupt and dismantle scams while providing support to victims.

The IRS will coordinate with a variety of partners to help prevent taxpayers, including seniors and veterans, from falling victim to scams and working to assist those who do.

Throughout FY 2024 the IRS will work to increase the number of notices viewable for individual taxpayers in their online account. This effort will allow taxpayers to validate that the paper notice they received was legitimately sent from the IRS and not a scammer.

FY 2025 IRA Priorities

Fairness in Enforcement: Expand enforcement efforts for complex taxpayer segments while simultaneously ensuring taxpayers at all levels receive appropriate fairness to include the outreach and support necessary to ensure taxpayers receive the benefits for which they are eligible.

In filing season 2025, the IRS will continue building upon the FY 2024 expanded enforcement efforts to ensure that high-income individuals, large corporations, and complex partnerships are accountable to pay the full amount of taxes they owe.

The IRS will establish a new organization to focus on large and complex pass-through entities. The new Pass-Through organization will reside in the IRS Large Business and International (LB&I) division. It will include employees currently in LB&I as well as the Small Business/Self Employed division and newly hired employees.

In filing season 2025, the IRS will also identify and implement other strategic options for rapidly increasing enforcement activities, including non-audit activities, to supplement hiring and training activities.

By applying improved data and analytics practices, the IRS will also design and implement initial reforms to enforcement practices to improve fairness.

In addition, the IRS will move even more towards a centralized, data-backed case selection and compliance planning function to more effectively identify and act upon high-priority compliance cases, with a focus on large corporations, complex partnerships, and high-wealth individual taxpayers to ensure they pay the taxes they owe.

Notifications & Scams: The IRS provides taxpayers with clear and concise notices and steps in to disrupt and dismantle scams while providing support to victims.

In filing season 2025, the IRS will work with tax software providers to protect and identify taxpayers potentially falling victim to common scams, looking for ways to enable providers to potentially further disrupt scams. It will also begin implementing new analytics and processes using IRS sourced information to identify tax return scams prior to issuing refunds.

In filing season 2025, as part of the Simple Notice Initiative, the IRS will redesign up to 200 notices, accounting for 70 percent of total volume (e.g., updated language, shortened notices, updated visual format). The IRS will also initiate technology and/or business process changes required to flexibly generate notices.

2.1 – Budget Adjustments Table

Dollars in Thousands

Enforcement Summary of Proposed FY 2025 Request	Amount	FTE
FY 2024 Annualized CR	**$5,437,622**	**30,576**
Changes to Base:		
Maintaining Current Levels (MCLs):	$150,084	
Pay Annualization (5.2% average pay raise)	63,910	
Pay Raise (2.0% average pay raise)	74,702	
Non-Pay (2.2%)	11,472	
Program Decrease	(150,084)	(811)
Staff Attrition to Offset Unfunded FY 2025 MCLs	(150,084)	(811)
Subtotal Changes to Base		(811)
FY 2025 Current Services	**$5,437,622**	**29,765**
FY 2025 President's Budget Request	**$5,437,622**	**29,765**

See footnotes in 1.1 - Appropriations Detail Table.

2.2 – Object Classification Obligations

Dollars in Thousands

Enforcement Object Classification	FY 2023 Operating Plan[1]	FY 2024 Annualized CR	FY 2025 Request
11.1 - Full-time permanent	3,222,961	3,215,311	3,215,311
11.3 - Other than full-time permanent	26,322	28,517	28,517
11.5 - Other personnel compensation	157,068	185,641	185,641
11.8 - Special personal services payments	56,051	99,204	99,204
11.9 - Personnel Compensation (Total)	**3,462,402**	**3,528,672**	**3,528,672**
12.0 - Personnel benefits	1,363,228	1,387,219	1,387,219
13.0 - Benefits for former personnel	298	298	298
Total Personnel and Compensation Benefits	**$4,825,928**	**$4,916,189**	**$4,916,189**
21.0 - Travel and transportation of persons	95,366	91,747	91,747
22.0 - Transportation of things	10,214	10,662	10,662
23.2 - Rental payments to others	219	187	187
23.3 - Communications, utilities, and miscellaneous charges	7,305	3,282	3,282
24.0 - Printing and reproduction	3,506	3,786	3,786
25.1 - Advisory and assistance services	102,577	246,668	246,668
25.2 - Other services from non-Federal sources	40,817	54,503	54,503
25.3 - Other goods and services from Federal sources	37,083	61,514	61,514
25.4 - Operation and maintenance of facilities	4	4	4
25.6 - Medical care	1,997	285	285
25.7 - Operation and maintenance of equipment	1,836	2,609	2,609
26.0 - Supplies and materials	19,014	29,032	29,032
31.0 - Equipment	10,868	8,247	8,247
42.0 - Insurance claims and indemnities	1,007	907	907
91.0 - Unvouchered	8,000	8,000	8,000
Total Non-Personnel	**$339,813**	**$521,433**	**$521,433**
Total Obligations	**$5,165,741**	**$5,437,622**	**$5,437,622**
Full-time Equivalents (FTE)	**31,963**	**30,576**	**29,765**

[1] The FY 2023 Operating Plan does not include COVID supplemental funding, and includes an Inter-Appropriations Transfer (IAT) from Enforcement ($27 million) to Taxpayer Services ($100 million), Operations Support ($22 million), and Business Systems Modernization ($150 million).

Amounts reflect obligations of annually appropriated discretionary resources.

See footnotes in 1.1 - Appropriations Detail Table.

2.3 – Appropriation Detail Table

Dollars in Thousands

Enforcement Appropriated Resources	FY 2023 Operating Plan[1]		FY 2024 Annualized CR		FY 2025 Request		FY 2024 to FY 2025 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Investigations	3,076	730,488	2,822	757,402	2,773	757,402	-2%	
Exam and Collections	27,988	4,263,263	26,926	4,489,141	26,212	4,489,141	-3%	
Regulatory	899	171,990	828	191,079	780	191,079	-6%	
Subtotal New Appropriated Resources	**31,963**	**$5,165,741**	**30,576**	**$5,437,622**	**29,765**	**$5,437,622**	**-3%**	
Other Resources								
Reimbursable	69	47,000		49,350	68	58,799		19%
Offsetting Collections (Non-reimbursable)		33,836		35,625		50,556		42%
User Fees								
Recoveries from Prior Years		4,231		4,231		3,658		-14%
Unobligated Balances from Prior Years	1,802	269,083		250,000		250,000		
IRA Funding Usage[2]	495	298,990	4,088	1,047,639	7,239	2,316,841	77%	121%
Transfers In/Out		119		119		104		-13%
Resources from Other Accounts	683	122,110	884	122,110	884	197,710		62%
Subtotal Other Resources	**3,049**	**$775,369**	**4,972**	**$1,509,074**	**8,191**	**$2,877,668**	**65%**	**91%**
Total Budgetary Resources	**35,012**	**$5,941,110**	**35,548**	**$6,946,696**	**37,956**	**$8,315,290**	**7%**	**20%**

[1] The FY 2023 Operating Plan does not include COVID supplemental funding, and includes an Inter-Appropriations Transfer (IAT) from Enforcement ($27 million) to Taxpayer Services ($100 million), Operations Support ($22 million), and Business Systems Modernization ($150 million).

[2] Because this table is limited to Enforcement, the FY 2024 and FY 2025 IRA Funding Usage FTE percentage change reflects only the Enforcement increase. The FY 2025 IRA Funding Usage FTE in Enforcement represents 24 percent of the total discretionary request FTE.
See footnotes in 1.1 - Appropriations Detail Table.

2C – Investigations

($757,402,000 in direct appropriations, an estimated $89,526,000 from reimbursable programs, and an estimated $443,881,000 in IRA funding): 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:

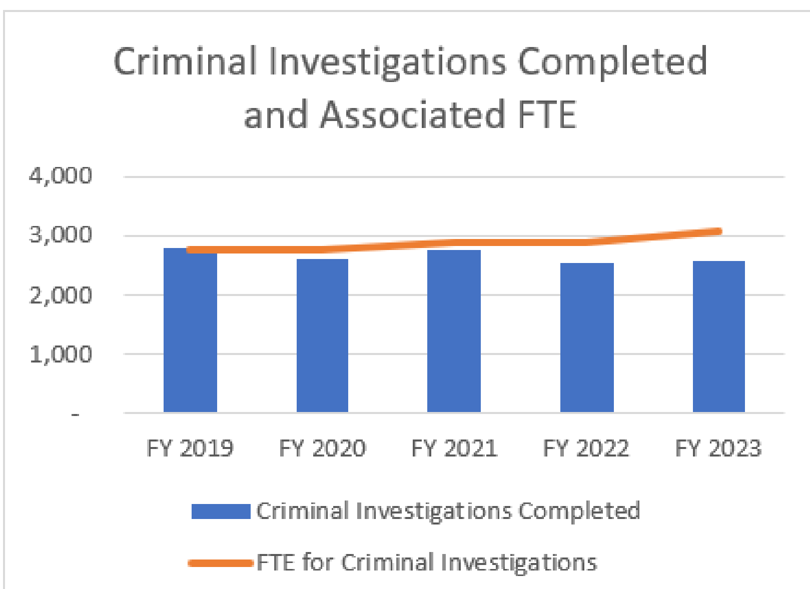
- General Management and Administration supports the headquarters management activities of strategic planning, communications, finance, and human resources for CI activities.
- Identity Theft supports the Stolen Identity Refund Fraud (SIRF) inherent risks while focusing on high impact tax investigations, prosecutions to maximize deterrence and stopping fraudulent refunds from being issued through CI's collaboration with internal and external business partners.
- 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 activity 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 provides policy, guidance, strategic planning, and investigative support impacting international investigations, travelers and personnel stationed abroad. International investigations involve U.S. citizens residing abroad, non-resident aliens, expatriates, and other international issues. This activity includes support for international programs/investigations such as Foreign Account Tax Compliance Act (FATCA), Organization

for Economic and Cooperation Development (OECD), Joint Chiefs of Global Tax Enforcement (J5), International Fraud Referrals/Schemes, transnational organized crime, narcotics, and counterterrorism.
- 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 additional activity also supports security program management that protects the safeguarding of all data and systems within CI and adhering to all federal regulatory security compliance mandates and local security policies.

Description of FY 2023 Performance – Investigations

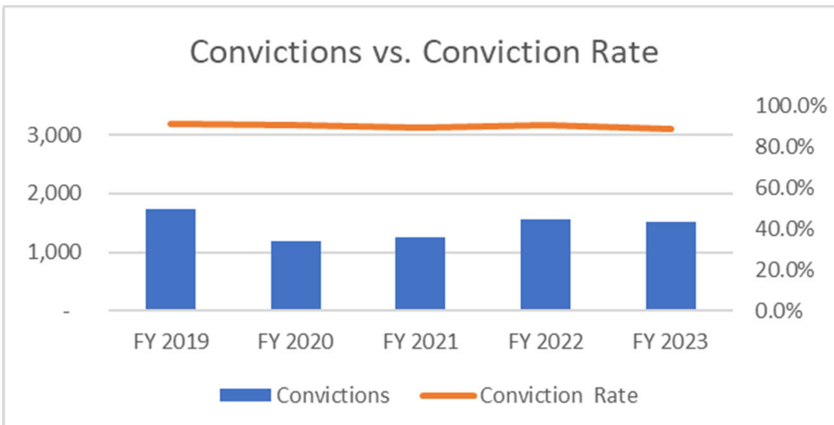
IRS Criminal Investigation (CI) is the law enforcement arm of the IRS. CI special agents are sworn federal law enforcement officers and the only federal law enforcement agency with jurisdiction to investigate federal income tax crimes. CI special agents investigate tax crimes and other financial crimes like money laundering, sanction violations, terrorist financing, identity theft, narcotics, national security, human trafficking, child exploitation, and cybercrime. CI special agents conduct interviews, execute search warrants and criminal arrests as part of their official duties. 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.

Criminal Investigations Completed by CI in FY 2023 were 2,584, exceeding the year-end target of 2,500 by 3.4 percent. Year-end results reflect an increase of 1.3 percent compared to FY 2022. Prosecution recommendations for cases related to legal activities and cases related to narcotics activities decreased 13.1 percent and 3.0 percent, respectively, while cases related to illegal activities increased 11.3 percent when compared to the same period in FY 2022.



Legal source cases include people that earn their income legally, but willfully violate the tax laws (tax evasion). Illegal source 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. CI continues to utilize proven case development strategies, expand case development efforts, and leverage interagency partnerships to identify, initiate and complete significant criminal investigations in all program areas. IRS set a target of 2,500 for FY 2024 and FY 2025.

The **Conviction Rate**, for FY 2023 of 88.4 percent was 3.9 percent below the year-end target of 92.0 percent. Additionally, the FY 2023 number of convictions was 1,508, a 3.6 percent decrease compared to FY 2022. The IRS set the Conviction Rate targets for FY 2024 and FY 2025 at 92.0 percent.



FY 2025 Changes by Budget Activity

Dollars in Thousands

Investigations Summary of Proposed FY 2025 Request	Amount	FTE
FY 2024 Annualized CR	**$757,402**	**2,822**
Changes to Base:		
Maintaining Current Levels (MCLs):	$20,560	
Pay Annualization (5.2% average pay raise)	8,178	
Pay Raise (2.0% average pay raise)	9,559	
Non-Pay (2.2% average pay raise)	2,823	
Program Decrease	($20,560)	(49)
Staff Attrition to Offset Unfunded FY 2025 MCLs	(20,560)	(49)
Subtotal Changes to Base		(49)
FY 2025 Current Services	**$757,402**	**2,773**
FY 2025 President's Budget Request	**$757,402**	**2,773**

See footnotes in 1.1 - Appropriations Detail Table

2.1.3 – Budget and Performance Report and Plan

Dollars in Thousands

Investigations Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources[1]	$595,686	$619,227	$630,093	$700,876	$730,488	$757,402	$757,402
Reimbursable Resources[2]	27,749	41,233	1,950	37,092	45,542	85,263	89,526
Inflation Reduction Act Resources					35,548	200,716	443,881
Budget Activity Total	**$623,435**	**$660,460**	**$632,043**	**$737,968**	**$811,578**	**$1,043,381**	**$1,290,809**

[1] The FY 2019- FY 2023 appropriated resources represent the approved operating plan including any inter-BAC transfers and Inter-Appropriation Transfers.
[2] The FY 2019 - FY 2023 columns represent realized resources for reimbursables.

Investigations Measures	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Criminal Investigations Completed[1]	2,797	2,624	2,766	2,552	2,584	2,500	2,500	2,500
Conviction Rate	91.2%	90.4%	89.4%	90.6%	88.4%	92.0%	92.0%	92.0%

*FY 2024 and FY 2025 targets assume all sources of available funding.
[1] The impact of hiring on performance is not immediate due to required academy and on-the-job training (6+ months) as well as the average cycle time it takes to complete an investigation (400-500 days).

2D – Exam and Collections

($4,489,141,000 in direct appropriations, an estimated $3,960,000 in reimbursable programs, and an estimated $1,796,363,000 in IRA funding): This budget activity funds programs that enforce the tax laws 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 Under Reporter (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 CI of tax evasion operations. Fraud technical advisors and revenue agents provide investigative leads and referrals to federal, state, and local law enforcement agencies.
- Appeals provides 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, 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 the unit headquarters management activities of strategic planning, communications and liaison, finance, human resources, Equal Employment Opportunity (EEO) and diversity, and business systems planning and embedded training.
- Earned Income Tax Credit (EITC) Management and Administration supports headquarters management associated with administering EITC program service wide.
- Integrity and Verification Operations supports IRS civil fraud detection and prevention efforts in a pre-refund environment including monitoring program performance and developing policy, procedures, and guidance for processing civil revenue protection program(s).

- ID Theft Victim's Assistant sole responsibility will have end-to-end responsibility and accountability for IDT victim assistance policy and operations which will include paper inventories from tax-related ID Theft, the Identity Theft Protection Specialized Unit (IPSU) and Return Preparer Misconduct.
- Whistleblower Office provides staffing, training, and direct support to process, assess, and analyze tips from individuals who identify tax problems in the course of their daily personal 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 and 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) to include 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 2023 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. Even with improved taxpayer service, some taxpayers will not comply. IRS will focus expanded enforcement on taxpayers with complex tax filings and high-dollar noncompliance to address the tax gap. The IRS is committed to not increasing audit coverage for small businesses and households below the $400,000 threshold a year compared to historic levels. The performance metrics IRS uses to gauge the Examination program's performance are discussed below.

Exam Starts – High Income Individual was established in FY 2021 to monitor resources associated with examinations of individual return filers reporting over $10M of Total Positive Income (TPI). In FY 2023, targets were set for the first time for this measure, and historical data is provided for comparative purposes. The IRS started 4,326 new high-income individual tax return examinations in FY 2023, surpassing the target of 3,817 by 509 starts. The agency is expanding enforcement for high-income and high-wealth individuals by pursing non-compliance through a variety of mechanisms, including audits and non-audit contacts since income alone is not the only indicator of risk or complexity. Future estimates reflect that it takes several years of specializing in enterprise exams using a holistic approach to conduct the most complex audits and it typically takes 3-5 years of experience before examiners can identify and address the more difficult transactions. Compared to the same period in FY 2022, Exam Starts - High Income Individuals increased 19.3 percent. IRS expects to start 4,398 cases in FY 2024 and 3,848 in FY 2025.

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Exam Starts – High-Income Individuals	2,108	2,693	2,227	3,625	4,326

Exam Starts – Partnerships was established in FY 2021 to monitor resources associated with the examination of partnership returns. In FY 2023, targets were set for the first time for this measure, and historical data is provided for comparative purposes. In FY 2023, IRS started exams on 6,709 partnerships, which was a 112 percent increase from FY 2022 but below the target of 8,852 due to new hires starting a lower-than-expected number of returns. This was a result of delayed phases of training and additional time given to trainees to start partnership returns.

During FY 2023 SBSE Field Exam had a backlog of new hires from prior years go through training which increased the number of partnerships starts for the fiscal year. The number of trainees needing this specific training is expected to level off in FY 2024 and the Starts targets in FY 2024 and FY 2025 reflect correspondingly lower estimates.

Additionally, because it takes between 3 and 5 years, before an examiner can address the more difficult cases and start contributing to this measure, new hires that have recently come on board in the past year will not have a significant immediate impact on exam starts. Finally, when staff shift from case work to serve as trainers for newly onboarded staff, there is a resulting reduction in near term productivity.

In FY 2024 IRS expects to start 4,074 cases and 5,215 in FY 2025.

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Exam Starts – Partnerships	5,823	4,106	4,327	3,155	6,709

Exam Starts – Large Corporations was established in FY 2021 to monitor resources associated with examinations of large corporate returns reporting assets of $250 million and above. In FY 2023 targets were set for the first time for this measure, and historical data is provided for comparative purposes. In FY 2023, the IRS started 1,400 new large corporation tax return examinations, exceeding its target of 1,121 and reflecting a 2.6 percent increase compared to FY 2022. The increase in FY 2023 was driven in part by specific Net Operating Loss cases that were tied to a temporary provision in the CARES Act and are expected to decrease in the coming years. In FY 2024 and FY 2025, the anticipated hiring efforts for both revenue agents and specialists will require shifting seasoned agents offline to support new hire training as on the job instructors, resulting in near term decreases in exam starts for large corporations. The FY 2024 target is 1,250 and the FY 2025 target is 1,375.

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Exam Starts – Large Corporations	2,009	1,700	1,490	1,365	1,400

Exam Efficiency – Individual is the sum of all individual 1040 returns closed divided by the total Full-Time Equivalent (FTE) expended in relation to those individual returns. Total exam closures decreased 17.2 percent compared to FY 2022 and FTEs decreased 18.8 percent. Exam Efficiency – Individual was 103, exceeding the target of 92. The FY 2024 target is set at 106 and the FY 2025 target is 107.

Time to Start Compliance Resolution is the percentage of all individual income tax enforcement cases started within six months of the return posting date. This indicator was added for FY 2020 and historical data is provided for comparative purposes. This indicator reflects the effect of expedited issue detection and more integrated enforcement approaches. For FY 2023, the percent of individual enforcement cases started within 6 months was 72 percent, a 5.9 percent increase from FY 2022.

Time to Start	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Collection	80.1%	85.6%	86.0%	85.0%	86.0%
Bal Due	90.5%	90.2%	88.0%	87.0%	88.0%
AUR	0.1%	0.1%	0.0%	0.0%	0.0%
Exam	39.3%	39.3%	52.0%	40.0%	38.0%
Total	**60.9%**	**66.3%**	**66.0%**	**68.0%**	**72.0%**

Time to Resolve Compliance Issue After Filing is the median time it takes to close all individual income tax enforcement cases in days. This indicator was added for FY 2020 and historical data is provided for comparative purposes. This indicator reflects the complete life cycle from return filing to resolution. For FY 2023, the overall Time to Resolve Compliance Issue After Filing was 372 days, a 7.9 percent decrease compared to FY 2022.

Time to Resolve	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Collection: Bal due notice	330	400	286	246	268
Collection: non-notice	373	345	491	757	993
AUR	602	618	756	651	602
Exam	551	597	626	550	528
Total	**469**	**491**	**484**	**404**	**372**

Repeat Non-Compliance Rate is the percentage of individual taxpayers with repeat non-compliance two years after the initial tax year for filing, payment or reporting compliance. This indicator was added for FY 2020 and historical data is provided for comparative purposes. Instances of payment repeat non-compliance were lower in FY 2023 in part due to lower penalty issuances during COVID for Tax Years 2019 and 2020. For FY 2023, the Repeat Non-Compliance Rate was 18.9 percent compared to 28.1 percent for FY 2022.

Repeat Non-Compliance Rate	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Reporting	7.7%	8.1%	5.5%	4.03%	7.31%
Filing	39.8%	43.9%	39.6%	39.81%	29.78%
Payment	29.9%	28.6%	29.0%	23.5%	2.1%
Total	**31.4%**	**35.6%**	**30.7%**	**28.1%**	**18.9%**

Repeat Non-Compliance Rate	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Reporting	7.7%	8.1%	5.5%	4.03%	7.31%
Filing	39.8%	43.9%	39.6%	39.81%	29.78%
Payment	29.9%	28.6%	29.0%	23.5%	2.1%
Total	**31.4%**	**35.6%**	**30.7%**	**28.1%**	**18.9%**

Description of FY 2023 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, exceeding the FY 2023 target of 33.4 percent. Based on projected case closures, the target will be set at 40.7 percent in FY 2024 and 39.1 percent in FY 2025.

The Cost to Collect $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; excluded are 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. The FY 2023 Cost to Collect $100 was 34 cents, compared to 29 cents for FY 2022. Total operating costs in FY 2023 were approximately $16.1 billion while gross collections were approximately $4.7 trillion. Gross collections decreased approximately 4 percent in FY 2023.

FY 2025 Changes by Budget Activity

Dollars in Thousands

Exam and Collections Summary of Proposed FY 2025 Request	Amount	FTE
FY 2024 Annualized CR	**$4,489,141**	**26,926**
Changes to Base:		
Maintaining Current Levels (MCLs):	$124,244	
Pay Annualization (5.2% average pay raise)	53,476	
Pay Raise (2.0% average pay raise)	62,505	
Non-Pay (2.2% average pay raise)	8,263	
Program Decrease	($124,244)	(714)
Staff Attrition to Offset Unfunded FY 2025 MCLs	(124,244)	(714)
Subtotal Changes to Base		(714)
FY 2025 Current Services	**$4,489,141**	**26,212**
FY 2025 President's Budget Request	**$4,489,141**	**26,212**

See footnotes in 1.1 - Appropriations Detail Table.

2.1.4 – Budget and Performance Report and Plan

Dollars in Thousands

Exam and Collections Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	$3,907,290	$3,933,597	$3,987,323	$4,447,716	$4,263,263	$4,489,141	$4,489,141
Reimbursable Resources	240	249	1,719	1,371	1,966	3,772	3,960
User Fees	42	2,454					
Inflation Reduction Act Resources					261,300	812,287	1,796,363
Budget Activity Total	**$3,907,572**	**$3,936,300**	**$3,989,042**	**$4,449,087**	**$4,526,529**	**$5,305,200**	**$6,289,464**

[1] The FY 2019 - FY 2023 appropriated resources represent the approved operating plan including any inter-BAC transfers and Inter-Appropriation Transfers.
[2] The FY 2019 - FY 2023 columns represent realized resources for reimbursables and user fees.

Exam and Collections Measures	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Exam Starts - High Income Individuals (new FY 2021)[1,2,3]	2,108	2,693	2,227	3,625	4,326	3,817	4,398	3,848
Exam Starts - Partnerships (new FY 2021)[1,2,4]	5,823	4,106	4,327	3,155	6,709	8,852	4,074	5,215
Exam Starts - Large Corporations (new FY 2021)[1,2,5]	2,009	1,700	1,490	1,365	1,400	1,121	1,250	1,375
Examination Efficiency - Individual	109	76	108	101	103	92	106	107
Time to Start Compliance Resolution (new FY 2020)[1]	60.9%	66.3%	66.0%	68.0%	72.0%	Indicator	Indicator	Indicator
Time to Resolve Compliance Issue After Filing (new FY 2020)[1]	469	491	484	404	372	Indicator	Indicator	Indicator
Repeat Non-Compliance Rate (new FY 2020)[1]	31.4%	35.6%	30.7%	28.1%	18.9%	Indicator	Indicator	Indicator
Collection Coverage	41.3%	34.9%	41.2%	38.3%	34.9%	33.4%	40.7%	39.1%
Cost to Collect $100	$0.33	$0.35	$0.33	$0.29	$0.34	Indicator	Indicator	Indicator

*FY 2024 and FY 2025 targets assume all sources of available funding.
[1] Historical data provided for comparison.
[2] This measure was an indicator in FY 2022 and transitioned to a measure with a target starting in FY 2023.
[3] Audits of high-income individuals may take a revenue agent upwards of 250 hours to complete.
[4] Due to the timing of hiring and the start date of the lengthy training cycle, the impact of hiring on performance is not immediate.
[5] The impact of hiring on performance is not immediate due to required training for new Revenue Agents and the average case cycle time of about 36 months for these large corporations.

2E – Regulatory

($191,079,000 in direct appropriations, an estimated $120,000 in reimbursable programs, and an estimated $76,597,000 in IRA funding): 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 activity provides staffing, training, and direct support associated with the Return Preparer Strategy initiative.
- 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 2023 Performance – Regulatory

In FY 2023, the IRS published 115 Priority Guidance Plan (PGP) projects and 56 ministerial rulings. Ministerial projects are publications that only involve matters such as applicable Federal interest rates and monthly bond factor amounts. Many items published in FY 2023 involved complex and novel issues. Forty-two of the published items pertain to implementing the Inflation Reduction Act of 2022, including guidance on the application criteria and process for the increase in the energy credit for solar and wind facilities in low-income communities and the pre-election registration requirements for certain tax credit elections. Six of the published items pertain to implementing the Consolidated Appropriations Act of 2023 and the SECURE 2.0 Act of 2022, including guidance regarding supervisory approval of penalties. The 2023-2024 PGP was published on September 29, 2023, and covers July 2023 through June 2024, listing 237 projects.

In FY 2023, the IRS made 119,491 Exempt Organizations (EO) Determinations, of which 117,595 were for new organizations applying for exempt status. In FY 2022, IRS made 136,708 total determinations of which 134,621 were for new organizations. In FY 2023, IRS closed 2,464 EO examinations, which is less than the 3,270 closures in FY 2022. IRS completed 1,367 Employee Plan (EP) Determinations on pension plans in FY 2023, which was a 7 percent increase from the 1,276 closures in FY 2022. In FY 2023, IRS closed 3,992 EP examinations, which was a 1 percent increase from the 3,944 closed in FY 2022.

FY 2025 Changes by Budget Activity

Dollars in Thousands

Regulatory Summary of Proposed FY 2025 Request	Amount	FTE
FY 2024 Annualized CR	**$191,079**	**828**
Changes to Base:		
Maintaining Current Levels (MCLs):	$5,279	
Pay Annualization (5.2% average pay raise)	2,256	
Pay Raise (2.0% average pay raise)	2,637	
Non-Pay (2.2% average pay raise)	386	
Program Decrease	($5,279)	(48)
Staff Attrition to Offset Unfunded FY 2025 MCLs	(5,279)	(48)
Subtotal Changes to Base		(48)
FY 2025 Current Services	**$191,079**	**780**
FY 2025 President's Budget Request	**$191,079**	**780**

See footnotes in 1.1 - Appropriations Detail Table.

2.1.5 – Budget and Performance Report and Plan

Dollars in Thousands

Regulatory Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources[1]	$174,624	$157,374	$132,506	$215,030	$171,990	$191,079	$191,079
Reimbursable Resources[2]	412	252	222	243	59	114	120
Inflation Reduction Act Resources					3,142	34,636	76,597
Budget Activity Total	**$175,036**	**$157,626**	**$132,728**	**$215,273**	**$175,191**	**$225,829**	**$267,796**

[1] The FY 2019 - FY 2023 appropriated resources represent the approved operating plan including any inter-BAC transfers and Inter-Appropriation Transfers.

[2] The FY 2019 - FY 2023 columns represent realized resources for reimbursables.

Technology and Operations Support

Appropriation Description

The Technology and Operations Support appropriation funds rent payments; facilities services; printing; postage; physical security; headquarters policy and management activities; 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 Technology and Operations Support budget request for FY 2025 is $4,100,826,000 in direct appropriations funding 10,282 FTE. This is the same amount as the FY 2024 Annualized CR level, and funds 161 fewer FTE, 1.54 percent lower than the FY 2024 Annualized CR FTE of 10,443. For FY 2025, the IRS expects to use an estimated $3,564,800,000 to fund 3,808 FTE in Technology and Operations Support with IRA resources.

The IRS uses base resources to fund its technology and support operations, as described above. A significant portion of the expected funding from IRA is needed to supplement those base operations, especially in technology. Base funding alone in FY 2025 will not fully fund IT operations and maintenance. The IRS is funding IT development for transformation in both the Technology and Operations Support and Business Systems Modernization discretionary and IRA appropriations. However, when IRA Business Systems Modernization resources are entirely consumed by FY 2026, this appropriation will be the primary source of technology modernization funds. All maintenance for completed IT development is funded from the Technology and Operations Support appropriation. Reducing the IRS's discretionary appropriations would deplete IRA resources and diminish the IRS's ability to transform its technology and maintain its modernized systems.

FY 2023 IRA Achievements

- The IRS launched the first phase of business tax account that, over time, will allow businesses to check payment history, make payments, view notices, authorize powers of attorney and conduct other business with the IRS.
- The IRS offered new voice and chatbots to help taxpayers with a wide range of issues, including securing account transcripts, getting answers to questions about balances due and getting help from the Taxpayer Advocate Service. Whether people call the IRS or visit online, there are new self-service options available around-the clock.
- During business hours, many of the IRS voice and chatbots provide an option to connect with a live assistor if needed. In all, the IRS has nine taxpayer-facing voicebots in operation today, in addition to 10 chatbots. To date, taxpayers with balances due have messaged online with Collection chatbots more than 1.6 million times.
- Expanded Tax Pro Account capabilities by offering tax professionals access to new services to help their clients, including processing of power of attorney and tax information authorization requests, linking Centralized Authorization File numbers, and viewing clients' balance due amounts.
- Opened a free portal for businesses to electronically prepare, file and distribute Form 1099 information returns through a new modernized intake platform and user interface. The Information Returns Intake System (IRIS) has processed over 8.3 million forms during Filing Season 2024 as of February 11.
- Implemented streamlined hiring processes to provide applicants with an improved experience and ability to apply for multiple positions through one job posting. Restructured internal talent acquisition support to improve the experience for IRS hiring managers and applicants.

- Diversified pipelines for new talent by expanding relationships with Historically Black Colleges and Universities (HBCU) and opening new IRS offices in the Mississippi Delta and Puerto Rico to provide meaningful job opportunities in underserved communities.

FY 2024 IRA Priorities

Employee Tools and Experience: Enable a fully equipped, empowered, and engaged IRS workforce ready to serve taxpayers.

In FY 2024, the IRS will provide its employees with modern laptops, smart phones, and software to help ensure employees have the basic tools needed to deliver effective and efficient results to taxpayers.

Also in FY 2024, the IRS will bolster management training processes to ensure that permanent, temporary, and seasonal managers receive foundational leadership courses in a timely manner.

Human Capital: Attract, retain, and empower a highly skilled, diverse workforce that is better equipped to deliver results for taxpayers.

In FY 2024, the IRS will establish additional approaches to reach and develop new pipelines of talent, enhance workforce planning, and improve hiring capabilities to support critical staffing needs. Improvements to the hiring process will expedite the average time to hire and support meeting the IRS's significant hiring targets for taxpayer service, enforcement, data analytics, and IRS operations. In addition, the IRS will expand an improved employee orientation proof-of-concept to all IRS campus locations that will provide a smooth and consistent onboarding experience to establish trust, strengthen accountability, and improve the overall new hire experience for IRS employees. The IRS will analyze data from an IRS "Health of the Workforce" dashboard to develop cross-cutting initiatives to enhance IRS culture and develop an IRS "Employer Value Proposition" to highlight how prospective employees can benefit through an IRS career.

Also in FY 2024, the IRS will launch IRS University (IRSU) to better provide IRS employees with developed curricula, "just-in-time" courses, continuous learning, and professional development.

FY 2025 IRA Priorities

Employee Tools and Experience: Enable a fully equipped, empowered, and engaged IRS workforce ready to serve taxpayers.

In filing season 2025, certain employee groups will have near real-time access to taxpayer data to better service taxpayers through the initial deployment of Taxpayer 360 capabilities.

By filing season 2025, all Form 1040 examinations will be worked through the modern enterprise case management (ECM) system with additional IRS processes leveraging a common enterprise case management platform. Coupled with automated case creation and assignment for examinations, the IRS will begin to manage work through an integrated cross-divisional case management system, improving workflows and reducing the end-to-end case cycle time.

In FY 2025, the IRS will implement a holistic update to its call center (Customer Service Representatives and Contact Representatives) and Revenue Agent training programs to ensure employees and managers receive the appropriate training to enable effective and efficient performance of their responsibilities.

Human Capital: Attract, retain, and empower a highly skilled, diverse workforce that is better equipped to deliver results for taxpayers.

In addition to building off the FY 2024 improvements in IRS workforce planning, hiring, and training processes, the IRS will make progress in FY 2025 towards joining legacy processes for strategic workforce planning into a streamlined human capital technology platform for the management of employee data.

2.1 – Budget Adjustments Table

Dollars in Thousands

Technology and Operations Support Summary of Proposed FY 2025 Request	Amount	FTE
FY 2024 Annualized CR	**$4,100,826**	**10,443**
Changes to Base:		
Maintaining Current Levels (MCLs):	$101,586	
Pay Annualization (5.2% average pay raise)	23,856	
Pay Raise (2.0% average pay raise)	27,884	
Non-Pay (2.2%)	49,846	
Program Decrease	(101,586)	(161)
Staff Attrition to Offset Unfunded FY 2025 MCLs	(101,586)	(161)
Subtotal Changes to Base		(161)
FY 2025 Current Services	**$4,100,826**	**10,282**
FY 2025 President's Budget Request	**$4,100,826**	**10,282**

See footnotes in 1.1 - Appropriations Detail Table.

2.2 – Object Classification Obligations

Dollars in Thousands

Technology and Operations Support Object Classification	FY 2023 Operating Plan[1]	FY 2024 Annualized CR	FY 2025 Request
11.1 - Full-time permanent	1,369,644	1,298,916	1,298,916
11.3 - Other than full-time permanent	7,542	6,210	6,210
11.5 - Other personnel compensation	92,885	42,164	42,164
11.8 - Special personal services payments	20		
11.9 - Personnel Compensation (Total)	**1,470,091**	**1,347,290**	**1,347,290**
12.0 - Personnel benefits	509,701	487,766	487,766
13.0 - Benefits for former personnel	30	30	30
Total Personnel and Compensation Benefits	**$1,979,822**	**$1,835,086**	**$1,835,086**
21.0 - Travel and transportation of persons	17,091	16,761	16,761
22.0 - Transportation of things	13,771	13,754	13,754
23.1 - Rental payments to GSA	578,392	606,708	606,708
23.2 - Rental payments to others	927	832	832
23.3 - Communications, utilities, and miscellaneous charg	232,651	248,890	248,890
24.0 - Printing and reproduction	25,940	25,703	25,703
25.1 - Advisory and assistance services	638,778	645,475	645,475
25.2 - Other services from non-Federal sources	32,411	29,693	29,693
25.3 - Other goods and services from Federal sources	83,867	88,645	88,645
25.4 - Operation and maintenance of facilities	191,354	192,083	192,083
25.6 - Medical care	17,921	16,282	16,282
25.7 - Operation and maintenance of equipment	45,658	51,865	51,865
26.0 - Supplies and materials	3,983	4,007	4,007
31.0 - Equipment	211,860	262,333	262,333
32.0 - Land and structures	47,573	59,999	59,999
42.0 - Insurance claims and indemnities	708	2,710	2,710
Total Non-Personnel	**$2,142,885**	**$2,265,740**	**$2,265,740**
Total Obligations	**$4,122,707**	**$4,100,826**	**$4,100,826**
Full-time Equivalents (FTE)	**11,175**	**10,443**	**10,282**

[1] The FY 2023 Operating Plan does not include COVID supplemental funding, and includes an Inter-Appropriations Transfer (IAT) from Enforcement ($27 million) to Taxpayer Services ($100 million), Operations Support ($22 million), and Business Systems Modernization ($150 million).

Amounts reflect obligations of annually appropriated discretionary resources.

See footnotes in 1.1 - Appropriations Detail Table.

2.3 – Appropriation Detail Table

Dollars in Thousands

Technology and Operations Support Appropriated Resources	FY 2023 Operating Plan[1]		FY 2024 Annualized CR		FY 2025 Request		FY 2024 to FY 2025 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Infrastructure		894,403		919,454		919,454		
Shared Services and Support	5,173	1,157,249	4,327	1,111,964	4,166	1,111,964	-4%	
Information Services	6,002	2,071,055	6,115	2,069,408	6,115	2,069,408		
Subtotal New Appropriated Resources	**11,175**	**$4,122,707**	**10,442**	**$4,100,826**	**10,281**	**$4,100,826**	**-2%**	
Other Resources								
Reimbursable	101	77,000		80,850	98	105,000		30%
User Fees	15	27,927						
Recoveries from Prior Years		36,074		36,074		40,950		14%
Unobligated Balances from Prior Years	41	336,667		9,000		13,880		54%
IRA Funding Usage	2,317	1,473,849	2,944	3,258,486	3,808	3,564,800	29%	9%
Transfers In/Out								
Resources from Other Accounts	34	39,361	34	39,361	34	72,828	0%	85%
Subtotal Other Resources	**2,508**	**$1,990,878**	**2,978**	**$3,423,771**	**3,940**	**$3,797,458**	**32%**	**11%**
Total Budgetary Resources	**13,683**	**$6,113,585**	**13,420**	**$7,524,597**	**14,221**	**$7,898,284**	**6%**	**5%**

[1] The FY 2023 Operating Plan does not include COVID supplemental funding, and includes an Inter-Appropriations Transfer (IAT) from Enforcement ($27 million) to Taxpayer Services ($100 million), Operations Support ($22 million), and Business Systems Modernization ($150 million).

See footnotes in 1.1 - Appropriations Detail Table.

2F – Infrastructure

($919,454,000 in direct appropriations and an estimated $179,362,000 in IRA funding): 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 Enterprise Systems and Identity Management.

<u>Description of FY 2023 Performance - Infrastructure</u>

Rent

Rentable Square Feet per Person is the amount of rentable square feet the IRS maintains per person requiring space. After payroll, rent is one of the IRS's largest operating expenses; therefore, the IRS continues to take steps to closely monitor and right-size its total office space.

Through FY 2023, the Rentable Sq. Ft. per Person was 248, which is 6.1 percent lower than the prior year. Rentable Square Feet per Person is driven in the positive direction by either a decrease in square footage, an increase in staffing, or a combination of both. In FY 2023, total rentable square feet increased marginally and staffing increased 6.7 percent. The FY 2024 target is 238 and the FY 2025 target is 221.

Security and Safety

Security of IRS facilities and providing a secure and safe environment for employees are of utmost importance to the IRS.

In FY 2023, the IRS maintained a high-level emphasis on physical security of its facilities, employees, and visitors. Noteworthy examples included:

- Continued management and oversight of physical security countermeasures by leveraging technology and incorporating new tools that allow the IRS to better manage security postures at facilities. Physical security countermeasures are deployed based on requirements and recommendations set forth by the Department of Homeland Security and the Interagency Security Committee (ISC).
- Completed the Out-Of-Cycle Security Review on all IRS facilities. This effort focused on enhancing security equipment and accessing control systems, intrusion detection systems, video surveillance systems, and exterior security countermeasures.
- Introduced high-quality security training sessions to all IRS employees virtually and in-person and continued to issue systematic and consistent communications surrounding security procedures, protocols, and safety tips.
- Developed the Physical Security Training Program (PSTP) that was certified by the ISC as meeting the ISC standards on physical security within the federal sector for non-military. Since the creation of PSTP in late 2021, training sessions were attended by 150 Physical Security Specialists (PSS) and support staff. Additionally, the IRS-developed PSTP was open to employees from external federal agencies affording PSS the opportunity to network and maximize their efforts securing federal facilities nationwide.
- Created the Security Requirement Training (SRT) to standardize reporting on core security deliverables associated with the IRS physical security program.

FY 2025 Changes by Budget Activity

Dollars in Thousands

Infrastructure Summary of Proposed FY 2025 Request	Amount	FTE
FY 2024 Annualized CR	**$919,454**	
Changes to Base:		
Maintaining Current Levels (MCLs):	$20,230	
Pay Annualization (5.2% average pay raise)		
Pay Raise (2.0% average pay raise)		
Non-Pay (2.2% average pay raise)	20,230	
Program Decrease	($20,230)	
Staff Attrition to Offset Unfunded FY 2025 MCLs	(20,230)	
Subtotal Changes to Base		
FY 2025 Current Services	**$919,454**	
FY 2025 President's Budget Request	**$919,454**	

See footnotes in 1.1 - Appropriations Detail Table

2.1.6 – Budget and Performance Report and Plan

Dollars in Thousands

Infrastructure Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	$891,140	$867,354	$885,606	$925,539	$894,403	$919,454	$919,454
Reimbursable Resources	681	747	854	564			
User Fees	999						
Inflation Reduction Act Resources					100,351	175,501	179,362
Budget Activity Total	**$892,820**	**$868,101**	**$886,460**	**$926,103**	**$994,754**	**$1,094,955**	**$1,098,816**

[1] The FY 2019 - FY 2023 appropriated resources represent the approved operating plan including any inter-BAC transfers and Inter-Appropriation Transfers.
[2] The FY 2019 - FY 2023 columns represent realized resources for reimbursables and user fees.

Infrastructure Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Rentable Square Feet per Person	298	278	278	264	248	261	238	221

*FY 2024 and FY 2025 targets assume discretionary and IRA funding.

2G – Shared Services and Support

($1,111,964,000 in direct appropriations and an estimated $607,286,000 in IRA funding): 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, and business systems planning, and embedded training. It sets policies and goals, provides leadership and direction for the IRS, and builds partner relationships with key stakeholders (Congress, U.S. Government Accountability Office (GAO), and the Office of Management and Budget (OMB) and the Oversight Board). 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 and Security Services provides facilities and security services to deliver a safe, secure, and optimal work environment for IRS employees and customers.
- Procurement supports the procurement function of the IRS.
- 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.
- Shared Support provides resources for shared cross-functional support such as copiers, 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 treatments of taxpayer non-compliant behavior.
- Protection of Sensitive Information manages and oversees the staffing, training, equipment, and direct support for the protection of IRS employees, facilities, assets, and the protection and proper use of identity information.
- Benefit Payments provides resources to fund Workers' Compensation benefits and Unemployment Compensation for federal employee payments.
- Shared Services provides additional services, including the Public Transit Subsidy.

Description of FY 2023 Performance – Shared Services and Support

Through support activities that include management and administration of human resources, protection and use of identity information, and research, Technology and 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 2023, IRS was provided additional funding from the Inflation Reduction Act (IRA). The Human Capital Office worked quickly to fully execute its aggressive FY 2023 hiring plan completing over 31,000 hiring actions. In addition, the Office of Personnel Management (OPM) approved the Service's two requests for Direct Hire Authority to fill critical positions (effective November 8, 2022 through November 30, 2024), which greatly assisted in reaching hiring goals.

Protection and Proper use of Identity Information

"Improving public warnings about scams that threaten taxpayers remains a priority for the IRS. The IRS is on the side of taxpayers and is working to protect hard-working people from scammers or fraudsters who try to use the tax system for their schemes. Whether it is promising people inflated amounts of Earned Income Tax Credit, a credit designed to help workers with modest incomes, or tricking people into tax-related identity theft, protecting taxpayers is a critical component to ensuring the success of the nation's tax system."[1]

The Security Summit, a public-private sector partnership between the IRS, state revenue departments, software developers, tax professionals, and financial services groups, is now in its ninth year of establishing repetitive iterative processes that support taxpayer security initiatives. The annual Security Summit Co-Leads meeting between the IRS, Industry, and States was held in person in December 2023. As a result of the Security Summit workgroup efforts, the IRS is preventing more identity theft than previous years and investigatory leads related to identity theft continue to increase. The Security Summit continues to protect taxpayers by combating ID theft tax refund fraud through enhanced communication and information sharing between and among the parties involved in the electronic transmission and processing of federal and state income tax return filings.

Research

- Redesigned 90 Individual Computer Paragraph notices by improving clarity and simplicity, reducing length, removing non-mandatory inserts, and applying behavioral insights and plain language principles. These notices will be digitized and added to Online Account.
- Developed advanced deep learning models aimed at detecting fraud within the IRS Online Accounts and the Centralized Authorization File system. These efforts will protect taxpayers from unauthorized access to their accounts and release of personal tax return information.
- Updated tax gap projections and applied insights from tax gap research to initiate exam pilots for improving capabilities to work high income enterprise audits.
- Improved analytics established to improve case selection, allowing analysts to choose enforcement treatments that maximize opportunities to improve and sustain taxpayer compliance while ensuring fairness in selection.
- Established a multidisciplinary working group to develop training, tools, and an evaluation framework for ensuring analytics, including Artificial Intelligence (AI), are trustworthy.
- Delivered results via cutting-edge tools and hardware to model, analyze, and process very large complex relationship structures (graphs). The value of this research is in the algorithms developed that help search through complex and deep graphs and tax data, in record time.
- Developed prototype model of the indirect effects of filing and payment compliance treatments to support workload planning, treatment stream alignment, and budget formulation.
- Developed a graph-based tool to explore relationships between entities within exempt organizations. This tool visualizes risky networks and helps agents more quickly detect issues associated with improper activities and identify others connected to the respective network.
- Established analytics enabling early warning of potential risks leading to expanded collaborative opportunities to mitigate Emerging Schemes. Protocols have been successfully developed to allow IRS analysts to share information about identity theft, attempted fraud, and to identify solutions and determine treatment paths. This sharing of real time data resulted in enhanced revenue protection for many high-profile schemes.

[1] IRS FY 2023 Agency Financial Report, publication 5456, Introduction page v, "Tax Scams and Fraud"

FY 2025 Changes by Budget Activity

Dollars in Thousands

Shared Services and Support Summary of Proposed FY 2025 Request	Amount	FTE
FY 2024 Annualized CR	**$1,111,964**	**4,327**
Changes to Base:		
Maintaining Current Levels (MCLs):	$28,692	
Pay Annualization (5.2% average pay raise)	8,875	
Pay Raise (2.0% average pay raise)	10,373	
Non-Pay (2.2% average pay raise)	9,444	
Program Decrease	($28,692)	(161)
Staff Attrition to Offset Unfunded FY 2025 MCLs	(28,692)	(161)
Subtotal Changes to Base		(161)
FY 2025 Current Services	**$1,111,964**	**4,166**
FY 2025 President's Budget Request	**$1,111,964**	**4,166**

See footnotes in 1.1 - Appropriations Detail Table

2.1.7 – Budget and Performance Report and Plan

Dollars in Thousands

Shared Services and Support Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources[1]	$900,287	$961,999	$1,040,955	$1,179,189	$1,157,249	$1,111,964	$1,111,964
Reimbursable Resources[2]	30,360	27,368	27,874	28,433			
User Fees[2]				37,454			
Inflation Reduction Act Resources				12,289	106,852	298,004	607,286
Budget Activity Total	**$930,647**	**$989,367**	**$1,068,829**	**$1,257,365**	**$1,264,101**	**$1,409,968**	**$1,719,250**

*FY 2024 and FY 2025 targets assume discretionary and IRA funding.

[1] The FY 2019 - FY 2023 appropriated resources represent the approved operating plan including any inter-BAC transfers and Inter-Appropriation Transfers.

[2] The FY 2019 - FY 2023 columns represent realized resources for reimbursables and user fees.

2H – Information Services

($2,069,408,000 in direct appropriations and an estimated $2,778,152,000 in IRA funding): 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:

- IT IMF Modernization provides oversight and integration for the Individual Master File (IMF) Modernization and CADE 2 programs which will fully modernize individual taxpayer account management functions and distribution of individual taxpayer account data. It enables a coordinated, cross-functional project and release planning, implementation and performance assessment effort which will ultimately decommission legacy IMF, simplify how individual taxpayer account data is shared with IRS downstream systems, and support adoption of modernized solutions for downstream systems and end users.

- Enterprise Program Management Office 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.
- Cybersecurity protects taxpayer information and the IRS's electronic systems, services, and data from internal and external cyber security related threats. The program operates a 24x7x365 Computer Security Incident Response Center to provide detection, prevention, monitoring, analysis, and reporting of security incidents and threats. The program reduces online fraud and prevents critical data loss. It is responsible for performing security risk assessments, tracking compliance, monitoring security risk remediation activities, performing comprehensive security control testing, managing the system certification and accreditation process, and coordinating the enterprise continuous monitoring process. The program also provides security policy management and interpretation, delivers security engineering services, and implements cybersecurity and data protection solutions.
- Management Services provides for the design, development, delivery, and evaluation of a wide range of human resource programs for the IT organization. These programs include workforce planning, recruitment and retention, career management, performance management, labor/employee relations, position management, workplace improvement, succession management and service-wide IT training and education.
- National Headquarters (NHQ) IT Management provides for the management and oversight of investments in IT for the Chief of Staff and Research, Analysis and Statistics (RAS). The program allows NHQ to manage and leverage IT solutions that are responsive to IRS-wide management, tax compliance, enforcement, and strategic and tactical research projects.
- IT Executive Oversight includes the immediate Office of the Chief Technology Officer, as well as the direct reports for Equity, Diversity and Inclusion, and the Director, Stakeholder Management (including Communications Services and Program Oversight). The program provides executive direction for the IT organization, enabling IT to be a customer-focused supplier of IT solutions that are responsive to customer business priorities and meet functional and operational needs effectively.
- Applications Development performs the analysis, design, development, testing, and implementation of approximately 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 designs, develops, and maintains IT that supports critical tax processing, management information reporting and financial management support systems for the IRS. The program supports data exchanges with external organizations, such as other federal agencies, state and local governments, and external entities (e.g., employers and banks), and 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.

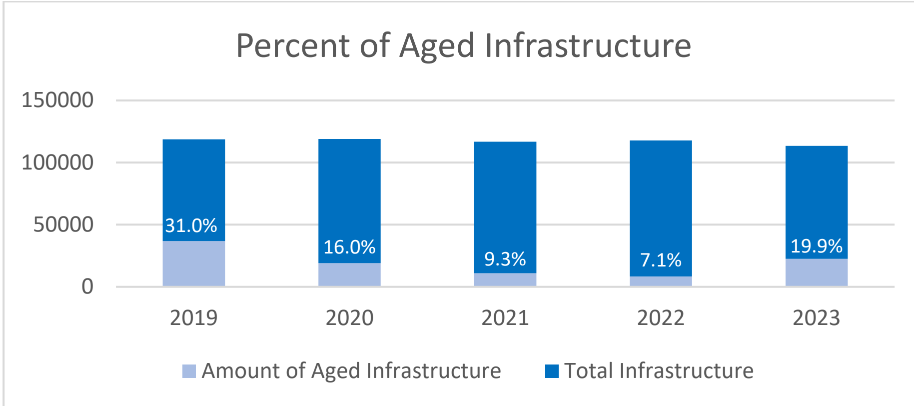
- Enterprise Services plans and manages service and delivery methods used across the IT project reporting, enterprise life cycle management, release management, systems engineering, dashboard reporting, and internal management.
- End User and Network Services maintains the IRS automated business processes at headquarters and field sites, effectively allowing the IRS to fulfill its missions. The support includes technical systems and applications software support to end users and 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 Territories' offices.
- Strategy and Planning provides the management and financial oversight of investments in IT, demand analysis, project reporting, portfolio management, and other IT operational priorities.
- Enterprise Infrastructure Currency funds the replacement of IRS IT infrastructure that has reached or surpassed its useful life cycle. The IRS centralizes the resources achieved through efficiencies in various parts of IT to ensure that replacement of the aging infrastructure is addressed corporately.
- The Treasury Franchise Fund is a centralized functional area for separating from the Information Services base budget the resources required to pay Treasury billings for shared services.

To continue to help accelerate its technological transformation and improve its digital services offerings (e.g., direct file), the IRS continues its work with the U.S. Digital Service.

Description of FY 2023 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 Percent of Aged Hardware increased from 7.1 percent at the end of FY 2022 to 19.9 percent in FY 2023. Contributing to the increase in aged hardware were approximately 11,000 workstations which were originally purchased in FY 2018, and more than 2,000 routers and switches that were originally purchased in FY 2017. These reached aged status simultaneously late in FY 2023. This represents an increase of more than 14,000 aged assets while total hardware decreased by over 4,000 during the fiscal year. The major driver in meeting the 20 percent target was the focus on hardware selections and timely hardware refresh implementations. For FY 2024, IT will continue with risk-based management to prioritize funding of assets with the highest risk values.

For FY 2024 and FY 2025, the IRS will set a target of 20 percent in line with industry standards.


Percent of Aged Infrastructure
150000
100000
50000
0
31.0%
16.0%
9.3%
7.1%
19.9%
2019
2020
2021
2022
2023
Amount of Aged Infrastructure
Total Infrastructure

FY 2025 Changes by Budget Activity

Dollars in Thousands

Information Services Summary of Proposed FY 2025 Request	Amount	FTE
FY 2024 Annualized CR	**$2,069,408**	**6,115**
Changes to Base:		
Maintaining Current Levels (MCLs):	$52,664	
Pay Annualization (5.2% average pay raise)	14,977	
Pay Raise (2.0% average pay raise)	17,505	
Non-Pay (2.2% average pay raise)	20,182	
Program Decrease	($52,664)	
Staff Attrition to Offset Unfunded FY 2025 MCLs	(52,664)	
Subtotal Changes to Base		
FY 2025 Current Services	**$2,069,408**	**6,115**
FY 2025 President's Budget Request	**$2,069,408**	**6,115**

See footnotes in 1.1 - Appropriations Detail Table.

2.1.8 – Budget and Performance Report and Plan

Dollars in Thousands

Information Services Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	$2,126,973	$1,972,916	$2,061,216	$2,043,098	$2,071,055	$2,069,408	$2,069,408
Reimbursable Resources	27,153	36,456	26,344	27,036			
User Fees	222,399	374,671	408,054	291,706			
Inflation Reduction Act Resources				48,676	1,266,646	2,784,981	2,778,152
Budget Activity Total	**$2,376,525**	**$2,384,043**	**$2,495,614**	**$2,410,516**	**$3,337,701**	**$4,854,389**	**$4,847,560**

[1] The FY 2019- FY 2023 appropriated resources represent the approved operating plan including any inter-BAC transfers and Inter-Appropriation Transfers.
[2] The FY 2019 - FY 2023 columns represent realized resources for reimbursables and user fees.

Information Services Measures	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Percent of Aged Hardware[1]	31.0%	16.0%	9.3%	7.1%	19.9%	20.0%	20.0%	20.0%

*FY 2024 and FY 2025 targets assume all sources of available funding.
[1] Target based on industry standard.

Business Systems Modernization

Appropriation Description

Prior to FY 2023, the Business Systems Modernization (BSM) appropriation provided resources for the planning and capital asset acquisition of IT to modernize the IRS business systems. This appropriation received no discretionary funding in FY 2023, and no appropriated resources are being requested for the Business Systems Modernization appropriation in FY 2025. For FY 2025, the IRS expects to use an estimated $1,929,000,000 to fund 300 FTE in Business Systems Modernization with IRA resources.

The IRS is funding IT development for transformation in both the Technology and Operations Support and Business Systems Modernization IRA appropriations. However, when IRA Business Systems Modernization resources are entirely consumed by FY 2026, the Technology and Operations Support appropriation will be the primary source of technology modernization funds. Without additional mandatory resources (as shown in the policy proposal on page 93), the IRS's ability to transform its technology would be diminished.

FY 2024 IRA Priorities

Foundational Technology: Modernize the IRS foundational technology to meet the needs of taxpayers and IRS employees.

In FY 2024, the IRS will continue to modernize its foundational technology with progress in the following areas:

- Expand the functionality of the new free Information Returns filing portal (Information Returns Intake System – IRIS) by expanding the number of information returns, bulk-filing capabilities, and paper processing capabilities.
- Initiate modern individual core tax processing in parallel with the Individual Master File as the last major step toward replacing the core components of the legacy IMF system.
- Initiate a new operating model, with increased partnership between the IT team and the rest of the IRS organization, that allows IRS to deliver better products, tools, and improvements more quickly.
- Create efficiencies by replacing high-volume manual processes through the delivery of attended and unattended BOTS built on the robotic process automation (RPA) platform.
- Deliver an enterprise data platform for use across service, compliance, and operations with easily consumable services.
- Expand and upgrade the network to accommodate the anticipated increase in size of the IRS workforce and increased consumption patterns with our introduction of new digital services for taxpayers.
- Further protect IRS data through cybersecurity enhancements by implementing multifactor authentication, data-at-rest encryption, and advanced logging and audit trail protections.

FY 2025 Priorities

Foundational Technology: Modernize the IRS foundational technology to meet the needs of taxpayers and IRS employees.

In FY 2025, the IRS will process filing season 2025 individual tax returns using modern language, allowing 60+ year old legacy code for core tax logic (posting, settlement, and analysis) to be primarily retired.

The agency will also deliver the modernized Business Masterfile database, enabling taxpayers to access and update data via Business Online Accounts, and stand-up Universal Data Hub to enable self-service reporting and advanced analytics for tax administration data.

In addition, the IRS will improve IT Service Delivery by leveraging a common platform to track asset, workflow, demand, incident, and risk management activities.

2.1 – Budget Adjustments Table

No appropriated resources are being requested for the Business Systems Modernization appropriation in FY 2025.

2.2 – Object Classification Obligations

Dollars in Thousands

Business Systems Modernization Object Classification	FY 2023 Operating Plan[1]	FY 2024 Annualized CR	FY 2025 Request
11.1 - Full-time permanent	5,250		
11.9 - Personnel Compensation (Total)	**5,250**		
12.0 - Personnel benefits	2,250		
Total Personnel and Compensation Benefits	**$7,500**		
25.1 - Advisory and assistance services	121,125		
25.7 - Operation and maintenance of equipment	7,125		
31.0 - Equipment	14,250		
Total Non-Personnel	**$142,500**		
Total Obligations	**$150,000**		
Full-time Equivalents (FTE)	**116**		

[1] The FY 2023 Operating Plan does not include COVID supplemental funding, and includes an Inter-Appropriations Transfer (IAT) from Enforcement ($27 million) to Taxpayer Services ($100 million), Operations Support ($22 million), and Business Systems Modernization ($150 million).

Amounts reflect obligations of annually appropriated discretionary resources.

See footnotes in 1.1 - Appropriations Detail Table

2.3 – Appropriation Detail Table

Dollars in Thousands

Business Systems Modernization Appropriated Resources	FY 2023 Operating Plan[1]		FY 2024 Annualized CR		FY 2025 Request		FY 2024 to FY 2025 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Business Systems Modernization	116	150,000						
Subtotal New Appropriated Resources	**116**	**$150,000**						
Other Resources								
Recoveries from Prior Years		5,929		5,929		5,594		-6%
Unobligated Balances from Prior Years		160,230						
IRA Funding Usage	327	723,159	193	1,789,398	300	1,929,000	55%	8%
Subtotal Other Resources	**327**	**$889,318**	**193**	**$1,795,327**	**300**	**$1,934,594**	**55%**	**8%**
Total Budgetary Resources	**443**	**$1,039,318**	**193**	**$1,795,327**	**300**	**$1,934,594**	**55%**	**8%**

[1] The FY 2023 Operating Plan does not include COVID supplemental funding, and includes an Inter-Appropriations Transfer (IAT) from Enforcement ($27 million) to Taxpayer Services ($100 million), Operations Support ($22 million), and Business Systems Modernization ($150 million).

Note: Though there were no discretionary appropriated resources in BSM in FY 2023, an inter-appropriations transfer provided $150 million.

See footnotes in 1.1 - Appropriations Detail Table

2I – Business Systems Modernization

($0 in direct appropriations and an estimated $1,929,000,000 in IRA funding): This budget activity funds the planning and capital asset acquisition of information technology (IT) systems, including labor and related contractual costs. No appropriated resources are being requested for the Business Systems Modernization appropriation in FY 2025. For FY 2025, the IRS expects to use an estimated $1,929,000,000 to fund 300 FTE in Business Systems Modernization with IRA resources.

Description of FY 2023 Performance – Business Systems Modernization

The IRS's modernization efforts focus on building and deploying advanced information technology systems, processes, and tools to improve efficiency and productivity. Although IRS did not receive BSM resources in the FY 2023 budget, IRS transferred $150 million from Enforcement last year, utilized multi-year funds remaining from FY 2021 and FY 2022 (BSM was a 3-year account), and also used IRA BSM funds. Major IT investments are measured by the proportion of projects within +/- 10 percent of budgeted cost and schedule variance. The FY 2024 and FY 2025 targets for both measures are 90 percent.

Percent of Major IT Investments within +/- 10 percent Cost Variance at the Investment Level: Twelve of 14 major investments (85.7 percent) were within the cost variance threshold in FY 2023. Both investments that were out of the variance, listed below, underspent by more than 10 percent.

- Authentication, Authorization and Access
- Integrated Data Retrieval System

Percent of Major IT Investments within +/- 10 percent Schedule Variance at the Investment Level: Thirteen of 14 major investments (92.8 percent) were within the schedule variance threshold at the close of FY 2023. Shown below is the investment that was behind schedule by more than 10 percent in FY 2023.

- e-Services

The IRS will continue to effectively manage our major IT investments and closely monitor cost and schedule variance throughout FY 2024.

Major IT (BSM and Non-BSM) Investments*		
Fiscal Year	Percent within +/- 10% Cost Variance	Percent within +/- 10% Schedule Variance
2023	**85.7%**	**92.8%**

* Source: as reported in Treasury's SharePoint Information Knowledge Exchange (SPIKE) System.

The IRS is changing from many perspectives, and that includes the agency's approach to improving the taxpayer experience and tax administration overall through technology-enabled transformation. In FY 2023, the IRS upgraded technology in ways that resulted in a dramatically improved 2023 filing season thanks to IRA investments. This included upgrading components of the IT infrastructure to reduce risk, enhancing cybersecurity and providing a wide range of online services for taxpayers and employees.

An Improved Taxpayer Experience: The IRS continued to expand the functionality of online account services for individual taxpayers, tax professionals and business taxpayers:

- New online portal for business filers: Launched a new online portal that enables businesses to file Form 1099 series information returns and expanded functionality to enable bulk filers to transmit hundreds of thousands of 1099s at once. The portal simplifies filing for those issuing 1099s and helps recipients receive information timely and helped reduce the millions of paper Forms 1099 that may have otherwise been filed on paper in 2023.
- Online account for individuals: Enhanced capabilities for individual online account, including launching virtual assistance and live chat. Taxpayers can now validate their bank accounts and save multiple accounts, eliminating the need to re-enter bank account information every time they make a payment. This feature launched at the end of September 2023.
- Tax professional account: Enhanced capabilities for tax professionals' online accounts, helping practitioners manage their active client authorizations on file with the Centralized Authorization File (CAF) database, which stores the information on individuals authorized to act on a taxpayer's behalf. Tax professionals can now use their Tax Pro Account to send power of attorney and tax information authorization requests directly to a taxpayer's individual IRS Online Account.
- Business tax account: Launched the first phase of business tax account that over time will allow business taxpayers to check their tax payment history, make payments, view notices, authorize powers of attorney and conduct other business with the IRS.

Contact Center Modernization: Expanded customer callback and use of voice and chatbot technology:

- Expanded the availability of its customer callback option to cover up to 95 percent of callers seeking live assistance. The expansion included adding the customer callback option to an additional 73 toll-free applications, bringing the total number of applications with an option for customer callback to 116 taxpayer-facing applications.
- Offered new voice and chatbots to help taxpayers with a wide range of issues, including securing account transcripts, getting answers to questions about balances due and getting help from the Taxpayer Advocate Service. The IRS has nine taxpayer-facing voicebots in operation today, in addition to 10 chatbots.

Core IT Systems Modernization: Modernizing legacy systems to enable better service and reduce risk:

- The IRS is focused on modernizing foundational IT systems that support mission critical functions such as the Individual Master File (IMF), the Business Master File (BMF) and Enterprise Case Management (ECM). In FY 2023, all three major IT programs made progress:
    - Individual Master File: Met the planned milestones in FY 2023 for enabling the full retirement of the IMF system within five years. IMF is the authoritative data source for individual tax account data with connections to multiple ancillary functions and systems. IMF feeds more than 250 downstream systems, includes more than 400 processing runs and is comprised of roughly 2 million lines of code.

- Business Master File: Unlike IMF modernization, which has been an active program for several years, the IRS initiated the BMF modernization program in FY 2023 thanks to funding from the Inflation Reduction Act. BMF is the authoritative data source for business tax account data and like the IMF, maintains connections to multiple ancillary functions and systems. BMF feeds nearly 90 downstream systems, includes more than 350 processing runs and is comprised of roughly 1.2 million lines of code.
- Enterprise Case Management: Consolidating legacy case management systems through a standard case management platform known as Enterprise Case Management, which is already live and in-use. Over 2,600 IRS employees are now using the ECM platform across five applications, including for grants management, internal employee harassment claims, and the reporting of alleged tax law violations (Form 3949-A).

FY 2025 Changes by Budget Activity

No appropriated resources are being requested for the Business Systems Modernization appropriation in FY 2025.

2.1.9 – Budget and Performance Report and Plan

Dollars in Thousands

Business Systems Modernization Resource Level	**FY 2019 Actual**	**FY 2020 Actual**	**FY 2021 Actual**	**FY 2022 Actual**	**FY 2023 Actual**	**FY 2024 Annualized CR**	**FY 2025 Request**
Appropriated Resources[1]	$150,000	$180,000	$203,614	$275,000	$150,000		
User Fees[2]	89,713	108,872	29,495				
Inflation Reduction Act Resources				43,924	723,159	1,789,398	1,929,000
Budget Activity Total	**$239,713**	**$288,872**	**$233,109**	**$318,924**	**$873,159**	**$1,789,398**	**$1,929,000**

[1] The FY 2019 - FY 2023 appropriated resources represent the approved operating plan including any inter-BAC transfers and Inter-Appropriation Transfers.
[2] The FY 2019 - FY 2023 columns represent realized resources for reimbursables and user fees.

Business Systems Modernization Measures	**FY 2019 Actual**	**FY 2020 Actual**	**FY 2021 Actual**	**FY 2022 Actual**	**FY 2023 Actual**	**FY 2023 Target**	**FY 2024 Target**	**FY 2025 Target**
Percent of Major IT Investments within +/- 10% Cost Variance at the Investment Level	88.9%	84.2%	94.1%	81.3%	85.7%	90.0%	90.0%	90.0%
Percent of Major IT Investments within +/- 10% Schedule Variance at the Investment Level	88.9%	94.7%	100.0%	87.5%	92.8%	90.0%	90.0%	90.0%

*FY 2024 and FY 2025 targets assume all sources of available funding.

B – Business Systems Modernization

FY 2023-FY 2025 BSM & Operations Support IRA Mandatory Funding										
IT IRA by Strategic Objectives and Initiatives *Dollars in thousands*	Funding Category[1]	FY23 IRA Actuals			FY 2024 IRA			FY 2025 IRA		
		BSM	Operations Support	Total BSM and OS	BSM	Operations Support	Total BSM and OS	BSM	Operations Support	Total BSM and OS
	Capital	655,127	399,516	1,054,643						
	Support	361	56,099	56,460						
	Labor	67,671	11,586	79,257						
	FTE	301	52	353						
IRA Total		**$723,159**	**$467,200**	**$1,190,359**	**$1,771,434**	**$1,047,474**	**$2,818,908**	**$1,929,000**	**$1,158,983**	**$3,087,983**
IRA FTE Total		**301**	**52**	**353**						
Strategic Objective 1: Better taxpayer experience		216,929	57,788	274,717	585,282	106,362	691,644	390,031	105,020	495,051
Strategic Objective 2: Faster issue resolution						29,000	29,000		39,000	39,000
Strategic Objective 3: Smarter Enforcement		129	5,842	5,971	80,000	50,000	130,000	180,000	50,000	230,000
Strategic Objective 4: Advanced Technology and Analytics		506,101	299,489	805,590	1,056,152	497,567	1,553,719	1,308,969	620,123	1,929,092
Strategic Objective 5: Empowered Employees			104,081	104,081		339,545	339,545		319,840	319,840
Management Reserve					50,000	25,000	75,000	50,000	25,000	75,000
FY24 & FY25 IRA Total					**$1,771,434**	**$1,047,474**	**$2,818,908**	**$1,929,000**	**$1,158,983**	**$3,087,983**
Accessibility		272		272		3,000	3,000	3,000		3,000
Live Assistance		27,613	19,992	47,605	40,516	34,000	74,516	40,000	34,000	74,000
Digitalization		74,753	4,961	79,714	109,766	29,000	138,766	50,000	40,000	90,000
Business Online Account		33,031		33,031	130,000	9,600	139,600	70,000	10,520	80,520
Individual Online Account		55,538	651	56,189	162,000	2,500	164,500	75,000	2,500	77,500
Tax Professional Online Account		19,518		19,518	63,000	3,150	66,150	30,031	3,300	33,331
Direct File		1,339		1,339	50,000		50,000	75,000		75,000
Payments Modernization					10,000		10,000	17,000		17,000
Online Tools / Self-Service		4,865		4,865	20,000	3,500	23,500	30,000	4,000	34,000
Authentication, Authorization, and Access (A3)			32,184	32,184		21,612	21,612		10,700	10,700
Subtotal Strategic Objective 1: Better taxpayer experience		**$216,929**	**$57,788**	**$383,506**	**$585,282**	**$106,362**	**$691,644**	**$390,031**	**$105,020**	**$495,051**
Improve Penalty Administration						14,000	14,000		14,000	14,000
Modernized Correspondence, Notices, and Letters						15,000	15,000		25,000	25,000
Subtotal Strategic Objective 2: Faster issue resolution						**$29,000**	**$29,000**		**$39,000**	**$39,000**
Digital Asset and Cryptocurrency					30,000		30,000	30,000		30,000
Subtotal Strategic Objective 3: Smarter Enforcement		**$129**	**$5,842**	**$5,971**	**$80,000**	**$50,000**	**$130,000**	**$180,000**	**$50,000**	**$230,000**
Business Master File (BMF)		5,652		5,652	97,800		97,800	160,000	28,680	188,680
Enterprise Case Management (ECM)/Customer Relationship Management		67,272		67,272	237,000	16,825	253,825	299,969	19,050	319,019
Unified Intake Tax Processing					70,000		70,000	100,000		100,000
Individual Master File (IMF)		213,053		213,053	265,000	1,200	266,200	265,000	2,800	267,800
Integrated Data Retrieval System (IDRS) Modernization					45,000		45,000	100,000		100,000
Information Returns Modernization (IR MOD)			38,668	38,668		109,400	109,400		120,625	120,625
Advanced Analytics Platform		15,437		15,437	25,000		25,000	25,000	10,362	35,362
Common Enterprise Services		227		227	100,000		100,000	100,000		100,000
Enterprise Data Platform			53,178	53,178		80,014	80,014		95,676	95,676
Enterprise Tax Calculator System Provider (ETCSP)			4,553	4,553		20,000	20,000		22,030	22,030
IT Operations Transformation						15,800	15,800		15,800	15,800
IT Service Management (ITSM)			67,330	67,330		55,180	55,180		45,000	45,000
Network Modernization		3,000	83,760	86,760		113,468	113,468		120,800	120,800
Robotics Process Automation (RPA)		3,934	214	4,148	8,217	5,200	13,417	10,000	5,200	15,200
Portfolio Oversight/Common Services		64,436	27,198	91,634	55,150	25,000	80,150	55,000	25,000	80,000
Vulnerability and Threat Management		43,798		43,798	43,832	18,900	62,732	50,000	27,800	77,800
Identity and Access Management		74,501	24,589	99,090	89,064	34,780	123,844	109,000	64,100	173,100
Security Operations and Management		14,791		14,791	20,089	1,800	21,889	35,000	17,200	52,200
Subtotal Strategic Objective 4: Advanced Technology and Analytics		**$506,101**	**$299,489**	**$805,590**	**$1,056,152**	**$497,567**	**$1,553,719**	**$1,308,969**	**$620,123**	**$1,929,092**
Human Resource Information Technology (HRIT)			13,820	13,820		22,000	22,000		22,000	22,000
IRS Expansion			90,261	90,261		317,545	317,545		297,840	297,840
Subtotal Strategic Objective 5: Empowered Employees			**$104,081**	**$104,081**		**$339,545**	**$339,545**		**$319,840**	**$319,840**

FY 2023-FY 2025 BSM & Operations Support IRA Funding
Accessibility Implements technology enhancements to enable equal access to information, services, and documents including establishing multilingual standards, multilingual application refactoring and development, multilingual forms and notices, and automated translation.
Live Assistance Implement call center technologies to improve the taxpayer experience, this includes both taxpayer-facing capabilities and infrastructure improvement to support the capabilities. Enables real-time communication via a taxpayer's preferred channel and improves the experience through expanded self-service, using Natural Language Processing-enabled capabilities (ex. Chat and Voicebots) that create efficiencies and improves both the taxpayer and employee experience. The target state will provide seamless omni-channel taxpayer interaction, while providing IRS assistors with additional tools and resources to enhance productivity (Ex. Agent Desktop Modernization). Some examples of modernized call center technologies to improve taxpayer service are 1) cloud-based intelligent natural language processing voice automation services ("voicebots"), 2) new digital interaction services such as chatbots, live chat, click to call, and secure messaging services, and 3) and customer service agent tools to more effectively manage and address taxpayer service interactions.
Digitalization Enables taxpayers to file documents securely and exchange correspondence electronically. Increases digital intake of returns, correspondence, and other forms with secure connections, such as Document Upload Tool (DUT) and Modernized e-File (MeF) to back-end systems for faster processing and will enable the IRS to accept images of paper documents from taxpayers via mobile device or computer instead of by mail. Digitizes taxpayer correspondence via high volume scanning, data extraction, and error correction. Enables access to data in a digital format following intake submission for workstreams and capabilities that are not yet digitally available. The IRS will continue moving towards "paperless" operations by enabling an increase in e-filing, expanding the digital submission of correspondence, notice responses and non-tax forms, increasing the scanning of paper returns, correspondence and forms, further digitizing historical documents, and expanding the digital data delivery throughout the IRS.
Business Online Account Provides business taxpayers with a secure, integrated and personalized online experience with self-service capabilities (ex. preferences, tax records, notices, payments, messaging, document uploads, etc.) to more efficiently and effectively interact with the IRS as they would with other businesses and financial institutions. The implementation of additional enhancements in Business Online Account will support capabilities that will be extended to businesses like accessing transcripts and digital notices.
Individual Online Account Provides individual taxpayers with a secure, integrated and personalized online experience and self-service capabilities (ex. preferences, tax records, notices, payments, messaging, document uploads, etc.) to more efficiently and effectively interact with the IRS as they would with other businesses and financial institutions.
Tax Professional Online Account Provides tax professionals with a secure, integrated and personalized online experience with self-service capabilities (ex. preferences, tax records, notices, payments, messaging, document uploads, etc.) to more efficiently and effectively interact with the IRS as they would with other businesses and financial institutions.

FY 2023-FY 2025 BSM & Operations Support IRA Funding
Direct File Further expands the opportunity for taxpayers to file forms electronically through a common configurable Intake Platform and ability to electronically file directly with the IRS. Taxpayers will be provided with an expansion of secure electronic filing options for IRS documents that will speed processing and reduce paper filings as part of becoming fully digital and modernizing processes to improve the taxpayer experience and organizational efficiency.
Payments Modernization Establishes a modern Payments Platform to include all government approved payment options and a unified account experience for all taxpayers, entities and third parties to make payments under the IRS brand. Supports the ability to make payments through all channels with features such as scheduling future payments, saving payment information, and creating and revising payment plans. The IRS will enable taxpayers to make payments more easily and seamlessly through all service channels such as payment capabilities through the phone, with employees, and online for businesses and tax professionals.
Online Tools / Self-Service Modernizes existing (Ex. Integrated Customer Communication Environment (ICCE) applications like Where's My Refund) and builds new (Ex. accessing IRS data, expanded tracking/real-time status updates) online tools and self-service features integrated through Online Account. The IRS will modernize the back-end platforms for ICCE applications (Ex. Where's My Refund & Amended Return, IP Pin, Get Transcript) and expand the information made available to taxpayers to provide better insights to the status of their engagement with IRS.
Authentication, Authorization, and Access (A3) Modernizes existing (Ex. Integrated Customer Communication Environment (ICCE) applications like Where's My Refund) and builds new (Ex. accessing IRS data, expanded tracking/real-time status updates) online tools and self-service features integrated through Online Account. The IRS will modernize the back-end platforms for ICCE applications (Ex. Where's My Refund & Amended Return, IP Pin, Get Transcript) and expand the information made available to taxpayers to provide better insights to the status of their engagement with IRS.
Improve Penalty Administration Deliver and maintain modernized Identity, Credentialing, and Access Management (ICAM) capabilities in alignment with enterprise efforts, industry standards, best practices, and conforming to Executive/Legislative directives. Modernize IRS Digital Identity Services to decouple security from applications, implement Multi-Factor Authentication, and apply foundational Zero Trust Architecture capabilities.
Modernized Correspondence, Notices, and Letters Establishes a common service for digitally generating and distributing notices and letters to taxpayers. Generate correspondence, notices, and letters in print and digital formats. Transmits correspondences of all file type formats to downstream systems for printing or digital delivery and will be integrated with automated multilingual support.
Enterprise Case Selection Leverages the power of a new centralized anomaly detection platform for the IRS to better identify potential noncompliance, fraud, and unclaimed benefits earlier and enable notifications and/or case routing to most effective channels/workstreams. In FY 2025, the IRS will continue building out functionality to centralize case selection and anomaly detection capabilities into a modern cloud-based platform leveraging advanced analytic capabilities to improve the selection of compliance cases.

FY 2023-FY 2025 BSM & Operations Support IRA Funding
Legacy System Changes for Unified Compliance Organization Deliver technology capabilities required to establish a Unified Compliance Organization (UCO), including determining changes to IT compliance applications and systems needed for UCO stand-up, implementing changes to legacy IT systems to accommodate the UCO structure (when modernized solutions are not possible within required timeframes), retiring select legacy systems aligned to current business operating divisions' compliance functions, and re-skilling IT employees supporting compliance applications as necessary.
Digital Asset and Cryptocurrency Implements a technical solution to employ compliance processes, reporting requirements, and data analytics to properly report digital asset transactions and uncover transactions that crypto users assumed were hidden. In concert with IR Modernization cryptocurrency information reporting, the IRS will detect and deter cryptocurrency tax evasion with virtual currencies like Bitcoin and nonfungible tokens by employing data analytics and case selection for enforcement staff. The IRS will start to build the solution to leverage the digital asset data collected to identify potential non-compliance.
Business Master File (BMF) Delivers a modernized business taxpayer account enabling near real-time processing with a robust database for account posting, settlement and service-driven data access. Legacy BMF architecture (sequential batch processing) and code will be modernized through an event-driven architecture and near real-time processing and data access. BMF modernization will leverage an innovative approach informed by lessons learned from modernizing the IMF to deliver incremental modernized business tax account management capabilities such as event-driven near real-time processing and greater agility in addressing legislative changes.
Enterprise Case Management (ECM)/Customer Relationship Management (CRM) Establishes a single, modernized, enterprise case management system with access to taxpayer data and standard business processes across the IRS, consolidating capabilities from over 60 disparate systems. Implements a customer relationship management platform to manage IRS interactions and relationships with taxpayers. ECM will modernize case management processes and systems in a simplified technical environment to provide top quality service while empowering employees to resolve cases. ECM leverages an enterprise solution, including a CRM platform, for streamlining case and workload management, digitizes case information, provides business automation, and increases resource alignment across IRS, resulting in improved customer service, reducing the timeframe for case resolution, and enabling the retirement of legacy case management systems.
Unified Intake Tax Processing Transforms the legacy returns pipeline system (i.e., Generalized Mainline Framework – GMF, Error Resolution System - ERS, Generalized Unpostable Framework - GUF, Service Center Control File - SCCF) that validates and perfects tax returns, remittances, information returns and adjustments, to enable a common perfection and validation pipeline for tax returns and information returns to support near real-time tax processing. The IRS will start replacing legacy GMF functionality with modern common services to enhance the returns processing perfection functions and advance the IRS towards event-driven near real-time tax processing.
Individual Master File (IMF) Transforms the individual taxpayer account processing (i.e., update accounts, assess taxes, generate refunds) and data access. Enables more digital services for one-stop access to up-to-the-minute account information, improve access to individual taxpayer data and analytical capabilities, and provide more agility in delivering tax law changes and legislative mandates. This initiative completes the delivery of CADE2 to replace the IMF and the follow-on activities to replace the remaining components of IMF that deliver data throughout the IRS infrastructure.

FY 2023-FY 2025 BSM & Operations Support IRA Funding
Integrated Data Retrieval System (IDRS) Modernization Modernizes the complex IDRS ecosystem that acts as a central hub for Customer Service and Case Management business functions and other common services such as generating notices and correspondence. As the legacy IDRS system is consolidated and retired, this program will coordinate with other initiatives and various systems (e.g., ECM, CADE 2, Enterprise Data Platform) to provide comprehensive, modern solutions and a digital experience for IRS employees. The IRS will start delivering an incremental approach to modernize the IDRS capabilities through common services and collaboration with the supporting modernization programs (Ex. ECM for case management functionality).
Information Returns Modernization (IR MOD) Implements and maintains a modernized intake platform for the billions of information returns filed each year and expands 1099 reporting requirements to include cryptocurrency brokers. Modernize the end-to-end Information Return (IR) processing pipeline which is made up of the legacy intake systems.
Advanced Analytics Platform Implements a new platform to power advanced analytics and allow data scientists to create predictive models and algorithms to analyze data more efficiently with leading leading-edge trustworthy AI and other advanced analytics tools. Will enable IRS to adeptly apply data and analytics to strategically advance its mission capabilities, improve taxpayer service, and support voluntary compliance to narrow the tax gap. The outcome will enable the creation and deployment of different analytic use cases (Ex. high income and high wealth, partnerships, balance due, etc.) to identify noncompliance, appropriate treatments of noncompliance including interventions.
Common Enterprise Services Builds secure, reusable, and standardized services (code, APIs, data access services, etc.) to deliver IRS mission specific (Ex. Update Taxpayer Account, TIN Check, Perfect Address, etc.) and foundational technology (Ex. Single Sign-On, Logging, etc.) capabilities that will modernize and replace embedded logic currently provided within legacy systems and data connections. The IRS will start to build out new common enterprise services and prioritizing those that support the delivery of IRS IRA SOP commitments.
Enterprise Data Platform (EDP) Establish a state-of-the-art Data Integration, Data Access and Data Management platform which empower business users, IT developers, and data scientists to gain rapid, secure access to reliable, integrated tax administration data for analytical and operational usage and to develop and deliver trustworthy advanced analytics and Artificial Intelligence/Machine Learning (AI/ML) models. In addition, EDP will support modernized IT solutions with transactional data storage. EDP will integrate tax administration data to create a holistic view of the taxpayer and provide data access services; provide end users self-service analytics to make effective and agile data driven-decisions, streamline data operations using a scalable common services-based architecture to reduce time-to-insight, enable development of advanced analytics models and deliver AI based on enterprise IRS data for general use cases.

FY 2023-FY 2025 BSM & Operations Support IRA Funding
Enterprise Tax Calculator System Provider (ETCSP) Over time, this program will consolidate over 100 distinct and duplicative calculators embedded in more than a hundred applications and processes. These calculators require support from multiple application development teams implementing annual legislative and filing season updates. The Enterprise Tax Calculator Service (ETCS) will provide: Modernized, flexible, and scalable tax calculations for legacy and modernized processing systems; Accurate and consistent results to customers both internal and external and increased reusability using a Service Oriented Architecture.
IT Operations Transformation Transition IT Operations to a service-oriented model to introduce new services that align with customer expectations and business value. Establish robust and dependable systems to consistently deliver services, achieve comprehensive visibility into performance from the customers' standpoint, and to proactively identify potential issues which adversely affect the user experience.
IT Service Management (ITSM) ITSM will increase reliability of IT services through integrated IT platforms that provide a centralized, consistent view of IT and greater insights into root causes which expedites service restoration. The program will enrich customer and workforce experience through increased self-service and improved timeliness and availability of relevant information. ITSM will equip the workforce with knowledge and tools that enable preventative actions and increase responsiveness to incidents and enhance IT planning, operations and decision making through intelligent automation & orchestration and improved quality and relationships between different types of data. The program will accelerate delivery through automation of workflows and discovery for repeatable tasks.
Network Modernization Grow end user experience, enable auto remediation, and expand POD bandwidth: Automate recovery actions for the most common issues and actions based on severity, Track effectiveness of remediations over time, enable incident automation in ServiceNow. The long-term delivery strategy is to deploy the next generation network architecture supporting secure cloud communications. To establish the network resiliency, a future state architecture with Ultravailable Network (UVN) Ring to improve performance & resiliency across core networks will be implemented. Implement trusted access and secure communications by Future State Network Cloud Security Boundary with Enterprise Partner Zone (EPZ) Cloud to Cloud Secure Communication resulting in, “Secure Access Anytime, Anywhere, Any Device”
Robotics Process Automation (RPA) Establish a cloud-based robotics process automation (RPA) platform to implement automations of high-volume manual processes at scale. The IRS will implement additional RPA use cases through the cloud-based platform that will increase operational efficiency by automating manual processes and freeing up staff for more value-added activities.
Portfolio Oversight/Common Services 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.

FY 2023-FY 2025 BSM & Operations Support IRA Funding
Vulnerability and Threat Management Identifies and provides transparency for risks and potential threats to initiate remediation actions for proactive prevention of security incidents (Ex. security audit trails, data loss prevention). The IRS will improve its cyber threat response and remediation capabilities to reduce audit findings, complete the implementation of a new tool to automate the management of security assessments, project milestones, and risk posture reporting, enhance application security testing to identify and resolve vulnerabilities earlier in development, and expand automation for vulnerability detection and response.
Identity and Access Management Modernizes processes, technologies, and policies for managing digital identities and access controls for internal and external users resulting in continued protection of taxpayer data.
Security Operations and Management Provides advanced monitoring, fraud analytics, and incident response capabilities to reduce risk and ensure high availability of IRS systems, applications, and protected information.
Human Resource Information Technology (HRIT) Modernizes HR processes using a common platform with centralized HR information and new self-service, automation, and workflow capabilities consolidating legacy/siloed HR processes.
IRS Expansion Ensure all IRS expansion needs for hardware, software, services, and associated modernization needs are delivered to the enterprise on-time to enhance experience with the doubling of IRS employees over the next 9 years. Delivers secure enterprise tools to enable real-time IRS workforce collaboration, such as Microsoft 365 integrated tools (Ex. Teams, OneDrive, SharePoint). This will support IRS workforce expansion as well as establish additional communication channels and a method for real-time collaboration thereby improving the employee experience.

C – Changes in Performance Measures

In FY 2023, there were no changes to Performance Measures.

3.1 – Summary of Capital Investments

I. Introduction

The IRS's Capital Investment Strategy aligns with the agency's mission, IT mission, and IT vision, as well as the IRS IRA Strategic Operating Plan. These strategic documents set the direction for technology initiatives and IT investments aimed at achieving the agency's vision. In the context of the evolving IRS landscape, technology-enabled transformation plays a pivotal role in enhancing the taxpayer experience and overall tax administration.

The IRA funding has been instrumental in reshaping the IRS's operational framework, prompting a comprehensive review of planning and goals to align with the agency's desired changes and the expectations of taxpayers through technology enabled transformation.

In FY 2023, we upgraded technology at the IRS in ways that resulted in a dramatically improved 2023 filing season in addition to updating 20 IT systems to include enhanced capabilities for individual online account, launched virtual assistance, live chat and launched the first phase of business tax account that over time will allow business taxpayers to check their tax payment history, make payments, view notices, authorize powers of attorney and conduct other business with the IRS.

We took additional steps providing the IRS workforce with the right tools to meet our core mission of supporting taxpayers and the nation. Recognizing the importance of equipping employees with modernized technology solutions and services they need to fulfill the mission, IRS invested in new training programs, technology and smarter processes that enable employees to do their job better and improve their work life. Partnering with Human Capital Office (HCO), the Information Technology Academy (ITA) within the IRSU was stood up. The IT Academy is a key component to create career development for all employees performing IT related duties and responsibilities using an individualized approach.

Building on the successes of the FY 2023 filing season, marked by significant technological upgrades fueled by the Inflation Reduction Act (IRA) investments, the IRS is poised for continued transformation in FY 2024 and beyond.

As part of this transformative journey, a ten-year SOP has been established, outlining the IRS's commitment to adaptability, industry-leading technology adoption, and meeting evolving taxpayer needs in the dynamic digital landscape. The upcoming fiscal year will witness the IRS delivering on these commitments, leveraging advanced technology to further enhance the taxpayer experience and optimize tax administration processes.

II. IRS IRA SOP

The SOP charts our path forward as we continue updating the agency's technology base using the leading practices at home in America's top technology firms. The SOP outlines how we will deploy the investments in the IRA to better serve taxpayers, tax professionals, and the broader tax ecosystem, as outlined in the five objectives:

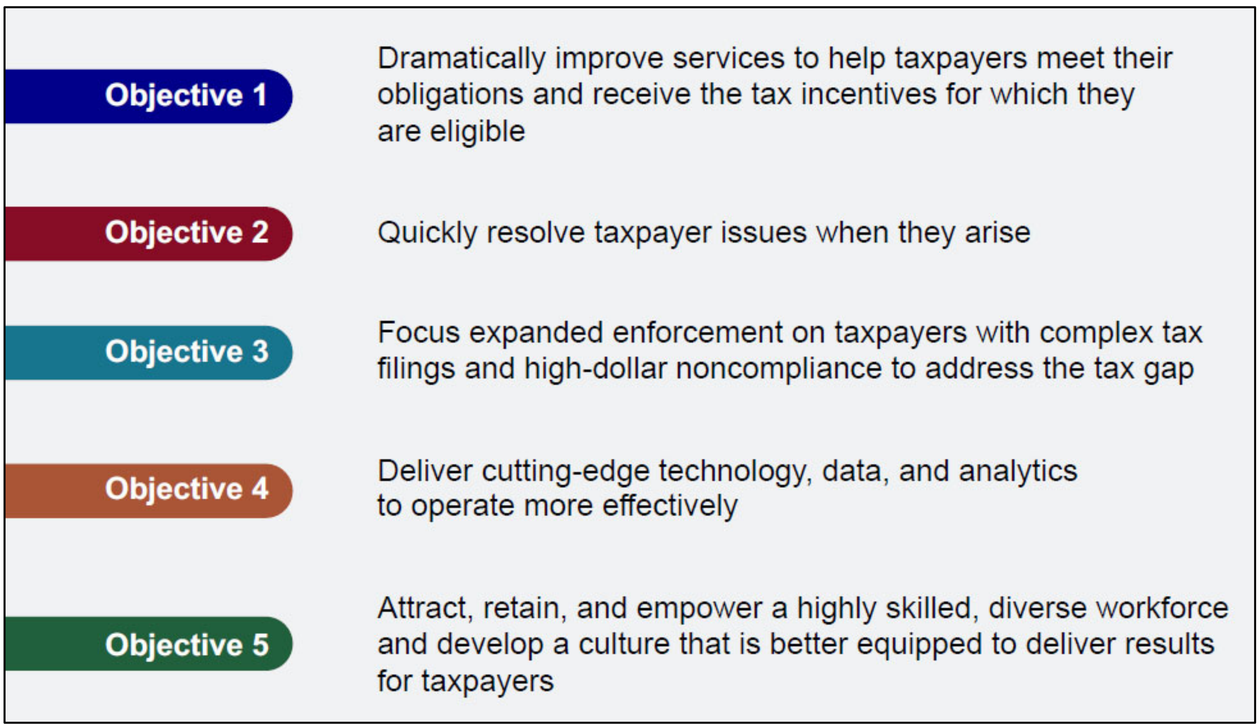


Figure 1 IRS IRA SOP five main objectives

SOP Objective 4: Deliver cutting-edge technology, data, and analytics to operate more effectively. IRS IT prioritizes technology advancements that enhance customer service and enforcement while safeguarding taxpayer information. Critical to our initiatives is the modernization of our aging IT infrastructure, currently one of the oldest in the federal government. The absence of standardized data storage hinders our ability to fully leverage available information. The IRA's funding provides the means to overhaul our technology infrastructure, facilitating sustained progress through stable funding. Our plan includes designing and implementing modern platforms centered on data and applications, integrating robust security controls. This approach aligns with Objectives 1, 2, 3, and 5, utilizing enterprise platforms and services for effective delivery in FY 2024.

The SOP also set the enterprise-wide technological priorities, which then inform the long-term technological vision published in the 1/2023 Enterprise Architecture and Roadmap (EAR).

III. Enterprise Architecture and Roadmap (EAR)

The Enterprise Architecture and Roadmap details both the envisioned target state of the IT ecosystem in support of the IRS business direction and the path forward to achieving that vision. This EAR depicts the adoption of advancing capabilities and the evolution of the system and technology ecosystem over time. It combines architectural visualizations and narrative discussion to describe the complex interrelationships between the envisioned business capabilities, data, applications, technologies, and infrastructure. As shown in Figure 2, the EAR is organized around the interrelated elements of the IRS Enterprise Architecture framework, 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 architecture planning and solutions development, and enable line of sight for evaluating investment proposals. The EAR is a living document that is continuously reviewed and updated as appropriate.

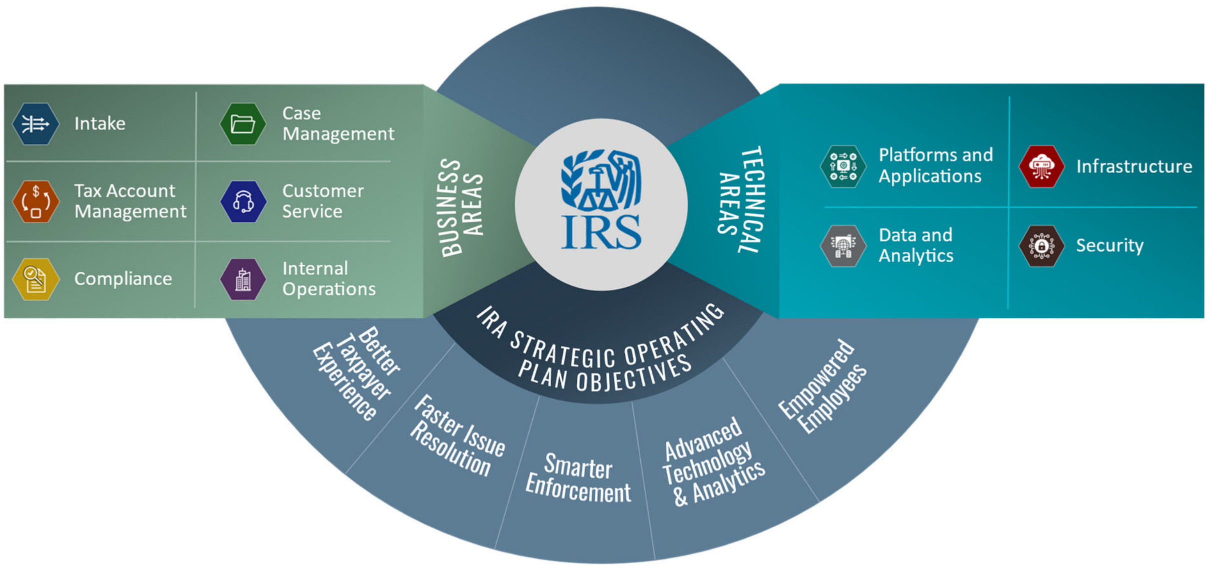


Figure 2 IRS Enterprise Architecture Framework

The Enterprise Target Reference Architecture depicts the target state of the IRS business and technical ecosystem, identifying the key capabilities within each Business and Technical Area, aligned within their respective Inflation Reduction Act (IRA) SOP objectives.

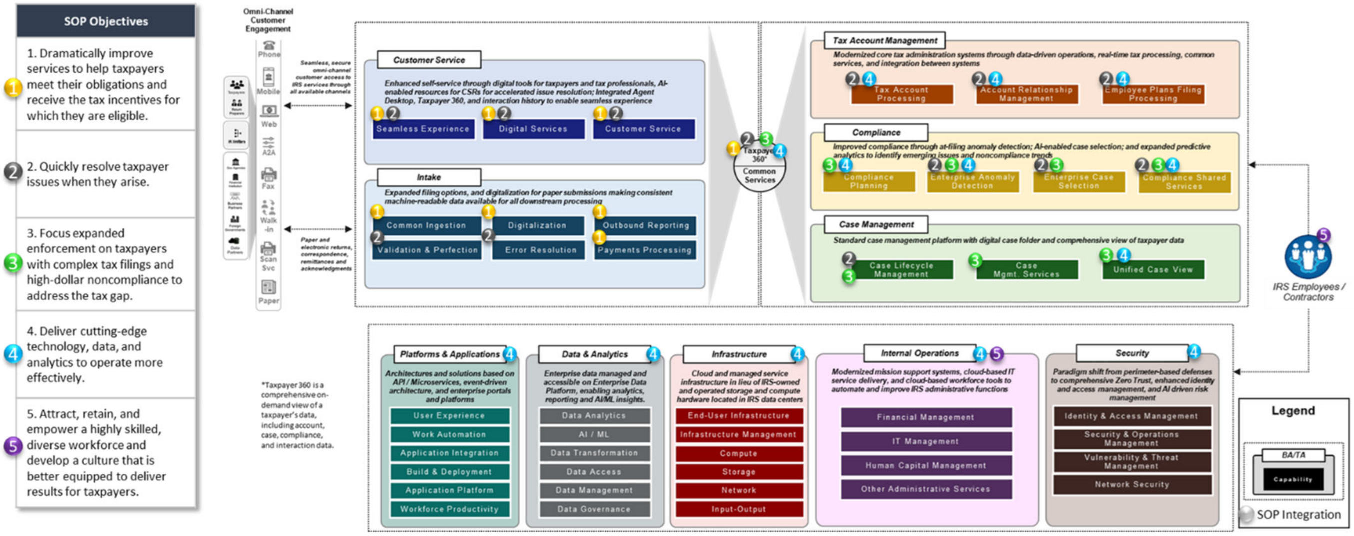


Figure 3 Enterprise Target Reference Architecture

In combination with the IRS IRA Strategic Operating Plan, the EAR captures the enterprise vision for the IRS IT environment and shows the evolution toward that vision over time. The IRS IT Transformation Portfolio, described in Section IV, highlights specific technology initiatives and IT investments that realize this vision.

IV. IRS IT Investment and Transformation Portfolio Overview

As the IRS transforms its technology capabilities and services provided to taxpayers, it restructured the Investment Portfolio to mirror how it will operate, enhance, and deliver IT for the future. The new structure represents the portfolio in an understandable manner by placing programs and projects within relatable categories that reflect the full lifecycle of the investment.

The IRS Capital Investment Plan (CIP) is available on the Department of the Treasury's website. The CIP reflects this new Investment structure. The CIP can be found here: Summary of Capital Investments

The new Investment categories and definitions are shown below, along with the applicable Transformation Programs that will deliver the IRA strategic goals and objectives:

Investment	Definition	IRA Transformation Programs
Filing & Intake	Filing & Intake includes the registration, ingestion, validation and perfection, error resolution, and payment processing of all inbound electronic and paper submissions, IRS correspondence and other inbound taxpayer information. This investment provides ingestion mechanisms for institutions to send data for IRS and provides up-front issue detection and resolution.	• Direct File • Digitalization • Real Time Tax Processing/GMF Modernization • Information Returns (IR) Modernization
Tax Account Management	Tax Account Management processes all creations, updates, and deletions for a variety of tax filing entities. Additionally, it maintains centralized access to billions of tax records and provides critical account services to process tax returns, payments and fees, and other types of financial transactions. Tax Account Management supports the other business areas by providing the ability to access and update the taxpayer account data necessary to investigate, respond to, and resolve taxpayer account issues, provide refunds for disbursement, issue notices and transcripts, etc.	• Business Master File (BMF) Modernization • Individual Master File (IMF) Modernization (includes CADE 2) • Enterprise Tax Calculator System
Compliance	Compliance includes the collection, examination, appeals, and criminal enforcement functions, with key activities that include forecasting potential non-compliance issues, performing pre-filing preventive treatment, case prioritization models and algorithms, performing filing, payment and reporting compliance actions, and investigating criminal violations of the tax law.	• Enterprise Case Selection/Enterprise Anomaly Detection • Crypto Currency Compliance • Legacy Systems Changes for Unified Compliance Organization (UCO)

Investment	Definition	IRA Transformation Programs
Case Management	Case Management includes case initiation, case work (selection, assignment, administration, tracking, and closure), and case reporting and analytics to resolve a broad range of cases that now require a combination of IRS business personnel and electronic workflows. This investment covers a cross-cutting business area that comprises of policy, programmatic, and managerial support functions necessary to IRS operations for cases that could originate in other business areas.	• IDRS Modernization • Enterprise Case Management
Digital Services	Digital Services includes the self-service and online options which allow taxpayers and external stakeholders to interact on the web via IRS websites and web applications.	• Online Accounts – Individual, Tax Professional, and Business • Online Tools/Self-Service • Forms Modernization
Engagement Channels	Engagement Channels encompasses the interactions between IRS support systems and taxpayers or other external stakeholders, including over the phone, via chatbot, and through physical or digital notices.	• Live Assistance • Modernized Correspondence, Notices and Letters
Internal Operations	Internal Operations defines enterprise-wide administrative systems related to workforce support, human capital management, accounting, financial management, procurement, facilities, and travel.	• IT Service Management • Modernization of Automated Background Info System (ABIS) • Human Resources IT • Modernized Accounting and Financial Systems
Enterprise IT Management	Enterprise IT Management involves the overall management, strategy, and planning of enterprise IT, including enterprise architecture, IT finance, and vendor management.	• IRA Mod PMO • IRA Mod Sequencing and Roadmap • IRA Mod Operational Program/Project Support
Platforms & Applications	Platforms and Applications addresses the architectures, technologies, and platforms that the IRS uses to create, deliver and deploy new enterprise applications – including API/Microservices, web and mobile platforms, event-driven architecture, messaging and streaming middleware, application frameworks and environments, machine learning/AI, data analytics, and continuous integration / continuous deployment tools.	• Robotics Process Automation • Enterprise Data Platform • Advanced Analytics Platform

Investment	Definition	IRA Transformation Programs
Cybersecurity	Cybersecurity encompasses the architectures, standards, technologies, and mechanisms used to protect and defend all aspects of the IRS IT ecosystem. It includes zero-trust network architecture, designed-in security, monitoring and auditing, threat mitigation and response, pervasive encryption, data loss prevention, failover, disaster recovery, and secure cloud/internet provider connections.	• Authentication, Authorization, Access (A3) • Identity & Access Management • Network Security • Vulnerability & Threat Management • Security Operations Management
User Services	User Services encompasses the IRS employee experience. This will include any IRS GFE and shared tools for collaboration, communication, or productivity, as well as input-output services such as printing and scanning.	• IRS Expansion
Network Services	Network Services includes IRS network spending, for onsite, remote, and cloud networks. This investment describes all necessary spending to create and maintain these networks (including any hardware or network-related software), as well as any telecommunications spending.	• Network Modernization • IRS Expansion - Network
Infrastructure Management	Infrastructure Management describes IRS IT infrastructure, both in the Cloud and on-premises. This investment includes the configurations, monitoring, and physical or Cloud-based construction of IRS IT Infrastructure.	• Cloud • IRS Expansion - Infrastructure
Compute Services	Compute Services contains spending for all IRS compute resources, whether physical or cloud based. Any serverless/containerized/virtualized compute will be included to go along with physical compute resources. All spending on operating systems will also be reported with this Investment.	• N/A
Storage Services	Storage Services includes IRS spending for all systems of data storage and data encryption. Reported with this Investment is spending on cloud-based storage, physical storage resources, and archive/backup systems for disaster recovery.	• N/A

Figure 4 New Investment Categories and Definitions

3.2 – IRS Performance Measures Table

Performance Measures	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY 2023 Actual	FY2023 Target	FY2024 Target*	FY2025 Target*
Customer Service Representative (CSR) Level of Service (LOS)[1]	65.4%	53.1%	18.5%	17.4%	51.8%	60.0%	60.0%	60.0%
Total Ending Inventory (Thousands) (New FY 2022)[2]	1,100	1,100	4,100	2,156	2,923	Indicator	Indicator	Indicator
Percent of Closures to Receipts (New FY 2022)[2]	92.7%	99.6%	71.9%	116.4%	93.8%	Indicator	Indicator	Indicator
LOS(A) (New FY 2023)[2]	79.2%	71.6%	38.2%	39.3%	66.4%	Baseline	65.0%	65.0%
Customer Accuracy - Tax Law (Phones)	91.6%	91.0%	92.8%	92.0%	91.4%	87.0%	89.0%	89.0%
Customer Accuracy - Accounts (Phones)	94.3%	93.5%	93.0%	91.8%	89.2%	87.0%	89.0%	89.0%
Timeliness of Critical Individual Filing Season Tax Products to the Public	92.6%	78.4%	92.0%	96.4%	96.4%	83.0%	89.0%	89.0%
Timeliness of Critical TE/GE & Business Tax Products to the Public	96.1%	96.0%	92.9%	96.0%	86.5%	85.0%	87.0%	87.0%
Enterprise Self-Assistance Participation Rate	85.4%	90.6%	92.3%	93.9%	94.2%	94.0%	94.0%	94.0%
Taxpayers Satisfied with the IRS (based on 100 point scale)[3]	73	74	70	69	TBD[3]	Indicator	Indicator	Indicator
Examination Efficiency - Individual	109	76	108	101	103	92	106	107
Time to Start Compliance Resolution (new FY 2020)[2]	60.9%	66.3%	66.0%	68.0%	72.0%	Indicator	Indicator	Indicator
Time to Resolve Compliance Issue After Filing (new FY 2020)[2]	469	491	484	404	372	Indicator	Indicator	Indicator
Repeat Non-Compliance Rate (new FY 2020)[2]	31.4%	35.6%	30.7%	28.1%	18.9%	Indicator	Indicator	Indicator
Collection Coverage	41.3%	34.9%	41.2%	38.3%	34.9%	33.4%	40.7%	39.1%
Exam Starts - High Income Individuals (new FY 2021)[2,4,5]	2,108	2,693	2,227	3,625	4,326	3,817	4,398	3,848
Exam Starts - Partnerships (new FY 2021)[2,4,6]	5,823	4,106	4,327	3,155	6,709	8,852	4,074	5,215
Exam Starts - Large Corporations (Assets>=$250M) (new FY 2021)[2,4,7]	2,009	1,700	1,490	1,365	1,400	1,121	1,250	1,375
Cost to Collect $100	$0.33	$0.35	$0.33	$0.29	$0.34	Indicator	Indicator	Indicator
Criminal Investigations Completed[8]	2,797	2,624	2,766	2,552	2,584	2,500	2,500	2,500
Conviction Rate	91.2%	90.4%	89.4%	90.6%	88.4%	92.0%	92.0%	92.0%
Rentable Square Feet per Person	298	278	278	264	248	261	238	221
Percent of Aged Hardware[9]	31.0%	16.0%	9.3%	7.1%	19.9%	20.0%	20.0%	20.0%
Percent of Major IT Investments within +/- 10% Cost Variance at the Investment Level	88.9%	84.2%	94.1%	81.3%	85.7%	90.0%	90.0%	90.0%
Percent of Major IT Investments within +/- 10% Schedule Variance at the Investment Level	88.9%	94.7%	100.0%	87.5%	92.8%	90.0%	90.0%	90.0%

*FY 2024 and FY 2025 targets assume all sources of available funding.

1 The CSR LOS includes toll-free telephone lines answered by Accounts Management assistors only. IRS will strive to achieve an 85 percent LOS during individual filing season.

2 Historical data provided for comparative purposes.

3 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. For 2023, there will be updates to the methodology. The final results are undergoing review and are not yet available.

4 This measure was an indicator in FY 2022 and transitioned to a measure with a target starting in FY 2023.

5 Audits of high-income individuals may take a revenue agent upwards of 250 hours to complete.

6 Due to the timing of hiring and the start date of the lengthy training cycle, the impact of hiring on performance is not immediate.

7 The impact of hiring on performance is not immediate due to required training for new Revenue Agents and the average case cycle time of about 36 months for these large corporations.

8 The impact of hiring on performance is not immediate due to required academy and on-the-job training (6+ months) as well as the average cycle time it takes to complete an investigation (400-500 days).

9 Target based on industry standard.

Budget Level Performance Measure Descriptions	
Customer Service Representative (CSR) Level of Service (LOS)	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.
Total Ending Inventory	The total number of accounts management and correspondence work to be processed in inventory.
Percent of Closures to Receipts	The number of adjustment cases closed compared to the number received.
LOS(A)	The relative success rate of taxpayers that call seeking assistance from IRS and receive a response to their inquiry by an assistor or through automated responses 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 a large number of filers to prepare a complete and reasonably accurate Individual Income Tax Return.
Timeliness of Critical TE/GE and 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.).
Enterprise Self-Assistance Participation Rate (ESAPR)	The percentage of taxpayer assistance requests resolved using self-assisted automated services.
Taxpayers Satisfied with the IRS	The score 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 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.
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	The volume of collection work disposed compared to the volume of collection work available.
Exam Starts – High Income Individuals	The number examinations started during the fiscal year of individuals with a total positive income of $10 million and above. Total positive income is the sum of all positive amounts shown for the various sources of income reported on the individual income tax return, and thus excludes losses.
Exam Starts – Partnerships	The number of partnership examinations started during the fiscal year.
Exam Starts – Large Corporations (Assets>=$250M)	The number examinations started during the fiscal year of large corporate returns reporting assets of $250 million and above.
Cost to Collect $100	The cost of collecting $100 is computed as total operating costs divided by gross collection multiplied by 100. Operating costs are comprised of items charged to discretionary appropriations, mandatory appropriations, and user fees. This includes costs charged to the Inflation Reduction Act (IRA), (P.L. 117-169) which was enacted August 12, 2022.
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 percentage of all information technology hardware in operation that is past its useful life.
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.

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

The actual cost and actual revenue collected for FY 2019 through FY 2023 for the three major enforcement programs, Examination, Collection, and Automated Underreporter (AUR) are provided below. The following activities are included:

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 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, Field Collection, and Payment Compliance/Correspondence Collection.

Automated Under Reporter (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, this data reflects the average return on investment for these programs and does 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.

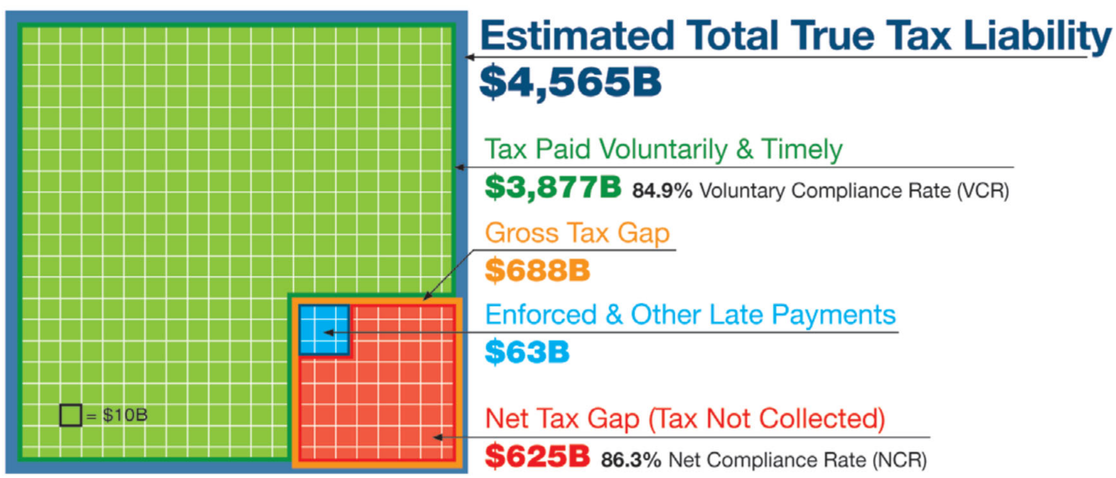
Dollars in Millions

	FY 2019			FY 2020			FY 2021			FY 2022			FY 2023		
Enforcement Program	**Cost[1]**	**Revenue**	**ROI**	**Cost[1]**	**Revenue**	**ROI**	**Cost[1]**	**Revenue**	**ROI**	**Cost[1]**	**Revenue**	**ROI**	**Cost[1]**	**Revenue**	**ROI**
IRS Total	**$5,439**	**$57,523**	**10.6**	**$5,560**	**$51,084**	**9.2**	**$5,634**	**$74,999**	**13.3**	**$5,969**	**$72,366**	**12.1**	**$6,419**	**$86,051**	**13.4**
Examination	3,581	10,877	3.0	3,750	8,253	2.2	3,792	11,275	3.0	4,000	9,170	2.3	4,429	12,246	2.8
Collection	1,631	41,793	25.6	1,616	38,948	24.1	1,593	57,834	36.3	1,741	57,874	33.2	1,762	69,769	39.6
Automated Underreporter (AUR)	226	4,853	21.5	194	3,884	20.0	249	5,889	23.7	228	5,323	23.4	227	4,036	17.7

[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 Technology and Operation Support appropriation prorated using actual FTE realized for each major enforcement program.

The Inflation Reduction Act and ROI

Given the extraordinary investment from the IRA, the IRS is reexamining its Return On Investment calculations. To illustrate this point, the figure below, taken from the 2020–2021 Tax Gap Analysis, shows how much tax revenue comes into the Treasury timely (without any enforcement action by the IRS), how much comes in late or with some IRS enforcement engagement with the taxpayer, and how much tax revenue the IRS estimates is not collected.[2] The large majority of the Estimated Total True Tax Liability of $4,565—$3,877 billion or 85.0 percent—is paid voluntarily and timely. The remaining $688 billion or 15 percent constitutes the gross tax gap: the difference between taxes owed and taxes paid. Revenue from IRS enforcement efforts meaningfully reduces the tax gap but contributes a fraction of the total, $63 billion or 1.4 percent.



As the IRS works to implement the IRA SOP, it is making improvements in the taxpayer experience, with better customer service, clearer guidance, and expanded use of technology. These changes have prompted the IRS to reexamine its enforcement–centric methodology for estimating revenue generated by investments. Current ROI estimates are limited to revenue generated by enforcement staff. The Tax Gap Analysis above illustrates that enforcement is only a small piece of the whole picture. Enforcement based estimates miss the potentially

[2] Internal Revenue Service. (2023) *Federal Tax Compliance Research: Tax Gap Projections for Tax Years 2020 and 2021* (*Publication 5869*), https://www.irs.gov/pub/irs-pdf/p5869.pdf.

considerable revenue effects of IRA SOP investments on voluntary compliance, as well as the impact of deterrence effects on taxpayer behavior.[3]

In the coming years, the IRS will explore methods for estimating revenue in previously unexamined areas, to expand its understanding of the effect IRS investments on government revenue. Developing a more holistic view of the revenue effects of our investments will help the IRS invest in the right places. This work will also illustrate the true benefit to the nation's finances if IRA resources are extended. Section 3.4 describes the IRS proposal for this extension and includes some modest improvements to our ROI estimate that have already been identified.

[3] The deterrence effect of compliance activities on taxpayer behavior refers to the reduced likelihood of tax evasion or avoidance due to the presence and actions of the IRS, such as audits, penalties, and enforcement actions, which create a perceived risk of detection and punishment.

3.4 – Policy Proposal to Extend Inflation Reduction Act Funding

The IRS proposes to extend IRA funding through FY 2034, with new resources beginning in FY 2026 for enhanced taxpayer assistance and technology. This proposal will address the IRA funding “cliffs” that will begin to occur after FY 2025 when all resources in the IRA Taxpayer Services and Business Systems Modernization accounts will be exhausted.

Additional investments to continue transforming the IRS in FY 2026 and beyond are projected to generate approximately $341 billion in revenue through FY 2034, while ensuring taxpayers have the services they want when they want them, equitable enforcement activities that minimally burden taxpayers, and effective prevention of tax schemes, scams, and fraud. In this proposal, these estimates assume a $20.2 billion rescission in IRA is replaced with additional mandatory resources.

Cost $ in Millions	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2025 - FY 2034 Total
Taxpayer Services	1,704	1,878	1,913	1,948	1,985	2,022	2,060	2,098	2,138	17,744
Enforcement				1,268	9,611	11,671	11,896	12,126	12,360	58,932
Technology and Operations Support				209	2,848	4,831	5,244	5,289	5,335	23,757
BSM	969	944	264	269	274	279	285	290	295	3,869
Total	**2,672**	**2,822**	**2,177**	**3,694**	**14,718**	**18,803**	**19,484**	**19,803**	**20,128**	**104,302**

Revenue $ in Millions	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2025 - FY 2034 Total
Total Estimated Revenue + Specific Deterrence				**3,046**	**42,692**	**60,911**	**70,717**	**80,000**	**83,647**	**341,013**

Before the enactment of the IRA, the IRS’s operating budget fell by 18 percent in inflation-adjusted dollars between 2010 and 2021 while the number of returns filed increased by 13 percent. This underfunding led to low levels of service and antiquated technology that failed to keep pace with the digital age. The lack of investment also resulted in a significant reduction in examination coverage, especially for large corporations and high-income individuals.[4] In addition, with the number of partnership returns growing by more than 30 percent during this period, the IRS was only able to audit 0.07 percent of partnership returns filed for tax year 2018.

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The funding provided by the IRA will enable transformative improvements in all facets of tax administration over the next several years. As outlined in the *IRA Strategic Operating Plan*[5] (SOP) released by the IRS in April 2023, the funding will allow the IRS to dramatically improve customer service, modernize decades-old computer systems, and improve enforcement with respect to complex partnerships, large corporations, and high-income individuals. Together, this transformation will help ensure a fairer and more efficient tax system and reduce the country’s sizable tax gap, projected to be $688 billion in tax year 2021.

Already, the IRA has resulted in tangible benefits for taxpayers and tax administration. The IRS achieved significantly improved service in filing season 2023 at an 87 percent Level of Service on its main taxpayer help line and cut phone wait times to three minutes from 28 minutes. Since the enactment of the IRA, the IRS has opened or reopened 54 Taxpayer Assistance Centers as of January 2024 to provide more in-person help to taxpayers. In addition, the IRS launched a

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[4] https://www.cbo.gov/system/files/2020-07/56422-CBO-IRS-enforcement.pdf
[5] https://www.irs.gov/pub/irs-pdf/p3744.pdf

paperless processing initiative, enabling taxpayers to reply to more forms and letters online. To ensure large corporate, complex partnership, and high-income individual filers pay the taxes they owe, the IRS has sent compliance alerts to large foreign corporations, expanded its Large Corporate Compliance program, leveraged artificial intelligence to ramp up audits of large partnerships, and recovered over half a billion dollars from individual taxpayers with more than $1 million in income who were delinquent on their tax debt.

Long-term funding is essential for IRS planning, especially to transform taxpayer services, modernize its systems, and hire and train top talent to take on the most complex tax administration tasks, such as audits of complex partnerships and large corporations. Without further legislative action, the agency will be confronted with depleted IRA funding for the investments in taxpayer services and technology modernization in fiscal year 2026. There will also be an abrupt and severe decline in the IRS's enforcement budget beginning in fiscal year 2030, which would force the IRS to cut back on audits of large corporations, high-income individuals, and complex partnerships and thereby increase the deficit.

Section IV – Appendix

4.1 – Summary of IRS FY 2025 Cybersecurity Budget Request

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

Bureau: Internal Revenue Service	TAXPAYER SERVICES		ENFORCEMENT		TECHNOLOGY and OPERATIONS SUPPORT		TOTAL	
Summary of FY 2025 Cybersecurity Request	**$000**	**FTE**	**$000**	**FTE**	**$000**	**FTE**	**$000**	**FTE**
FY 2024 Assumed Enacted	**$99,064**	**36**	**$26,709**	**94**	**$191,786**	**494**	**$317,559**	**623**
Changes to Base:								
FY 2025 Maintaining Current Levels (MCLs)	**$2,741**		**$683**		**$4,812**		**$8,236**	
Pay Annualization (5.2% average pay raise)	111		201		1,244		1,556	
Pay Raise (2.0% average pay raise)	129		235		1,454		1,818	
Non-Pay (2.2%)	2,501		247		2,114		4,862	
Savings/Efficiencies	**($2,741)**		**($683)**		**($4,812)**		**($8,236)**	
Staff Attrition to Offset Unfunded FY 2025 MCLs	(2,741)		(683)		(4,812)		(8,236)	
Subtotal FY 2025 Changes to Base								
FY 2025 Current Services	**$99,064**	**36**	**$26,709**	**94**	**$191,786**	**494**	**$317,559**	**623**
Total FY 2025 Request	**$99,064**	**36**	**$26,709**	**94**	**$191,786**	**494**	**$317,559**	**623**

4.2 – Summary of IRS FY 2025 Budget Request

FY 2025 IRS Budget Request	TAXPAYER SERVICES		ENFORCEMENT		TECHNOLOGY and OPERATIONS SUPPORT		TOTAL	
	$000	**FTE**	**$000**	**FTE**	**$000**	**FTE**	**$000**	**FTE**
FY 2024 Annualized CR	**$2,780,606**	**24,737**	**$5,437,622**	**30,576**	**$4,100,826**	**10,443**	**$12,319,054**	**65,756**
Changes to Base:								
FY 2025 Maintaining Current Levels (MCLs)	**$77,881**		**$150,084**		**$101,586**		**$329,551**	
Pay Annualization (5.2% average pay raise)	31,184		63,910		23,856		118,950	
Pay Raise (2.0% average pay raise)	36,450		74,702		27,884		139,036	
Non-Pay (2.2%)	10,247		11,472		49,846		71,565	
Subtotal FY 2025 Changes to Base	**77,881**		**150,084**		**101,586**		**329,551**	
FY 2025 Current Services	**$2,858,487**	**24,737**	**$5,587,706**	**30,576**	**$4,202,412**	**10,443**	**$12,648,605**	**65,756**
Program Changes:								
Program Decrease	**($77,881)**	**(776)**	**($150,084)**	**(811)**	**($101,586)**	**(161)**	**($329,551)**	**(1,748)**
Staff Attrition to Offset Unfunded FY 2025 MCLs	(77,881)	(776)	(150,084)	(811)	(101,586)	(161)	(329,551)	(1,748)
Subtotal FY 2025 Program Changes	**($77,881)**	**(776)**	**($150,084)**	**(811)**	**($101,586)**	**(161)**	**($329,551)**	**(1,748)**
Total FY 2025 Request	**$2,780,606**	**23,961**	**$5,437,622**	**29,765**	**$4,100,826**	**10,282**	**$12,319,054**	**64,008**
Dollar/FTE Change FY 2025 Request over FY 2024 Annualized CR		(776)		(811)		(161)		(1,748)
Percent Change FY 2025 Request over FY 2024 Annualized CR		-3.14%		-2.65%		-1.54%		-2.66%

Department of the Treasury
Departmental Offices
Salaries and Expenses

Congressional Budget Justification and Annual Performance Plan and Report

FY 2025

Table of Contents

Section I – Budget Request

A – Mission Statement

To maintain a strong economy by promoting conditions that enable equitable and sustainable economic growth at home and abroad, combating threats to, and protecting the integrity of, the financial system, and managing the U.S. government's finances and resources effectively.

B – Summary of the Request

The President's FY 2025 budget for Treasury Departmental Offices (DO) Salaries and Expenses (SE) provides necessary resources for the Treasury Department to address major issues confronting the U.S. economy and to continue rebuilding Treasury's institutional capacity within core policy offices. Funding is requested to support the administration of Treasury's Outbound Investment Security Program, a national security initiative to review investments that U.S. firms make outside of the United States; initial costs to support Treasury's role in hosting the G20 summit in the United States in 2026; critical needs for continued support of priority national and economic security issues, including continued support for Ukraine and work on Russia sanctions; the sustainment of critical policy and management work needed to maintain a strong economy; the continued work in advancing equity and ensuring that historically underserved communities, including rural communities, reach their full economic potential; an initiative to support implementation of the Evidence Act; and, the administration of an Office of the Chief Artificial Intelligence Officer (CAIO) and development of an enterprise-wide Artificial Intelligence (AI) strategy to advance responsible innovation in AI, strengthen AI governance, and manage risks from the use of AI. In addition to these requested increases, DO anticipates transferring in and executing $16 million from the $21 million request of the Committee on Foreign Investment in the United States (CFIUS) Fund, discussed separately in the CFIUS Congressional Budget Justification.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2023 Operating Plan[1]		FY 2024 Annualized CR		FY 2025 Request		FY 2024 to FY 2025 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Executive Direction	119	$43,246	134	$48,774	147	$53,137	9.7%	8.9%
International Affairs and Economic Policy	185	$66,979	189	$62,323	216	$85,606	14.3%	37.4%
Domestic Finance and Tax Policy	286	$103,027	278	$98,341	281	$100,640	1.1%	2.3%
Treasury-wide Management and Programs	103	$41,392	101	$41,729	109	$49,708	7.9%	19.1%
Committee on Foreign Investment in the United States	58	$19,238	95	$22,715	95	$23,203	0.0%	2.1%
Subtotal New Appropriated Resources	**751**	**$273,882**	**797**	**$273,882**	**848**	**$312,294**	**6.4%**	**14.0%**
Other Resources								
Reimbursables	44	$12,863	41	$12,000	41	$12,000	0.0%	0.0%
Transfers from CFIUS Fund	30	$16,000	27	$16,000	43	$16,000	59.3%	0.0%
IRA Funding Usage	30	$10,548	77	$27,349	67	$24,382	-13.0%	-10.8%
Subtotal Other Resources	**104**	**$39,411**	**145**	**$55,349**	**151**	**$52,382**	**4.1%**	**-5.4%**
Total Budgetary Resources	**855**	**313,293**	**942**	**$329,231**	**999**	**$364,676**	**6.1%**	**10.8%**

[1]FY 2023 Other Resources and Full-time Equivalents (FTE) reflect actuals. Table excludes Ukraine Supplemental funding, including FTE supported by Ukraine supplemental funding in FY 2023, and programs executed through the Office of Capital Access (i.e., State and Local Fiscal Recovery Funds, Capital Projects Fund, Homeowners Assistance Fund, Emergency Rental Assistance, State and Small Business Credit Initiative, Emergency and Capital Investment Program).

1.1.1 – IRA Resource Detail Table

Dollars in Thousands

Budgetary Resources	FY 2022 Enacted	FY 2022 Actuals Obligations	FY 2023 Actual Obligations	FY 2024 Estimated Obligations	FY 2025 Estimated Obligations
Inflation Reduction Act Oversight and Implementation	$50,000	$0	$5,530	$9,970	$8,864
Additional Tax Regulatory Work	$104,534	$0	$5,018	$17,379	$15,518
Total IRA Resources	$154,534	$0	$10,548	$27,349	$24,382
FTE		**0**	**30**	**77**	**67**

Note: Outyear spending is expected to taper down as IRA programs sunset.

The Inflation Reduction Act of 2022 (P.L. 117-169) (IRA) provided $104,533,803 in mandatory funding to the Office of Tax Policy (OTP) to improve regulatory output, and $50,000,000 in mandatory funding to provide associated oversight and implementation support for modernization efforts at the IRS. In FY 2023, OTP increased regulatory staffing to publish more guidance clarifying the tax code. In FY 2024, OTP will continue to increase staffing to address the regulatory backlog. IRA oversight and implementation support will be carried out in the Office for the Assistant Secretary for Management (ASM), in coordination with the Office of the Deputy Secretary. Additional information on the utilization of IRA funding is included in Section II below.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2024 Annualized CR	**797**	**$273,882**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$7,383
Pay Annualization (2024 5.2% average pay raise)	0	$2,109
Pay Raise (2025 2.0% average pay raise)	0	$2,466
Non-Pay (2025 2.2% non-pay inflation)	0	$2,808
Subtotal Changes to Base	0	$7,383
FY 2025 Current Services	**797**	**$281,265**
Program Changes:		
Program Increases:	51	$31,029
Outbound Investment Review	15	$16,700
Initial Costs for Hosting 2026 G20 Summit in the United States	6	$1,895
Funding for Ukraine and International Financial Sector Support	5	$2,048
Support for Critical DO Policy and Management Functions	9	$2,358
Advancing Equity for All and Supporting Underserved Rural and Other Disadvantaged Communities	9	$1,952
Evidence Act Implementation	2	$1,076
Advancing Governance, Innovation, and Risk Management for Treasury Use of Artificial Intelligence	5	$5,000
Subtotal Program Changes	51	$31,029
FY 2025 President's Budget Request	**848**	**$312,294**

C – Budget Increases and Decreases Description
Maintaining Current Levels (MCLs) ....+$7,383,000 / +0 FTE
Pay Annualization (5.2% in 2024) +$2,109,000 / +0 FTE
Funds are requested for annualization of the January 2024 5.2% average pay raise.

Pay Raise (2.0% in FY 2025) +$2,466,000 / +0 FTE
Funds are requested for a 2.0% average pay raise in January 2025.

Non-Pay (2.2% in FY 2025) +$2,808,000 / +0 FTE
Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Program Increases ....+$31,029,000 / +51 FTE
Outbound Investment Review +$16,700,000 / +15 FTE
On August 9, 2023, President Biden issued Executive Order (E.O.) 14105 to address the national security threat to the United States posed by countries of concern that seek to develop and exploit sensitive or advanced technologies and products critical for military, intelligence, surveillance, or cyber-enabled capabilities. This required Treasury to establish a targeted outbound investment review program. Further, the Joint Explanatory Statement accompanying the Consolidated Appropriations Act, 2023, P.L. 117-328, included report language that encouraged Treasury to establish a targeted outbound investment review mechanism. The requested FY 2025 funding would allow Treasury to establish a program to address national security concerns arising from outbound investments from the United States into sensitive technologies that could enhance the technological capabilities of countries of concern in ways that threaten U.S. national security. As currently contemplated, the program would be implemented and administered by Treasury, in coordination with multiple stakeholder federal agencies, and focus on investments that result in the advancement of military and dual-use technologies by countries of concern but are of a nature that they are not presently captured by export controls, sanctions, or other related authorities. Rule-making processes are underway with expected implementation and administration of the program to begin in earnest in FY 2025, including data management systems and associated staffing resources.

Initial Costs for Hosting 2026 G20 Summit in the United States +$1,895,000 / +6 FTE
In 2026, the United States will host the G20 Summit. The work of the finance minister and central bank governors for the Summit includes the primary deliverables for the Summit and will be at the forefront of the global responses on crises ranging from pandemics to war and conflict, to debt issues. The G20 was founded to strengthen macroeconomic cooperation, and therefore the G20 Finance Track, which Treasury, in coordination with the State Department and other agencies, will lead, plays a preeminent role. While all other Tracks have only one working group, the Finance Track has six of its own separate working groups, and largely takes precedence in the work that becomes a focus of the G20 Leaders' Summit.

In FY 2025, Treasury's primary needs will relate to temporary staffing for the core policy team that will develop priorities for the presidency and integrate workstreams into the ongoing South African presidency. Formally, the United States will have a role in 2025 as a member of the troika (a rotation of the previous, current, and next president constituencies to ensure continuity of the agenda). Additionally, $300,000 in two-year representation funds is requested for events surrounding this summit. This two-year representation funding is required for the longer-term planning process that will cross fiscal years, and additional representation funds will be needed in FY 2026.

Since the G-20 is a multiyear effort, Treasury (in particular, given its role leading the Finance Track), and other agencies with G20 equities will require significant additional resources to execute a G20 presidency in FY 2026 and the first quarter of FY 2027. Additional policy staffing will be required for the actual presidency year, as well as staff support to prepare for and manage at least five meetings with Finance Ministers and Central Bank Governors (three standalone and two on the margins of the World Bank/IMF Annual Meetings),several working group meetings across multiple workstreams, and staff support for public affairs. As noted above, there will be operational costs for the Finance Track of the G20 borne by Treasury directly, in addition to those supported by the State Department.

Funding for Ukraine and International Financial Sector Support +$2,048,000 / +5 FTE
There are four elements of this request. First, irrespective of the status of the Ukrainian conflict by the beginning of FY 2025, the Office of International Affairs (IA) will continue to play a substantial role in supporting Ukraine's efforts related to reconstruction. This request would continue support for 4 FTE initially hired using Ukraine Supplemental funding received in FY 2022 to respond to workload on Russia and Ukraine beyond September 30, 2024. Current staffing levels supporting Ukraine have helped to accomplish, among other things: substantial macroeconomic analysis of the impact of sanctions on Russia, leadership in the efforts to mobilize U.S. economic assistance for Ukraine, and policy development in support of efforts to curb Russian energy supply. IA leads coordination of U.S. Government efforts through the International Monetary Fund and the World Bank to maintain the effectiveness of their reporting and the utilization of their financial support of Ukraine. IA's work is essential to driving continued support of Ukraine's reform efforts, including to strengthen good governance and address risks of corruption, and provide much needed financial support. These efforts bolster the economic assistance that the United States and our partners have provided that is funding essential services and offering vital support to the Ukrainian economy. On actions to curtail Russia, IA continues to work closely with Treasury and interagency partners on further sanctions and other economic measures to deteriorate Russia's ability to wage war against Ukraine.

Second, funding is requested for 1 FTE within IA to engage on key global economic issues that matter to the United States. This would include more forward leaning engagement with the International Financial Institutions on critical economic and national security issues, such as policy objectives with China, multilateral development bank evolution, spillover effects from Russia's invasion of Ukraine, debt transparency, and climate change.

Third, this request would enhance Treasury's ability to monitor and understand international financial sector cyber activity through the expansion of its network sensor placement program. By expansion of this program, the Office of Cybersecurity and Critical Infrastructure Protection (OCCIP) will be better positioned to protect Treasury and financial sector systems and networks against cyber threats. OCCIP will build upon its strong ties to international finance ministries and central banks to increase the number of sensors deployed and further enrich information on attacks against those organizations as well as their private sector counterparts in the financial services sector. OCCIP will then analyze the information received to identify threat indicators and trends that can be communicated to the Department's information security teams and shared through interagency partnerships.

Lastly, this request would support the Treasury Attaché Program. The National Defense Authorization Act (NDAA) of 2021 (P.L. 116-283) authorized and required additional Treasury attaché posts as well as pay comparability for Treasury attachés relative to their Foreign Service Officer counterparts. This request provides the necessary additional funding to meet only the pay comparability requirements set by the NDAA.

Support for Critical DO Policy and Management Functions +$2,358,000 / +9 FTE
Funding is requested to sustain critical policy and management work needed to address the Department's priorities of advancing policies for an equitable global recovery and sustainable growth; strengthening partnerships to address security concerns that may impact the integrity of the American financial system; and addressing vulnerabilities in core financial markets. The Department remains understaffed in key offices responsible for carrying out Treasury's mission, and Departmental leadership would use this funding to address staffing across the DO enterprise by providing 8 FTE to program offices to focus on the Administration's most critical priorities. Additionally, this request would provide $0.233 million for 1 FTE to support the Deputy Chief Financial Officer's work, focusing on federal credit modeling and financial accounting and reporting to prevent material inaccuracies or an adverse audit opinion.

Advancing Equity for All and Supporting Underserved Rural and Other Disadvantaged Communities +$1,952,000 / +9 FTE
This request builds staffing under the recently created Office of Diversity, Equity, Inclusion, and Accessibility (ODEIA) by providing $1.369 million and 6 FTEs to help Treasury advance equity in its policies, procedures, and practices, and to achieve a more equitable economy for underserved communities, including many rural areas and those affected by climate change. The FTEs will be responsible for centering issues of equity within policy discussions, to include the promulgation of tax regulations, future economic recovery packages, and the implications of international finance. The FTEs will also be used to increase compliance with the Title VI of the Civil Rights Act of 1964 by implementing additional pre- and post-civil rights reviews in Treasury's federal financial assistance programs. Funding will also be used to grow recruitment pipelines to diverse talent, through an expansion of paid internship programs such as the Treasury Scholars Program (anticipated to grow from 15 interns to 40 annually) as required by Executive Order (EO) 14035, Diversity, Equity, Inclusion, and Accessibility in the Federal Workforce.

This request also provides $0.583 million and 3 FTEs to the Office of Domestic Finance for work to support equitable and sustainable economic growth and financial stability by increasing the resilience of financial institutions and markets, studying the impact of new technologies and financial products on consumers and the marketplace, and improving access to credit for small businesses and low-to-moderate income communities. Funding is particularly needed to improve policymaking capacity and keep pace with innovation in the financial sector that could impact these objectives.

Evidence Act Implementation +$1,076,000 / +2 FTE

This request will fund 2 FTEs with program evaluation expertise and program evaluation contractor support in the Office of Strategy, Planning, and Performance Improvement (OSPPI) to support rigorous program evaluations of priority programs and research questions. Within OSPPI, these additional staff and funding would allow the Department to conduct 1-3 evaluations annually (depending on scope), enable Treasury to coordinate development and sharing of evidence products for high priority evaluations/studies, improve oversight and use of Treasury's Federally Funded Research Development Center, provide technical assistance to Treasury bureaus on evaluation design and methods, establish and lead Treasury-wide communities of practice for evaluation and evidence-based program management to share knowledge and solve problems across organizational siloes. This funding is required to fully implement Title I of the Foundations for Evidence-based Policymaking Act of 2018 (Evidence Act) and meet the intent of the law, which is to increase Treasury's capacity to use evidence to inform decision-making, both by increasing the quality and amount of evidence available and increasing the opportunities for leadership to use it in their strategic management routines.

Advancing Governance, Innovation, and Risk Management for Treasury Use of Artificial Intelligence +$5,000,000 / +5 FTE

Funding is needed to meet requirements related to the Artificial Intelligence (AI) in Government Act of 2020, the Advancing American AI Act, and E.O. 14110. This request will fund Treasury's support for the Chief AI Officer associated responsibilities and efforts to develop an enterprise-wide AI strategy, which will establish pathways for managing risk and promoting innovation, explore ways AI can improve operations across the Treasury Department, strengthen governance by ensuring that Treasury complies with requirements in relevant law and policy, and improve the Department's ability to use AI in ways that benefit the public and increase mission effectiveness.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2023 Actual Obligations	FY 2024 Estimated Obligations	FY 2025 Estimated Obligations
11.1 - Full-time permanent	122,733	129,918	143,146
11.3 - Other than full-time permanent	2,451	2,609	2,836
11.5 - Other personnel compensation	4,107	4,360	4,794
11.8 - Special personal services payments	1,903	2,021	2,222
11.9 - Personnel Compensation (Total)	**131,193**	**138,908**	**152,998**
12.0 - Personnel benefits	44,852	47,477	52,322
Total Personnel and Compensation Benefits	**$176,046**	**$186,385**	**$205,320**
21.0 - Travel and transportation of persons	6,367	5,694	5,844
22.0 - Transportation of things	659	583	638
23.2 - Rental payments to others	1,086	960	1,051
24.0 - Printing and reproduction	1	1	1
25.1 - Advisory and assistance services	16,411	14,629	31,852
25.2 - Other services from non-Federal sources	4,268	3,797	4,304
25.3 - Other goods and services from Federal sources	90,454	82,078	83,812
25.4 - Operation and maintenance of facilities	91	81	83
25.7 - Operation and maintenance of equipment	228	202	215
26.0 - Supplies and materials	3,417	3,166	3,047
31.0 - Equipment	3,523	3,318	3,135
32.0 - Land and structures	1,099	988	992
Total Non-Personnel	**$127,604**	**$115,497**	**$134,974**
Total Obligations	**$303,650**	**$301,882**	**$340,294**

Full-time Equivalents (FTE)	**825**	**865**	**932**

Amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, and transfers. Obligations exclude Ukraine supplemental and IRA appropriations and FTEs, and programs executed through the Office of Capital Access (i.e., State and Local Fiscal Recovery Funds, Capital Projects Fund, Homeowners Assistance Fund, Emergency Rental Assistance, State and Small Business Credit Initiative, Emergency and Capital Investment Program).

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, $312,294,000, of which not less than $9,000,000 shall be available for the administration of financial assistance, in addition to amounts otherwise available for such purposes: Provided, That of the amount appropriated under this heading— *(1) not to exceed $650,000 is for official reception and representation expenses, of which not less than $300,000 shall be available for expenses to host and support G20 related events and shall remain available until September 30, 2026, and not to exceed $350,000 shall be for other 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 $42,000,000 shall remain available until September 30, 2026, 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;* *(F) international operations; and*	Treasury requests two-year reception and representation funding as a down payment for costs associated with the G20. Significantly more will be needed in FY 2026.

(G) investment security. Note.--A full-year 2024 appropriation for this account was not enacted at the time the Budget was prepared; therefore, the Budget assumes this account is operating under the Continuing Appropriations Act, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.	

E – Legislative Proposals
DOSE 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, promotes the stability of the nation's financial markets, and ensures the government's ability to collect revenue and fund its operations. Offices funded by DO Salaries and Expenses are designated as leads or as support offices for every one of Treasury's FY 2022 – 2026 Treasury Strategic Plan strategic objectives. Some of these roles are in conjunction with other offices or bureaus (such as 1.1 - Tax Administration and Policy with IRS), while some objectives are both led and primarily supported by DO offices (such as 4.1 – Global Climate Commitment and Leadership). During FY 2023, the U.S. Department of the Treasury has made significant strides in implementing the Administration's economic agenda. This included efforts to lower costs for American families and bolster our nation's economic resilience by addressing lingering challenges resulting from the pandemic and unanticipated global threats including Russia's war in Ukraine. This includes important work to implement the Inflation Reduction Act, to bolster Treasury market resilience and maintain a competitive economy, tackle the climate crisis, and foster equity in the economic landscape.

B – Budget and Performance by Budget Activity
2.1.1 – Executive Direction Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Operating Plan[1]	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	$35,407	$36,775	$37,333	$39,444	$43,246	$48,774	$53,137
Reimbursable Resources	$4,863	$1,837	$1,789	$1,694	$1,760	$1,642	$1,642
Budget Activity Total	**$40,270**	**$38,612**	**$39,122**	**$41,138**	**$45,006**	**$50,416**	**$54,779**
Full-time Equivalents (FTE)	**113**	**102**	**94**	**116**	**126**	**140**	**153**

[1]FY 2023 Reimbursable Resources and FTEs reflect actuals. Table excludes Ukraine Supplemental and IRA funding.

Executive Direction Budget and Performance
($53,137,000 from direct appropriations, $1,642,000 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. Work in this program area includes the following offices (among others):

- Legislative Affairs: advises the Secretary on congressional relations matters in order to assist in the formulation of policy and determining the overall direction of the Department. The Office serves as the principal contact and coordinator for all Department interaction with the Congress and the Congressional Relations offices in the White House and other Departments and agencies.
- Public Affairs: develops and implements communications strategy for the Department and advises officials within the Department and its bureaus how best to communicate issues and priorities of public interest.
- General Counsel: provides legal and policy advice to the Secretary and other senior Departmental officials. The General Counsel also is the head of the Treasury Legal Division, a separate bureau within the Department that includes all legal counsels of the Treasury Department and their staff.
- The Treasurer of the United States: oversees the Bureau of Engraving and Printing and the United States Mint, and is a key liaison with the Federal Reserve. In addition, the Treasurer serves as a senior advisor and representative of the Treasury on behalf of the Secretary in the areas of community development and public engagement.

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

Supporting Ukraine
The Office of Domestic Finance is supporting the government's response to Ukraine through enhanced monitoring of the impact of sanctions on global and domestic financial markets, insurance markets and financial institutions, establishing processes and controls to exclude sanctioned entities from holding and purchasing U.S. issued debt obligations, and monitoring and coordinating with international counterparts potential cyber threats impacting U.S. and global critical financial sector infrastructure as a result of the crisis.

The Office of International Affairs is supporting the government's response to Russia's invasion of Ukraine and the subsequent spillovers through substantial macroeconomic analysis of the impact of sanctions, leadership in the efforts to mobilize budgetary support for Ukraine, and policy development in support of efforts to curb Russian energy supply. IA remains actively engaged in and tasked by the Administration to support multiple workstreams related to Russia's war in Ukraine that require elevated staffing levels that were previously funded in prior Ukraine supplemental appropriations bills. This trend is expected to continue into FY 2025. This work includes 1) continued support of Ukraine's resistance in the international sphere from an economic perspective, 2) analysis of and negotiations around continued sanctions of Russia, and 3) policy analysis in support of how to best assist Ukraine to their country and economy.

The U.S. Treasury Department's Office of Technical Assistance (OTA) has a long-standing partnership with the Government of Ukraine aimed at strengthening a range of public financial management and financial sector issues. Currently, OTA is working with Ukrainian institutions, including the Ministry of Infrastructure, the Deposit Guarantee Fund, State Property Fund, and State Tax Service to address economic and financial sector challenges resulting from Russia's invasion of Ukraine. These efforts include a focus on continuity of key public financial management operations and preparations for a post-conflict environment.

Office of Diversity Equity, Inclusion, and Accessibility

In FY 2023, Treasury's Office of Diversity, Equity, Inclusion, and Accessibility (ODEIA) continued to work with the Bureaus to implement Treasury's FY 2022-2026 Diversity, Equity, Inclusion, and Accessibility (DEIA) Strategic Plan. The Plan provides Treasury with a comprehensive, integrated, and strategic blueprint that focuses on implementing DEIA across the Department, while removing any potential barriers in workforce programs and services.

In FY 2023, ODEIA's Office of Civil Rights and Equal Employment Opportunity (OCRE) continued its bureau audit program with a specific focus of evaluating the Alcohol and Tobacco Tax and Trade Bureau's Equal Employment Opportunity (EEO) programs. The audit included a review of each phase of the Bureau's EEO complaint processes, and its reasonable accommodation, harassment, and alternative dispute resolution (ADR) programs, as well as a review of the Equal Employment Opportunity Commission (EEOC) Management ADR Directive 715 (MD-715) Report and affirmative action plan. In FY 2024, Treasury's plan is to conduct audits of at least two of its Bureaus' EEO and diversity and inclusion programs, to include the Bureau of Fiscal Service and the Internal Revenue Service Chief Counsel.

In FY 2023, EEO complaints were adjudicated within the Department, surpassing EEOC's goal of 90 percent timeliness in Treasury's formal complaints of discrimination, achieving 97 percent timeliness for final agency decisions and 94.8 percent timeliness for formal EEO investigations. In FY 2024, Treasury will look at new ways to improve the efficiency of the informal EEO process and increase participation in the Department's ADR process. OCRE also continued to lead the Department's efforts to achieve full compliance with the external civil rights requirements by working with the Community Development Financial Institutions Fund (CDFI Fund) to implement pre-award compliance reviews. Additionally, OCRE collaborated with Treasury's Office of Capital Access (OCA) to establish a pilot program to conduct post-award compliance reviews in DO's financial assistance programs and pre-award compliance reviews in the State Small Business Credit Initiative (SSBCI) program.

In FY 2023, ODEIA made strides in standing up its newest office, the Equity Hub, by selecting its first executive director. Once onboarded, Equity Hub staff led efforts to develop Treasury's annual Equity Action Plan and assisted with overseeing Treasury's response to recommendations made by the Treasury Advisory Committee on Racial Equity (TACRE). In FY 2024, the Equity Hub will work on filling the rest of its key positions, while continuing to support TACRE and issuing a one-year report on TACRE's work. The Equity Hub will also work with Treasury's policy offices to inform policy and program design and promote more equitable economic opportunities.

In FY 2024, ODEIA's Office of Minority and Women Inclusion (OMWI) plans to oversee the Bureaus' implementation of Treasury's DEIA Strategic Plan with a dashboard tool that OMWI developed in FY 2023. This tool will provide real-time status updates on the Bureaus' progress towards achieving the plan's goals and objectives. OMWI will also focus on increasing procurement equity in Treasury's contracting and maintaining accountability and transparency through its annual reporting.

For FY 2025, Treasury proposes shifting the OCRE's EEO team from DO to the Franchise Fund. At the same time, Treasury proposes shifting funding of the Office of Small and Disadvantaged Business Utilization (OSDBU) from Treasury's Franchise Fund to the DO account. This is appropriate as the EEO team provides service not only to DO but the rest of the DO customer base and the Inspectors General (Special Inspector General for Pandemic Recovery and Office of the Inspector General).

Combating Climate Change

Treasury's unique responsibilities on a range of programs related to climate change – including economic, financial sector, and climate-related government policies – are managed by staff across the Department. A small number of staff in the Climate Hub are providing cross-Departmental coordination and strategic direction on issues related to climate change, reflecting Treasury's key role in the Biden Administration's whole-of-government effort to address climate change domestically and internationally including Treasury's heightened engagement on clean energy and climate policy due to the Inflation Reduction Act.

The Treasury Climate Hub coordinates and enhances existing climate-related activities by harnessing the tools, capabilities, and expertise from across the Department. With a view of all Treasury climate initiatives, the Hub enables Treasury to move nimbly and efficiently in prioritizing climate action with support from DO staff. In FY 2023, the Climate Hub continued to advance a range of domestic and international climate policy priorities, as detailed here: https://home.treasury.gov/policy-issues/climate-change.

2.1.2 – International Affairs and Economic Policy Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Operating Plan[1]	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	$52,428	$52,825	$53,661	$57,027	$66,979	$62,323	$85,606
Reimbursable Resources	$2,701	$1,293	$817	$1,188	$1,185	$1,106	$1,106
Budget Activity Total	**$55,129**	**$54,118**	**$54,478**	**$58,215**	**$68,164**	**$63,429**	**$86,712**
Full-time Equivalents (FTE)	**161**	**178**	**180**	**193**	**190**	**194**	**221**

[1]FY 2023 Reimbursable Resources and FTEs reflect actuals. Table excludes Ukraine Supplemental and IRA funding.

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
IA - Monitor Quality and Enhance Effectiveness of International Monetary Fund (IMF) Lending Through Review of IMF Country Programs	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
IA - Monitor Quality and Enhance Effectiveness of MDB Lending through Review of MDB Grant and Loan Proposals	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
IA - Percentage of MDB Grant and Loan Proposals Containing Satisfactory Frameworks for Results Measurement	95.00%	96.00%	97.00%	97.10%	97.00%	95.00%	95.00%	95.00%
OTA - Program Engagement	3.8	3.3	3.6	3.5	3.5	3.6	3.6	3.6

Key: DISC - Discontinued; B - Baseline; I - Indicator

International Affairs (IA) 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 2023. In FY 2024 and FY 2025, IA's target for this measure remains 100 percent.

- Monitor Quality and Enhance Effectiveness of Multilateral Development Banks (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 2023. In FY 2024 and FY 2025, 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 to 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 2023, 97 percent of MDB grant and loan project proposals had excellent or satisfactory ratings for the results matrices, and this exceeds the FY 2023 target. The FY 2024 and the FY 2025 targets remain 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. A five-point scale is used to measure traction, with scores ranging from a low of 1, indicating there is little if any counterpart involvement, to a high score of 5, indicating that OTA advisors have regular and frequent meetings with counterparts and counterparts display high levels of involvement. Counterpart engagement is critical to OTA efforts to structure and execute effective technical assistance projects that support host country ownership and drive project outcomes. The result for FY 2023 is 3.5, reflecting continued strong traction with OTA counterparts globally.

International Affairs and Economic Policy Budget and Performance
($85,606,000 from direct appropriations, $1,106,000 from reimbursable sources):
The offices in this budget activity promote economic growth in the United States by producing technical economic analyses for the Secretary and advancing U.S. economic and financial policy priorities around the world.

International Affairs
IA promotes and supports economic prosperity and stability at home and abroad. IA’s international economic engagements are guided by three strategic priorities: to restore U.S. leadership in the multilateral order, to address key global challenges, and to secure a more sustainable and inclusive recovery. IA’s work cuts across numerous national security and economic security workstreams. Efforts to stem the spread of sovereign debt crises is a critical part of its leadership on multilateral development bank evolution, objectives with China, and reforms at the International Monetary Fund. In addition, IA works to bolster the international climate agenda, requiring leadership in reshaping the global climate finance architecture and enshrining climate work in MDB evolution and trade policies. In addition to ambitious reforms to maximize taxpayer investments and protect national security, IA promotes U.S. exports and job growth by encouraging key trading partners to pursue macroeconomic policies that address pandemic recovery, 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 climate change, clean energy access, infrastructure development, food security, debt sustainability, and health.

Russia's unprovoked war in Ukraine lent greater urgency to IA's work, deepening engagement with emerging markets and developing economies with a goal of building up long-term resilience amid an uneven global recovery from the pandemic. IA continues to work with international partners to address food insecurity and rising fuel prices, including through the coalition price cap on Russian oil and an international financial institution (IFI) action plan to address food insecurity. On actions to curtail Russia, IA continues to work closely with Treasury and interagency partners on further sanctions and other economic measures to deteriorate Russia's ability to wage war against Ukraine.

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).

IA promotes sustainable and inclusive economic growth by leveraging U.S. leadership in the International Financial Institutions to mitigate emerging threats to the U.S. and global economies; supporting international trade and investment; scaling up infrastructure development; and reinforcing U.S. national security interests in key countries around the world. Treasury IA seeks to bolster U.S. support for the multilateral development banks (MDB), including by promoting reforms to enhance how they leverage their capital and scale up their delivery and impact and continuing its close oversight of the institutions' efficiency, effectiveness, and financial discipline. IA will continue to advance the significant role of these institutions in delivering on Treasury's climate goals with respect to mitigation, adaptation, and climate finance.

Office of Technical Assistance

Treasury's Office of Technical Assistance (OTA) complements Treasury's international economic, financial, development, and terrorist financing policy work. OTA builds capacity in developing and transitional country governments to implement policies that support broad-based economic growth, financial sector stability and inclusion, climate and infrastructure finance, transparency and accountability in public finance, and protections against economic and financial crimes.

Office of Economic Policy - Macroeconomic Analysis
The Office of Macroeconomic Analysis (Macro Office) analyzes the sectors of the macroeconomic environment, such as (but not limited to) labor markets, inflation, industrial production, national income and product accounts, productivity, international trade, and housing markets. In FY 2023 the Macro Office briefed the Secretary more than twice a month regarding its analysis of labor market and wage reports, inflation reports, and GDP—as well as other topics of interest. The Office also drafted memos to inform principals of their analysis on key developments in the economy, created topic-specific briefers, and contributed to Treasury's white paper on labor market competition. The Macro Office also participated in four rounds of the Troika process, though which the economic assumptions for the President's Budget and Mid-Session Review were created. In addition, the Macro Office supported principals and other offices, such as the Office of International Affairs, for meetings and presentations to represent the views of the U.S. government.

Microeconomic Analysis
The Office of Microeconomic Analysis has continued its core role of aiding the Administration's development and evaluation of economic policy across a wide range of topics. Activities over the past year have included ongoing analysis of the impact of pandemic relief programs; evaluation of the impact of the Russian invasion of Ukraine on energy and other commodity markets, and the follow-on impacts on the U.S. economy; design of Treasury's price cap proposal to limit Russian oil revenues; drafting of public Treasury white papers on labor market topics; publishing an ongoing blog series on racial equity; policy input and analysis on climate policy and energy market developments; ongoing analysis of supply chain disruptions and their economic impacts; and coordination and analysis related to the Secretary's role as Managing Trustee of the Social Security and Medicare Trust Funds.

Financial Analysis
The Office of Financial Analysis produces the High-Quality Market (HQM) Corporate Bond Yield Curve for the Pension Protection Act (PPA). The PPA mandates that Treasury publish a corporate bond yield curve for calculating the present values of pension liabilities and lump sum distributions. The HQM bond yield curve—representing corporate bonds rated AAA, AA, or A—uses a methodology developed in the Office of Economic Policy to construct bond yield curves by using extended regressions on maturity ranges. Financial Analysis also produces yield curves for various Treasury notes, bills, and bonds.

Social Impact Partnerships to Pay for Results Act
The Social Impact Partnerships to Pay for Results Act (SIPPRA) was included as part of the Bipartisan Budget Act of 2018 (P.L. 115-123). SIPPRA created a ten-year $100 million fund to support social impact partnership projects by State and local governments to encourage new and innovative ways to solve entrenched social problems. The program funds social programs at the State or local level that achieve demonstrable, measurable, and scalable results, by making payment of funds contingent on positive outcomes.

Economic Policy is also responsible for implementation and ongoing management of the SIPPRA program. SIPPRA funds 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, Treasury has four active demonstration projects that were a result of the first NOFA. Treasury has issued a second project NOFA in FY 2024, which will accept applications through April 15, 2024. SIPPRA anticipates awarding the remaining project funding in the first quarter of FY 2025.

2.1.3 – Domestic Finance and Tax Policy Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Operating Plan[1]	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	$72,570	$78,153	$79,566	$84,669	$103,027	$98,341	$100,640
Reimbursable Resources	$8,539	$7,042	$5,862	$6,066	$8,800	$8,209	$8,209
Budget Activity Total	**$81,109**	**$85,195**	**$85,428**	**$90,735**	**$111,827**	**$106,550**	**$108,849**
Full-time Equivalents (FTE)	**236**	**245**	**256**	**281**	**316**	**306**	**309**

[1]FY 2023 Reimbursable Resources and FTEs reflect actuals. Table excludes Ukraine Supplemental and IRA funding.

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
DF - Variance Between Estimated and Actual Receipts (Annual Forecast) (%)	2.50%	11.10%	13.82%	10.80%	5.30%	4.25%	4.25%	4.25%
State and Local Fiscal Recovery Funds (SLFRF)								
Metric: Number of governments using funds to meet housing needs (among quarterly reporters)	N/A	N/A	353	551	699	575	699	699
Metric: Number of governments using funds to support workers and develop the workforce (among quarterly reporters)	N/A	N/A	676	903	1,023	950	1,023	1,023
Contextual Indicator: Revenue loss avoided by governments	N/A	N/A	$149B	$247B	$262B	I	I	I
Service Indicator: Recipient rating of program effectiveness	N/A	N/A	N/A	81%	78%	B	I	I
Capital Projects Fund (CPF)								

Service Indicator: Recipient rating of program effectiveness	N/A	N/A	N/A	N/A	I[2]		I	I
Homeowners Assistance Fund (HAF)								
Service Indicator: Recipient rating of program effectiveness	N/A	N/A	N/A	60%	TBD[2]		I	I
Emergency Rental Assistance (ERA)								
Metric**:** Number of payments to households (cumulative)	N/A	N/A	2,946,979	9.7 million	12.5 million (est)[2]	10.5 million	13.5 million	14.5 million
Contextual Indicator: Eviction filings since moratorium expiration compared to historical averages (% of filings compared to same period pre-pandemic)	N/A	N/A	72%	89%	TBD	I	I	I
Service Indicator: Recipient rating of program effectiveness	N/A	N/A	N/A	68%	83%		I	I
State and Small Business Credit Initiative (SSBCI)								
Service Indicator: Recipient rating of program effectiveness	N/A	N/A	N/A	N/A	I [2]		I	I
Emergency Capital Investment Program (ECIP)								
Metric: Annual dollar amount of Qualified Lending by ECIP recipients	N/A	N/A	N/A	$11.9 billion	$28.3 billion		$27.7 billion	$27.7 billion
Metric: Annual dollar amount of Deep Impact Lending by ECIP recipients.	N/A	N/A	N/A	$5.1 billion	$13.3 billion		$13.2 billion	$13.2 billion
Contextual indicator: Unmet demand for small businesses in accessing credit: Percent of minority small businesses (Black, Asian, Latino) that received all the financing they sought. [5]	N/A	N/A	Asian 31%, Black 13%, and Hispanic 20%	Asian 15%, Black 16%, and Hispanic 19%	Asian 33%, Black 20%, and Hispanic 38%		I	I
Service Indicator: Recipient rating of program effectiveness	N/A	N/A	N/A	N/A	I [2]		I	I
OCA-Wide Administrative								
Service Indicator: Total volume of inbound calls and emails from grantees and authorized representatives	N/A	N/A	35,526	115,933	77,302		I	I
Implementation Indicator: Total number of payments disbursed	N/A	N/A	12,208	8,182	7,420		I	I
Implementation Indicator: Total number	N/A	N/A	7,830	6,819	4,250		I	I

of recipients receiving payment	

Key: DISC - Discontinued; B - Baseline; I - Indicator

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. The actual variance for FY 2023 was 5.3 percent compared to the 4.25 percent historical target and the 3.6 percent average for the ten years preceding the COVID-19 outbreak (FY 2010 – 2019).

Fiscal Year 2023 was a challenging year with receipts $363 billion lower than the Administration's budget estimate and $457 billion lower than in FY 2022, in part because of tax due dates being deferred for some taxpayers affected by natural disasters. Domestic Finance will continue using 4.25 percent as the variance target for FY 2024 and FY 2025.

The Office of Capital Access (discussed further in the section below) manages programs enacted in response to the COVID-19 pandemic, including the State and Local Fiscal Recovery Funds (SLFRF), Emergency Rental Assistance (ERA), the Homeowner Assistance Fund (HAF), the State Small Business Credit Initiative (SSBCI), the Capital Projects Fund (CPF), the Emergency Capital Investment Program (ECIP), Coronavirus Economic Relief for Transportation Services (CERTS) Program, the Payroll Support Program (PSP), the Coronavirus Relief Fund (CRF), and the Airline and National Security Loan Program. Performance measures for these programs were previously reported in Treasury's COVID chapter and are now incorporated here.

Domestic Finance and Tax Policy Budget and Performance

($100,640,000 from direct appropriations, $8,209,000 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)

Financial Sector Cybersecurity and Critical Infrastructure Protection

The Office of Cybersecurity and Critical Infrastructure Protection (OCCIP) executes Treasury's role as sector risk management agency (SRMA) for the financial services sector, one of sixteen critical infrastructure sectors designated by the Department of Homeland Security. Treasury's authority as SRMA is derived from the Homeland Security Act of 2002 (Title XXII(A), Section 2215). In this role, OCCIP works with financial sector critical infrastructure operators, their regulators, the Cybersecurity and Infrastructure Security Agency, and other Federal, state, local, territorial and tribal entities as appropriate to identify, assess, and prioritize risks to operational resilience within the sector; assist operators in mitigating threats, vulnerabilities and risks to their systems and assets; serve as coordination point and day-to-day Federal/interagency interface to the sector; contribute to emergency preparedness and support incident management and restoration efforts following a security incident; and facilitate the exchange of information and intelligence supporting these efforts. OCCIP executes this role in the All-Hazards environment, including cyber and physical threats, terrorism, and man-made or climate-related disasters.

To execute this role, OCCIP works closely with a wide variety of partners, including individual firms, federal financial regulators and associations of state financial regulators, industry trade associations, law enforcement, the intelligence community, homeland security officials, and other federal agencies as appropriate. Internationally, OCCIP has worked closely with the interagency to represent Treasury as part of international whole-of-government activities, including capacity building and deterrence. As part of its core responsibilities, OCCIP chairs both the G7 Cyber Experts Group and the Financial Banking and Information Infrastructure Committee, consisting of all state and federal banking regulators. OCCIP is also on the management committee of the Financial Services Sector Coordinating Council.

In 2023, OCCIP led an extensive multi-day cyber incident exercise with Israel's Ministry of Finance and has been sharing cyber threat data on a regular basis in response to the escalation with Hamas. Specific to Ukraine, OCCIP has been developing a technical sensor placement program to help defend Ukraine's financial sector infrastructure.

Serving Historically Underrepresented and Underserved Groups

Treasury is endeavoring to better serve historically underrepresented and underserved groups through increased policy engagement 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. In FY 2023, a number of Domestic Finance offices contributed to this goal.

Since January 2021, Treasury has deployed an historic amount of capital to Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs). This has included fully deploying $12 billion, less administrative costs, in one-time emergency appropriations that supported the Emergency Capital Investment Program (ECIP), the CDFI Rapid Response Program (RRP) and the CDFI Equitable Recovery Program (ERP). Through its regularly funded programs, since January 2021, the CDFI Fund has also made nearly $1.4 billion in grants through its flagship Financial Assistance program, the Bank Enterprise Awards, the affordable housing-focused Capital Magnet Fund, and the Small Dollar Loan Program; provided more than $755 million in guarantee authority under the CDFI Bond Guarantee Program; and made $15 billion in tax credit allocations under the New Markets Tax Credit (NMTC) Program. . These community finance programs reflect a policy approach that focuses on opening access to capital for financially underserved communities and advancing economic equity.

During FY 2023, Domestic Finance also published a report on the impact of climate change on household finance, with a focus on vulnerable populations. The report provided a framework for evaluating the impacts of climate change on household finances and made recommendations to government, communities, and consumers regarding how to prepare for, respond to, and recover from climate-related shocks and stresses.

Additionally, during FY 2023, Domestic Finance initiated work on a national strategy to advance financial inclusion, with a focus on underserved populations and communities. The strategy, charged to Treasury by Congress, will include national objectives, benchmarks for measuring progress, and recommendations for a range of stakeholders in advancing financial inclusion. Developing the strategy has involved an intensive stakeholder engagement effort, including roundtables and bilateral meetings with over 50 organizations to date, and intent to issue an RFI in early FY 2024. Work to develop the strategy will continue through FY 2024.

Domestic Finance also worked to raise awareness and catalyze action toward financial inclusion of specific underserved communities through the Financial Literacy and Education Commission (FLEC), a 23-member interagency body chaired by the Secretary of the Treasury and administered by Domestic Finance. Public meetings in FY 2023 included one focusing on financial barriers faced by justice-involved and justice-impacted individuals, and one focused on Tribal and Native Communities, in addition to a meeting that included a presentation regarding consumer risks and opportunities related to digital assets. In FY 2024, Domestic Finance will continue to administer the FLEC as a body that coordinates and advances interagency efforts related to financial capability.

Transition from USD LIBOR

During FY 2023, Domestic Finance continued its work to monitor and ensure a smooth transition from USD London Interbank Offered Rate (LIBOR) to the Secured Overnight Financing Rate (SOFR). The publication of panel-based USD LIBOR ceased on June 30, 2023. As LIBOR was widely used in the financial system, the smooth, timely, and effective transition was important to broad financial stability.

Housing Finance Reform

During FY 2023, Treasury continued to monitor its investments in GSEs. 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. Fifteen years later, the GSEs remain in conservatorship. As the counterparty to the PSPAs, Treasury has a key role in shaping, and a key interest in the outcome of, housing finance reform. Treasury's focus has been to formulate housing finance policy that promotes financial stability, protects consumers and taxpayers, and provides stability and affordability to households. This work is expected to continue across the Administration and with Congress in support of these goals.

Debt Management

Another important DF responsibility is managing the U.S. government's debt through the Office of Fiscal Projections (OFP) and the Office of Debt Management (ODM). OFP forecasts the government's cash and debt activity, while ODM seeks to finance the federal government at the least cost to the taxpayer over time by maintaining regular and predictable issuance of Treasury debt, minimizing the amount of interest the government must pay, and managing debt maturity over time. In FY 2023, marketable debt outstanding reached almost $26 trillion, while ODM oversaw 416 auctions for $19.9 trillion in gross issuance and $2 trillion in net issuance of Treasury securities. Interest costs increased as the Federal Reserve raised interest rates. As it considers future borrowing plans, Treasury will continue to monitor the strength of the economy and tax receipts, federal program outlays, Federal Reserve monetary policy, secondary market activity and liquidity conditions, as well as potential disruptions related to the statutory debt limit. Additionally, throughout FY 2023, ODM continued its work as part of the Inter-Agency Working Group on Treasury Market Surveillance (IAWG) to enhance the resilience of the U.S. Treasury market and issued a report highlights its progress. In FY 2024, Treasury will implement a regular buyback program to provide liquidity support and improve cash management.

Office of Capital Access (OCA)
The Office of Recovery Programs, re-named in 2023 to the Office of Capital Access, was established in April 2021 to oversee and administer programs authorized under the CARES Act, the Consolidated Appropriations Act, 2021, and the American Rescue Plan Act, as well as other legislation. These programs include the State and Local Fiscal Recovery Funds (SLFRF), Emergency Rental Assistance (ERA), the Homeowner Assistance Fund (HAF), the State Small Business Credit Initiative (SSBCI), the Capital Projects Fund (CPF), the Emergency Capital Investment Program (ECIP), Coronavirus Economic Relief for Transportation Services (CERTS) Program, the Payroll Support Program (PSP), the Coronavirus Relief Fund (CRF), and the Airline and National Security Loan Program. To reflect its evolving work to help communities access capital, Treasury announced on November 1, 2023, that the office's name changed to the Office of Capital Access and will begin transitioning into Treasury's Office of Domestic Finance by the beginning of FY 2025.

Since Congress passed President Biden's American Rescue Plan[1] (ARP) Act in March 2021, the Treasury Department oversaw an historic and unprecedented provision of federal assistance to struggling Americans, including helping to launch a national infrastructure to provide emergency rental assistance and prevent evictions across the country, as well as rapidly distributing unprecedented Fiscal Recovery Funds resources directly to communities to help local leaders avoid cuts, address local needs, and support rapid, resilient, and equitable recovery after the COVID-19 pandemic. In FY 2023, these included:

- Over 99.99 percent of the $350 billion in ARP's State and Local Fiscal Recovery Funds (SLFRF) has been delivered into the hands of nearly every state, local, Tribal, and territorial government in the country. Governments have used SLFRF award funds to not only prevent cuts in government services and respond to the immediate health and economic consequences of the pandemic, but also to make much-needed investments to strengthen their economies over the long-run and prepare more Americans for the critical jobs being created by the Bipartisan Infrastructure Law, the CHIPS and Science Act, and the Inflation Reduction Act. This also includes $20 billion in SLFRF allocated to 579 Tribal governments, which represents the largest-ever single infusion of federal funding assistance into Indian Country.
- Through the Capital Projects Fund (CPF), Treasury has approved over $8.5 billion for broadband, digital technology, and multi-purpose community center projects in all 50 states and three U.S. territories, which these states and territories estimate will reach over two million locations with expanded internet access, in addition to the hundreds of

[1] See Treasury's Two-Year ARP Anniversary Report for more performance details of these programs.

thousands of individuals who will be served annually by multi-purpose community facilities.

- The Emergency Rental Assistance (ERA) program – expanded and extended by the ARP – has made over 12.3 million household payments to families at risk of eviction, and nearly 400,000 homeowners have received assistance through the Homeowner Assistance Fund (HAF) program. Governments have also dedicated more than $6.6 billion in SLFRF award funds for long-term affordable housing, supporting more than 17,000 units of affordable housing.
- Treasury also made significant progress in deploying funds from the nearly $10 billion State Small Business Credit Initiative (SSBCI), which aims to increase access to capital and promote entrepreneurship, especially in traditionally underserved communities. As of September 30, 2023, the Treasury Department has announced the approval of applications for capital programs representing more than $8.3 billion in potential funding that are designed to catalyze up to $10 of private investment for every $1 of SSBCI funding, as well as more than $67 million in technical assistance grants.
- Treasury completed making Emergency Capital Investment Program (ECIP) investments in FY 2023. Treasury invested $8.57 billion in 175 depository institutions that are Minority Depository Institutions or Community Development Financial Institutions to support lending to communities disproportionately impacted by COVID-19. Through FY 2023, participants made approximately $40.2 billion in qualified lending originations to impacted low-income and other targeted populations. FY 2022 data presents part-year originations since most investments were made in Q2-Q4 of FY 2022.

Office of Tax Policy (OTP)
In FY 2023, the Office of Tax Policy focused on implementing the IRA and other recent legislation, including the CHIPS Act. IRA provided 10-year IRA funds earmarked specifically for increasing regulatory work and as a result published several major regulations, including credits for new clean vehicles, low-income communities bonus credits, and prevailing wage and apprenticeship requirements. The office also prioritized new research on equity and taxation, including developing a method for imputing race and ethnicity in tax data, evaluating the distribution of tax expenditures by race and ethnicity, and, in collaboration with IRS and Census, examining the demographics of recipients of the first round of Economic Impact Payments in 2020.

OTP continues to provide leadership for the Organization for Economic Co-operation and Development (OECD). In FY 2023 OTP led global negotiations to establish a Global Minimum Tax to ensure that large multinational businesses pay a minimum effective tax rate in every jurisdiction in which they operate. Many of our largest trading partners are implementing the Global Minimum Tax starting in 2024. During 2023, OTP negotiators also secured multilateral guidance to coordinate the Global Minimum Tax with the U.S. tax system, thereby ensuring a level playing field for U.S. businesses and workers.

OTP also continues to work to increase take-up of tax credits among eligible taxpayers and to advance equity analysis of tax policy. In FY 2023, OTP worked with the IRS to implement economic relief by examining the audit process surrounding low-income tax credits such as the EITC. The office also organized and provided mailing lists for outreach letters that were sent to approximately 15 million individuals who were potentially eligible for a premium tax credit but were currently uninsured. Also in FY 2023, OTP continued to work on a modified race/ethnicity imputation procedure as applied to the individual tax model to examine disparities involving filing status and to expand analysis of the major tax credits by race and ethnicity as well as income.

Inflation Reduction Act
In FY 2023, OTP continued regulatory implementation of the IRA, especially green energy and corporate provisions. In FY 2023, OTP's expanded regulatory staff contributed to increased guidance for IRA provisions and work on regulatory backlogs.

2.1.4 – Treasury-wide Management and Programs Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Operating Plan	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	$39,171	$38,279	$39,779	$41,232	$41,392	$41,729	$49,708
Reimbursable Resources	$226	$127	$98	$199	$838	$782	$782
Budget Activity Total	**$39,397**	**$38,406**	**$39,877**	**$41,431**	**$42,230**	**$42,511**	**$50,490**
Full-time Equivalents (FTE)	**100**	**92**	**99**	**111**	**104**	**102**	**110**

[1]FY 2023 Reimbursable Resources and FTEs reflect actuals. Table excludes Ukraine Supplemental and IRA funding.

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Percent of Procurement Dollars Spend on Small Business	40%	46%	39%	38%	36%	40%	37%	37%
Treasury-wide Employee Engagement Index of the Federal Employee Viewpoint Survey (FEVS)	69	75	74	74	74	75	77	75
Treasury-wide Footprint (Square Footage in thousands)	33,209	32,517	32,006	31,691	N/A	31,734	31,230	30,875
Treasury-wide Leaders Lead Index of the Federal Employee Viewpoint Survey (FEVS)	58	65	66	64	65	66	67	66

Key: DISC - Discontinued; B - Baseline; I – Indicator; N/A - Not Available

<u>Treasury-Wide Management and Program Description of Performance:</u>

- Percentage of Procurement Dollars Spent on Small Business: Based on preliminary data in FY 2023, Treasury met and exceeded three out of five small business prime contracting goals. Treasury did not meet its overall small business goal and its small disadvantaged business goal. Treasury did not meet any small business subcontracting goals. All Treasury bureaus were included in the goaling report, with no exclusions. The

FY 2023 overall small business goal was set for 40 percent, and Treasury achieved 36.09 percent. The FY 2023 overall small disadvantaged business (SDB) goal was set for 12 percent, and Treasury achieved 11.75 percent. The FY 2024 target small business goal is 37 percent and the target SDB goal is 12.75 percent. One overarching challenge in meeting the FY 2023 goal for prime contract dollars to small businesses was that Treasury forecasted small business achievement of 32 percent. Particularly noteworthy is that Treasury far exceeded the forecasted goal of 32 percent and achieved over 36 percent. Also, in FY 2023, Treasury's small disadvantaged business (SDB) goal was raised from 5 percent to 12 percent to meet OMB Directive to raise the SDB goal incrementally each year to reach a goal of 15 percent by FY 2025. Treasury exceeded the small business contracting goals for the following socioeconomic groups:

  - Women Owned Small Business – goal 5.0 percent, achieved 9.43 percent;
  - Service-Disabled Veteran Owned Small Business – goal 3.0 percent, achieved 4.22 percent; and,
  - Historically Under-utilized Business Zone (HUBZone) Small Business – goal 3.0 percent, achieved 3.68 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 score for the Engagement Index has remained unchanged at 74 percent since FY 2021. Treasury's engagement score maintained its three percent lead over the average score for very large agencies. The engagement index target is 75 percent for FY 2025.

- 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. In FY 2022, Treasury decreased its footprint to an estimated 31,691 thousand square feet, which is a reduction of 315 thousand square feet from the 32,006 thousand square foot footprint estimated in FY 2021. In FY 2023, the Department expanded its review of new work patterns and trends that could impact the need for real property. The Department is currently conducting the end of year asset reporting and does not have a confirmed FY 2023 footprint. 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. The FY 2024 target for the total square footage that Treasury occupies is 31,230 thousand square feet and the projected total for FY 2025 is 30,875 square feet.
- Treasury-wide "Leaders Lead" Index of FEVS: As part of its overall effort to increase Employee Engagement, Treasury had set a multi-year goal to increase the "Leaders Lead" index. This involved statistically analyzing FEVS data to identify opportunities for improvement. Treasury's score for the Leaders Lead Index increased from 64 percent in FY 2022 to 65 percent in FY 2023, landing at OPM's 65 percent benchmark for an indicator of organizational strength. Treasury's score in FY 2023 exceeded the average score for very large agencies by four percent. The target is 66 percent for FY 2025.

Treasury-wide Management and Programs Budget and Performance
($49,708,000 from direct appropriations, $782,000 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 Procurement Executive; the Office of Small and Disadvantaged Business Utilization; the Office of the Chief Human Capital Officer; the Office of Treasury Operations; the Office of the Deputy Chief Financial Officer; the Office of Strategic Planning and Performance Improvement; 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
For FY 2023, the Office of the Deputy Assistant Secretary for Human Resources and Chief Human Capital Officer (DASHR-CHCO) focused on strategies to retain, recruit, and build workforce capabilities for the future. DASHR-CHCO optimized usage of all available workforce flexibilities to enhance recruitment and retention outcomes while supporting efforts to remove barriers to hiring and promotion for underrepresented groups. DASHR-CHCO collaborated with key Departmental stakeholders in ODEIA, OCIO, OSPPI, and CFO to advance the human capital agenda towards achievement of strategic outcomes, improving governance through the Human Capital Advisory Council revitalization and stand up of the Treasury Recruitment Council. DASHR-CHCO advanced the training and development capabilities and opportunities Treasury-wide through enhancements of the Percipio & the Integrated Talent Management System, added technical and career development opportunities and continuation of the Learning Leaders Council. Treasury completed 41 percent of its maturity advancement plan addressing OPM’s required and recommended actions to improve Treasury’s evaluation and accountability posture. The Human Capital Operating Plan was revised to better align with the Government Performance and Results Act (GPRA) Modernization Act of 2010, the Federal Workforce Priorities Report (FWPR) and the Human Capital Framework (HCF). Treasury completed all planned actions for FY 2023, resulting in completion of 30 percent of HCOP FY 2022 - 2026 milestones. Areas of focus in FY 2023 promoted an environment where Treasury’s non-seasonal attrition (8.75 percent) and retention (92.15 percent) stayed well within healthy benchmarks. Treasury completed an extensive evaluation of workforce planning capabilities, providing forward momentum to FY 2024 workforce planning activities towards policy and implementation improvements across the department.

Office of the Deputy Chief Financial Officer
For FY 2023, the Department received its 24th consecutive unmodified audit opinion on its Treasury-wide financial statements. Treasury is committed to maintaining high standards of integrity and enhancing its internal control environment as needed for purposes of obtaining unmodified audit opinions for all future consolidated audits.

Office of Small and Disadvantaged Business Utilization (OSDBU)
Based on preliminary data for FY 2023, Treasury obligated over $10.1 billion in eligible small business dollars and awarded over $3.6 billion to small businesses. Treasury met and exceeded three out of five small business prime contracting goals. Treasury did not meet its overall small

business goal by 1.1 percentage points and did not meet the small disadvantaged business goal by 0.25 percentage points. Treasury did not meet any small business subcontracting goals in FY 2023. Treasury OSDBU identified several possible root causes for not meeting Treasury's small business prime and subcontracting goals in FY 2023, including lower than expected percentage of small business prime contracts, limited opportunities for small business set-asides, and additional training needs for Treasury's acquisition professionals 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 base. Treasury received an overall grade of "B" due to not meeting all their small business prime - and sub - contracting goals and a decrease in Treasury's number of new entrants. Treasury missed a grade of "A" by less than 3 percentage points. This 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. Treasury received a grade of A+ in compliance with the Small Business Act, Section 15 (k), where the Department continued to focus on small business programs in mission execution, compliance and oversight, policy and training, and internal and external stakeholder engagements and outreach.

In FY 2023, per FAR 19.201, OSDBU prepared for virtual Small Business Programs Compliance Reviews where four Bureaus will be surveyed by SBA in FY 2024. Central to the compliance review strategy is early acquisition planning and broad stakeholder participation. The results of the compliance reviews will provide for a comprehensive small business acquisition transformation strategy that will include bureau acquisition workforce small business education 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 bureaus were assessed as "favorable" for its small business programs in FY 2023. In FY 2023, Treasury OSDBU reviewed 58 acquisition actions valued at over $10 million that were not set-aside for small business and rejected 25 of these actions due to inadequate and unsubstantiated market research. After the rejections, small business set-aside opportunities were found for 20 of these actions. Seven subcontracting plans were reviewed and accepted by OSDBU and the Small Business Administration Procurement Center Representative. Compliance with the subcontracting plans is monitored semi-annually.

In response to E.O. 13985, Treasury OSDBU is a member of "Treasury's Procurement Equity Council" to ensure Treasury 1) increases small and disadvantaged business participation in Treasury contracts, 2) reduces barriers for new small businesses to enter Treasury contracts, 3) improves Treasury's supplier diversity in procurement opportunities, and 4) tracks the agency's progress towards achieving measurable outcomes.

In response to OMB Memorandum 22-03, OSDBU instituted the "Small Business Innovation and Research Phase III Pilot" Program, increased the small-disadvantaged business goal to 12 percent, and added annual small business participation goals to SES and acquisition managers' performance plans. OSDBU also enhanced its market research tool to provide contracting officers and program managers data to meet their small business goaling objectives.

In FY 2024, OSDBU will again require Bureaus to conduct small business compliance self-assessments. OSDBU will validate the self-assessments before end of the fiscal year and identify any Corrective Action Plans (CAP). The CAPs will identify areas for process improvements to bureau small business programs. The Small Business Administration will conduct small business program surveillance reviews and assess Treasury's small business program health. In FY 2024 Treasury OSDBU kicked off its "50 State Initiative", providing small business procurement and access to capital opportunities to underserved and under-resourced businesses where Treasury has a low number of contracts across the United States. OSDBU will also continue to provide small business training to Treasury's acquisition workforce, collaborate with FinCEN on their monthly Innovation Hours, work with SSBCI in locating small business funding recipients who want to do business with Treasury, and look for advanced IT SBIR Phase III opportunities. In FY 2024, Treasury OSDBU will lead a Joint Civilian Agency Small Business Training Week, collaborating with interagency OSDBUs to provide small business training to the entire federal civilian acquisition workforce to combine resources and standardize training curriculum.

As mentioned above, for FY 2025 Treasury proposes shifting OSDBU funding from Treasury's Franchise Fund to the DO SE account.

Office of the Procurement Executive (OPE)
In FY 2023, the Office of the Procurement Executive (OPE) oversaw $10.1 billion in contract obligations to carry out Treasury programs, closely collaborating with bureaus to ensure timely procurement execution while implementing the Administration's strategic procurement priorities. OPE focused on executing the responsibilities of the Chief Acquisition Officer, Senior Procurement Executive (SPE), Suspension and Debarment Official (for procurement and non-procurement), Chancellor of the Treasury Acquisition Institute, Senior Accountable Official for Domestic Sourcing, Agency Acquisition Innovation Advocate, Agency Competition Advocate, Agency Task and Delivery Order Ombudsman, Agency Charge Card Program Manager, and Acquisition Career Manager. In carrying out these responsibilities, OPE issues procurement policy, establishes acquisition goals, evaluates and monitors bureau procurement organizations, implements category management, governs Treasury and federal-wide procurement systems, manages the acquisition workforce, oversees Treasury charge card programs, manages Treasury's suspension and debarment program, continuously improves the acquisition environment, and delegates procurement authority to Treasury bureaus to execute contracting activities while providing appropriate oversight to those activities.

OPE sets strategic goals for and oversees Treasury-wide implementation of Administration priorities for procurement including equity, domestic sourcing, supply chain risk management, climate change, procurement innovation, and category management. In FY 2024, OPE set strategic objectives including 1. Advancing Equity in Procurement, 2. Prioritizing competition while advancing Administration priorities, and 3. Modernizing Treasury operations in leadership of the acquisition organization.

Office of the Chief Data Officer (OCDO)
In FY 2023, OCDO continued our strategic engagement with Bureau CDOs and data leaders across Treasury to understand their priorities and challenges and identify opportunities to further Treasury's common data needs. The office held Treasury's inaugural CDO Roundtable, hosting CDOs and other data leaders at Main Treasury for a discussion of focus areas for the coming years with emphasis on human capital priorities such as the hiring of data scientists and training of current staff to improve data literacy and data analytical capabilities.

Data Literacy and Data Upskilling: In FY 2023, the office completed two pilots to test out different training platforms focused on data science skills. The pilots included over 65 employees from across Treasury and provided training in data visualization, artificial intelligence, data engineering, and other data science skills. OCDO also made progress building a data science community of interest, holding numerous educational events attended by hundreds of Treasury employees and establishing smaller practitioner groups, chaired by subject matter experts from around Treasury, focused on specific data science tools and programming languages.

Evidence Building: The office strengthened Treasury's use of evidence in decision-making. Specifically, OCDO helped identify, gather, analyze, and visualize HR and timecard data to assess current work environment and telework practices. OCDO, in partnership with IT, has established processes to use this data in the future as Treasury continues to assess organizational health and environment in the post-pandemic setting.

Data Sharing: The office developed partnerships with other Treasury components to negotiate licensing agreements with commercial data providers which enabled Treasury to further share data with other parts of Treasury. Treasury realized a more than $800,000 in cost avoidance ($200,000 per copy to four Treasury offices) and are evaluating strategies to further reduce cost burden of commercially procured data.

A draft OPEN Data policy has been developed, but not yet approved, as the OCDO continues to experience resource limitations. This requirement will carry-over into FYs 2024 and 2025. Treasury's Data Governance Board conducted baseline assessment of staffing the Scientific Integrity Officer role and supported the development of the draft Scientific Integrity Policy. The draft policy is expected to be finalized in FY 2025. OCDO also provided guidance for the development of Treasury's Data Literacy Program and Data Infrastructure assessments.

Inflation Reduction Act
In addition to funds provided for the Office of Tax Policy, IRA provided $50 million to DO for oversight and implementation support for actions by the IRS. These functions will be carried out in the Office for the Assistant Secretary for Management (ASM), in coordination with the Office of the Deputy Secretary. The ASM will continue work begun in FY 2022 to bolster oversight capabilities, to include hiring personnel with expertise in implementation and planning, compliance, technology modernization, customer experience capacity, data science, among others.

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

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Operating Plan[1]	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	$15,000	$22,341	$22,661	$37,158	$19,238	$22,715	$23,203
CFIUS Fund Transfers	$0	$15,000	$15,000	$19,000	$16,000	$16,000	$16,000
Reimbursable Resources	$0	$0	$64	$286	$280	$261	$261
Budget Activity Total	**$15,000**	**$37,341**	**$37,725**	**$56,444**	**$35,518**	**$38,976**	**$39,464**
Full-time Equivalents (FTE)	**32**	**55**	**81**	**107**	**89**	**123**	**139**

[1]FY 2023 Reimbursable Resources and FTEs reflect actuals. Table excludes Ukraine Supplemental and IRA funding.

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 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. The target (100 percent) was met in CY 2023. IA's target for this measure in CY 2024 and CY 2025 is 100 percent.

Committee on Foreign Investment in the United States Budget and Performance
($23,203,000 from direct appropriations, $261,000 from reimbursable sources):
In FY 2023, Treasury CFIUS continued its growth to support requirements laid out in the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA). This includes continued investment in infrastructure necessary to support an increase in CFIUS's responsibilities, as well as additional staff to manage the workload growth. **Please see the separate "Committee on Foreign Investment in the United States" budget chapter for additional details.**

C – Changes in Performance Measures

The table below reflects changes that have been made to the Treasury Coronavirus Relief, Response, Aid, and Recovery Programs performance measures and indicators since the submission of the FY 2024 budget request for Treasury Coronavirus Relief, Response, Aid, and Recovery Programs.

Performance Measure or Indicator	Proposed Change and Justification
1. CERTS Metric: Percent of total grant funds spent on Payroll Costs (discontinue)	Treasury proposes to stop reporting this metric in the CJ/BIB because the CERTS program has closed.

2. CERTS Service Indicator: Recipient rating of program effectiveness (discontinue)	Treasury proposes to stop reporting this metric in the CJ/BIB because the CERTS program has closed.
3. CPF Service Indicator: Recipient rating of program effectiveness	Treasury proposes to add this indicator in the CJ/BIB.
4. HAF Service Indicator: Recipient rating of program effectiveness	Treasury proposes to add this indicator in the CJ/BIB.
5. ERA Service Indicator: Recipient rating of program effectiveness	Treasury proposes to add this indicator in the CJ/BIB.
6. SSBCI Service Indicator: Recipient rating of program effectiveness	Treasury proposes to add this indicator in the CJ/BIB.
7. ECIP Metric: Percentage increase in qualified lending by ECIP recipients (discontinue)	Treasury proposes to stop reporting this metric in the CJ/BIB.
8. ECIP Metric: Annual dollar amount of Qualified Lending by ECIP recipients	Treasury proposes to add this indicator in the CJ/BIB.
9. ECIP Metric: Annual dollar amount of Qualified Lending by ECIP recipients	Treasury proposes to change this metric to more clearly convey the magnitude of Qualified Lending each year.
10. ECIP Metric: Annual dollar amount of Deep Impact Lending by ECIP recipients.	Treasury proposes to add this metric in the CJ/BIB dollar amount of Deep Impact Lending by participants because it broadly represents originations the program considers most impactful.
11. ECIP: Contextual indicator: Unmet demand for small businesses in accessing credit: Percent of minority small businesses (Black, Asian, Latino) that received all the financing they sought.	Treasury proposes to add this indicator in the CJ/BIB.
12. ECIP: Service Indicator: Recipient rating of program effectiveness	Treasury proposes to add this indicator in the CJ/BIB.
13. OCA-Wide Service Indicator: Total volume of inbound calls and emails from grantees and authorized representatives	Treasury proposes to add this indicator in the CJ/BIB.
14. OCA-Wide Implementation Indicator: Total number of payments disbursed.	Treasury proposes to add this indicator in the CJ/BIB.

15. OCA-Wide Implementation Indicator: Total number of recipients receiving payment	Treasury proposes to add this indicator in the CJ/BIB.

Section III – Additional Information

A – Summary of Capital Investments

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

Department of the Treasury Cybersecurity Enhancement Account

Congressional Budget Justification and Annual Performance Plan and Report

FY 2025

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Section I – Budget Request

A – Mission Statement

To maintain a strong economy by promoting conditions that enable equitable and sustainable economic growth at home and abroad, combating threats to and protecting the integrity of the financial system, and managing the U.S. Government's finances and resources effectively. A secure, reliable, and resilient technical ecosystem at Treasury is critical to the agency mission. While Treasury has historically benefited from maintaining a modest public presence, our role in geopolitical affairs and the global financial system has garnered interest from criminal and nation state threat actors. Treasury must therefore continue to make strategic investments in reducing operational and reputational risks to its applications, platforms, and infrastructure, as intrusions and disruptions have great potential to impose organizational harm.

B – Summary of the Request

The FY 2025 President's Budget request of $150 million for the Cybersecurity Enhancement Account (CEA) was formulated to support the Department's continued efforts focused on operational risk reduction. The request includes $6 million for bureau-specific investments for mission-specific needs that must be achieved to integrate with Treasury's enterprise cybersecurity services. Guiding Treasury's FY 2025 request are the milestones articulated in Executive Order 14028 (EO 14028), *Improving the Nation's Cybersecurity*, as well as the numerous Office of Management and Budget (OMB) memorandums including M-21-31 *Improving the Federal Government's Investigative and Remediation Capabilities*, M-22-09 *Moving the U.S. Government Toward Zero Trust Cybersecurity Principles* and M-23-18 *Defending Critical Infrastructure and Shaping Market Forces to Drive Security and Resilience*. The FY 2025 request also supports compliance efforts associated with Department of Homeland Security (DHS) Cybersecurity and Infrastructure Security Agency (CISA) guidance that sets new cybersecurity standards and objectives. These new directives also prioritize cloud-based security, security operations center (SOC) enhancements, and security logging.

Consistent with prior year funding, the CEA will be used as a centralized account for the design, development, and evolution of enterprise-wide cybersecurity capabilities and services. An enterprise approach allows Treasury to enhance efficiency, communication, transparency, and accountability around the mission. A cross-cutting approach to managing the CEA investments allows the Department to elevate the importance of the associated technical initiatives and provide Treasury leadership, OMB, and Congress with a more holistic vantage point of cybersecurity activities across the Department. The investments within the CEA continue to align with the National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF). Treasury also aligns its investments to OMB-driven initiatives to ensure traceability between funding outlays and concrete outcomes.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2023 Operating Plan		FY 2024 Annualized CR		FY 2025 Request		FY 2024 to FY 2025 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Cybersecurity Enhancement Account	13	$100,000	34	$100,000	34	$150,000	0.0%	50.0%
Subtotal New Appropriated Resources	**13**	**$100,000**	**34**	**$100,000**	**34**	**$150,000**	**0.0%**	**50.0%**
Other Resources								
Recoveries from Prior Years	0	$71	0	$0	0	$0	NA	NA
Unobligated Balances from Prior Years	0	$57,461	0	$86,612	0	$86,000	NA	-0.7%
Subtotal Other Resources	**0**	**$57,532**	**0**	**$86,612**	**0**	**$86,000**	**NA**	**-0.7%**
Total Budgetary Resources	**13**	**157,532**	**34**	**$186,612**	**34**	**$236,000**	**0.0%**	**26.5%**

Note: FY 2023 Other Resources and Full-time Equivalents (FTE) reflect actuals.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2024 Annualized CR	**34**	**$100,000**
Changes to Base:		
Non-Recurring Costs		($17,293)
Maintaining Current Levels (MCLs):		**$2,236**
Pay Annualization (2024 5.2% average pay raise)		$76
Pay Raise (2025 2.0% average pay raise)		$89
Non-Pay (2025 2.2% non-pay inflation)		$2,071
Subtotal Changes to Base		($15,057)
FY 2025 Current Services	**34**	**$84,943**
Program Changes:		
Program Increases (DME):		**$65,057**
Enterprise Specific Investments		**$59,057**
Security Logging Requirements		$29,409
Zero Trust Architecture		$12,800
Cloud Adoption		$9,800
Other Cybersecurity Priorities		$6,048
Universal Encryption		$1,000
Bureau Specific Investments		**$6,000**
Cloud Adoption - Bureau of the Fiscal Service		$6,000
Subtotal Program Changes	**0**	**$65,057**
FY 2025 President's Budget Request	**34**	**$150,000**

C – Budget Increases and Decreases Description

Non-Recurring Costs ……………………………………..…………. -$17,293,000 / -0 FTE

This amount represents non-recurring initial investments for key elements that are one-time in nature and thus sunset into FY 2025. This includes but are not limited to application migrations to the cloud, low code adoption and the wind-down of implementation activities that leveraged contractor resources (i.e., vulnerability disclosure program, application DevOps, application cyber resources, application security testing) or are related to projections for lower O&M costs (cloud security enhancements, fraud management).

Maintaining Current Levels …………………………………………+$2,236,000 / +0 FTE
Pay Annualization, (5.2% in 2024) +$76,000 / +0 FTE
Funds are requested for annualization of the 2024 5.2 percent average pay raise.

Pay Raise, (2.0% in FY 2025) +$89,000 / +0 FTE
Funds are requested for a 2.0 percent average pay raise in January 2025.

Non-Pay, (2.2% in FY 2025) +$2,071,000 / +0 FTE
Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Program Increases ……………………………………….…………+$65,057,000 / +0 FTE
Security Logging, +$29,409,000 / +0 FTE
This FY 2025 investment will support Treasury's compliance with the security logging requirements outlined in OMB Memorandum M-21-31, which requires all logs to be accessible and visible for the highest-level operations center at the Department. This will require a scaling up of the cloud-based logging environment used by the Treasury Shared Services Security Operations Center (TSSSOC) to receive, store, analyze, and process security event and system logs from all Treasury offices and bureaus as well as nearly 40 Treasury shared services. With this investment, Treasury will:

- Create and monitor traps for detecting data-stream disruption.
- Implement a virtual, cloud-based facility to store and share the logs with external parties.
- Provide storage and retention for log data consistent with OMB Memorandum M-21-31 requirements.
- Analyze logs in real time to detect attacks and other activities of interest.
- Develop automated hunt and incident response playbooks that take advantage of security, orchestration, automation, and response capabilities.
- Create and implement a user behavioral analytics capability to allow for early detection of malicious behavior on all user and non-user accounts. This requires machine learning and artificial intelligence techniques to detect anomalous user actions and help combat advanced threats.

This investment is critical for Treasury's compliance with OMB Memorandum M-21-31 to successfully secure Treasury information technology systems.

Zero Trust Architecture Implementation, +$12,800,000 / +0 FTE
Zero Trust Architecture (ZTA) seeks to minimize implicit trust and reinvigorate least privilege. The ZTA approach is a paradigm shift from verifying once at the perimeter to continual verification of each user, device, application, and transaction. The impacts of the transition to ZTA are significant—not just technology reconfiguration but also adjusting our operating models to a new approach to risk management. Philosophically, we think of ZTA as:

- Enabling a new default security posture using the practice of "never trust, always verify" across the entire technology stack.
- Altering our approach for access enforcement, leveraging granular policies to assess the user identity, user device, and the categorization of the data before making an access decision.
- Shifting from defending the "macro attack surface" to the "micro protect surface."

For FY 2025, Treasury continues to design, implement, and operate a new generation of ZTA-aligned IT services, functions, and systems. Funding will support this program and include the following investments, noting that this list is subject to change to meet newly issued requirements:

- Consistent, robust, and scalable Treasury-wide ZTA with a focus on integration with Treasury cybersecurity architecture.
- Enhanced capabilities to detect and manage compromise, data exfiltration, malicious activity, and ransomware.

The FY 2025 investment in ZTA supports work towards a compliant Zero Trust maturity model. This large-scale investment approach requires Treasury to enhance visibility and threat identification at the application level to improve its ability to support continuous threat analysis, detection, response, and enable the analysis of encrypted traffic. Compartmentalization, micro segmentation, and reinforcing enforcement of continuous identity verification and access policies aligned with Zero Trust will improve the Department's resistance to fraudulent tampering of privileged accounts.

<u>Cloud Enterprise Investment, +$9,800,000 / +0 FTE</u>

Treasury requests FY 2025 funding for cloud enterprise cybersecurity enhancements and upgraded capabilities to meet ever growing security and compliance risks as Treasury continues to drive cloud adoption across the enterprise. With the imminent provisioning of an enterprise multi-cloud environment, Treasury will need to design, develop, and implement security patterns/guardrails to help ensure sanctioned and secure use of cloud platforms. Treasury's investment objectives in FY2025 for cloud enterprise adoption, include:

- Continued cyber enhancements for web properties (e.g., Treasury.gov, etc.) through the acquisition of dedicated security services and tolls to reduce risk of attacks through daily and proactive monitoring, increasing our ability to respond quickly, support periodic tuning, prevent DDoS attacks, and detect and mitigate script vulnerabilities.
- Maintain PaaS/SaaS solution with distinct and separate layers utilizing Acquia Cloud Platform for hosting and Drupal CMS for real-time publishing with protections to ensure high security capabilities (e.g., continuous monitoring, non-human traffic detection, etc.)
- Data, system, and application integration to support the automation of tasks and processes, to include providing modernization of legacy IT systems.
  Expanded security operations capabilities to accommodate the increased telemetry generated by cloud assets/workloads, along with developing new detection logic for cloud-specific monitoring. While we expect cloud will offer unprecedented opportunities for scalable and predictable infrastructure management, there will be both challenges and opportunities as we adapt our efforts to observe, detect, and respond to threats to our attack surface.

<u>Other Cybersecurity Priorities, +$6,048,000 / +0 FTE</u>

In FY 2025, Treasury will continue to make progress on ongoing critical cybersecurity investments. Continued funding of these critical investments is necessary to sustain progress made on some investments and launch new projects not previously identified.

Responding to the changing threat landscape in an interconnected environment has amplified the need for identifying and assessing the security posture of high value assets (HVAs) as well as vendors within our supply chain. Additionally, based on the complex nature of cybersecurity, ongoing maturation of these programs is necessary to enable much needed visibility into the myriad of threats, vulnerabilities, and cybersecurity risks facing our agency. These priority investments include, but are not limited to:

- Supply Chain Risk Management Enhancements
- Enterprise Cyber Risk Management
- Governance, Risk and Compliance
- High Value Assets
- Enterprise Threat and Vulnerability Management
- Vulnerability Disclosure Policy Platform
- Cyber Threat Intelligence
- Security improvements to enterprise applications
- Continued annual threat hunts in response to increased adversarial activity observed over the past year

Universal Encryption, +$1,000,000 / +0 FTE

Universal Encryption allows information and data to be encoded to prevent unauthorized access. This funding level is necessary to continue to support Treasury's commitment to fully comply with encryption protocols outlined in EO 14028 and subsidiary supporting material from OMB, CISA, NIST and other cybersecurity oversight entities.

To further protections of the internet and email traffic across its networks, Treasury uses encryption protocols to prevent adversaries from being able to intercept and capture traffic as it flows between endpoints. EO 14028 and M-22-09 prescribe a heightened level of encryption for Domain Name System (DNS) and Hypertext Transfer Protocol (HTTP) traffic that all agencies should use to increase the security of information transfer, particularly across public networks such as the Internet. This funding will continue the work that will focus on transitioning applications to use HTTP for secure communication with users.

Bureau Specific Investment, +$6,000,000 / +0 FTE

Cloud Adoption – Bureau of the Fiscal Service, +$6,000,000 / +0 FTE

The Budget request will support the Bureau of the Fiscal Service's (Fiscal Service) Mainframe and Cloud Transition Initiative to transition applications away from legacy mainframe technologies to cloud service providers. Fiscal Service will also continue to partner with the Department by leveraging $6 million through the Cybersecurity Enhancement Account (CEA) to implement modern solutions that will support the security, resiliency, and agility of these critical systems and continue to maintain the financial integrity and efficiency of our operations.

- ***High Value Assets***: Many of the Fiscal Service's HVAs are currently hosted on aging platforms based on antiquated code with cloud adoption allowing for migration of these systems to sustainable platforms.
- ***Federal Information Security Modernization Act (FISMA) Systems***: Consistent with the EO 14208, this funding will allow Fiscal Service to move 60+ FISMA systems to secure

cloud services, including Software as a Service, Infrastructure as a Service, and Platform as a Service. It will also enhance the business continuity and disaster recovery of these systems.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2023 Actual Obligations	FY 2024 Estimated Obligations	FY 2025 Estimated Obligations
11.1 - Full-time permanent	1,682	4,500	5,250
11.5 - Other personnel compensation	115	0	0
11.9 - Personnel Compensation (Total)	**1,797**	**4,500**	**5,250**
12.0 - Personnel benefits	679	1,350	1,575
Total Personnel and Compensation Benefits	**$2,476**	**$5,850**	**$6,825**
21.0 - Travel and transportation of persons	17	0	0
23.0 - Rent, Communications and Utilities	0	5,438	8,157
25.1 - Advisory and assistance services	54,721	56,848	87,222
25.2 - Other services from non-Federal sources	0	4,183	6,275
25.3 - Other goods and services from Federal sources	1,470	2,988	4,482
25.7 - Operation and maintenance of equipment	2,067	10,771	16,157
26.0 - Supplies and materials	7	0	0
31.0 - Equipment	10,459	13,922	20,883
Total Non-Personnel	**$68,742**	**$94,150**	**$143,175**
Total Obligations	**$71,218**	**$100,000**	**$150,000**
Full-time Equivalents (FTE)	**13**	**34**	**34**

Note: 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, $150,000,000 to remain available until September 30, 2027: 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 $6,000,000 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.* *Note.—A full-year 2024 appropriation for this account was not enacted at the time the Budget was prepared; therefore, the Budget assumes this account is operating under the Continuing Appropriations Act, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.*	

E – Legislative Proposals

The Cybersecurity Enhancement Account has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

The CEA is focused on an enterprise approach to bolstering and securing Treasury's critical IT systems and infrastructure to prevent interruptions to the Department's strategic goals and objectives. The CEA aligns with the following Treasury strategic goals and objectives as presented in the FY 2022 - FY 2026 strategic plan:

Goal 2: Enhance National Security

- Objective 2.1 – Cyber Resiliency of Financial Systems and Institutions - Harden assets and systems of Treasury and the broader financial system to promote financial system resiliency.

B – Budget and Performance by Budget Activity

2.1.1 Cybersecurity Enhancement Account Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	$25,208	$20,538	$28,040	$42,073	$70,539	$100,000	$150,000
Budget Activity Total	**$25,208**	**$20,538**	**$28,040**	**$42,073**	**$70,539**	**$100,000**	**$150,000**
Full-time Equivalents (FTE)	**12**	**3**	**4**	**7**	**13**	**34**	**34**

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Number of Major Incidents	0	1	1	1	2	0	DISC	DISC
Number of Reported Incidents	152	206	246	205	277	150	DISC	DISC
Enterprise Multi-Factor Authentication Adoption	N/A	N/A	N/A	N/A	N/A	N/A	B	B
Transitioning Enterprise Logging Data	N/A	N/A	N/A	N/A	N/A	N/A	B	B
Percentage of TIER I High Value Assets (HVAs) where Risk and Vulnerability Assessment (RVA) or Security Architecture Review (SAR) are Completed on Time (%)	100%	100%	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 (%)	57%	80%	80%	100%	92%	80%	80%	80%

Key: DISC - Discontinued; B - Baseline; I - Indicator

Cybersecurity Enhancement Account (CEA) Budget and Performance
($150,000,000 from direct appropriations):
The purpose of the CEA is to strategically mitigate cybersecurity risks through a centralized program with Department-wide impact. Investments support the core framework of the Department's IT infrastructure. Due to the increasing volume and sophistication of cyber-attacks, Treasury leadership continues to prioritize cybersecurity and will centralize Department-wide cybersecurity initiatives through the CEA account.

Description of Performance
Number of Major Incidents: The number of major incidents, as defined in OMB Memorandum 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. In December 2020, Treasury notified DHS CISA of a major security incident resulting from the Department's deployment of SolarWinds Orion, a widely-used network management software. The Department has completed compromise assessments, and all SolarWinds Orion products continue to remain offline across the Treasury Enterprise environment. This measure will be discontinued in FY 2024.

Number of Reported Incidents: Treasury is constantly being targeted by a large array of threat actors, including nation states and criminal syndicates. Treasury detects and responds to these events and provides notifications of a subset of these events to the United States Computer Emergency Readiness Team at CISA for external situational awareness. Because the volume and velocity of these events is contingent upon various factors (geopolitical affairs, software vulnerabilities, new tactics/techniques), it can be difficult to forecast future impact based on year-to-year trends. This measure will be discontinued in FY 2024.

Enterprise Multi-Factor Authentication Adoption: Treasury has established this new performance measure in response to EO 14028 on "Improving the Nation's Cybersecurity." The EO directs Federal Agencies to develop and adopt stronger cybersecurity policies and practices, including fully adopting Multi-Factor Authentication (MFA). Treasury outlined a goal to implement MFA to the maximum extent feasible.

Transitioning Enterprise Logging Data: This measure will track Treasury's progress in transitioning enterprise logging data from on-premises locations to the cloud.

Percentage of High and/or Critical Findings from Risk and Vulnerability Assessments (RVAs) or Security Architecture Reviews (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 (POA&Ms) within the fiscal year. Treasury has consistently recorded a 100 percent completion rate for system assessments and currently has a 100 percent closure rate for associated findings and POA&Ms. This focus helps to ensure that the proper POA&Ms 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 2025 target should remain flat from FY 2023 levels due to the likelihood that long-term remediation efforts would be required based on findings from HVA assessments.

Section III – Additional Information

A – Summary of Capital Investments

Capital investments that support the 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

B - National Institute of Standards and Technology (NIST) Crosswalk
NIST crosswalks to the FY 2025 President's Budget Request:

Dollars in Thousands

NIST Reporting Categories						
CEA Investments	**Identify**	**Protect**	**Detect**	**Respond**	**Recover**	**Total**
Zero Trust Architecture	**4,500**	**40,200**	**7,500**	**2,600**	-	**54,800**
Security Logging	-	**32,325**	-	**9,000**	-	**41,325**
Other Cybersecurity Priorities	**17,235**	**5,150**	-	**2,565**	-	**24,950**
Cloud Adoption	**2,150**	**15,375**	-	**500**	**1,400**	**19,425**
Multi-Factor Authentication	-	-	**2,500**	-	-	**2,500**
Universal Encryption	-	**1,000**	-	-	-	**1,000**
Bureau Specific Investments	-	**6,000**	-	-	-	**6,000**
BFS- Cloud Adoption		*6,000*				**6,000**
Grand Total	**23,885**	**100,050**	**10,000**	**14,665**	**1,400**	**150,000**

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

Congressional Budget Justification and Annual Performance Report and Plan

FY 2025

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 in use Federal building in Washington, after the Capitol and the White House. Unlike the Capitol or 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 by the Department-wide Systems and Capital Investments Program (DSCIP).

The Main Treasury Building was built with Congressional appropriations from 1836 to 1869. From 1909 to 1910, the building received a special appropriation to modernize its infrastructure, which helped to bring the building into the 20th century. In 1919, construction was completed to build the Freedman's Bank Building, which is also owned by the Treasury Department. The building's upkeep and care are also supported by capital investments from the DSCIP. A major fire in 1996 resulted in a series of Congressional appropriations that ushered the Treasury Building into the 21st century. Now, 28 years later, the building faces several issues that must be addressed, some of which pose life safety concerns, including those related to Treasury and the Freedman's Bank Building's external and internal infrastructure and security posture.

The President's FY 2025 Budget request reflects a limited subset of those previously identified needs, which the Department plans to continue to address over time. The FY 2025 request builds on prior year efforts to repair the outer envelope of the Main Treasury building and includes funding to address major repairs within the interior of the Main Treasury building. This request reflects Treasury's 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 a holistic modernization of the building's systems and infrastructure.

The Budget also includes funding to be used for replacement of chillers and cooling towers, contributions to the U.S. Digital Service, and supports conversion of Treasury vehicle fleet to electric vehicles (EVs).

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2023 Operating Plan		FY 2024 Annualized CR		FY 2025 Request		FY 2024 to FY 2025 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Department-wide Systems and Capital Investments Program	0	$11,118	0	$11,118	0	$14,470	0%	30%
Subtotal New Appropriated Resources	**0**	**$11,118**	**0**	**$11,118**	**0**	**$14,470**	**0%**	**30%**
Total Budgetary Resources	**0**	**11,118**	**0**	**$11,118**	**0**	**$14,470**	**0%**	**30%**

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2024 Annualized CR	**0**	**$11,118**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$0
Non-Recurring Costs	0	($11,118)
Subtotal Changes to Base	0	($11,118)
FY 2025 Current Services	**0**	**$0**
Program Changes:		
Program Increases:	0	$14,470
MT Exterior Repair/Restoration Masonry & Windows	0	$4,000
MT/FBB Mass Notification System/Fire Alarm Upgrade/Replacement Study	0	$1,250
Replace Chillers and Cooling Tower	0	$3,500
MT Carpet, Plaster, Paint, and Flooring Repairs	0	$650
Electric Vehicle Leases and Infrastructure	0	$1,718
Treasury Contribution to U.S. Digital Service	0	$3,352
Subtotal Program Changes	0	14,470
FY 2025 President's Budget Request	**0**	**$14,470**

C – Budget Increases and Decreases Description

Non-Recurring Costs ....-$11,118,000 / - 0 FTE

This amount represents the non-recur of investments funded within the FY 2024 Assumed.

Program Increases ....+$14,470,196 / +0 FTE

MT Exterior Repair and Restoration Masonry & Windows +$4,000,000 / +0 FTE

Treasury's request continues critical renovations and maintenance of the outer shell of the Main Treasury (MT) and Freedman's Bank Building (FBB) facilities, with the primary goals of preventing continued water intrusion and erosion of the building's historic fabric, and repairing key structural components. Without consistent funding the overall project costs will increase and the potential for increased damage is high. In addition to losing momentum on the progress, costs for mobilization and surveys/studies will recur with each new start up.

More specifically, work items include:

1. Repairing failed masonry joints to protect from moisture penetration, cleaning the stone surfaces, and repairing damaged stone (see figure 1 below).

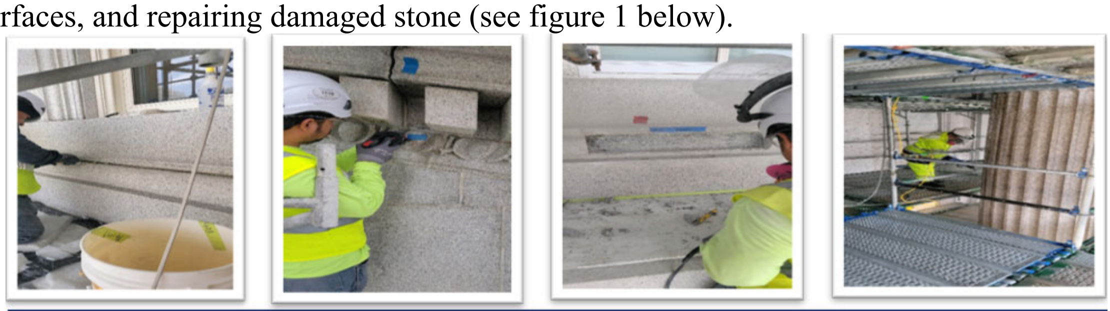


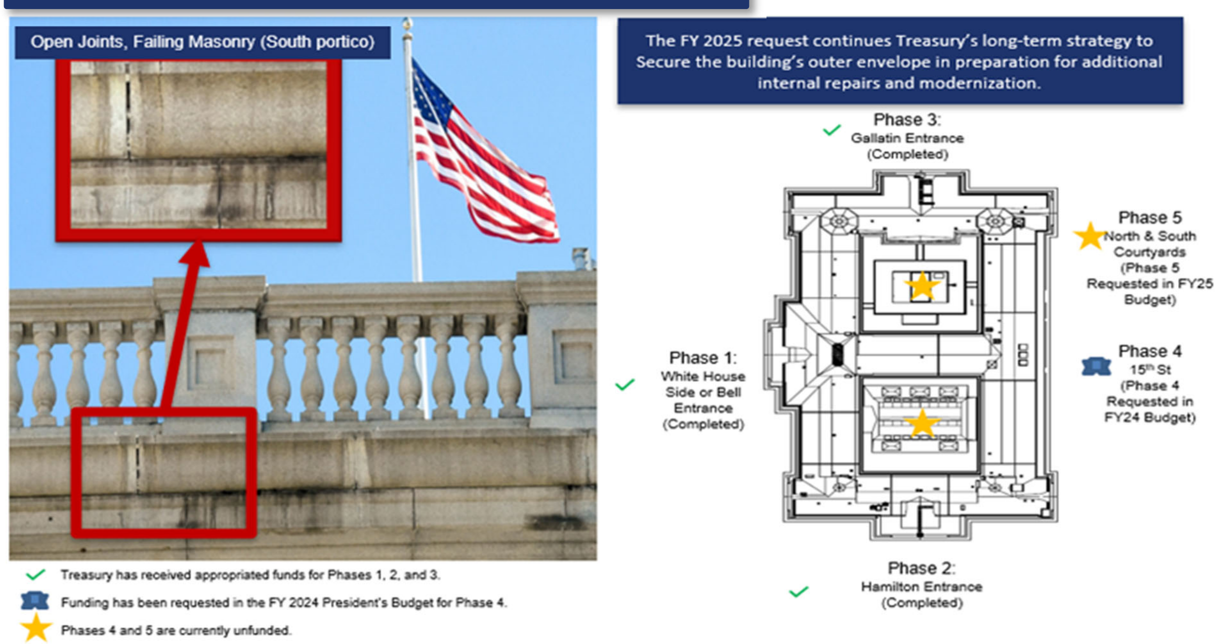
Figure 1: Open Joints, Failing Masonry

2. Repairing or replacing window frames suffering varying degrees of damages after years of weather exposure (see figure 2 below).

Figure 2: Typical Rotten Windowsill

This request would fund part of phases four and five of the multi-year effort to maintain the building and to prevent more expensive repair work, as deterioration continues, to include weather intrusion that is impacting interior spaces that require remediation and mold control. Phase three was funded in FY 2023. Phase four covers the 15th Street side of MT and is expected to commence in FY 2024 (contingent on sufficient funding). Phase five covers the remainder of the North and South Courtyards façade of the MT building and would be commenced in FY 2025 with the requested funding. This funding covers exterior repairs, but it is possible the repairs will uncover additional unanticipated structural issues that could require additional funding requests. See figure 3 below for summary of MT Exterior repairs.

Figure 3: Exterior Repair and Restoration (MT)



MT/FBB Mass Notification System/Fire Alarm Upgrade/Replacement Study +$1,250,000 / +0 FTE

The Main Treasury's current fire alarm system is 25 years old, and while the existing system meets basic code requirements, the system is limited to its primary function for building evacuations only. The system does not have the mass notification intelligence to accommodate alternate emergency scenarios such as shelter in place. The lack of this feature can lead to confusion during an emergency, increasing the risk for accident or injury during an event. A recent third-party assessment recommended system replacement over enhancement for system reliability.

Replace Chillers and Cooling Tower+$3,500,000 / +0 FTE

The MT Building houses the entire chilled water plant for the Main Treasury Complex. A five cell cooling tower feeds four water cooled centrifugal chillers providing a total cooling capacity of 2,050 tons. The chillers are located in a mechanical room under the northwest lawn.

The four chillers provide over 98% of the cooling required for the entire Treasury Headquarters complex; therefore, the plant is operated 24/7, 365 days per year. The Freedman's Bank Building (FBB) does not generate chilled water but rather uses chilled water from the main plant distributed by a dedicated secondary chilled water pump which serves most air handling units directly. The Chilled Water System is over 30 years old and has a wide variety of repair needs including bearings, motors, valves, distribution piping, insulation, controls, and other repairs. The system has redundancy for repairs. However, with all of the components aging at the same time the occurrence of repair needs combined with the time to repair diminishes the reliability of the redundant capacity.

It is imperative that these items are repaired/replaced before the available redundancy is lost. A system breakdown would indefinitely shutdown the Treasury Complex's daily operations. This first-year cost of a multi-year project includes design for this effort.

See figure 4 below of chiller and water-cooling tower.

Figure 4:

Central Chilled Water-Cooling System

Centrifugal Chiller Plant (1 of 4 chillers pictured above)

MT Carpet, Plaster, Paint, and Flooring Repairs +$650,000 / +0 FTE

There is currently a backlog of damaged paint and plaster as well as frayed carpet throughout MT and FBB. Some of the paint and plaster damage is due to water intrusion. These funds will supplement other funding to address the backlog in repairing these problems and implementing a regular schedule of maintenance. The damaged paint and plaster are unsightly and pose potential health and safety risks, while the frayed carpet is a safety hazard. See figure 5 below of plaster damaged caused by deficiencies in the façade pointing and/or flashing.

Figure 5: Wall and Finish Deterioration; Interior Ceiling

In addition, water intrusion has caused a section of flooring in MT to become structurally unsound. Without near-term action, continued deterioration will create significant safety risks. Closure of the location could be necessary to avoid the potential for serious injury to Treasury employees and visitors. Funding is needed to rebuild the floor, and this will result in a far safer space.

Electric Vehicle Leases and Infrastructure +$1,718,000 / +0 FTE

Consistent with the Administration's priorities (see E.O. 14008), Treasury is committed to supporting the Administration's goals of combatting the impacts of climate change. Treasury hopes to accelerate the conversion of its vehicle fleet to electric vehicles (EVs) as a part of strategic objective 4.4 (Sustainable Treasury Operations). To facilitate this transition, $1.718 million is being requested to lease EVs and purchase the associated charging and supply equipment at Treasury facilities. Funding will be used to:

- Replace traditional internal combustion vehicle leases with electric vehicles.
- Additional charging station infrastructure at Treasury facilities to support fleet electrification. Some existing charging stations will require updates or replacement.

Treasury Contribution to U.S. Digital Service +$3,352,196 / +0 FTE

Treasury requests $3.352 million for the agency-wide contribution to the U.S. Digital Service for digital service expertise and assistance attracting and hiring technical talent to de-risk large-scale or high-priority technical implementations and launches, respond in urgent situations, and/or provide technology strategy and planning support.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2023 Actual Obligations	FY 2024 Estimated Obligations	FY 2025 Estimated Obligations
23.1 – Rental payments to GSA	0	9,351	0
23.3 – Communications, utilities, and miscellaneous charges	0	0	1,718
25.1 – Advisory and assistance services	429	3,000	0
25.3 – Other goods and services from Federal sources	14	0	3,352
25.7 – Operation and maintenance of equipment	21	0	0
31.0 – Equipment	491	0	0
32.0 – Land and structures	9,788	3,552	5,550
Total Non-Personnel	**$10,743**	**$15,903**	**$10,620**
Total Obligations	**$10,743**	**$15,903**	**$10,620**
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; for the hire of zero emission passenger motor vehicles and for supporting charging or fueling infrastructure; for expenses related to realignment of leased office space within the District of Columbia; and for repairs and renovations to buildings owned by the Department of the Treasury, $14,470,196, to remain available until September 30, 2027: 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.* Note.—A full-year 2024 appropriation for this account was not enacted at the time the Budget was prepared; therefore, the Budget assumes this account is operating under the Continuing Appropriations Act, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.	The requested change (deleting the restriction on supporting or supplementing certain accounts) is due to the requested Digital Service program increase. This requested funding is the agency-wide cost and would include the IRS.

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 with 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. DSCIP's work aligns with the following new objectives in the Treasury FY 2022 – 2026 Strategic Plan:

Strategic Goal 4, to Combat Climate Change:

- Objective 4.4: Sustainable Treasury Operations. Improve Treasury's overall environmental and energy sustainability and invest in Bureaus' adaptation and resiliency efforts to address climate change impacts on operations and services.

Strategic Goal 5, to Modernize Treasury Operations:

- Objective 5.4: Customer Experience Practices. Mature and embed strong customer experience practices across the Department, establishing Treasury's reputation for consistently positive experiences.

B – Budget and Performance by Budget Activity

2.1 – DSCIP Resources and Measures

Dollars in Thousands

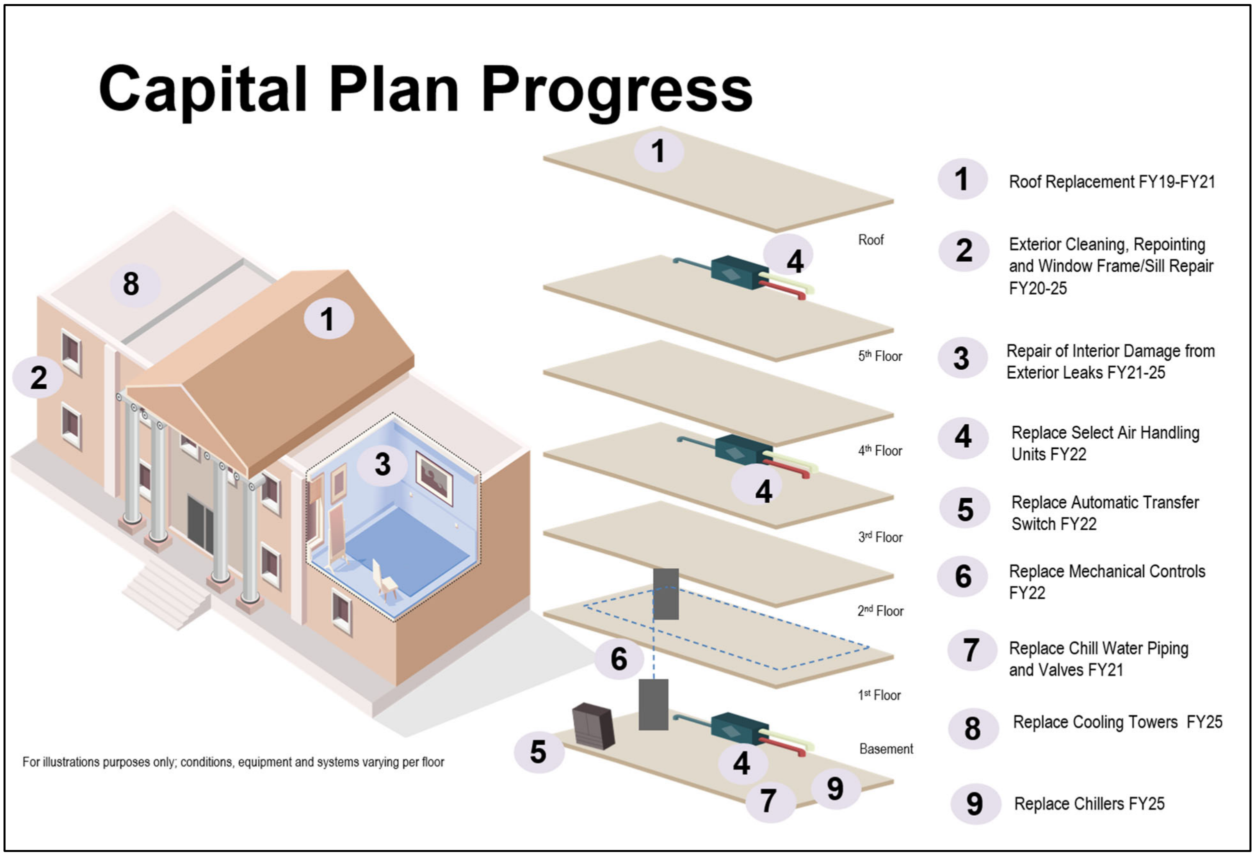
Resource Level	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	$4,000	$6,118	$6,118	$6,118	$11,118	$11,118	$14,470
Budget Activity Total	**$4,000**	**$6,118**	**$6,118**	**$6,118**	**$11,118**	**$11,118**	**$14,470**
Full-time Equivalents (FTE)	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Note: Appropriated Resources in the 2.1 table reflect appropriated levels.

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

($14,470,196 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), 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), 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 contract for the first phase (west façade) of the Main Treasury exterior restoration project was awarded late in FY 2021 and completed during FY 2022. Exterior restoration work continued through 2023 with the completion of phase 2 (south) and phase 3 (north) north façades. In FY 2024, assuming adequate funding, Phase 4 work will commence and, in FY 2025, with this requested funding, work on Phase 5 will commence. The following graphic shows recent progress.



Treasury Operations completed an expanded Facility Condition Assessment (FCA) in FY 2023 for the Main Treasury and Freedman's Bank buildings. This assessment was conducted to identify long-term capital expenses based on the expected useful life of building systems and components. The FCA also provides data to and assists in the modernization of Treasury facilities to improve energy efficiency and environmental sustainability. Treasury Operations continues to work to identify ways to improve Treasury's sustainability and decrease Treasury's carbon footprint, and the FCA will be invaluable in establishing a baseline from which Treasury can identify areas where sustainability or energy efficiency can be improved (e.g., legacy mechanical systems, more efficient building envelope, etc.) consistent with Strategic Objective 4.4.

In addition to immediate repairs and long-term needs, the expanded FCA provided feedback on the building code as well as compliance with the Americans with Disabilities Act. In doing so, it allows Treasury to provide a safer, more inclusive, and more accessible environment for Treasury staff, consistent with strategic objective 5.4.

Concurrent with repairs to Treasury's owned portfolio, Treasury has four leases expiring in August of 2025 in downtown Washington, DC. The combined total square footage of these four leases is 195,017 rentable square feet (RSF). In FY 2022, Treasury undertook a progressive approach to space utilization and developed a plan to consolidate leased spaces, reducing to an estimated 67,000 RSF. This effort aligns Treasury's long-term future of work plan and the federal footprint reduction plan and is consistent with strategic objective 5.2. These efforts will only be accomplished with sufficient funding.

The consolidation is expected to improve operational efficiency and allow for future growth while providing an efficient work environment that supports each offices' mission. This funding request will support the construction and office moves for the new facility and decommissioning of expired leases.

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
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Department of the Treasury
Office of Terrorism and Financial Intelligence

Congressional Budget Justification and Annual Performance Plan and Report

FY 2025

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

The Office of Terrorism and Financial Intelligence (TFI) requests $230.533 million for fiscal year (FY) 2025. Funding at this request level would enhance TFI's ability to protect the U.S. and international financial systems from both foreign and domestic abuse. Resources would be utilized to increase transparency in the domestic and international financial systems and to facilitate the detection of illicit financial activity. These actions are essential to reaffirming Treasury's global leadership in combating financial abuse. Resources would also be used to advance the Administration's foreign policy and national security priorities through the application of targeted financial measures. TFI's request prioritizes efforts to modernize the development, implementation, enforcement, and maintenance of U.S. sanctions to ensure that sanctions remain a streamlined and effective foreign policy and national security tool. Resources also will support further development of Treasury's sanctions expertise and expand Treasury's external engagement and outreach on sanctions with key interagency and international partners. Additionally, the FY 2025 request provides resources to ensure more complete strategic analysis on China and provides resources for maintenance and operations of a new cloud-based technology system.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2023 Operating Plan		FY 2024 Annualized CR		FY 2025 Request		FY 2024 to FY 2025 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Terrorism and Financial Intelligence	556	$216,059	623	$216,059	644	$230,533	3.4%	6.7%
Subtotal New Appropriated Resources	**556**	**$216,059**	**623**	**$216,059**	**644**	**$230,533**	**3.4%**	**6.7%**
Other Resources								
Reimbursables	34	$15,831	32	$13,500	32	$13,500	0.0%	0.0%
Transfer from Technology Modernization Fund (TMF)	0	$6,751	0	$4,394	0	$0	NA	-100.0%
Subtotal Other Resources	**34**	**$22,582**	**32**	**$17,894**	**32**	**$13,500**	**0.0%**	**-24.6%**
Total Budgetary Resources	**590**	**238,641**	**655**	**$233,953**	**676**	**$244,033**	**3.2%**	**4.3%**

Notes:
1) FY 2023 Other Resources and Full-time Equivalents (FTE) reflect actuals.
2) Table excludes Ukraine Supplemental appropriation and FTEs.
3) TFI will repay funds received for the TMF.

1.2 – Budget Adjustments

Dollars in Thousands

	FTE	Amount
FY 2024 Annualized CR	**623**	**$216,059**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$5,431
Pay Annualization (2024 5.2% average pay raise)	0	$1,420
Pay Raise (2025 2.0% average pay raise)	0	$1,660
Non-Pay (2025 2.2% non-pay inflation)	0	$2,351
Subtotal Changes to Base	**0**	**$5,431**
FY 2025 Current Services	**623**	**$221,490**
Program Changes:		
Program Increases:	21	$9,043
Expansion of Sanctions Economic Analysis Unit	7	$2,100
Enhance the Intelligence Community's Economic Security/Financial Intelligence	7	$2,000
Strategic Investments to Meet Policymaker Demand on China	5	$1,447
TFIN O&M and Cybersecurity Investments	2	$3,496
Subtotal Program Changes	**21**	**9,043**
FY 2025 President's Budget Request	**644**	**$230,533**

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) ....+$5,431,000 / +0 FTE

Pay Annualization (5.2% in 2024) +$1,420,000 / +0 FTE

Funds are requested for annualization of the January 2024 5.2% average pay raise.

Pay Raise (2.0% in 2025) +$1,660,000 / +0 FTE

Funds are requested for a 2.0% average pay raise in January 2025.

Non-Pay (2.2% in FY 2025) +$2,351,000 / +0 FTE

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

Program Increases ....+$9,043,000 / +21 FTE

Expansion of Sanctions Economic Analysis Unit +$2,100,000 / +7 FTE

As envisaged, with sufficient staffing, the Sanctions Economic Analysis Unit (Unit) will be responsible for the development of economic and financial policy analysis to inform the design and implementation of sanctions policy and targeting options that may be approved by Treasury decision makers. The Unit will also provide firm- and industry-specific analysis of potential collateral effects of proposed sanctions and identify issues that may be appropriate to mitigate, including related to U.S. persons, in connection with the Office of Foreign Asset Control (OFAC) actions. Lastly, the Unit will conduct after-action financial and economic policy analysis of collateral effects and work with sanctions regulatory and policy practitioners to recommend additional mitigation or program adjustments.

The Unit is intended to provide a globally consistent approach to economic and financial policy analysis that better informs Treasury's sanctions design and implementation work and develops a center of excellence for analyses on the effectiveness of sanctions policy. As such, the Unit will build a centralized repository of sanctions-specific institutional memory on economic and financial analytical processes, approaches, and results, leveraging existing knowledge management within TFI and Treasury International Affairs components. Over time, the Unit will function as the Department's internal knowledge base on sanctions-specific economic and financial policy analysis, capturing and documenting lessons learned on economic and financial policy analyses from prior sanctions episodes and the economic consequences of sanctions programs. As the Unit grows, it will work closely with OFAC to conduct analyses that contribute to periodic evaluations of sanctions policy and programs and provide data and information that can help OFAC make recommendations to modify sanctions policies.

The Unit will relieve what is presently unsustainable demands on existing units within the Office of Intelligence and Analysis (OIA), which are not adequately resourced to respond to "peak load" sanctions-related taskings from senior Treasury leadership and the interagency. The Unit will also assist OIA with firm-specific economic and financial policy analysis. Additionally, the Unit will provide OFAC with a central source for technical excellence in financial market dynamics, balance sheet, and economic policy analysis, skills for which OFAC does not presently recruit.

TFI has made considerable progress toward modernizing the sanctions regime by implementing recommendations from the Treasury 2021 Sanctions Review, executing the Sanctions Modernization Action Plan, and working with interagency partners to re-evaluate the interagency sanctions framework. This includes creating the Sanctions Economic Analysis Unit in 2023, which is led by a Chief Sanctions Economist to serve as a center of excellence for analyses on the effectiveness of sanctions. This Unit provides economic and financial policy analyses that better informs the design and implementation of sanctions policy and targeting options under existing or proposed authorities. This Unit is also responsible for standardizing a consistent approach to economic and financial policy analyses that better informs policy decisions. This includes analyses of potential collateral effects of proposed sanctions to identify issues that may be mitigated. The FY 2025 funds will be used to expand the Unit by hiring additional sanctions economists who provide analysis resulting in more informed policy decisions by Treasury leadership.

Without adequate staffing for the Unit and with growing unsustainable workloads, a lack of funding for this initiative will compromise the ability to effectively respond to sanctions-related taskings from the Department's senior leadership and elsewhere in the Federal Government. This will result in increased strain on current staff and policy recommendations that may lack thorough analytical underpinnings and relevant risk analysis.

Enhance the Intelligence Community's Economic Security and Financial Intelligence +$2,000,000 / +7 FTE
This request completes the ODNI-led strategic investment started in FY 2023 to right-size the economic and finance related mission space within the Intelligence Community (IC). The FY 2025 funding will support the following programmatic areas:

- Strategic Economic and Financial Analysis – This funding would allow OIA to hire additional private sector experts to enhance our strategic macroeconomic and sectoral intelligence analysis in support of the Department's economic and financial vulnerabilities, sanctions, Committee on Foreign Investment in the United States (CFIUS), and climate finance work. This investment would allow us to sustain coverage of systemically important economies during future crises.
- Counterintelligence Threat Finance – This funding would allow OIA to expand its analysis of how foreign intelligence services pay to target and recruit U.S. government personnel. As proven in recent espionage cases, foreign intelligence entities' tactics, techniques, and procedures have evolved greatly in the way they seek to target and recruit U.S. government personnel.
- Enhance the Treasury Reporting Program – This funding would allow OIA to expand intelligence reporting to the intelligence, law enforcement, and policy communities as applicable, based on Treasury policymaker engagements and whether data sets are proprietary or shareable.

Without this initiative, OIA will have an inability to augment analytic resources for sustained coverage on the economic impacts of U.S. sanctions, and it will degrade their ability to provide timely intelligence analysis and support to Treasury and other critical Federal Government policymakers.

Strategic Investments to Meet Policymaker Demand on China +$1,447,000 / +5 FTE
OIA has unique placement within the IC, given its access to financial data and relationships with the components of Treasury and TFI specifically to produce high-level, strategic intelligence for policymakers. Ultimately, this analysis can be used to identify engagement opportunities with foreign partners and opportunities to engage on a range of economic security issues and disrupt sanctionable activities in China. OIA is unable to fully and adequately respond to the Department's current requests for intelligence analysis on China's economic and financial situation. Funding would support a range of OIA objectives, particularly providing a pool of highly skilled economic analysts to support potential contingencies or surge situations. This investment would allow OIA to cover China's macroeconomy, key economic sectors, and international financial connections, as well as further develop OIA's analysis on China's influence across the globe. OIA specifically needs analysts with private sector experience on China, who will allow us to expand the sophistication of OIA's analysis on key economic and financial issues regarding China. Without this investment, OIA will be unable to fully meet intelligence analysis demand on macroeconomic analysis on China's domestic challenges or risks to the global economy.

TFIN Operations and Maintenance and Cybersecurity Investments +$3,496,000 / +2 FTE
In FY 2023, OIA received $11.6 million from GSA's Technology Modernization Fund; this is a one-time investment that will be fully reimbursed. This funding supports transitioning the Treasury Foreign Intelligence Network (TFIN) to a hybrid cloud solution that will be a robust, modern information technology infrastructure and a secure, decentralized network. The development of the new, cloud solution is expected to be completed in FY 2024.

This investment would fund needed operations and maintenance of the new system as well as cybersecurity requirements. The transition to the cloud model from a hardware-based usage requires licenses for each unique TFIN user. In addition, OIA will also use these funds to make significant cybersecurity investment (required by Executive Order 14028-Improving the Nation's Cybersecurity and the "Memorandum on Improving the Cybersecurity of National Security, Department of Defense, and Intelligence Community Systems NSM-8"). The technically complex work required for compliance includes adoption of multi-factor authentication, encryption of all data at rest and data in transit, migration to a zero-trust architecture, enhanced system event logging and retention, and deploying endpoint detection and response. TFI requests two FTE positions for a Senior Applications Software Developer and a Senior IT Project Manager. Their work will include analyzing and integrating IT requirements for cloud software, hardware, and infrastructure; researching technologies and trends; conducting studies; and developing and interpreting policies, procedures, and strategies governing the planning and delivery of IT services. Without this funding, Treasury risks having an insufficient number of licenses for its users to access and the system's access to TFIN will not meet the anticipated customer set, and TFIN will also be non-compliant with the new mandatory cybersecurity requirements.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2023 Actual Obligations	FY 2024 Estimated Obligations	FY 2025 Estimated Obligations
11.1 - Full-time permanent	78,554	87,253	92,697
11.3 - Other than full-time permanent	882	1,007	1,073
11.5 - Other personnel compensation	3,248	3,656	3,883
11.8 - Special personal services payments	6,500	6,500	6,500
11.9 - Personnel Compensation (Total)	**89,184**	**98,416**	**104,153**
12.0 - Personnel benefits	28,833	32,404	34,408
Total Personnel and Compensation Benefits	**$118,017**	**$130,820**	**$138,561**
21.0 - Travel and transportation of persons	2,808	2,204	2,256
22.0 - Transportation of things	83	65	67
23.2 - Rental payments to others	7	5	6
24.0 - Printing and reproduction	334	262	268
25.1 - Advisory and assistance services	35,978	32,695	31,484
25.2 - Other services from non-Federal sources	3,932	3,096	3,166
25.3 - Other goods and services from Federal sources	55,508	43,496	46,404
25.7 - Operation and maintenance of equipment	11,717	9,181	9,404
26.0 - Supplies and materials	4,886	3,842	3,931
31.0 - Equipment	7,304	5,724	5,863
32.0 - Land and structures	3,234	2,534	2,596
42.0 - Insurance claims and indemnities	37	29	30
99.5 - Adjustment for rounding	(1)	(1)	(1)
Total Non-Personnel	**$125,827**	**$103,133**	**$105,472**
Total Obligations	**$243,844**	**$233,953**	**$244,033**
Full-time Equivalents (FTE)	**590**	**655**	**676**

Amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, transfers, and TMF loan. Table excludes Ukraine supplemental appropriations, which expired in FY 2023, and FTEs.

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, $230,533,000, 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 $16,000,000 shall remain available until September 30, 2026.* Note.—A full-year 2024 appropriation for this account was not enacted at the time the Budget was prepared; therefore, the Budget assumes this account is operating under the Continuing Appropriations Act, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.	

E – Legislative Proposals

The Office of Terrorism and Financial Intelligence has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment
The TFI Salaries and Expenses account funds four major functions that support Treasury's mission. TFI Salaries and Expenses includes funding for the Office of Intelligence and Analysis, the Office of Foreign Assets Control, and the Office of Terrorist Financing and Financial Crimes. In addition, TFI Salaries and Expenses funds the Office of the Undersecretary for Terrorism and Financial Intelligence, which is responsible for oversight and leadership for the aforementioned offices as well as the other functions within the TFI portfolio that are not funded via the TFI Salaries and Expenses Account. This includes Treasury's Executive Office of Asset Forfeiture (TEOAF) and the Financial Crimes Enforcement Network (FinCEN).

To achieve its mission of enhancing national security TFI utilizes a variety of pressure, diagnostic and preventative tools to protect the U.S. and international financial system from abuse (see Figure 1 below).

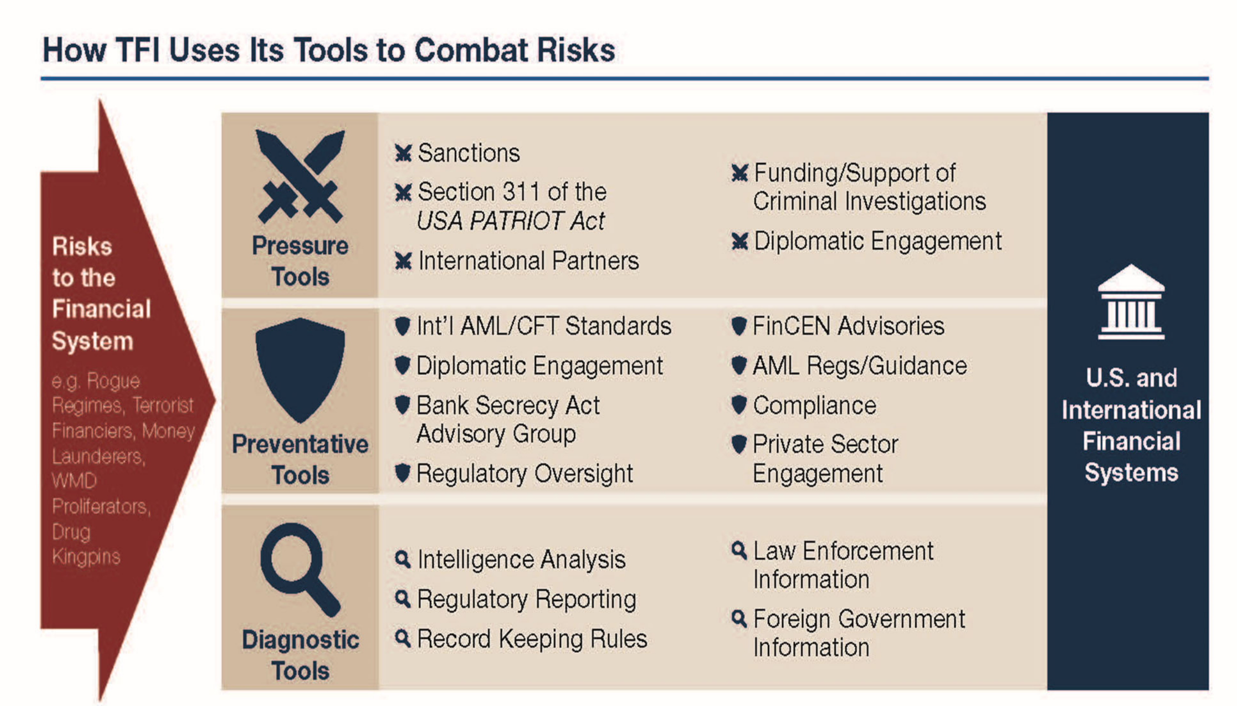

Figure 1

In its role as one of Treasury's most important tools to enhance national security, TFI leads or supports on a number of Treasury's strategic plan goals and objectives. The following page includes a breakout that illustrates TFI's alignment across the strategic plan.

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 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Operating Plan	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	$159,000	$169,712	$175,000	$195,192	$216,059	$216,059	$230,533
Other Resources							
Reimbursable	$7,756	$8,543	$8,280	$9,051	$15,831	$13,500	$13,500
Transfer from Technology Modernization Fund	0	0	0	0	$6,751	$4,394	0
Budget Activity Total	**$166,756**	**$178,255**	**$183,280**	**$204,243**	**$238,641**	**$233,953**	**$244,033**
Full-time Equivalents (FTE)	**480**	**516**	**559**	**594**	**590**	**655**	**676**

Notes:
1) FY 2023 Other Resources and Full-time Equivalents (FTE) reflect actuals. Appropriated Resources reflect Operating Plan amounts.
2) Table excludes Ukraine Supplemental appropriation and FTEs.

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Number of new or modified sanctions programs modified by EO or Congressional mandate during the fiscal year	N/A	7	8	11	2	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	67%	25%	0%	0%	75%	75%	75%
Designations and identifications released on time to the public without errors	N/A	97%	98%	100%	100%	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	0	26	46	87	60	60	60
Participation in FATF international mutual evaluations and follow up reports	N/A	32	32	42	44	I	I	I
Number of roundtables with private sector on AML/CFT threats, vulnerabilities, and risk	N/A	13	13	16	22	I	I	I
# of overseas/domestic engagements with foreign officials by TFFC officials	N/A	> 690	500+	500+	500+	I	I	I
Respond to de-confliction requests received from law enforcement	N/A	88%	97%	99%	98%	93%	93%	93%

# of security clearances processed	N/A	1131	450	283	3,561	I	I	I
Number of analytic products published (includes number of IIRs published, number of finished intelligence pieces published)	N/A	446 IIRs/297 FI	317 IIRs/321 FI	584 IIRs/ 727FI	762 IIRs/738 FI	I	I	I

Key: DISC – Discontinued; B – Baseline; I – Indicator; N/A: Not Available

Terrorism and Financial Intelligence Budget and Performance

($230,550,000 from direct appropriations, $13,500,000 from reimbursable resources):

TFI has been designated as the Treasury lead for three strategic plan objectives within Treasury's *Goal 2 – Enhance National Security*. During FY 2023, TFI continued to make significant progress across these objectives. Below is a brief discussion of the organization's impact across each, respectively.

<u>Objective 2.2: Economic Measures to Advance National Security</u>

Following Hamas's October 7th massacre on innocent Israeli civilians, TFI has taken swift and decisive action to target Hamas's financiers and facilitators. This is part of a continuous effort to root out Hamas's sources of revenue in Gaza, the West Bank and across the region and done in close coordination with regional partners and allies. These actions have included designating key Hamas terrorist group members, operatives, and financial facilitators in Gaza and elsewhere including Sudan, Turkey, Algeria, and Qatar. This includes, but is not limited to, high level Hamas officials, those associated with Hamas's secret investment portfolio, virtual currency exchange, Hamas-affiliated companies facilitating sanctions evasion, and others serving as a conduit for illicit Iranian funds, including additional members of Iran's Islamic Revolutionary Guard Corps (IRGC). Treasury senior leadership has also engaged with the private sector on their perspectives, as well as best ways to facilitate legitimate humanitarian aid to innocent civilians.

Regarding Russia, TFI has taken unprecedented action to isolate Russia from the global financial system. Since February 2022, TFI has coordinated with a global coalition of more than 30 countries and implemented a historic economic pressure campaign to deprive Russia of the revenue it uses to wage war. TFI has issued more than 2,500 Russia-related sanctions designations and, together with international partners, immobilized at least $280 billion of Russian sovereign assets. The combined effects of these measures have contributed to significant economic difficulties for Russia's financial, energy, and manufacturing sectors, including Russia's military supply chain. Additionally, in collaboration with the Department of Commerce and other international partners, TFI has worked to maintain the pressure on Russia by monitoring for and countering Russia's attempts to evade sanctions and other economic controls.

In addition, Treasury continued to apply its tools and authorities against bad actors in Iran, North Korea, Syria, Burma, Zimbabwe among others while also targeting terrorist financiers, transnational and cyber criminals, human rights abusers, kingpins, others who seek to abuse the financial system.

Objective 2.3: Modernize Sanctions Regime
TFI/OFAC made considerable progress toward modernizing the sanctions regime by continuing to implement the recommendations from the Treasury 2021 Sanctions Review, executing the Sanctions Modernization Action Plan, and working with interagency partners to re-evaluate the interagency sanctions framework. This includes creating the Sanctions Economic Analysis Unit led by a Chief Sanctions Economist to serve as a center of excellence for analyses on the effectiveness of sanctions. This unit provides economic and financial policy analyses that better inform the design and implementation of sanctions policy and targeting options under existing or proposed authorities. It also standardizes a consistent approach to economic and financial policy analyses to include the potential collateral effects of proposed sanctions. In addition, in April 2023, TFI/OFAC launched the Sanctions Economic Analysis Division, a cross-functional team working with Treasury's Office of International Affairs and others to develop economic and financial analysis that informs the design and implementation of sanctions options. Finally, TFI improved communication and transparency on sanctions by modernizing Information Technology (IT) and website, enhancing case management, and other related efforts.

TFI/OFAC continues to carry out recommendations made from Treasury's review of economic and financial sanctions. This includes developing a framework to ensure all sanctions are linked to clear policy objectives, are coordinated with partners, easily understandable, enforceable, and carefully calibrated to avoid unintended economic or humanitarian consequences. Furthermore, to implement these recommendations and invest in additional operational capabilities, TFI/OFAC has created a new sanctions unit to be staffed by sanctions experts, economists, and others to achieve this goal.

Objective 2.4: Transparency in the Financial System
TFI continues to focus on increasing transparency in the domestic and international financial systems by facilitating the detection of illicit financial activity and positioning the U.S. and international financial system to better detect, disrupt, and deter illicit financial activities. Examples of this include TFI's extensive ongoing work with interagency and international partners such as the Financial Action Task Force, the international standard setting body to combat money laundering and other global financial threats. Over the past year, this work has focused on better understanding and combating digital asset gaps in the U.S. and global financial system, as well as ransomware financing, Russia illicit financing, and money laundering from fentanyl and synthetic opioids among other important issues. In addition, TFI's work addressing the illicit finance risks of digital assets from the 2022 National Strategy for Combatting Terrorist and Other Illicit Financing included the April 2023 publication of the 2023 DeFi Illicit Finance Risk Assessment. This is the first such risk assessment conducted on decentralized finance in the world.

C – Changes in Performance Measures
There are no changes in performance measures.

Section III – Additional Information

A – Summary of Capital Investments

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

Department of the Treasury Committee on Foreign Investment in the United States Activities

Congressional Budget Justification and Annual Performance Plan and Report

FY 2025

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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.

Case volume has increased significantly in recent years, from 172 notices formally reviewed in calendar year (CY) 2016 to 440 cases (comprised of 286 notices and 154 declarations) formally reviewed in CY 2022. The FY 2025 budget requests resources necessary to handle the increased case workload (including significantly expanded activity with respect to non-notified transactions), mitigation monitoring, and international engagement.

The Administration requests $21 million for the Fund in upfront appropriations that will be offset by up to $21 million in collections from filing fees, of which $16 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 transfer to other CFIUS 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 2023 Operating Plan		FY 2024 Annualized CR		FY 2025 Request		FY 2024 to FY 2025 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Treasury CFIUS Activities	30	$16,000	27	$16,000	43	$16,000	59.3%	0.0%
Other Member CFIUS Activities	0	$5,000	0	$5,000	0	$5,000	0.0%	0.0%
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Treasury Departmental Offices S&E	58	$19,238	95	$22,715	95	$23,203	0.0%	2.1%
Subtotal New Appropriated Resources	**88**	**$40,238**	**122**	**$43,715**	**138**	**$44,203**	**13.1%**	**1.1%**
Other Resources								
Anticipated User Fees - CFIUS Fund	0	($21,000)	0	($21,000)	0	($21,000)	0.0%	0.0%
Subtotal Other Resources	**0**	**($21,000)**	**0**	**($21,000)**	**0**	**($21,000)**	**0.0%**	**0.0%**
Total Budgetary Resources	**88**	**$19,238**	**122**	**$22,715**	**138**	**$23,203**	**13.1%**	**2.1%**

[1] FY 2023 Other Resources and Full-time Equivalents (FTE) reflect actuals.

1.2.1 – CFIUS Fund Budget Adjustments Table

The total request for Treasury is $16 million, with requested funding increases shown in the two Budget Adjustment tables below. The first shows just the resources appropriated through the CFIUS Fund. The second shows Treasury CFIUS spending financed from both transfers from the Fund and from the DO salaries and expenses appropriation.

Dollars in Thousands

	FTE	Amount
FY 2024 Annualized CR	**0**	**$21,000**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$0
Pay Annualization (2024 5.2% average pay raise)	0	$0
Pay Raise (2025 2.0% average pay raise)	0	$0
Non-Pay (2025 2.2% non-pay inflation)	0	$0
Subtotal Changes to Base	**0**	**$0**
FY 2025 Current Services	**0**	**$21,000**
Program Changes:		
Anticipated User Fees – CFIUS Fund	0	($21,000)
FY 2025 President's Budget Request	**0**	**$0**

1.2.2 – Departmental Offices Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2024 Annualized CR	**95**	**$22,715**
Transfer in from CFIUS Fund	**27**	**$16,000**
FY 2024 DO SE CFIUS Base	**122**	**$38,175**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$488
Pay Annualization (2024 5.2% average pay raise)	0	$207
Pay Raise (2025 2.0% average pay raise)	0	$241
Non-Pay (2025 2.2% non-pay inflation)	0	$40
Non-Recurring Costs:	0	($3,155)
Non-recur to CFIUS non-labor investments	0	($3,155)
Other Adjustments:	16	$3,155
Annualization of CFIUS FTEs	16	$3,155
Subtotal Changes to Base	**16**	**$488**
FY 2025 Current Services	**138**	**$39,203**
Program Changes:		
FY 2025 President's Budget Request	**138**	**$39,203**
Funding from Anticipated CFIUS Fund User Fees	**0**	**($16,000)**
Total FY 2025 Appropriated Resources	**138**	**$23,203**

Note: CFIUS Fund transfers to non-Treasury agencies of $5 million are not included in this table.

C – Budget Increases and Decreases Description

Anticipated User Fees -$21,000,000 / -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 +$16,000,000 / +0 FTE
The CFIUS Fund anticipates transferring $16.0 million dollars to the DO Salaries and Expenses account to support Treasury DO CFIUS activities.

Maintaining Current Levels (MCLs) ....+$488,000 / +0 FTE

Pay Annualization (5.2% in 2024) +$207,000 / +0 FTE
Funds are requested for annualization of the January 2024 5.2% average pay raise.

Pay Raise (2.0% in FY 2025) +$241,000 / +0 FTE
Funds are requested for a 2.0% average pay raise in January 2025.

Non-Pay (2.2% in FY 2025) +$40,000 / +0 FTE
Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Non-Recurring Costs ....-$3,155,000 / -0 FTE

Non-Recur to CFIUS Non-Labor Investments -$3,155,000 / -0 FTE

Non-recurring costs for CFIUS associated with prior investments in CFIUS's case management system, configuration of secure spaces for new CFIUS staff, and other non-labor requirements.

Other Adjustments …………………...+$3,155,000 / +16 FTE

Annualization of CFIUS FTEs +$3,155,000 / +16 FTE

Program anticipates supporting more FTEs in FY 2024 as the pace of hiring CFIUS staff accelerates in FY 2024.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2023 Actual Obligations	FY 2024 Estimated Obligations	FY 2025 Estimated Obligations
94.0 – Financial Transfers	17,190	21,000	21,000
Total Obligations	**$17,190**	**$21,000**	**$21,000**

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

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY BUREAU NAME *Federal Funds* 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, $21,000,000, 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 2025, so as to result in a total appropriation from the general fund estimated at not more than $0.* Note.--A full-year 2024 appropriation for this account was not enacted at the time the Budget was prepared; therefore, the Budget assumes this account is operating under the Continuing Appropriations Act, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.	

E – Legislative Proposals
CFIUS has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment
CFIUS aligns to the Treasury Strategic Plan

B – Budget and Performance by Budget Activity
2.1.1 – Treasury CFIUS Activities Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Operating Plan	FY 2024 Annualized CR	FY 2025 Request
Treasury CFIUS Activities	$0	$15,000	$15,000	$17,000	$16,000	$16,000	$16,000
Budget Activity Total	**$0**	**$15,000**	**$15,000**	**$17,000**	**$16,000**	**$16,000**	**$16,000**
Full-time Equivalents (FTE)	**0**	**0**	**0**	**34**	**30**	**27**	**43**

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Timely review of CFIUS cases	100%	100%	100%	100%	100%	100%	100%	100%

Key: DISC - Discontinued; B - Baseline; I - Indicator

2.1.2 – Other Member CFIUS Activities Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Operating Plan	FY 2024 Annualized CR	FY 2025 Request
Other CFIUS Activities	$0	$5,000	$1,113	$720	$5,000	$5,000	$5,000
Budget Activity Total	**$0**	**$5,000**	**$1,113**	**$720**	**$5,000**	**$5,000**	**$5,000**
Full-time Equivalents (FTE)	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Committee on Foreign Investment in the United States Budget and Performance
($21,000,000 from direct appropriations, $0 from reimbursable sources):
The Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA) established the CFIUS Fund to be administered by the CFIUS Chairperson (i.e., Secretary of the Treasury or designee) and available for transfer to any other department or agency represented on the Committee for the purpose of addressing emerging needs in carrying out CFIUS activities. In FY 2023, Treasury CFIUS continued its growth to support requirements laid out in the FIRRMA. This includes continued investment in infrastructure necessary to support an increase in CFIUS's responsibilities, as well as additional staff to manage the workload growth.
Treasury has encouraged all member agencies to request the resources needed to handle the increase in work as a result of the Committee's expanded jurisdiction. In 2024, Treasury has taken steps to enhance the approach to facilitating an open and inclusive process with a full

evaluation devoted to any and all ideas from the Committee, including expanded outreach to member agencies. This year's solicitation period for new requests will conclude in March 2024, with formal decisions expected by Summer 2024 on a rolling basis.

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 2023. IA's target for this measure in CY 2024 and CY 2025 is 100 percent.

Section III – Additional Information

A – Summary of Capital Investments

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

Department of the Treasury
Office of Inspector General

Congressional Budget Justification and Annual Performance Plan and Report

FY 2025

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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 2025 request for $50,174,000 for the OIG will be used to support ongoing audit, investigative, and mission support activities and pandemic relief programs. The request maintains current services, building on the increased FY 2023 funding OIG received to support unfunded Coronavirus State and Local Recovery Funds (SLFRF) oversight and data analytics and information technology support staff.

The request also funds 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 cyber security information sharing, (4) audits of improper payments and recoveries under PIIA, (5) risk assessments and audits of charge card programs, (6) audits of air carrier pandemic payroll support programs; and (7) material loss reviews of failed insured depository 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) new initiatives and operating in an uncertain environment; (2) cyber threats; (3) Bank Secrecy Act, anti-money laundering, and anti-terrorist financing enforcement; (4) information technology acquisition and project management; and (5) certain Treasury Pandemic Relief programs.

Within its jurisdictional boundaries, the OIG also conducts audits of the highest risk programs and operations of the Gulf Coast Ecosystem Restoration Council (Council) established under RESTORE. The highest risk programs and operations identified as the Council's management and performance challenges include: (1) Federal statutory and regulatory compliance, (2) grant and interagency agreement compliance monitoring, and (3) recruiting and retaining a highly skilled workforce.

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 2025 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 2025:

- The aggregate budget request for the operations of the OIG is $50,174,000 in direct appropriations.
- The portion of this amount needed for OIG training is $667,000; and
- The portion of this amount estimated in support the Council of the Inspectors General on Integrity and Efficiency (CIGIE) is $19,720.

The amount requested for training satisfies all OIG training needs for FY 2025.

1.1 Appropriations Detail Table

Dollars in Thousands

	FY 2023		FY 2024		FY 2025		FY 2024 to FY 2025	
Appropriated Resources	**Operating Plan**		**Annualized CR**		**Request**		**% Change**	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Audit	159	$35,853	159	$35,853	159	$36,839	0.0%	2.8%
Investigations	51	$13,025	51	$13,025	51	$13,335	0.0%	2.4%
Subtotal New Appropriated Resources	**210**	**$48,878**	**210**	**$48,878**	**210**	**$50,174**	**0.0%**	**2.7%**
Other Resources								
Reimbursables - Annual	0	$7,000	0	$12,000	0	$12,000	NA	0.0%
Resources from Other Accounts	31	$14,000	0	$11,000	0	$9,000	NA	-18.2%
Subtotal Other Resources	**31**	**$21,000**	**0**	**$23,000**	**0**	**$21,000**	**NA**	**-8.7%**
Total Budgetary Resources	**241**	**69,878**	**210**	**$71,878**	**210**	**$71,174**	**0.0%**	**-1.0%**

FY 2023 Other Resources and Full-time Equivalents (FTE) reflect actuals, including 31 for Pandemic Funding.

FY 2024 does not include 44 Pandemic funded FTEs and 3 Annual Reimbursable FTEs.

FY 2025 does not include 21 Pandemic funded FTEs and 13 Annual Reimbursable FTEs.

Appropriated resources were provided by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Consolidated Appropriations Act, 2021, and the American Rescue Plan Act of 2021.

1. $6.5 million for oversight, monitoring, and recoupment of the Emergency Rental Assistance program.
2. $3 million for oversight of the Emergency Rental Assistance program.
3. $2.6 million for oversight of the Homeowner Assistance Fund.
4. $35 million for oversight of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Funding received in FY 2020)
5. Offsetting Collections includes $1 million for SSBCI Reimbursable Authority (Supporting the Small Business Jobs Act of 2010).

1.2 Budget Adjustments

Dollars in Thousands

	FTE	Amount
FY 2024 Annualized CR Amount	**210**	**$48,878**
Changes to Base:		
2025 Maintaining Current Levels (MCLs):	0	$1,296
Pay Annualization (2024 5.2% average pay raise)	0	$532
Pay Raise (2025 2.0% average pay raise)	0	$455
Non-Pay (2025 2.2% non-pay inflation)	0	$309
FY 2025 Current Services	**210**	**$50,174**
FY 2025 President's Budget Request	**210**	**$50,174**

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) ....+$1,296,000 / 0 FTE

Pay Annualization (5.2% in 2024) +$532,000 / +0 FTE

Funds are requested for annualization of the January 2024 5.2% average pay raise.

Pay Raise (2.0% in FY 2025) +$455,000 / +0 FTE

Funds are requested for a 2.0% average pay raise in January 2025.

Non-Pay (2.2% in FY 2025) +$309,000 / +0 FTE

Funds are requested 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 2023 Actual Obligations	FY 2024 Estimated Obligations	FY 2025 Estimated Obligations
11.1 - Full-time permanent	29,000	29,000	29,000
11.3 - Other than full-time permanent	0	0	0
11.5 - Other personnel compensation	2,000	2,000	2,000
11.9 - Personnel Compensation (Total)	**31,000**	**31,000**	**31,000**
12.0 - Personnel benefits	12,000	12,000	11,000
Total Personnel and Compensation Benefits	**$43,000**	**$43,000**	**$42,000**
21.0 - Travel and transportation of persons	1,000	1,000	1,000
23.1 - Rental payments to GSA	3,000	3,000	3,000
23.3 - Communications, utilities, and miscellaneous charges	1,000	1,000	1,000
25.2 - Other services from non-Federal sources	5,000	4,000	4,000
25.3 - Other goods and services from Federal sources	6,000	5,000	5,000
25.7 - Operation and maintenance of equipment	1,000	1,000	1,000
26.0 - Supplies and materials	1,000	1,000	1,000
31.0 - Equipment	1,000	1,000	1,000
Total Non-Personnel	**$19,000**	**$17,000**	**$17,000**
Total Obligations	**$62,000**	**$60,000**	**$59,000**
Full-time Equivalents (FTE)	**241**	**257**	**244**

Note:

Resources from Other Accounts include Pandemic Funds and FY 2023 Full-time Equivalents reflect actuals.

Appropriated resources were provided by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Consolidated Appropriations Act, 2021, and the American Rescue Plan Act of 2021.

1. $6.5 million for oversight, monitoring, and recoupment of the Emergency Rental Assistance program.
2. $3 million for oversight of the Emergency Rental Assistance program.
3. $2.6 million for oversight of the Homeowner Assistance Fund.
4. $35 million for oversight of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Funding received in FY 2020)
5. Offsetting Collections includes $1 million for SSBCI Reimbursable Authority (Supporting the Small Business Jobs Act of 2010).

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, $50,174,000, 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, 2026, 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.* *Note.--A full-year 2024 appropriation for this account was not enacted at the time the Budget was prepared; therefore, the Budget assumes this account is operating under the Continuing Appropriations Act, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.*	

E – Legislative Proposals

Sec. 128 of Treasury Administrative Provisions

"Amounts made available under section 601(f)(3) of the Social Security Act 42 (U.S.C. 801(f)(3)) shall be available for any necessary expenses of the Department of the Treasury Office of Inspector General with respect to section 601 of that Act, subtitle A of title V of division N of the Consolidated Appropriations Act of 2021, or section 3201 of the American Rescue Plan Act of 2021, in addition to amounts otherwise available for such purposes."

Justification:

Treasury OIG requests authority to use unobligated CARES Act Coronavirus Relief Fund (CRF) oversight funding, available until expended, for oversight of the Emergency Rental Assistance (ERA) program, which was authorized in the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act. OIG received a total of $9.5 million in mandatory funding for oversight of the Emergency Rental Assistance Program, however, that funding is insufficient to cover OIG's workload around ERA. OIG projects more than sufficient funding from the $35 million to execute its CRF oversight mission, but requires more resources than currently available to execute its ERA oversight mission.

In addition, the volume and complexity of complaints received relating to the ERA program requires more staffing to fully address the issues, and the expenditure rate experienced in the past two and a half years makes it clear that the dedicated funding will not last through the expected end of the OIGs oversight in fiscal year 2027.

Of the $35 million provided to OIG for CRF oversight, $21 million has been expended through November 2023, and $14 million remains available for use. Based on the OIG’s oversight activities and expenditures to date, and its projections of future oversight expenditures through fiscal year 2025 to completion of the OIG’s responsibilities, it is expected that funds will be available to supplement needs under the ERA program. Of the $9.5 million provided to OIG for ERA oversight, $6 million has been expended through August 2023, and $3.5 million remains available for use. The volume and complexity of complaints related to ERA disbursements indicates that at current and projected spending rates the OIG will run out of ERA-dedicated oversight funding well before its oversight obligations terminate at the end of fiscal year 2027. Accordingly, the OIG seeks authority to use funds from the CARES Act CRF oversight for ERA oversight, as needed through the end of fiscal year 2027.

Section II – Annual Performance Plan and Report

A – Strategic Alignment
This year, through the audit and investigative functions the OIG is working to align budget activities and performance measures to the objectives in the Treasury FY 2022 – 2026 Strategic Plan. This work will include benchmarking performance and may result in changes to performance measures in the FY 2025 budget.

The FY 2025 requested resources will enable the OIG to perform audits and investigations of Treasury programs and operations under its jurisdiction, except for those of the Internal Revenue Service (IRS), and 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.

B – Major challenges and risks for Treasury
New Initiatives and Operating in an Uncertain Environment
While Treasury continues implementing new initiatives and programs such as a comprehensive action plan to address the catastrophic impacts of climate change, other critical matters such as the budget and debt ceiling stopgaps continue to be more challenging. The impact of these challenges and the uncertainties requires the Department to continue to focus its resources on programs that are in the highest need to citizens and/or where there is a unique federal role. It is essential that new initiatives, programs, and reforms be managed and communicated effectively for achieving performance and accountability. 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 challenge in recruiting and retaining 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. 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.

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 is needed 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 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 critical, especially since the COVID-19 pandemic shifted a portion of the Federal workforce to remote work status, which increases the opportunities for cyber-attacks. With remote work, long-standing cyber threats pose increased risks to networks and information systems 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 cyber security 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. TFI's counter-terrorism designations disrupt the financial networks that support terrorist organizations. Disrupting terrorist financing depends on a whole-of-government approach and requires collaboration and coordination within Treasury and with other federal agencies. Effective collaboration and coordination are key to successfully identifying and disrupting terrorists' financial networks and meeting TFI's mission.

Data privacy 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. Another challenge for FinCEN is to develop and implement a new secure database for small businesses to report their beneficial ownership information.

Given the criticality of Treasury's mission and its role to carry out U.S. policy, the OIG continues to consider anti-money laundering and combating terrorist financing programs and operations as inherently high-risk. Through OIG's ongoing audits and reviews, the OIG monitors this high-risk area closely.

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 agency Chief Information Officer authority enhancements. 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.

Pandemic Relief Programs

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 supporting other Federal agencies in implementation of economic relief provisions of the CARES Act, the Consolidated Appropriations Act, 2021, and the American Rescue Plan. While the COVID-19 pandemic national emergency declaration ended in May 2023, short-term and long-term challenges lay ahead for both the Department and OIG.

Treasury must continue to address reporting and data quality issues 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).*

Along with administering and delivering economic relief, Treasury must manage the unprecedented oversight required by the aforementioned legislation. In addition, Treasury must carry the administrative and monitoring responsibilities in its new role resolving Single Audit findings and potentially serving as cognizant agency for a significant number of entities. In the context of these overarching challenges, OIG recognizes the breadth and scope of Treasury's responsibilities as it impacts programs, operations, and activities regardless of jurisdictional oversight boundaries. While Treasury has leveraged its existing workforce, hired contractors, and obtained detailees from other Federal agencies to address the demands of the pandemic programs, it continues to face future funding challenges to carry out its expansive administrative and compliance monitoring role. Going forward, Treasury may experience difficulties in balancing its ongoing pandemic oversight 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 required to follow Federal statutory and regulatory compliance requirements related to the DATA Act, PIIA, and the GREAT 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 costs and resources to make desired modifications to its grants management system, the Council's ability to comply with new as well as existing Federal requirements may be in question. The OIG will continue to focus audits on the Council's continued implementation and compliance with key Federal mandates.

Grant and Interagency Agreement Compliance Monitoring
Given the increase in grants and interagency agreements, the OIG continues to emphasize the necessity to monitor projects and award recipients of RESTORE Act funds. Council officials acknowledge that adequate oversight of grants is an ongoing challenge. As part of its Enterprise Risk Management profile, the Council continues to identify oversight and monitoring of grant recipients among its top critical risks. In its effort to improve compliance monitoring, the Council implemented an ongoing improvement process to focus on improving their efficiencies and effectiveness. 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.

Recruiting and Retaining a Highly Skilled Workforce
Over the past few years, the OIG has addressed the loss of key leadership positions. While senior leader vacancies were filled, the OIG continues to note organizational changes related to departures of retiring staff. Even though the Council opted to hire/promote staff members with Council operations experience, there is still operational risk from loss of institutional knowledge due to impending retirements. Since the Council is a small agency that needs to maintain a highly skilled workforce, any turnover significantly impacts staff workload and institutional knowledge. Because the Council anticipates more turnover of retirement–eligible employees, the loss of institutional knowledge will continue to be a challenge. Therefore, as individuals move into new roles, effective internal and external communications, as well as adequate continuity of operations planning, will be critical to the Council's success and productivity. The OIG, while conducting audits and evaluations, will review the Council's organizational structure for effective administration of programs.

In the Investigations operational area, OIG has established eight priorities for FY 2024:

Threats Against Treasury Employees and Facilities
OIGs highest priority is investigating threats against Treasury employees and facilities. These efforts are critical in ensuring safety for the Department and require prompt attention and coordination with Federal, State, and local authorities.

Criminal and Serious Treasury Employee Misconduct
OIG investigates complaints involving alleged criminal and other serious misconduct by Treasury employees. OIG also 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 investigates complaints of alleged violations of these rules and regulations.

Cyber Threats Against Treasury Systems and Cyber Enabled Financial Crimes Fraud
OIG conducts investigations into 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.

Identifying and Investigating Fraud Related to Pandemic Related Acts, including the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Consolidated Appropriations Act, 2021, and the American Rescue Plan Act of 2021
OIG conducts inquiries and investigations of waste, fraud, and abuse related to Title V of the CARES Act, which established the Coronavirus Relief Fund for State, Local, and Tribal governments, U.S territories, and the District of Columbia. OIG also conducts investigations related to the Emergency Rental Assistance Program, Homeowner Assistance Fund, Coronavirus State and Local Recovery Funds, State Small Business Credit Initiative (SSBCI), Air Carrier Payroll Support Programs, Coronavirus Economic Relief for Transportation Services, Emergency Capital Investment Fund, and the Community Development Financial Institutions Fund Emergency Support.

Fraud Involving Treasury Contracts, Grants, Guarantees, and Federal Funds
OIG conducts investigations into allegations of fraud and other crimes involving Treasury contracts, grants, loan guarantees, and Federal funds. Such allegations often involve contractors, entities, and individuals who provide or seek to provide goods or services to the Department. OIG receives complaints alleging criminal or other misconduct from employees, contractors, members of the public, and Congress. OIG also investigates criminal activity associated with improper payments made due to false claims to the Treasury in relation to grant programs, such as the American Recovery and Reinvestment Act of 2009 and pandemic programs.

Treasury Financial Programs and Operations Crime
OIG conducts and supervises criminal investigations related to Treasury financial programs and operations, including the issuance of licenses, payments and benefits, and oversight of U.S. financial institutions. OIG investigates criminal activity associated with improper payments made due to false claims to the Treasury and stolen, altered, counterfeit, and fraudulently obtained and/or redirected Treasury payments. OIG also investigates financial institution employee obstruction of the examination process and bank fraud, wire fraud, embezzlement, and other crimes affecting the oversight of Office of the Comptroller of the Currency (OCC) regulated financial institutions as well as the Bank Secrecy Act/Anti-Money Laundering program overseen by OCC and the Financial Crimes Enforcement Network (FinCEN).

Investigating Fraud Related to Criminals Impersonating Treasury Agents and Employees
OIG conducts investigations into criminal activity associated with individuals who attempt to scam citizens by fraudulently purporting to be Treasury agents or employees. These matters have become more prevalent and require prompt coordination with Federal, State, and local authorities to protect the targets of the scams.

Investigating Fraud Related to Persons Representing Themselves as "Sovereign Citizens" Submitting Fictitious Financial Instruments to Treasury, Financial Institutions, Private Companies, and Citizens
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.

C – Budget and Performance by Budget Activity
2.1.1 Audit Resources and Measures

Dollars in Thousands

Resource Level	FY2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Request	FY 2025 Request
Appropriated Resources	$25,699	$30,524	$30,524	$31,095	$35,853	$35,853	$36,839
Reimbursable and other Resources	$6,236	$9,000	$8,261	$22,122	$22,122	$22,122	$19,000
Budget Activity Total	**$31,935**	**$39,524**	**$38,785**	**$53,217**	**$57,975**	**$57,975**	**$55,839**
Full-time Equivalents (FTE)	**119**	**128**	**136**	**144**	**159**	**159**	**159**

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Target	FY 2025 Target
Number of Completed Audit Products	79	85	80	74	82	82	82
Percent of Statutory Audits Completed by the Required Date	100	100	100	100	100	100	100

Key: DISC - Discontinued; B - Baseline; I - Indicator

Audit Budget and Performance
($36,839,000 from direct appropriations, and $19,000,000 from reimbursable and other 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 2025 is necessary to perform mandated work (including audits/assessments of financial statements, information systems security program and practices, cyber security information sharing, improper payments and recoveries, charge card programs, and material loss reviews of failed insured depository institutions regulated by the OCC, 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, as amended. In FY 2025, OIG will also continue to provide oversight of Treasury's Government-wide role and responsibilities under the CARES Act, FY 2021 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
In FY 2023, OA issued 94 products, exceeding the performance goal of 82. OA plans to complete 82 audit products in FY 2024, and 82 in FY 2025. Audit products include audit reports, evaluation reports, desk reviews, 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.

2.1.2 Investigations Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Request	FY 2025 Request
Appropriated Resources	$11,344	$10,520	$10,520	$11,180	$13,025	$13,025	$13,335
Reimbursable	0	0	0	0	0	0	0
Budget Activity Total	**$11,344**	**$10,520**	**$10,520**	**$11,180**	**$13,025**	**$13,025**	**$13,335**
Full-time Equivalents (FTE)	**39**	**39**	**44**	**44**	**51**	**51**	**51**

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Percentage of All Cases Closed During the Fiscal Year That Were Referred for Criminal/Civil/Administrative Action	80	91	100	100	100	80	80

Key: DISC - Discontinued; B - Baseline; I - Indicator

Investigations Budget and Performance

($13,335,000 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 $3 billion in U.S. Treasury related contracts, there is an increased risk of contract fraud across all U.S. 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 contractors 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, and the Pandemic Programs within Treasury OIG's jurisdiction.

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. The Pandemic Response Accountability Committee (PRAC) established a Fraud Task Force to serve as a resource for the Inspectors General (IG) community by merging investigative resources into those areas where the need is the greatest, currently pandemic loan fraud. Agents from Offices of Inspectors General (OIG) across the Government are detailed to work on Task Force cases. These agents have partnered with prosecutors at the Department of Justice's Fraud Section and at United States Attorneys' Offices across the country.

Treasury OIG has four special agents who are assigned to the PRAC Fraud Task Force on a part-time basis. The agents are assigned Paycheck Protection Program cases while continuing to work their existing Treasury OIG caseload. This initiative allows Treasury OIG to make a broader contribution to the IG community by assisting with investigations that might otherwise remain unstaffed.

Description of Performance

The Investigations 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 2024 and FY 2025.

In FY 2023, OI exceeded the 80 percent target for Investigations performance measure by referring 100 percent of investigations for criminal/civil/administrative action. OI opened 91 new investigations and closed 83 investigations. The OIG also referred 12 investigations that substantiated administrative violations against a Treasury employee to the appropriate regulated bureau for action. In addition, the OIG referred 87 investigations for criminal prosecution and 9 investigations for civil prosecution. In FY 2023, OI charged and/or indicted 20 subjects and contributed to 36 subjects convicted. Ongoing investigations resulted in 3 subjects sentenced which resulted in fines, seizures, restitution, penalties, and settlements of more than $16.8 million.

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.

Section III – Additional Information

A – Summary of Capital Investments
The OIG has no capital investments. Capital investments that support the OIG are included in the Departmental Offices plan.

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

Department of the Treasury
Treasury Inspector General for Tax Administration

Congressional Budget Justification and Annual Performance Plan and Report

FY 2025

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) 2025 budget request of $179,026,000 represents an increase of three percent above its FY 2023 enacted budget level. Funding TIGTA's FY 2025 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 406(g)(1) of the Inspector General Act of 1978 (as amended),[1] TIGTA submits the following information related to its FY 2025 budget request:

- The aggregate budget request for TIGTA operations is $179,026,000;
- 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 $716,104.

Funding allows TIGTA's oversight efforts to continue, and for each dollar invested over the five-year period covering FY 2019 – FY 2023, TIGTA produced an average annual return of $40 per dollar spent.

1.1 – Appropriations Detail Table

Dollars in Thousands

Treasury Inspector General for Tax Administration	FY 2023		FY 2024		FY 2025		FY 2024 to FY 2025	
Appropriated Resources	Operating Plan		Annualized CR		Request		% Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Audit	271	$65,123	292	$65,123	292	$66,897	0.0%	2.7%
Investigations	374	$109,127	358	$109,127	358	$112,129	0.0%	2.8%
Subtotal New Appropriated Resources	**645**	**$174,250**	**650**	**$174,250**	**650**	**$179,026**	**0.0%**	**2.7%**
Other Resources								
Reimbursables	2	$408	2	$750	2	$750	0.0%	0.0%
Recoveries from Prior Years	0	$139	0	$198	0	$0	0.0%	-100.0%
Unobligated Balances from Prior Years	0	$4,800	0	$5,000	0	$5,000	0.0%	0.0%
IRA Funding Usage	60	$21,504	139	$43,700	142	$39,800	2.2%	-8.9%
Subtotal Other Resources	**62**	**$26,851**	**141**	**$49,648**	**144**	**$45,550**	**2.1%**	**-8.3%**
Total Budgetary Resources	**707**	**201,101**	**791**	**223,898**	**794**	**224,576**	**0.4%**	**0.3%**

FY 2023 Other Resources and Full-time Equivalents (FTE) reflect actuals.
Table does not include $8M in funding provided through the American Rescue Plan Act of 2021 (P.L. 117-2), which was available for expenditure through FY 2023, of which $.7M was obligated in FY 2023.

[1] 5 U.S.C. § 406(g)(1).

1.1.B – IRA Resource Detail Table

Dollars in Thousands

Budgetary Resources	FY 2022 Enacted*	FY 2022 Actual Obligations	FY 2023 Actual Obligations	FY 2024 Estimated Obligations	FY 2025 Estimated Obligations
Inflation Reduction Act Oversight and Implementation	403,000	-	21,504	43,700	39,800
FTE	**0**	**0**	**60**	**139**	**142**

*Reflects the $1.4 billion recission per the Fiscal Responsibility Act, P.L. 118-5.

TIGTA's Offices of Audit (OA), Inspections and Evaluations (OIE), and Investigations (OI) will use Inflation Reduction Act (IRA) funds to provide enhanced oversight of Internal Revenue Service (IRS) operations, to include taxpayer services, enforcement, operations support, business systems modernization, and reporting requirements. TIGTA's OA and OI will use IRA funds to:

- Assess the IRS's efforts to manage its transformation efforts, including processes to monitor and measure implementation and delivery of specific initiatives in its Strategic Operating Plan;
- Oversee the IRS's efforts to deliver high quality and timely service to taxpayers and stakeholders and help them understand and meet their tax obligations;
- Evaluate the IRS's efforts to design and deliver modern technology platforms that center around data and applications, with natively integrated protective and detective security controls to prevent the unauthorized disclosure of taxpayer information;
- Oversee the IRS's efforts to fully staff its operation with personnel who have the skills and knowledge to effectively perform the duties of the position;
- Oversee the IRS's process of planning, directing, and controlling financial resources, minimizing audit disparities; and maintaining equity in its enforcement activities; and
- Assess the IRS's efforts to provide adequate security for its employees and facilities.

TIGTA's OI expects that IRS efforts to implement IRA provisions will necessitate significant investigative oversight. As the IRS on-boards new staff, implements new provisions, and expands existing programs, OI expects increasing activity in oversight areas, including threats against IRS staff and infrastructure, abuse of position allegations, impersonation schemes, and bribery efforts. TIGTA's OI also anticipates a significant increase in workload as the IRS deploys additional online resources to enable taxpayers to obtain information related to their Federal tax accounts and respond to IRS notices and letters. Investigative oversight is expected to increase in other areas tangential to IRS's staff increase, such as employee misconduct, embezzlement, and unauthorized access. The demand for these investigative capabilities will be dependent on the method and speed of IRS implementation efforts.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2024 Annualized CR	**650**	**$174,250**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$4,776
Pay Annualization (2024 5.2% average pay raise)	0	$1,842
Pay Raise (2025 2.0% average pay raise)	0	$2,153
Non-Pay (2025 2.2% non-pay inflation)	0	$781
Subtotal Changes to Base	0	$4,776
FY 2025 Current Services	**650**	**$179,026**
FY 2025 President's Budget Request	**650**	**$179,026**

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) ....+$4,776,000 / +0 FTE

Pay Annualization (5.2% in 2024) +$1,842,000 / +0 FTE

Funds are requested for annualization of the January 2024 5.2% average pay raise.

Pay Raise (2.0% in FY 2025) +$2,153,000 / +0 FTE

Funds are requested for a 2.0% average pay raise in January 2025.

Non-Pay (2.2% in FY 2025) +$781,000 / +0 FTE

Funds are requested 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 2023 Actual Obligations	FY 2024 Estimated Obligations	FY 2025 Estimated Obligations
11.1 - Full-time permanent	$84,501	$86,501	$88,956
11.3 - Other than full-time permanent	$397	$412	$424
11.5 - Other personnel compensation	$9,789	$10,027	$10,313
11.9 - Personnel Compensation (Total)	**$94,687**	**$96,940**	**$99,693**
12.0 - Personnel benefits	$42,653	$43,734	$44,976
Total Personnel and Compensation Benefits	**$137,340**	**$140,674**	**$144,669**
21.0 - Travel and transportation of persons	$3,318	$3,318	$3,383
22.0 - Transportation of things	$0	$40	$41
23.1 - Rental payments to GSA	$5,960	$8,775	$8,975
23.2 - Rental payments to others	$208	$207	$212
23.3 - Communications, utilities, and miscellaneous charges	$686	$687	$703
24.0 - Printing and reproduction	$0	$0	$0
25.1 - Advisory and assistance services	$3,143	$3,144	$3,216
25.2 - Other services from non-Federal sources	$813	$659	3$674
25.3 - Other goods and services from Federal sources	$13,316	$10,796	$11,042
25.4 - Operations and maintenance of facilities	$1	$1	$1
25.7 - Operation and maintenance of equipment	$2,234	$1,908	$1,962
26.0 - Supplies and materials	$320	$320	$327
b31.0 - Equipment	$7,191	$4,361	$4,459
32.0 - Land and structures	$3	$3	$3
42.0 - Insurance claims and indemnities	$1	$1	$1
91.0 - Unvouchered	$11	$106	$108
Total Non-Personnel	**$37,205**	**$34,326**	**$35,107**
Total Obligations	**$174,545**	**$175,000**	**$179,776**
Full-time Equivalents (FTE)	**647**	**652**	**652**

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

Table includes $8M in funding provided through the ARP Act of 2021 (P.L. 117-2), which was available for expenditure through FY 2023, in which $.7M was obligated in FY 2023.

Table excludes $403M in funding provided through the Inflation Reduction Act (P.L. 117-169), which is available for expenditure through FY 2031, in which $21.5M was obligated in FY 2023.

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; $179,026,000, of which $5,000,000 shall remain available until September 30, 2026; 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.* Note.--A full-year 2024 appropriation for this account was not enacted at the time the Budget was prepared; therefore, the Budget assumes this account is operating under the Continuing Appropriations Act, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.	

E – Legislative Proposals

TIGTA has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

TIGTA, an independent office within the Department of the Treasury, was established by Congress under the Internal Revenue Service Restructuring and Reform Act of 1998.[2] It provides oversight of IRS programs and operations 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, inspections, and evaluations of IRS programs and 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 has the unique responsibility of protecting the IRS and its employees.

TIGTA's primary functions of investigations, audits, and inspection and evaluations align with the following Department of the Treasury FY 2022 – 2026 Strategic Plan goals:

- Goal 1: Promote Equitable Economic Growth and Recovery;
- Goal 2: Enhance National Security;
- Goal 4: Combat Climate Change; and
- Goal 5: Modernize Treasury Operations.

TIGTA's Strategic Goals:

- Goal 1: Promote the Economy, Efficiency, and Effectiveness of Federal Tax Administration;
- Goal 2: Protect the Integrity of Federal Tax Administration from Internal and External Threats; and
- Goal 3: Sustain an Inclusive Work Environment Where Employees are Valued.

Goal 1: Promote the Economy, Efficiency, and Effectiveness of Federal Tax Administration.
TIGTA's audits, investigations, and inspections and evaluations identify opportunities to improve the administration of the Nation's tax laws. TIGTA's comprehensive independent audits of IRS programs and operations focus on mandated reviews and high-risk management and performance challenges that confront the IRS. These audits address a variety of IRS issues relating to security of taxpayer data and user authentication, tax systems, implementation of tax laws, tax compliance, meeting customer service demands, and improper payments. TIGTA's recommendations not only result in cost savings, but have other quantifiable impacts, such as revenue protection, improving IRS systems and operations, and ensuring fair and equitable treatment of taxpayers.

[2] Pub. L. No. 105-206, 112 Stat. 685 (codified as amended in scattered sections of 2, 5, 16, 19, 22, 23, 26, 31, 38, and 49 U.S.C.).

Goal 2: Protect the Integrity of Federal Tax Administration from Internal and External Threats.
The successful operation of the Federal Government depends on an effective, efficient, and equitable tax system. During these times of extraordinary demand on Federal resources, Americans must have confidence that their tax dollars are being fairly assessed and collected, and that tax laws are uniformly and impartially enforced. TIGTA is committed to supporting and working with the IRS, Congress, and other stakeholders to ensure that these goals are achieved. Consistent with this commitment, TIGTA is constantly striving to carry out its statutory mandate to detect and prevent waste, fraud, and abuse in IRS programs and operations. TIGTA also undertakes investigative initiatives designed to protect the IRS against external threats that could impede the efficient and effective administration of its operations. These investigative initiatives identify individuals who perpetrate violence against IRS employees, or who otherwise could pose a threat to the safety of IRS employees, facilities, or data infrastructure. TIGTA provides crucial intelligence to help IRS officials make anticipatory or proactive operational decisions about potential terrorist attacks or other activities that could pose a threat to IRS systems, operations, and people.

Goal 3: Sustain an Inclusive Work Environment Where Employees are Valued.
TIGTA recognizes that the key driving forces in a successful organization are the knowledge, skills, and abilities of its employees. This recognition is supported by sustaining an inclusive work environment where employees are valued. Accordingly, TIGTA's employees play a critical role in the organization's growth and performance. TIGTA is committed to promoting a workplace environment devoted to operational excellence and supporting the development of a highly skilled and valued workforce. One benchmark for measuring TIGTA's success in achieving its strategic goal of being an organization that values its people is its consistently high placement in the Partnership for Public Service's "Best Places to Work" rankings. In 2022, for instance, TIGTA placed 109th out of 432 subcomponent agencies.

B – Budget and Performance by Budget Activity
2.1.1 – Audit Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	$62,676	$65,308	$63,863	$64,468	$58,275	$65,123	$66,897
Reimbursable Resources	$0	$88	$4	$1	$0	$61	$61
Unobligated Balances from Prior Years	$1,947	$1,908	$1,389	$549	$1,728	$1,832	$1,832
IRA Funds Usage	NA	NA	NA	$0	$10,426	$16,016	$14,586
Budget Activity Total	**$64,623**	**$67,304**	**$65,256**	**$65,018**	**$70,429**	**$83,032**	**$83,376**
Full-time Equivalents (FTE)	**328**	**323**	**328**	**315**	**317**	**354**	**356**

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Percentage of Audit Products Delivered When Promised to Stakeholders	84	79	93	92	87	70	DISC	N/A
Percentage of New Audit Reports with Recommendations to Improve Tax Administration	N/A	81	82	84	88	70	DISC	N/A
Percentage of Reports Delivered When Promised to Stakeholders	N/A	N//A	N/A	N/A	N/A	N/A	70	80
Percentage of Reports with Recommendations to Improve Tax Administration	N/A	N/A	N/A	N/A	N/A	N/A	70	75

Key: DISC - Discontinued; N/A – Not Applicable

Audit Budget and Performance

($66,897,000 from direct appropriations, $61,000 from reimbursable sources):

TIGTA's OA and OIE strive to promote the economy, efficiency, and effectiveness of tax administration. TIGTA provides recommendations to improve IRS systems and operations and to ensure the fair and equitable treatment of taxpayers. TIGTA's comprehensive and independent performance and financial audits and evaluations of the IRS's programs and operations primarily address statutorily mandated reviews and high-risk challenges the IRS faces. Due to the increase in mandatory reporting requirements which may result in audit reports without recommendations, TIGTA's performance goal was set at 70 percent. In FY 2023, TIGTA's OA will issue reports addressing over 20 mandatory reporting requirements, as well as ad hoc congressional requests. These mandatory requirements represent over 25 percent of TIGTA's annual report inventory.

After the IRA was signed into law, TIGTA developed a comprehensive strategy to ensure adequate oversight of the approximately $78 billion in funding available to the IRS over the next decade. For example, TIGTA will oversee whether the IRS can deliver on its goals to improve customer service during the 2024 filing season. This includes monitoring tax processing backlogs, the level of telephone service, in-person help at taxpayer assistance centers, online notices and the implementation of a free, direct electronic-filing system.

TIGTA will play a key role in ensuring that the IRS does not increase audits beyond historical levels for households or small businesses earning less than $400,000. TIGTA will also continue evaluating IRS efforts to sustain and improve taxpayer compliance because small declines in compliance cost the Nation billions of dollars in lost revenue and further exacerbate the tax gap. TIGTA's efforts will help ensure that IRS resources are focused on audits of high-wealth individuals and businesses noncompliant with the tax laws.

Changes in tax legislation necessitate extensive TIGTA oversight to ensure they are accurately implemented. For instance, the IRA has numerous tax provisions for new and expanded energy credits for homeowners, businesses, vehicles, fuel, manufacturing, etc. It also modifies and extends several credits, including the tax credit for nonbusiness energy property, the new energy efficient home credit, and the tax credit for alternative refueling property expenditures. The IRA also increases the amount allowed for certain small business credits. These tax law changes resulted in the creation or revision of 24 tax forms, updates to 29 tax form instructions, and the creation of three publications for the 2023 filing season. Further, the IRS will need to modify 20 information technology systems (for tax return processing and compliance activities) to ensure that the systems can accommodate new and revised tax forms.

The IRS continually faces increased cyberattacks and in 2022, it sustained an average of 2.4 million attacks per day.[3] Many of these attempts are sophisticated in nature or represent advanced, persistent threats. TIGTA's OA plays a role in assessing the actions that the IRS takes to protect its infrastructure and reduce the risk of internal and external attacks on IRS assets that could potentially expose taxpayer data and information.
TIGTA will continue to evaluate IRS efforts to modernize its operations, in addition to assessing whether user authentication for online services is secure to prevent the unauthorized disclosure of taxpayer information.

In addition to OA's FY 2023 audits, OIE performed several in-depth reviews of management issues that were of interest to its stakeholders. For example, OIE assessed the National Research Program to ensure specific taxpayers had not been unfairly targeted for audit. OIE also performed evaluations of the IRS's efforts to meet Filing Season 2023 milestones and a snapshot of IRS spending on IRA initiatives. Lastly, OIE performed physical security reviews and an assessment regarding the IRS's preparedness for an active shooter incident to ensure that the IRS is taking appropriate action to safeguard employee safety.

The IRS's implementation of recommendations has resulted in:

- Cost savings;
- Increased protected revenue;
- Protection of taxpayers' rights and entitlements; and
- More efficient use of resources.

In FY 2023, OA and OIE issued 103 final reports and other products, which reported potential financial benefits totaling approximately $6.7 billion and impacting approximately 6.2 million taxpayer accounts.

[3] Written Testimony of Charles P. Rettig, IRS Commissioner, before the House Ways and Means Committee, Subcommittee on Oversight on the Filing Season and IRS (October 12, 2022).

Description of Performance:
TIGTA uses the following performance measures to gauge the success of its audit program:

- Percentage of Audit Products Delivered When Promised to Stakeholders.

TIGTA's products 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 2023, the actual Percentage of Audit Products Delivered When Promised to Stakeholders was 87 percent, which exceeded the full-year target of 70 percent. TIGTA exceeded this target because of ongoing supervisory monitoring of the execution of audits to ensure timely delivery of audit products to stakeholders. Due to the expansion of OIE, TIGTA will be changing this performance measure in FY 2024 to include the percentage of both OA and OIE products that are delivered when promised to stakeholders.

- Percentage of New Audit Reports with Recommendations to Improve Tax Administration.

This measure includes the number of new audit reports issued during the reporting period that contain TIGTA's recommendations to improve the economy and efficiency of IRS programs and operations. These recommendations enhance management practices and procedures, offer ways to better use agency funds, and question actual expenditures. To determine the percentage of new reports with recommendations to improve tax administration, TIGTA compares the total number of new audit reports issued to IRS management during the reporting period that contained recommendations for IRS action to the total number of all new audit reports issued to IRS management during the reporting period. In FY 2023, the actual Percentage of New Audit Reports with Recommendations to Improve Tax Administration was 88 percent, which exceeded the full-year target of 70 percent. Due to the expansion of OIE, TIGTA will be changing this performance measure in FY 2024 to include the percentage of both OA and OIE new reviews performed in compliance with standards that contain recommendations to improve tax administration.

2.1.2 – Investigations Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	$106,866	$106,143	$108,158	$111,274	$111,061	$109,127	$112,129
Reimbursable Resources	$797	$536	$498	$492	$408	$689	$689
Unobligated Balances Brought Forward	$3,053	$3,104	$2,340	$920	$3,072	$3,168	$3,168
IRA Funds Usage	$0	$0	$0	$0	$11,079	$27,684	$25,214
Budget Activity Total	**$110,716**	**$109,783**	**$110,996**	**$112,686**	**$125,620**	**$140,668**	**$141,200**
Full-time Equivalents (FTE)	**415**	**403**	**409**	**387**	**390**	**437**	**438**

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Percentage of Closed Investigations Resulting in a Criminal, Administrative or Law Enforcement Action	91	92	90	89	88	79	79	79

Investigations Budget and Performance
($112,129,000 from direct appropriations, $689,000 from reimbursable sources):
TIGTA is statutorily mandated to protect the integrity of Federal tax administration, and it accomplishes this mission through the investigative work that OI conducts. 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, which undermines the integrity of the Nation's voluntary tax system. TIGTA's OI focuses on three primary areas of investigative responsibility:

- Employee integrity;
- Employee and infrastructure security; and
- External attempts to corrupt tax administration.

Within each primary area of investigative responsibility, OI uses a case initiation priority model to triage those investigations that have the greatest impact on IRS operations and/or the protection of Federal tax administration. These cases are often lengthier and require more time-intensive engagement from OI staff. TIGTA's OI conducts investigations with the intent of securing an actionable outcome, such as a criminal, civil, or administrative action.

TIGTA's OI performance model uses a ratio of those investigations with actionable outcomes calculated as a percentage of the total number of investigations conducted. Due to numerous uncontrollable variables, not all investigations result in an actionable outcome. These performance measures guide OI's activities and demonstrate the value of TIGTA's investigative accomplishments to its external stakeholders. The FY 2025 target for this measure is 79 percent.

Using investigative activities from FY 2022 and FY 2023 as a baseline, OI projects approximately 1,615 actionable outcomes will result from investigations in FY 2025. The target ratio of 79 percent of investigations with actionable outcomes will be maintained in FY 2025 to appropriately reflect the changing and unpredictable investigative landscape introduced by the expansion of IRS operations resulting from the IRA. Based on the total investigative hours logged in FY 2022 and FY 2023, OI invested an average of 332 hours to successfully generate an actionable outcome.

OI expects employee integrity investigations, including the unauthorized access and disclosure of Federal tax information, to increase in FY 2025 as the IRS increases staffing levels in response to the $80 billion made available to the IRS by the IRA. Examples of FY 2023 employee integrity investigations include:

- An IRS employee sentenced to over 4 years imprisonment and ordered to pay $191,597 in restitution following convictions for preparing and filing false tax returns for other individuals, underreporting their own taxable income, and committing wire fraud and aggravated identity theft.
- An IRS employee sentenced to 14 months imprisonment for illegally selling morphine and contributing to the death of a co-worker.
- An IRS employee was indicted for conveying false or misleading information specifically

that bombs would go off in an IRS building, pled guilty to damage to Government property and was sentenced to 5 years of probation and ordered to pay $91,493 in restitution.

- A former IRS contractor was sentenced to 5 years imprisonment and 3 years of supervised release for disclosing thousands of Americans' federal tax returns and other private financial information to multiple news organizations.[4]

TIGTA has a statutory responsibility to identify, investigate, and respond to threats against IRS personnel and physical infrastructure. From FY 2014 through FY 2023, TIGTA processed more than 15,359 threat-related complaints and investigated more than 9,865 threats against the IRS. TIGTA's OI expects threat-related incidents to rise as the IRS increases staffing to meet customer service and enforcement objectives in response to IRA. An example of a FY 2023 threat-related investigation involved a six-count indictment of an individual who mailed communications to the IRS, threatening to harm several individuals.

TIGTA's OI also investigates criminal activity involving the IRS, such as the impersonation of an IRS employee, cybercrime, identity theft, IRS-related Treasury payment fraud, and procurement fraud. Since March 2020, OI has reallocated resources to provide investigative oversight of programs and activities resulting from the CARES Act and the ARP Act. During FY 2023, these cases represented 34 percent of OI's investigative work hours. From March 2020 to September 2023, these investigative efforts resulted in the initiation of 1,439 investigations, 673 indictments, 265 individuals sentenced to approximately 750 years of incarceration, and more than $160 million in monetary recoveries and penalties for those investigations that have processed through the judicial system. Many of the 1,439 investigations initiated are still active investigations and have not been presented to a grand jury for indictment. In FY 2023, TIGTA OI also recovered approximately $180 million in stolen, altered, and forged Treasury payments. In addition, during the first nine weeks of FY 2024, TIGTA OI recovered an additional $167 million of stolen, altered, and forged Treasury payments.

IRS impersonation investigations remain a high priority for OI. Since the IRS impersonation scam's inception, 300 individuals have been charged in Federal court for violation of various Federal statutes related to the scam. Additionally, the 218 subjects sentenced to date have collectively received a total of more than 1,002 years imprisonment and have been ordered to pay financial restitution totaling more than $239.9 million.

In FY 2023, one notable TIGTA investigation resulted in a subject receiving 20 months imprisonment, along with three years of supervised release. The subject was also ordered to pay approximately $3.2 million in restitution for his involvement in an IRS telemarketing scheme. Recent examples of investigations involving external attempts to corrupt Federal tax administration include:

- An investigation in which a company agreed to pay $1.75 million to settle civil fraud allegations that the company improperly obtained government contracts.

[4] The facts in the summarized investigative cases on this page come from court documents of the respective jurisdictions.

- An investigation that resulted in a subject being sentenced to 34 years imprisonment after he compromised the IRS's online electronic portals, including the Electronic Filing PIN application, resulting in the filing of 1,701 false returns that claimed $9.1 million in Federal tax refunds.
- An investigation in which a U.S. citizen and a People's Republic of China (PRC) citizen were charged with acting and conspiring to act in the United States as unregistered agents of the PRC Government; in addition to conspiring to bribe, bribing a public official, and conspiracy to commit money laundering.

Description of Performance:
TIGTA uses the following performance measure to gauge the success of its investigations program:

- Percentage of Closed Investigations Resulting in a Criminal, Administrative, or Law Enforcement Action.

At the end of FY 2023, performance of this measure was 88 percent, which exceeded the full-year target of 79 percent. OI exceeded the FY 2023 target because of the diligent work of experienced executives, managers, special agents, and administrative staff.

TIGTA 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 IRS employees, facilities, and data infrastructure. In addition, OI will maintain highly trained personnel to address the significant vulnerabilities impacting taxpayer and IRS data and effectively combat compromises of IRS computer systems in the expanding digital environment of Federal tax administration. TIGTA OI's contributions in these areas help to maintain the public's confidence in the safe, fair, and effective administration of the Federal tax system.

Section III – Additional Information

A – Summary of Capital Investments
TIGTA has no major information technology (IT) investments.

Noteworthy FY 2024 and FY 2025 IT initiatives:

- Continue to fund existing contracts. This will continue to improve IT service delivery and the end-user experience.
- Effectively secure, monitor, defend, and modernize the TIGTA IT enterprise.
- Migrate on-premises infrastructure to cloud platforms, where efficiency, scalability, and cost-efficiency is obtained.
- Strengthen cybersecurity measures to protect against evolving threats and ensure that TIGTA complies with data privacy requirements. This includes requirements to continue implementing and operating the Executive Order 14028, Improving the Nation's

Cybersecurity, along with new mandates that may arise to protect TIGTA's information systems. This will ensure that TIGTA effectively secures and defends the TIGTA IT enterprise while optimizing business capabilities.

- Continue to implement Legacy System Modernization. Modernize outdated systems to reduce technical debt and improve operational efficiency. When retiring systems and applications, savings in licenses, hardware, and other costs will be documented. TIGTA will also develop a decommissioning strategy to phase out legacy on-premises systems as they are replaced by cloud-based solutions.

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 (SIGPR)

Congressional Budget Justification and Annual Performance Plan and Report

FY 2025

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Section I – Budget Request

A – Mission Statement
To promote the economy, efficiency, effectiveness, and integrity of CARES Act funds and programs. SIGPR was established by section 4018 of the CARES Act with duties, responsibilities, and authority under the Inspector General Act of 1978. SIGPR employs proactive efforts to detect and investigate fraud, waste, and abuse involving CARES Act funds and programs within SIGPR's jurisdiction and support agreements with the PRAC Task Force.

B – Summary of the Request
The $5.3 million FY 2025 request is a 56 percent reduction from the FY 2023 enacted level. The FY 2025 request aligns with SIGPR's 'Winddown' plan. In anticipation of OMB policy guidance, SIGPR plans to utilize remaining minimal carryover balance and requesting an absolute minimum amount of funds to keep investigators and auditors in place as long as possible into FY 2025 to accomplish the SIGPR mission while maximizing available technical staff to focus during the first six months of FY 2025 to complete and finalize the following objectives:

- Winddown SIGPR's operations in a responsible and orderly manner to hand off remaining open cases (investigative and administrative) and audits to future stewards.
- Assist all career employees in finding new permanent jobs matching their experience, proven professional ability and career goals.
- Manage and archive records upon closure of the agency.

The $5.3 million funds requested for FY 2025 are critically important to ensure maintaining maximum staff in place until the last minute focused on continuing existing case/audit finalization while being available to knowledgeably support pending DOJ pandemic fraud prosecutions to obtain closure/remittance of $582 million in identified fraud.

1.1 – Appropriations Detail Table
Dollars in Thousands

Appropriated Resources	FY 2023 Operating Plan		FY 2024 Annualized CR		FY 2025 Request		FY 2024 to FY 2025 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Audits and Investigations	53	$12,000	38	$12,000	11	$5,327	-71.1%	-55.6%
Subtotal New Appropriated Resources	**53**	**$12,000**	**38**	**$12,000**	**11**	**$5,327**	**-71.1%**	**-55.6%**
Other Resources								
Reimbursables	0	$15	0	$100	0	$0	0	-100.0%
Unobligated Balances from Prior Years	0	$5,697	0	$2,842	0	$2,899	0	-68.4%
Subtotal Other Resources	**0**	**$5,712**	**0**	**$2,942**	**0**	**$2,899**	**0**	**-69.4%**
Total Budgetary Resources	**53**	**17,712**	**38**	**$14,942**	**11**	**$8,226**	**-71.1%**	**-58.3%**

FY 2023 Other Resources and Full-time Equivalents (FTE) reflect actuals.

1.2 – Budget Adjustments Table

	FTE	Amount
FY 2024 Annualized CR	**38**	**$12,000**
Changes to Base:		
Other Adjustments:	-27	-$6,995
Adjustment to Reach Winddown Level	-27	-$6,995
Maintaining Current Levels (MCLs):	0	$322
Pay Annualization (2024 5.2% average pay raise)	0	$142
Pay Raise (2025 2.0% average pay raise)	0	$121
Non-Pay (2025 2.2% non-pay inflation)	0	$59
Subtotal Changes to Base	(27)	($6,673)
FY 2025 Current Services	**11**	**$5,327**
FY 2025 President's Budget Request	**11**	**$5,327**

C – Budget Increases and Decreases Description

Other Adjustments ....-$6,995,000 / -27 FTE

Reduction to Winddown Level -$6,995,000 / -27 FTE

Proceeding with orderly program winddown through March 2025 shutdown.

Maintaining Current Levels (MCLs) ....+$322,000 / +0 FTE

Pay Annualization (5.2% in 2024) +$142,000 / +0 FTE

Funds are requested for annualization of the January 2024 5.2% average pay raise.

Pay Raise (2.0% in FY 2025) +$121,000 / +0 FTE

Funds are requested for a 2.0% average pay raise in January 2025.

Non-Pay (2.2% in FY 2025) +$59,000 / +0 FTE

Funds are requested 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 2023 Actual Obligations	FY 2024 Estimated Obligations	FY 2025 Estimated Obligations
11.1 - Full-time permanent	$8,823	$7,028	$2,499
11.9 - Personnel Compensation (Total)	**$8,823**	**$7,028**	**$2,499**
12.0 - Personnel benefits	$2,347	$1,577	$469
Total Personnel and Compensation Benefits	**$11,170**	**$8,605**	**$2,968**
21.0 - Travel and transportation of persons	$115	$222	$63
23.0 – Rental Payments to GSA	$905	$960	$240
25.0 - Other goods and services from Federal sources	$2,547	$2,070	$2,000
26.0 - Supplies and materials	$110	$77	$23
31.0 - Equipment	$7	$8	$4
Total Non-Personnel	**$3,684**	**$3,337**	**$2,330**
Total Obligations	**$14,854**	**$11,942**	**$5,298**
Full-time Equivalents (FTE)	**53**	**38**	**11**

Amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.
Reimbursables for FY 2023 = $15,000, FY 2024 = $100,00, and FY 2025 = $0
Carryover balances for FY 2023 = $5,697, FY 2024 = $2,842, and FY 2025 = $2,899.

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY SPECIAL INSPECTOR GENERAL FOR PANDEMIC RECOVERY (SIGPR) *Salaries and Expenses* *Sec. 125 In addition to amounts otherwise available, there is appropriated to the Special Inspector General for Pandemic Recovery, $5,327,000 to remain available until expended, for necessary expenses in carrying out section 4018 of the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136).*	The SIGPR appropriations language is included in the Treasury administrative provisions. See the Department's executive summary for the entire list of provisions.

E – Legislative Proposals

SIGPR has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

The $5.3 million FY 2025 request is a 56 percent reduction from the FY 2023 enacted level. The FY 2025 request aligns with SIGPR's 'Winddown' plan. SIGPR plans to utilize remaining minimal carryover balance and requesting an absolute minimum amount of funds to keep investigators and auditors in place as long as possible into FY 2025 to accomplish the SIGPR mission supporting DOJ prosecution teams pursuing closure on $582 million in identified pandemic fraud.

SIGPR leads the way by providing oversight of Treasury activities under the CARES Act by conducting independent audits and investigations necessary to prevent and detect waste, fraud, and abuse in programs and operations. SIGPR's CARES Act program jurisdiction includes two significant programs, the Direct Loan Program (loans to air carriers and national security businesses consisting of 35 loans, 35 borrowers for $2.7 billion), and the Main Street Lending Program (loans to small and medium-sized for-profit businesses and nonprofit organizations consisting of 319 lenders, 1,830 loans for $17.5 billion). 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.

SIGPR continues to keep Congress, the Department of the Treasury, and other stakeholders aware of an impending crisis in the programs created in March 2020 via the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). For both the Main Street Lending Program (MSLP) and Treasury's Direct Loan Program, SIGPR notes an alarming rate of defaults by borrowers who are failing to pay even the interest payments on the loans.

SIGPR has developed 90 percent of its investigative cases proactively rather than waiting for tips or defaults and is investigating cases nationwide with potential fraud totaling more than $582 million. SIGPR has opened a total of 65 cases, of which 47 cases remain pending, with at least 130 potential defendants. 94 percent of SIGPR's investigations involve a combination of MSLP, Payroll Protection Program, and Economic Injury Disaster Loan Program fraud (double and triple dippers). SIGPR's investigations have thus far resulted in 21 federal indictments, 21 arrests, four guilty pleas, and four sentencings which have generated more than $11.9 million in court ordered restitution, $9.8 million in seizure/forfeiture orders, and a $350,000 civil settlement. $20.8 million in MSLP loans have been repaid following notification of an investigation. Recently, multiple arrests were made in connection with a complex fraud scheme representing over $52 million in alleged fraud loss.

The $5.3 million funds requested for FY 2025 are critically important to ensure maintaining maximum staff in place until the last minute focused on continuing existing case/audit finalization while being available to knowledgeably support pending DOJ pandemic fraud prosecutions to obtain closure/remittance of $582 million in identified fraud.

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 nontechnology 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 Fund

Congressional Budget Justification and Annual Performance Plan and Report

FY 2025

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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 Institutions Fund (CDFI Fund) requests the following for fiscal year (FY) 2025:

- $210 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).
- $35 million for the Bank Enterprise Award Program (BEA Program), which incentivizes insured banks and thrifts to invest in Certified CDFIs and increase their lending and financial services in economically distressed communities.
- $25 million for FA and TA awards for the Native CDFI Assistance Program (NACA Program), which provide 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.
- $35.9 million in administrative funding to support a variety of purposes, including:
  - Staffing and resource demands created by significant increases in demand and activity across programs, including the New Markets Tax Credit (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, certification, program administration, research reporting systems to support operational efficiency and effectiveness;
  - Continued work to improve the customer experience as part of the CDFI Fund's designation as a High Impact Service Provider (HISP). The CDFI Fund will survey data

from CDFIs who interact with our reporting systems, analyze the data, and develop action plans for improvements based on analysis of the data.
- 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; and
- Evaluating the effectiveness of CDFI Fund programs.

- $9 million for the Small Dollar Loan Program (SDL Program) to provide grants for Loan Loss Reserves and Technical Assistance to certified CDFIs to establish and maintain small dollar loan programs. The 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.
- $10 million for the CDFI BG Program to establish a credit subsidy to modify existing over-collateralization and/or recourse requirements for individual applications thereby expanding the potential pool of CDFIs that could successfully participate in the BG Program.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2023 Operating Plan		FY 2024 Annualized CR		FY 2025 Request		FY 2024 to FY 2025 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Community Development Financial Institutions Fund Program	0	$194,000	0	$194,000	0	$210,000	NA	8%
Economic Mobility Corps	0	$2,000	0	$2,000	0	$0	NA	-100%
Bank Enterprise Award Program	0	$35,000	0	$35,000	0	$35,000	NA	0%
Native American CDFI Assistance Program	0	$25,000	0	$25,000	0	$25,000	NA	0%
Administration[1]	80	$35,000	102	$35,000	102	$35,908	0%	3%
Healthy Food Financing Initiative	0	$24,000	0	$24,000	0	$0	NA	-100%
Small Dollar Loan Program	0	$9,000	0	$9,000	0	$9,000	NA	0%
Bond Guarantee Program Credit Subsidy	0	$0	0	$0	0	$10,000	NA	NA
Subtotal New Appropriated Resources	**80**	**$324,000**	**102**	**$324,000**	**102**	**$324,908**	**0**	**0%**
Other Resources								
Offsetting Collections from Emergency Capital Investment Program	0	$0	0	$44,883	0	$167,000	NA	272%
User Fees	0	$1,200	0	$1,250	0	$1,300	NA	4%
Recoveries from Prior Years	0	$0	0	$1,000	0	$1,000	NA	0%
Unobligated Balances from Prior Years	0	$237,621	0	$260,134	0	$50,000	NA	-81%
Subtotal Other Resources	**0**	**$238,821**	**0**	**$307,267**	**0**	**$219,300**	NA	-29%
Total Budgetary Resources	**80**	**$562,821**	**102**	**$631,267**	**102**	**$544,208**	**0%**	**-14%**

1 FY 2023 Other Resources and Full-time Equivalents (FTE) reflect actuals.

1.2 – Budget Adjustments Table
Dollars in Thousands

	FTE	Amount
FY 2024 Annualized CR	**102**	**$324,000**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$870
Pay Annualization (2024 5.2% average pay raise)	0	$210
Pay Raise (2025 2.0% average pay raise)	0	$245
Non-Pay (2025 2.2% non-pay inflation)	0	$415
Subtotal Changes to Base	0	$870
FY 2025 Current Services	**102**	**$324,870**
Program Changes:		
Program Decreases:	0	($26,000)
Economic Mobility Corps	0	($2,000)
Healthy Food Financing Initiative	0	($24,000)
Program Increases:	0	$26,038
CDFI Program	0	$16,000
BG Program Credit Subsidy	0	$10,000
Administration	0	$38
Subtotal Program Changes	**0**	**$38**
FY 2025 President's Budget Request	**102**	**$324,908**

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) ....+$870,000 / +0 FTE

Pay Annualization (5.2% in 2024) +$210,000 / +0 FTE

Funds are requested for annualization of the January 2024 5.2% average pay raise.

Pay Raise (2.0% in FY 2025) +$245,000 / +0 FTE

Funds are requested for a 2.0% average pay raise in January 2025.

Non-Pay (2.2% in FY 2025) +$415,000 / +0 FTE

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

Program Decreases ....-$26,000,000 / -0 FTE

Economic Mobility Corps -$2,000,000 / -0 FTE

Due to lack of ongoing demand for the Economic Mobility Corps (EMC), no funding is included for this initiative as part of the CDFI Fund's budget request. In Fiscal Years 2022 and 2023, the CDFI Fund received no applications for EMC funding. However, eligible organizations can still apply for awards under the Corporation for National and Community Service's AmeriCorps State and National Direct program to support EMC-related activities, which places service members in Certified CDFIs, through funding directly appropriated to that program.

Healthy Food Financing Initiative -$24,000,000 / -0 FTE

Due to diminishing demand and lack of a robust pool of applicants to the program, the Budget request eliminates dedicated funding for the Healthy Food Financing Initiative (HFFI). Over the past three years, the total annual number of applicants for HFFI has decreased more than 46% while the number of applicants for CDFI program FA has increased by 14%. In the most recent round in FY 2022, only 15 organizations applied for HFFI. This represents about 1% of all Certified CDFIs. This funding reallocation will support a broader pool of CDFIs participating in other CDFI Fund programs, as outlined in program increases below.

Program Increases ....+$26,038,000 / +0 FTE

CDFI Program +$16,000,000 / +0 FTE

Funds will be reallocated from the request to eliminate dedicated funding for HFFI and eliminate EMC to provide an increase to the CDFI Program budget by $16,000,000 providing an additional 27 Base-FA awards to CDFIs.

BG Program Credit Subsidy +$10,000,000 / +0 FTE

Request for $10,000,000 to modify existing over-collateralization and/or recourse requirements for individual applications thereby expanding the potential pool of CDFIs that could successfully participate in the BG Program.

Administration +$38,000 / +0 FTE

Request $38,000 to support on-going programming, research and data collection activities, certification of CDFIs and Community Development Entities (CDEs), compliance monitoring, evaluating the effectiveness of CDFI Fund programs, and activities related to the CDFI Fund's designation as a HISP.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2023 Actual Obligations	FY 2024 Estimated Obligations	FY 2025 Estimated Obligations
11.1 - Full-time permanent	$11,257	$13,692	$13,900
11.9 - Personnel Compensation (Total)	**11,257**	**13,692**	**13,900**
12.0 - Personnel benefits	4,060	4,642	4,622
Total Personnel and Compensation Benefits	**$15,317**	**$18,334**	**$18,522**
21.0 - Travel and transportation of persons	74	155	120
24.0 - Printing and reproduction	29	25	30
25.1 - Advisory and assistance services	7,362	4,132	2,673
25.2 - Other services from non-Federal sources	32	60	80
25.3 - Other goods and services from Federal sources	10,287	9,826	10,177
25.7 - Operation and maintenance of equipment	179	115	113
26.0 - Supplies and materials	96	100	80
31.0 - Equipment	4,715	6,237	4,113
41.0 - Grants, subsidies, and contributions	271,260	550,000	443,000
Total Non-Personnel	**$294,034**	**$570,650**	**$460,386**
New Budgetary Resources	**$309,351**	**$588,984**	**$478,908**
Full-time Equivalents	**80**	**102**	**102**

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

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND *Federal Funds* SALARIES AND EXPENSES *To carry out the Riegle Community Development and Regulatory Improvement Act of 1994 (subtitle A of title I of Public Law 103–325), including services authorized by section 3109 of title 5, United States Code, but at rates for individuals not to exceed the per diem rate equivalent to the rate for EX-III, $324,908,000. Of the amount appropriated under this heading— (1) not less than $210,000,000, 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, 2026, 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 $3,153,750 may be used for the cost of direct loans, of which up to $10,000,000, 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: 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*	Elimination of EMC due to lack of ongoing demand.

as measured by the 2016–2020 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]2020 Island areas Decennial Census data for any territory or possession of the United States; (2) not less than $25,000,000, notwithstanding section 108(e) of Public Law 103–325 (12 U.S.C. 4707(e)), is available until September 30, 2026, 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 $35,000,000 is available until September 30, 2026, for the Bank Enterprise Award program; (4) not less than $9,000,000 is available until September 30, 2026, 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; (5) up to $35,908,000 is available 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 program impacts, and up to $300,000 is for administrative expenses to carry out the direct loan program; and (6) up to $10,000,000 is available until September 30, 2026, 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, 2026: Provided further, That of the funds awarded under this heading, not less than 10 percent shall be used for awards that support investments that serve populations living in persistent poverty counties: Provided further, That for the purposes of this paragraph and paragraph (1), the term "persistent poverty counties" means any county, including county equivalent areas in Puerto Rico, that has had	The budget requests to eliminate dedicated funding for HFFI and reallocate for the creation of a BGP subsidy and to the CDFI Core Program

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 2016–2020 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, 2010, and 2020 Island Areas Decennial Censuses, or equivalent data, of the Bureau of the Census. Note. --A full-year 2024 appropriation for this account was not enacted at the time the budget was prepared; therefore, the Budget assumes this account is operating under the Continuing Appropriations Act, 2024 and Other Extensions Act (Division A of P.L. 118-15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.	Extension of the Bond Guarantee Program through December 31, 2026 to allow more time to close complex and time-consuming bond commitments and for 2-year subsidy period of availability To establish a credit subsidy for the Bond Guarantee Program for a two-year period of availability that would allow the CDFI Fund to adjust underwriting requirements for applicants on a case-by-case basis. The CDFI Fund would specifically be able to modify existing over-collateralization and/or recourse policy requirements for future individual applications thereby expanding the potential pool of CDFIs that could successfully participate in the Bond Guarantee Program.

E – Legislative Proposals

The Budget proposes to modify the Capital Magnet Fund Program, section 1339 of the Housing and Economic Recovery Act (HERA) to allow for certain existing statutory requirements to be determined by the Secretary, either via promulgation of regulations or in the annual Notice of Fund Availability, and to expand the eligible applicant types to include consortium of two or more eligible applicants. Current market conditions and the CDFI Fund's experience with this affordable housing program necessitate updates to the program to make it more accessible to applicants, which include CDFIs and non-profit affordable housing organizations, and more effective in spurring the production and preservation of affordable housing.

Specific requirements and standards in the statute create significant obstacles to potential applicants wishing to apply for these funds, such as the required 10:1 ratio of leverage of private and other public funding, a two-year commitment deadline, and restrictions related to targeting funds. Modifications proposed to the statute would allow for the Secretary to establish or modify standards for these requirements to address market conditions over time and ensure effective utilization of funds across diverse geographies.

Funding for this program is not typically appropriated. Per HERA requirements, Fannie Mae and Freddie Mac provide allocations annually based on their annual unpaid principal mortgage balances. The first awards based on these allocations were made in 2016.

Additionally, the Budget proposes to reauthorize and reform the CDFI BG Program consistent with the bipartisan CDFI Bond Guarantee Program Improvement Act of 2023 (S.869), which would reauthorize the program for four years, reduce the minimum issuance amount to $25 million, make a technical correction to the relending account, and eliminate the limitation on the number of guarantees that may be issued annually.

The Budget also proposes technical corrections and updates to Section 122 of Riegle Community Development and Regulatory Improvement Act (P.L. 117-286) that would allow increased participation in the SDL Program. Proposed revisions to the legislation would authorize the Secretary of the Treasury to administratively amend the definition of a small dollar loan or other requirements to address industry trends and adjust the maximum loan amount for inflation. Technical corrections would clarify the definition of Federally Insured Depository Institutions (FIDIs) eligible to apply for an SDL Program Award and allow all applicants to apply for all eligible uses of the program.

Section II – Annual Performance Plan and Report

A – Strategic Alignment
The CDFI Fund's mission is to expand economic opportunity for underserved people and communities by supporting the growth and capacity of a national network of community development lenders, investors, and financial service providers.

The CDFI Fund'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 in the United States where job opportunities remain stagnant and that otherwise lack access to more mainstream forms of capital – the places and populations 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.

In accordance with the Government Performance and Results Act Modernization Act (GPRAMA) of 2010, Treasury developed the FY 2022 – 2026 Departmental Strategic Plan. The Annual Performance Plan has been updated to reflect new departmental strategic goals and objectives.

The CDFI Fund is working to align budget activities and performance measures to the objectives in the Treasury FY 2022 – 2026 Strategic Plan, specifically to Goal 1: Promote Equitable Economic Growth and Recovery; Objective 1.3 Economically Resilient Communities and Goal 5: Modernize Treasury Operations.

The FY 2025 Budget will advance the CDFI Fund's current goals by allowing the CDFI Fund to administer 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, and of CDEs, as required by the NMTC program. CDFI certification makes organizations eligible to apply for the CDFI Program, the NACA Program, the BG Program, the SDL Program, and the Capital Magnet Fund (CMF) Program, 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, as included in the Consolidated Appropriations Act, 2021 (P. L. 116-260), provided $3 billion to the CDFI Fund to help CDFIs deliver immediate assistance in communities impacted by the COVID-19 pandemic. In the spring of FY 2021, the CDFI Fund awarded $1.25 billion of these funds through its newly established CDFI Rapid Response Program (CDFI RRP), which was designed to quickly deploy capital to CDFIs through a streamlined application and review process. Through the CDFI RRP, CDFIs were provided with resources necessary to respond to the economic impacts of the COVID-19 pandemic in distressed and underserved communities and people.

In the Spring of FY 2023, the CDFI Fund awarded an additional $1.73 billion in grant funds to CDFIs to address the economic impact of the COVID-19 pandemic through the CDFI Equitable Recovery Program (CDFI ERP). These grants will further assist distressed communities by expanding lending, grant making, and investment activity to low- or moderate-income communities; to borrowers that have significant unmet capital or financial service needs; and to enable CDFIs to build organizational capacity and acquire technology, staff, and other tools necessary to accomplish the activities under a CDFI ERP Award.

B – Budget and Performance by Budget Activity

2.1.1 – Administration – Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	$27,000	$28,500	$29,000	$33,617	$35,000	$35,000	$35,908
Budget Activity Total	**$27,000**	**$28,500**	**$29,000**	**$33,617**	**$35,000**	**$35,000**	**$35,908**
Full-time Equivalents (FTE)	**67**	**76**	**67**	**71**	**80**	**102**	**102**

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
All Award Cycle Time (Months)	5.8	5.5	5.6	8.8	8.0	6.5	6.5	6.5
All-Time to Initial Disbursement (#Months)	7.0	4.4	5.1	3.5	1.7	4.5	4.5	4.5
ALL- Number of Affordable Housing Units Developed or Produced	34,083	44,361	58,125	71,615	109,599	I	I	I

Key: I – Indicator

Note: The "All Award Cycle Time" and "All-Time to Initial Disbursement" performance measures are based on the award or allocation rounds for the BEA Program, CDFI Program, CMF Program, NACA Program, NMTC Program and SDL Program. The "ALL-Number of Affordable Housing Units Developed or Produced" performance measure is based on the number of affordable housing units reported by CDFI Program, CMF Program, NACA Program, NMTC Program, and CDFI RRP subject to the start of a program's recipient reporting timeframe.

2A – Administration Budget and Performance

($35,908,000 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, funds are disbursed, and the creation of affordable housing units across all CDFI Fund programs.

- The All-Award 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 All-Award Cycle Time in FY 2023 was 8 months, thereby exceeding the target of 6.5 months. All award cycle time was higher than the target due to the need to divert staff to manage COVID-19 response programs authorized in Consolidated Appropriations Bill, 2021. Further, FY 2023 did not have a funding round for every program, so the programs that did conduct a round, including NMTC and CMF, are programs with a longer award cycle time, resulting in an average that is higher than the target. Going forward, the CDFI Fund plans to normalize award program timing while welcoming the increased demand for CDFI Fund programs.

- 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 2023 program disbursement results were tabulated in calendar year (CY) 2023 at 1.7 months which is faster than the target set of 4.5 months. It should be noted that the tabulation does not include estimates for all programs because only three programs (BEA, NMTC, and CMF) conducted funding rounds during FY 2023. The number may increase at a later date because two of the programs (NMTC and CMF) have not signed all of their agreements – at least 54 percent have been signed through December 2023. The target will remain at 4.5 months for FY 2024 and FY 2025.

- 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, NACA Program, NMTC Program, and CMF Program awardees or allocatees. In FY 2021, this performance measure was converted to an indicator because the variability in projecting annually the number of affordable housing units funded for four programs made it difficult to project a reliable target. As with FY 2022, the CDFI Fund has included the units resulting from the CDFI RRP awardees in the FY 2023 results. The FY 2023 actual result was 109,599 affordable housing units. The large increase in the number of units may be due to CDFI RRP awardees having completed their first full fiscal year of reporting in FY 2023 on their FY 2022 activities.

2.1.2 – Community Development Financial Institutions Fund Program Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	$160,000	$165,500	$165,000	$165,000	$196,000	$196,000	$210,000
Budget Activity Total	**$160,000**	**$165,500**	**$165,000**	**$165,000**	**$196,000**	**$196,000**	**$210,000**

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
CDFI - Percentage of Loans & Investments Originated in Eligible Distressed or Underserved Communities by Dollar Amount of Loans (Annual %)	75.6	75.0	71.4	67.1	66.0	60.0	60.0	60.0
CDFI - Percentage of Loans & Investments Originated in Eligible Distressed or Underserved Communities by Number of Loans (Annual %)	78.8	79.6	75.7	77.7	71.6	60.0	60.0	60.0

2B – Community Development Financial Institutions Fund Program

($210,000,000 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).

In addition to the FA awards, the CDFI Fund also provides the following supplemental FA awards: Persistent Poverty County-Financial Assistance (PPC-FA); Healthy Foods Financing Initiative-Financial Assistance (HFFI-FA); and Disability Funds-Financial Assistance (DF-FA).

The CDFI Program also makes TA awards to CDFIs and emerging CDFIs to build their organizational capacity.

Appropriated funds for FY 2023 will be combined with FY 2024 appropriated funds for a joint FY 2024 funding round for the CDFI Program, which opened on December 8, 2023.

The EMC is a joint initiative of the CDFI Fund and Corporation for National and Community Service (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.

The EMC program received $2 million in funding through the Consolidated Appropriations Act of 2022 (P.L. 117-103) which was used to support the FY 2023 round of the program. Applications for this round of the EMC, which were again made available through the FY 2023 AmeriCorps State and National Grant program that was released in September 2022, were due in January 2023. There were no applicants for the FY 2023 round of EMC, which was the second consecutive year for which there were no EMC applicants. Due to an ongoing lack of demand, the Budget request eliminates funding for EMC.

Description of Performance:
In February 2023, the CDFI Fund awarded $127.1 million in base-FA FY 2022 CDFI Program FA awards, an additional $17.6 million in PPC-FA awards, and $6.5 million in DF-FA awards. 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 recipients; 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 recipients.

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 safety and soundness considerations.

In FY 2023, the CDFI Program surpassed the 60.0 percent threshold for the percentage of both the dollar amount (66.0 percent) and the number of CDFI loans (71.6 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 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	$0	$0	$0	$0	$0	$0	$0
Budget Activity Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
NMTC - Percentage of Loans and Investments That Went into Severely Distressed Communities	80.3	77.2	77.0	79.0	75.4	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.

The Taxpayer Certainty and Disaster Tax Relief Act of 2020, that was included in the Consolidated Appropriations Act 2021, extended allocation authority of the NMTC Program through CY 2025 at $5 billion annually. The FY 2025 revenue proposal volume (also referred to as the "greenbook") seeks a permanent reauthorization of the NMTC set at $5 billion each year and indexed for inflation after 2026 and adds a third allocation priority to favor CDEs that intend to concentrate their Qualified Low Income Community Investments on populations, geographies and/or businesses that are identified by the Secretary as having significantly deeper levels of economic distress. Please see https://home.treasury.gov/policy-issues/tax-policy/revenue-proposals for more information.

Description of Performance:
On October 28, 2022, the CDFI Fund announced $5 billion NMTC awards for the CY 2021 NMTC Program allocation authority to 107 organizations out of a pool of 199 applicants that requested $14.7 billion in NMTC allocations. Additionally, on September 22, 2023, the CDFI Fund awarded $5 billion in CY 2022 NMTC Program allocation authority to 102 organizations out of a pool of 197 applicants that requested $14.8 billion in NMTC allocations.

In FY 2023, CDEs reported that 75.4 percent of NMTC investments were made in severely distressed communities, slightly exceeding the target of 75 percent. The expectation is that the NMTC investments performance report for FY 2024 and FY 2025 will meet or exceed the 75 percent target.

2.1.4 – Bank Enterprise Award Program Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	$25,000	$25,000	$26,000	$26,000	$35,000	$35,000	$35,000
Budget Activity Total	**$25,000**	**$25,000**	**$26,000**	**$26,000**	**$35,000**	**$35,000**	**$35,000**

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
BEA - Increase in Community Development Activities Over Prior Year For All BEA Program Applicants ($ million)	429	469	DISC	DISC	DISC	DISC	DISC	DISC
Bank Enterprise Award Program (BEA) Leverage Ratio is the $ Sum of All Award Recipients Qualified Activities to the $ Sum of All Awards in a Given Year	N/A	N/A	2.6	N/A	N/A	N/A	N/A	N/A

Key: DISC - Discontinued; N/A - Not Available

2D – Bank Enterprise Award Program

($35,000,000 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:
Awards for the FY 2023 BEA Program funding round were announced in September 2023 using FY 2022 and FY 2023 appropriated funds. A total of 184 organization received $70 million in awards through this round of the BEA Program.

The Fund will use the values for FY 2021 through FY 2024 to establish a baseline trend from which to compute a target threshold. For FY 2021, the leverage ratio for the total sum of award recipients' total qualified activities to the total sum of all awards in a year is 2.6. There will be no measure for FY 2022 because the Fund conducted a joint funding round in FY 2023 combining FY 2022 and FY 2023 funds. As a result, the baseline will be extended to include FY 2024 in its calculation of the target threshold.

2.1.5 – Native American CDFI Assistance Program Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	$16,000	$16,000	$16,500	$16,500	$25,000	$25,000	$25,000
Budget Activity Total	**$16,000**	**$16,000**	**$16,500**	**$16,500**	**$25,000**	**$25,000**	**$25,000**

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
NACA - Percentage of NACA Loans and Investments in Native Areas ($ Amount of Loans)	78.0	57.2	60.1	65.3	89.0	50.0	50.0	50.0
NACA - Percentage of NACA Loans and Investments in Native Areas (# of Loans)	86.0	72.1	72.6	70.3	81.0	50.0	50.0	50.0

2E – Native American CDFI Assistance Program

($25,000,000 from direct appropriations):
Through the Native American CDFI Assistance (NACA) Program, the CDFI Fund builds the capacity of Certified Native CDFIs, Emerging Native CDFIs, and Sponsoring Entities, and increases access to capital in Native American, Alaskan Native, and Native Hawaiian communities (Native Communities). The NACA Program provides two types of monetary awards – FA awards and TA grants. Native CDFIs lend where other mainstream financial institutions do not and often serve the most financially distressed individuals, families, and businesses in Native communities. In addition, the NACA Program provides training to help strengthen and develop Native CDFIs.
Appropriated funds for FY 2023 will be combined with FY 2024 appropriated funds for a joint FY 2024 funding round for the NACA Program, which opened on December 8, 2023.

Description of Performance:
In February 2023, the CDFI Fund awarded $17.1 million in FY 2022 NACA Program FA awards and an additional $2.8 million in PPC-FA awards. 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 recipients 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 recipients to balance their mission of serving Native areas and populations with safety and soundness considerations.

In FY 2023, NACA recipients reported outcome data for their FY 2022 activities, which showed that 89.0 percent of loans by dollar amount and 81.0 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. A contributing factor to the increase of more than 10 percentage points for both performance measures between FY 2022 and FY 2023 is a change in the composition of awardees with NACA reporting requirements in FY 2023.

2.1.6 –Healthy Food Financing Initiative Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	$22,000	$22,000	$23,000	$23,000	$24,000	$24,000	$0
Budget Activity Total	**$22,000**	**$22,000**	**$23,000**	**$23,000**	**$23,000**	**$23,000**	**$0**

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
HFFI - Retail Outlets Created/Preserved	23.0	25.0	29.0	32.0	23.0	I	I	I

Key: I - Indicator

2F – Healthy Food Financing Initiative

($0 from direct appropriations):

The HFFI aims to eliminate “food deserts” – low-income urban and rural areas in the United States with limited access to affordable and nutritious food – by financing interventions that expand the supply of, and demand for, nutritious foods. The objectives include increasing the distribution of agricultural products, developing and equipping grocery stores, and strengthening producer-to-consumer relationships.

Through the HFFI, the CDFI Fund provides FA 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.

Appropriated funds for FY 2023 will be combined with FY 2024 appropriated funds for a joint FY 2024 funding round for the supplemental HFFI Program awards, which opened on December 8, 2023.

Description of Performance:

In February 2023, the CDFI Fund awarded $23 million in HFFI awards to eight CDFIs for the FY 2022 round. 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 2021, the HFFI performance measure was reported as an indicator because the variability of investments in new retail HFFI outlets makes it difficult to forecast an annual target. In FY 2023, the number of HFFI Retail outlets created was 23. This performance measure may start to show a decline in number compared to previous years as the 3-year performance reporting for FY 2022 and FY 2024 award recipients winds down given no proposed funding in FY 2025 or beyond.

2.1.7 – Small Dollar Loan Program Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	$0	$5,000	$8,500	$8,500	$9,000	$9,000	$9,000
Budget Activity Total	**$0**	**$5,000**	**$8,500**	**$8,500**	**$9,000**	**$9,000**	**$9,000**

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Ratio of the dollar amount of SDL Program loans closed in a given year to the number of SDL Program recipients reporting in the year	N/A	N/A	N/A	$700,586.21	$537,919.2	I	I	I

Key: I - Indicator; N/A - Not Available

Note: The FY 2021 SDL Program Award Round made their award announcement on September 23, 2021, therefore, outcome reporting will not start until FY 2023. The FY 2022 SDL Program Award Round made their award announcement on May 16, 2022, therefore, outcome reporting will not start until FY 2024. The SDL Program performance measure has been changed from prior budget submissions because the earlier concept of the performance measure was not feasible to collect based on current reporting forms. FY 2023 reporting has not yet concluded as of 12/13/2023, so this number will most likely increase as more reports are submitted.

2G – Small Dollar Loan Program

($9,000,000 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 (LLR) and TA 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 to the mainstream financial system.

Description of Performance:

The Initial FY 2021 SDL Program awards were announced in FY 2021. Outcome reporting for these awards will not start until FY 2023. The FY 2022 SDL Program awards were announced September 27, 2022. A total of 66 CDFIs received $11.4 million in the FY 2022 round; recipients are headquartered in 23 states, the District of Columbia, Guam, and Puerto Rico. The FY 2024 SDL Program round (using FY 2023 and FY 2024 appropriated funds) opened on October 20, 2023, and awards are expected to be announced in the spring of 2024.

The performance measure for SDL Program is the ratio of the dollar amount of SDL Program loans closed in a given year to the number of SDL Program recipients reporting in the year. There is a three-year period of performance for this funding. For FY 2022 and FY 2023, the results are $700,586.21 and $537,919.92, respectively. However, performance reporting for FY 2023 has not completed, so the value for FY 2023 may increase. For the FY 2022 SDL Program Award Recipients, their outcome reporting will not start until FY 2024. The SDL Program performance measure has changed from prior budget submissions because the earlier concept of the performance measure was not feasible to collect based on current reporting forms.

2.1.8 – Capital Magnet Fund Program Resource Detail Table

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
GSE Distribution	$131,884	$175,809	$382,748	$398,357	$190,779	$117,000	$137,000
Budget Activity Total	**$131,884**	**$175,809**	**$382,748**	**$398,357**	**$190,779**	**$117,000**	**$137,000**
Full-time Equivalents (FTE)*	**3**	**5**	**4**	**5**	**9**	**9**	**9**

*CMF staff are funded through GSE fees

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.

<u>Description of Performance:</u>
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.

FY 2023 CMF Awards were announced on October 4, 2023. Awards were made to 52 organizations totaling $321.2 million to support the development of affordable housing and community facilities serving low-income individuals, families, and communities. For the FY 2023 round the awardees anticipate that nearly $11.1 billion will be invested in total, including more than $8.6 billion in private investment.

2.1.9 – CDFI Bond Guarantee Program Resource Detail Table

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Obligations	$150,000	$100,000	$100,000	$355,000	$300,000	$500,000	$500,000
Loan Limitation Obligation Authority	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000
Budget Activity Total	**$150,000**	**$100,000**	**$100,000**	**$355,000**	**$300,000**	**$500,000**	**$500,000**

2.1.10 – CDFI Bond Guarantee Program Financing Account – Non-Budgetary Summary

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Obligations	$150,000	$100,000	$100,000	$355,000	$500,000	$500,000	$500,000
Collections*	$51,493	$61,621	$74,320	$162,425	$105,834	$94,137	$115,727

*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 $349 million and $346 million in FY 2024 and FY 2025, 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 exceeds $2.4 billion. A total of 29 Eligible CDFIs and 4 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 (FY ending 2023) and proposed disbursement for the top nine asset classes:

Assets Class	Disbursements ($Millions)	Disbursements (%)	Proposed Disbursements ($Millions)	Proposed Disbursements (%)
Rental Housing	$479.94	31.94%	$718.27	29.35%
Charter Schools	$394.85	26.27%	$579.18	23.67%
Commercial Real Estate	$255.76	17.02%	$370.70	15.15%
Financing Entity	$133.50	8.88%	$361.63	14.78%
Not-for Profits	$72.03	4.79%	$124.86	5.10%
Healthcare Facilities	$54.22	3.61%	$112.22	4.59%
Small Business	$55.32	3.68%	$92.59	3.78%
Senior Living and Long-Term Care Facilities	$42.11	2.80%	$57.60	2.35%
Daycare Centers	$15.05	1.00%	$29.96	1.22%
Total	**$1,502.79**	**100.00%**	**$2,447.00**	**100.00%**

Section III – Additional Information

A – Summary of Capital Investments

As part of its FY 2025 capital investment strategy, the CDFI Fund plans to spend approximately $8.86 million for enhancements, operations, and maintenance of its Information Technology (IT) infrastructure. The CDFI Fund only has non-major IT investments.

Non-Major IT Investments:

For FY 2025, the CDFI Fund has identified three non-major IT investments: AMIS; System Operations and Help Desk Support; and Program Support Systems Software. AMIS is an enterprise-wide commercial, cloud-based solution that supports CDFI Fund certification, tax credit allocation, bond guarantee, and all grant programs. The System Operations and Help Desk Support investment provides help desk support for external and internal CDFI Fund users, system upgrades, consulting, and other services as needed. The Program Support Systems Software investment consists of Salesforce and other software licenses and maintenance support needed by IT systems that meet the CDFI Fund's certification, program, and compliance needs.

In FY 2025, the CDFI Fund plans to provide Operations and Maintenance (O&M) support 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.

B – Utilization of Offsetting Collections from Emergency Capital Investment Program (ECIP)

Authorized by P. L. 116-260, the CDFI Fund anticipates receiving additional funding resources from ECIP through the transfer of proceeds from the sale of investments and related earned interest and dividends beginning in FY 2024. Approximately 80 percent of the funds available in FY 2024 and FY 2025 will be used for the FY 2025 CDFI and NACA Programs for financial assistance grants to Certified CDFIs, including Certified Native CDFIs, as well as for grants for technical assistance to organizations seeking Certification and for Certified CDFIs seeking to increase their organizational capacity. The remaining funds are expected to be used for a new pilot grant program that will provide funding for CDFIs seeking to improve their technological and cybersecurity systems.

Department of the Treasury Financial Crimes Enforcement Network (FinCEN)

Congressional Budget Justification and Annual Performance Plan and Report

FY 2025

Section I – Budget Request

A – Mission Statement

To safeguard the financial system from illicit use, combat money laundering and its related crimes including terrorism, 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 2025 President's Budget requests additional resources totaling $25,496,000 above the fiscal year (FY) 2023 enacted level for FinCEN, a bureau of the Department of the Treasury (Treasury). This request includes resources for: (i) the continued implementation of the Anti-Money Laundering Act of 2020 (AMLA), which includes the Corporate Transparency Act (CTA) and is part of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 (NDAA FY 2021), to strengthen, modernize, and streamline the existing Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) regime; and (ii) the mandatory creation of the Beneficial Ownership Information Technology System (BO IT system) as the first national repository for beneficial ownership information (BOI).

In FY 2022 and 2023, FinCEN was fortunate to be allocated a total of $48.3 million from Ukraine supplemental funding bills and internal transfers. Over the course of FY 2023, FinCEN surged resources to address national security priorities associated with Russia's invasion of Ukraine. FinCEN's accomplishments made possible with Ukraine supplemental funding included:

- FinCEN issued numerous Russia-related alerts and advisories, including two joint alerts with the Department of Commerce's Bureau of Industry and Security (BIS), to draw attention to Russian illicit financial activity, including sanctions and export control evasion, and generate reporting by U.S. financial institutions. These alerts and advisories have helped drive the filing of Suspicious Activity Reports (SARs) with FinCEN, which play an important role in sanctions designations and law enforcement efforts to counter Russian illicit activity.
- FinCEN has also convened several FinCEN Exchange events aimed at countering Russian aggression in Ukraine. The FinCEN Exchange program is a critical driver of public-private collaboration and information exchange to address this problem set.
- FinCEN also steers a standing working group of financial intelligence units (FIUs) to identify and take concrete actions to target Russia-related illicit finance and sanctions evasion.[1]

FinCEN appreciates and made great use of Ukraine supplemental funding, which expired at the end of FY 2023. FinCEN hereby requests additional funding to continue its ongoing work in this critical mission area, while also seeking support for investigative tools and other resources upon which our staff, as well as our federal and international partners, have come to rely.

[1] https://www.fincen.gov/news/news-releases/russia-related-illicit-finance-and-sanctions-fiu-working-group-statement-intent

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2023 Operating Plan [1, 2]		FY 2024 Annualized CR		FY 2025 Request		FY 2024 to FY 2025 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
BSA Administration and Analysis	273	$190,193	289	$190,193	304	$215,689	5.2%	13.4%
Subtotal New Appropriated Resources	**273**	**$190,193**	**289**	**$190,193**	**304**	**$215,689**	**5.2%**	**13.4%**
Other Resources								
Reimbursables	1	$2,532	3	$6,000	3	$6,000	0.0%	0.0%
Recoveries from Prior Years	0	$950	0	$0	0	$0	NA	NA
Unobligated Balances from Prior Years	0	$41,220	0	$88,879	0	$38,879	NA	-56.3%
Transfers In/Out (TEOAF)	0	$21,250	0	$0	0	$0	NA	NA
Subtotal Other Resources	**1**	**$65,952**	**3**	**$94,879**	**3**	**$44,879**	**0.0%**	**-52.7%**
Total Budgetary Resources	**274**	**256,145**	**292**	**$285,072**	**307**	**$260,568**	**5.1%**	**-8.6%**

1 FY 2023 Other Resources and Full-time Equivalents (FTE) reflect actuals.

2 FY 2023 does not include $19.0 million in funding provided under Ukraine Supplemental Appropriations Act, 2022, Division N of the Consolidated Appropriations Act, 2022 (P.L. 117-103) and $29.3 million provided by the Additional Ukraine Supplemental Appropriations Act, 2022 (P.L. 117-128)

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2024 Annualized CR	**289**	**$190,193**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$4,537
Pay Annualization (2024 5.2% average pay raise)	0	$741
Pay Raise (2025 2.0% average pay raise)	0	$866
Non-Pay (2025 2.2% non-pay inflation)	0	$2,930
Subtotal Changes to Base	0	$4,537
FY 2025 Current Services	**289**	**$194,730**
Program Increases:	15	$20,959
Beneficial Ownership Implementation	0	$16,000
BO IT Systems Sample-based Verification	0	$1,000
Other CTA/AMLA IT and Staff	15	$3,959
Subtotal Program Changes	15	$20,959
FY 2025 President's Budget Request	**304**	**$215,689**

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) ....+$4,537,000 / +0 FTE

<u>Pay Annualization (5.2%) +$741,000 / +0 FTE</u>

Funds are requested for annualization of the January 2024 5.2% average pay raise.

Pay Raise (2.0%) +$866,000 / +0 FTE
Funds are requested for a 2.0% average pay raise in January 2025.

Non-Pay (2.2%) +$2,930,000 / +0 FTE
Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Program Increases ....+$20,959,000 / +15 FTE

Beneficial Ownership Implementation (Customer Service/Contact Center and Public Outreach) +$16,000,000 / +0 FTE

The increase funds customer service and public awareness initiatives aimed at entities that began reporting BOI in January 2024.[2] This includes the operation of the Beneficial Ownership Contact Center (BOCC) to support those reporting entities. FinCEN is leveraging primarily one-time funding to create the BOCC and work to address the initial surge in Year 1 but lacks full funding to continue its operations in FY 2025 and beyond. This funding will pay for contractor costs to operate and staff the contact center agents. Funding will also permit FinCEN to continue its public awareness and outreach efforts relating to BOI reporting.

BO IT Systems Sample-based Verification +$1,000,000 / +0 FTE

The increase funds the initiative to implement an initial statistical sampling/data matching approach to verifying BOI against data currently reported in commercial databases. This verification is critical for ensuring that information in the BO IT system is accurate and useful to authorized users.

Other CTA/AMLA IT and Staff +$3,959,00 / +15 FTE

The NDAA FY 2021 included significant reforms to the U.S. 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 also calls for FinCEN to work closely with our regulatory, national security, and law enforcement partners to better identify risks and priorities and provide valuable feedback to industry and the general public. Of note, section 6314 of the AMLA modified and enhanced the whistleblower provisions of the BSA by, among other things, significantly increasing the maximum possible award FinCEN can issue to an eligible whistleblower who voluntarily provides information to FinCEN, the Department of Justice (DOJ), or the whistleblower's employer regarding certain violations of the BSA. Consistent with these statutory requirements, FinCEN established an Office of the Whistleblower that is responsible for: receiving and adjudicating tips, complaints, and referrals; designing and implementing the policies and procedures of the whistleblower program; and processing award applications for

[2] In the BOI reporting final rule, FinCEN estimates that as of Year 1 (2024) there will be approximately 32.6 million companies required to report, and 5 million additional companies per year in Years 2-10. See "Beneficial Ownership Information Reporting Requirements – Final Rule," 87 FR 59598, at 59549 (Sept. 30, 2022).

eligible whistleblowers. The Anti-Money Laundering Whistleblower Improvement Act, which was enacted as part of the Consolidated Appropriations Act, 2023, P.L. 117-328, further enhanced FinCEN's whistleblower program by: (i) establishing a $300 million revolving fund (Financial Integrity Fund) to pay eligible whistleblowers; (ii) expanding the whistleblower program to include awards for violations of U.S. economic and trade sanctions programs, including, but not limited to, those targeting Russia and its malign activities; and (iii) providing for the payment of awards to eligible whistleblowers that are equal to 10 to 30 percent of what has been collected of the monetary sanctions imposed in a covered enforcement action. FinCEN expects the establishment of this fund will very likely increase interest and participation in FinCEN's whistleblower program.

Within the AMLA, the CTA establishes a framework for uniform BOI reporting requirements for many corporations, limited liability companies, and other similar entities formed or registered to do business in the United States. The CTA instructs FinCEN to collect BOI, store it in a secure system, and share it with authorized government authorities and financial institutions, subject to the effective safeguards and controls that FinCEN must establish. FinCEN issued a final rule implementing the BOI reporting requirements, which became effective on January 1, 2024. FinCEN estimates that there will be approximately 32.6 million reporting companies filing BOI reports during the first year of the rule's implementation. FinCEN received Treasury Executive Office for Asset Forfeiture (TEOAF) Strategic Support and appropriated funds that allowed us to develop the Beneficial Ownership IT Systems Release 1.0, and FinCEN has now received sufficient funds to support the expected operations and maintenance expenses in the out-years.

The AMLA and the CTA together mandate approximately 40 rulemaking or other requirements, including periodic Congressional reporting on implementation efforts, assessments, and findings. Some key requirements under these acts include:

1. Establishing standards for the reporting of BOI, building an information technology system to collect and secure the data, creating access protocols, and ensuring enforcement of and compliance with the new reporting requirements;
2. Establishing national anti-money laundering and countering the financing of terrorism priorities, issuing regulations to implement those priorities and other related requirements, and ensuring enforcement of and compliance with the new requirements;
3. Enhancing whistleblower provisions to ensure a robust program for whistleblowers that provide information regarding violations of the Bank Secrecy Act (BSA) and U.S. economic and trade sanctions;
4. Establishing an Office of Domestic Liaison;
5. Establishing foreign financial intelligence liaison positions;
6. Establishing "Innovation Officer" and "Information Security Officer" positions;
7. Reviewing and revising Currency Transaction Report (CTR) requirements, SAR requirements, and other existing BSA regulations and guidance;
8. Expanding BSA requirements and obligations to persons engaged in the trade of antiquities;
9. 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;

10. At least semiannual publication of illicit finance threat pattern and trend information
11. Establishing a BSA Analytical Hub;
12. Conducting a formal review of regulations and guidance implementing the BSA;
13. Establishing an ongoing, timely process to receive and evaluate requests from law enforcement to financial institutions to keep accounts open; and
14. Establishing an annual BSA training program for all Federal examiners in the United States.

Timely and effective AMLA and CTA implementation continues to be FinCEN's top priority and presents significant resource challenges given the diversity and complexity of the requirements, and the diverse set of government and non-government stakeholders that they affect. FinCEN is working diligently with private sector and civil society stakeholders, as well as law enforcement and regulatory counterparts, to implement these numerous provisions to further the national security, financial integrity, and innovative strength of the United States.

With respect to the CTA, the funding request from FinCEN will allow us to hire some of the many FTEs needed to fully implement the mandates. These FTEs will perform some of these important functions:

1. drafting required regulations and related compliance guidance;
2. conducting stakeholder outreach to communicate information about the requirement;
3. drafting required Congressional reports;
4. developing and providing training on use of the required BO IT systems;
5. establishing access to BOI for authorized users;
6. monitoring and auditing compliance with the CTA and enforcing violations of its requirements;
7. establishing administrative processes to grant exemptive relief from the CTA's requirements;
8. managing a BOI call center that will respond to inquiries from the public about how to comply with the CTA;
9. conducting BO-related data management and analysis; and
10. providing related legal, administrative, security, and human resources support.

If available, the funding request will also support other AMLA activities:

1. FTEs who can respond to requests for administrative rulings regarding the interpretation of the regulations issued pursuant to the AMLA/CTA;
2. regulatory economists who are necessary to develop regulatory impact analyses pursuant to Executive Orders (E.O.s) 12866 ("Regulatory Planning and Review") and 13563 ("Improving Regulations and Regulatory Review"), the Regulatory Flexibility Act (RFA), the Paperwork Reduction Act (PRA), the Unfunded Mandates Act (UMRA), and the Congressional Review Act (CRA) and other similar applicable statutes; and
3. FTEs to staff the compliance hotline to respond to incoming inquiries relating to the AMLA and associated regulations and guidance issued by FinCEN.

The Anti-Money Laundering Whistleblower Improvement Act (AML Whistleblower

Improvement Act) expanded the mandate of FinCEN's Whistleblower program and created a revolving fund called the Financial Integrity Fund from which FinCEN is authorized to pay awards. To support the Whistleblower program, FinCEN will use some funding from this request to begin hiring FTEs who will:

1. administer and manage the $300 million revolving award fund, including disbursing awards in a timely and secure manner;
2. develop a public facing information technology system for the submission of tips and award applications;
3. develop the capacity to securely share tips and facilitate review by FinCEN and law enforcement partners;
4. recruit enforcement personnel dedicated to investigating potential BSA and other violations submitted by whistleblowers; and
5. recruit personnel dedicated to the administration of the whistleblower program to review tips, adjudicate award applications, coordinate with DOJ and other relevant agencies, and engage in outreach and education campaigns with the public. Such funding will also help ensure that any tips related to cyber-crimes, corruption, drug trafficking, Russia, and other illicit finance and national security priorities are reviewed and referred to appropriate offices for investigation and prosecution in a comprehensive and swift manner.

The funding level in this request assumes continuous hiring actions to get FinCEN to an onboard strength of 320 positions by the end of FY 2025 (yielding 304 FTE in FY 2025 given staff will be hired throughout the year). Because FinCEN is continuously evaluating its staffing against Administration priorities and filling the most urgent vacancies as positions become available, it is difficult to predict here which specific positions will have remained unfilled until the FY 2025 appropriation has been enacted.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2023 Actual Obligations	FY 2024 Estimated Obligations	FY 2025 Estimated Obligations
11.1 - Full-time permanent	37,711	43,899	47,012
11.3 - Other than full-time permanent	144	150	150
11.5 - Other personnel compensation	1,133	973	1,025
11.9 - Personnel Compensation (Total)	**38,988**	**45,022**	**48,187**
12.0 - Personnel benefits	13,866	16,564	17,637
Total Personnel and Compensation Benefits	**$52,854**	**$61,586**	**$65,824**
21.0 - Travel and transportation of persons	370	854	2,000
23.1 - Rental payments to GSA	3,631	5,085	5,200
23.2 - Rental payments to others	34	0	50
23.3 - Communications, utilities, and miscellaneous charges	2,297	2,330	3,000
24.0 - Printing and reproduction	418	450	100
25.1 - Advisory and assistance services	6,042	24,360	25,600
25.2 - Other services from non-Federal sources	49,681	112,772	121,540
25.3 - Other goods and services from Federal sources	14,750	18,085	15,000
25.4 - Operation and maintenance of facilities	38	0	25
25.6 - Medical care	179	195	200
25.7 - Operation and maintenance of equipment	6,576	5,770	7,000
26.0 - Supplies and materials	211	275	150
31.0 - Equipment	29,836	14,430	5,000
99.5 - Adjustment for rounding	(1)	0	0
Total Non-Personnel	**$114,062**	**$184,606**	**$184,865**
Total Obligations	**$166,916**	**$246,192**	**$250,689**
Full-time Equivalents (FTE)	**274**	**292**	**307**

FY23 amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, and $21.25 million in TEOAF funding. $19.0 million in funding provided under Ukraine Supplemental Appropriations Act, 2022, Division N of the Consolidated Appropriations Act, 2022 (P.L. 117-103) and $29.3 million provided by the Additional Ukraine Supplemental Appropriations Act, 2022 (P.L. 117-128) is excluded.

FY24 and FY25 amounts reflect obligations of appropriated resources, carryover balances 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 $25,000 for official reception and representation expenses; and for assistance to Federal law enforcement agencies, with or without reimbursement, $215,689,000 of which not to exceed $94,600,000 shall remain available until September 30, 2027. *Note. --A full-year 2023 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2023 (Division A of P.L. 117-180, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*	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), the Anti-Money Laundering Whistleblower Improvement Act (AML Whistleblower Improvement Act), which is Title IV of Division AA of the Consolidated Appropriations Act, 2023, Public Law 117-328 (December 29, 2022), and for expansion of the Diversity, Equality, Inclusion, and Accessibility program.

E – Legislative Proposals

FinCEN has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

FinCEN aligns budget activities and performance measures to the objectives in the updated Treasury FY 2022 – 2026 Strategic Plan. Most notably, FinCEN's work supports Treasury's Strategic Objective 2.2: "Economic Measures to Advance National Security," which seeks to enhance and protect national security through the application of targeted financial measures and review of certain foreign investments; and Strategic Objective 2.4: "Transparency in the Financial System," which seeks to increase transparency in the domestic and international financial system. FinCEN work in other strategic areas include initiatives aligned to Strategic Objective 4.4: "Sustainable Treasury Operations" like the recent transition to fully electric leased vehicles and the installation of energy efficient generators.

In FY 2023, FinCEN had several noteworthy accomplishments while carrying a heavy workload since enactment of the AMLA, including the CTA, in early 2021. With regard to rulemakings and related information collection actions associated with implementation of the AMLA and CTA, FinCEN has been working on six rulemaking initiatives including those at the initial research and development phase; those issued or soon to be issued NPRMs; and those that incorporate prior public comments and that will be issued as final rules), and two actions that renew existing information collections associated with FinCEN regulations. During FY 2023, FinCEN neared completion of a final rule regarding BOI access and safeguards and the use of FinCEN identifiers for entities pursuant to the CTA. FinCEN also worked on developing a new System of Records Notice (SORN) for the BO IT Systems, which became effective in October 2023. Finally, in FY 2023, FinCEN issued a Small Entity Compliance Guide and over 40 Frequently Asked Questions (FAQs) to assist small businesses and other stakeholders to comply with BOI reporting requirements.

FinCEN also led or provided substantive support to non-AMLA related efforts, including participating in the following activities or issuing the following products:

- Continued to monitor and oversee the implementation of four pilot programs involving three financial institutions and discussed two additional pilot programs with two financial institutions.
- Closed eight requests for administrative rulings and responded to more than 120 individual requests for regulatory interpretation.
- Responded to 13,085 inquiries from stakeholders requesting guidance from FinCEN's Regulatory Support Section.
- Issued nine Paperwork Reduction Act notices regarding information collection requirements renewals.
- Issued the Inflation Adjustment of Civil Monetary Penalties final rule (January 18, 2023, Federal Register publication).

Evolving Threats

In response to evolving threats including ransomware, illicit use of digital assets, anti-corruption, Russia-related illicit finance, terrorist financing, counter-narcotics including fentanyl, and other illicit activities, FinCEN:

- Issued an NPRM finding that convertible virtual currency (CVC) mixing is a class of transactions of primary money laundering concern pursuant to section 311 of the USA PATRIOT Act, and proposing that financial institutions establish certain reporting requirements concerning transactions that involve CVC mixing.
- Developed and maintained collaborative relationships with a wide variety of interagency partners focused on cyber-enabled money laundering and sanctions evasion, including through robust partnerships with other Treasury components such as the Office of Cybersecurity and Critical Infrastructure Protection (OCCIP), OFAC, the Office of Intelligence and Analysis (OIA), and the Office of Terrorist Financing and Financial Crimes (TFFC). As just one example, FinCEN coordinated with OCCIP to publish joint analytical products for the financial industry on cyber indicators and threats to inform cybersecurity efforts and BSA compliance.
- As part of AMLA implementation, released Financial Trend Analysis (FTA) reports on ransomware and real estate-related business email compromise schemes to relay to the public and industry valuable trend and pattern information derived from BSA information on priority cybercrime threats.
- Worked to identify and thwart cyber-enabled money laundering and cyber-enabled sanctions evasion networks with partners such as the National Cyber Investigative Joint Task Force (NCIJTF), FBI's Joint Criminal Opioid and Darknet Enforcement Team (JCODE), the Office of the Director of National Intelligence (ODNI), IRS Criminal Investigation (IRS-CI), and the Department of Justice's National Cryptocurrency Enforcement Team (NCET).
- Applied substantial resources and prioritized efforts to address national security initiatives related to Russia's invasion of Ukraine, including:
    - releasing two public FTA reports related to Russia illicit finance to inform industry of relevant BSA trends and patterns;
    - providing tactical and strategic analytic support that informed USG actions,
    - publishing intelligence products and reports for a range of USG stakeholders,
    - identifying information for sharing with foreign FIU partners, and
    - providing substantive input and assessments that informed FinCEN engagement with industry and advisories and alerts related to Russia; and
- Issued six advisories, notices, or alerts relating to national security threats, and threats to the integrity of the U.S. financial system, and identifying red flags and typologies to alert U.S. financial institutions to those threats.
- Re-issued Geographic Targeting Orders (GTOs) pursuant to 31 U.S.C. § 5326 that require U.S. title insurance companies to obtain beneficial ownership information for persons using shell companies that are involved in residential real estate transactions in portions of thirteen states and the District of Columbia.

Enforcement and Compliance

FinCEN prioritized its enforcement investigations to concentrate on priority targets suspected of failing to prevent or detect significant financial crimes related to anti-corruption, cyber-enabled crimes, drug trafficking, and other money laundering typologies. Of note, FinCEN imposed civil money penalties against two “first-time” categories of entities, including actions against a state-chartered trust and international banking entity in Puerto Rico. The latter involved FinCEN’s first enforcement action for failure to comply with the “Gap Rule,” codified at 31 CFR 1020.210(b)).

Overall, FinCEN closed over 30 enforcement matters related to potential violations of the BSA, including four which resulted in the assessment of civil money penalties in the aggregate of $60,780,829.20, pursuant to 31 U.S.C. § 5321, and received and closed 44 complex cases associated with CTR back filing and amendment requests. FinCEN’s witness testimony program processed 7 requests made by federal, state, local, or Tribal prosecutors for testimony support. Lastly, FinCEN received and processed over 70 “keep open letter” requests made by law enforcement agencies.

FinCEN also reviewed and adjudicated whistleblower tips, referrals, and complaints during FY 2023, and referred these matters for further investigation by the DOJ, OFAC, and FinCEN’s Office of Enforcement. FinCEN continues to work on developing whistleblower rules and regulations and, as set out in the Unified Agenda, anticipates issuing a NPRM in FY 2024.

Public-Private Engagement

FinCEN networks, coordinates, and shares financial intelligence between and among its private sector partners. Some FY 2023 highlights are below.

FinCEN continued its work to bring together the public and private sectors and to ensure that public sector partners know how to make the most of BSA information and authorities while protecting the sensitive information in BSA records. Two of the fora through which FinCEN fosters public-private engagement are the Bank Secrecy Act Advisory Group (BSAAG) and FinCEN Exchange. BSAAG is the means by which the Treasury receives advice on the reporting requirements of the BSA and informs private sector representatives on how the information they provide is used, and FinCEN Exchange is FinCEN’s voluntary public-private information sharing partnership among law enforcement, national security agencies, financial institutions, and other relevant private sector entities. The FinCEN Exchange is aimed at effectively and efficiently combating money laundering, terrorism financing, organized crime, and other financial crimes; protecting the financial system from illicit use; and promoting national security. FinCEN hosted eight FinCEN Exchanges in FY 2022 and 13 in FY 2023. As of December 12, 2023, FinCEN has already hosted two Exchanges for FY 2024.

Financial Intelligence Unit Functions

As the financial intelligence unit (FIU) of the United States, FinCEN carried out a number of additional functions related to the effective receipt, analysis, and dissemination of actionable financial intelligence to U.S. and foreign law enforcement and other competent authorities.

In FY 2023, FinCEN provided training to almost 21,000 of its stakeholders. The training events covered topics such as: (i) demonstrating various ways to canvas BSA data in a manner that would allow for authorized users to properly and fully utilize search capabilities and effectively support and enhance their investigations; (ii) expanding awareness of FinCEN’s support programs available to law enforcement; and (iii) specific areas of interest to law enforcement (e.g., human trafficking, corruption, and health care fraud).

FinCEN's regulations under Section 314(a) enable U.S. Federal, state, local, and foreign (European Union) law enforcement agencies, through FinCEN, and FinCEN on its own behalf and on behalf of appropriate components of Treasury, to reach out to U.S. financial institutions to locate accounts for, and recent transactions with, subjects—which may include persons or entities—that may be involved in terrorism or money laundering. In FY 2023, FinCEN processed 558 314(a) requests on behalf of law enforcement.

Enhance Systems and Analytical Capabilities

FinCEN completed a number of activities to further enhance its information technology systems and analytical capacity. FinCEN completed the development effort for Release One of the BO IT Systems on January 1, 2024, and testing efforts commenced at the end of the 4^{th} quarter. FinCEN also deployed Treasury-mandated Zero-Trust architecture in FinCloud (FISMA High Government Cloud Environment). FinCEN initiated the migration of FinCEN's mission-essential applications to FinCloud, which supports Executive Order 14028 ("Improving the Nation's Cybersecurity"), including the enterprise analytics environment.

FinCEN obtained the Authority to Operate ("ATO") for its new Multi-Factor Authentication solution (MFA), which means it is approved to be used in the production environment. The MFA solution leverages a Treasury offering.

B – Budget and Performance by Budget Activity

2.1.1 – BSA Administration and Analysis Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	$117,800	$126,000	$126,963	$161,000	$190,193	$190,193	$215,689
Reimbursable Resources	$1,771	$3,000	$1,941	$2,100	$2,532	$6,000	$6,000
TEOAF	0	0	$6,728	$22,500	$21,250	0	0
Budget Activity Total	**$119,571**	**$129,000**	**$135,632**	**$185,600**	**$213,975**	**$196,193**	**$221,689**
Full-time Equivalents (FTE)	**273**	**265**	**271**	**286**	**274**	**292**	**307**

Workload Output/Activity	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Estimate	FY 2024 Estimate	FY 2025 Estimate
Number of SARs filed	2,698,841	3,039,421	3,524,610	4,307,713	4,360,867	4,350,790	4,723,484	4,817,954
Number of total BSA reports filed	20,755,285	20,051,834	23,036,995	26,930,703	27,632,521	27,469,317	28,185,171	28,748,874
Number of BSA users	12,801	13,047	13,260	13,651	14,415	13,924	14,703	14,997

Performance Measure *	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Percentage of Domestic Law Enforcement and Regulators Who Assert Queried BSA Data Led to Detection and Deterrence of Illicit Activity	92%	90%	93%	92%	92%	90%	90%	90%
Percentage of Users Satisfied with existing FinCEN Information Sharing Systems	89%	88%	87%	87%	88%	85%	85%	85%

Key: DISC - Discontinued; B - Baseline; I - Indicator

* FinCEN survey response rates are below 80%. Low response rates and the lack of nonresponse bias analysis may impact the usefulness of the survey results.

BSA Administration and Analysis Budget and Performance

($215,689,000 from direct appropriations, $6,000,000 from reimbursable sources):

FinCEN is a bureau of 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 financial regulatory and anti-money laundering framework: (1) administrator and primary regulator of the BSA; and (2) FIU of the United States. In carrying out its mission, FinCEN has numerous statutory areas of responsibility:

- Developing and issuing regulations under the BSA, including the regulatory requirements of the AMLA/CTA;
- Enforcing compliance with the BSA, at times in partnership with law enforcement and regulatory partners;
- Maintaining a network of information sharing with FIUs in 170 partner countries that are part of the Egmont Group of FIUs;
- Receiving millions of new financial reports each year;
- Securing and maintaining the BSA database, with 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

- Promoting authorized information sharing and coordination among law enforcement, FIUs, regulatory partners, and industry.

Description of Performance

FinCEN conducts four annual surveys of the BSA user-facing systems and information sharing tools in order 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.

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.

C – Changes in Performance Measures

None

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 nearly 28 million filings in FY 2023. To successfully fulfill its mission, FinCEN relies on secure, advanced IT to manage the collection, processing, storage, analysis, and dissemination of BSA information that contributes to the strength of and confidence in the U.S. financial system. The CTA requires that certain companies report BOI to FinCEN. As a result, FinCEN, has expanded its IT investment portfolio to include the resources necessary to securely collect, process, store, and disseminate BOI.

FinCEN's IT strategy takes into account the growing need for financial institutions and other reporting companies to meet obligations as efficiently as possible, while ensuring that FinCEN and law enforcement agencies receive accurate, timely, and reliable BSA information and BOI to track money trails, identify money laundering, and unravel terrorist and other illicit 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. In FY 2023, FinCEN received additional funds, which allowed the bureau to fully support its foundational mission architecture and BSA systems. This increase of funds also provides the requisite funds to allow FinCEN to operate and maintain the BO IT Systems to be deployed on January 1, 2024, as well as the initial BOI verification approach leveraging a sample-based methodology.

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 2025

Table of Contents

Section I – Budget Request

A – Mission Statement
To collect the taxes due on alcohol, tobacco, firearms, and ammunition; protect consumers by ensuring the integrity of alcohol products; enable qualified businesses to enter and operate in the alcohol and tobacco industries; uphold fair and equitable competition in the alcohol markets; and prevent unlawful markets for alcohol and tobacco products.

B – Summary of the Request
Supporting the Nation's economic vitality is at the core of the work that the Alcohol and Tobacco Tax and Trade Bureau (TTB) performs. 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 2023, TTB collected more than $18 billion in excise taxes from the alcohol, tobacco, firearms, and ammunition industries.

TTB continues to adapt to the new operating environment, focusing on addressing new mandates while transforming its services to meet the evolving needs of the businesses we regulate. At the FY 2025 funding level, and in support of the Administration's economic recovery and growth priorities, TTB plans to continue to focus on timely service levels and improving taxpayer experience by simplifying tax and regulatory requirements, modernizing online filing systems, and issuing clear and timely industry guidance to facilitate voluntary compliance.

Service remains a top priority, as delays to issuing permits or product approvals have financial consequences for the viability of businesses. At the FY 2025 funding level, TTB expects to restore staffing levels necessary to maintain permit, label, and formula approval times within service standards. Further, TTB will ensure access to tax benefits available to alcohol producers and importers under the permanent craft beverage modernization tax provisions, including by issuing timely refunds on import claims. In FY 2025, TTB plans to continue its data-driven and risk-based approach to administering the new import claims program. The budget request supports ongoing enhancements to online registration and filing systems, as well as the necessary tax administration and enforcement staff to administer this program.

Complex or overly burdensome regulatory requirements do not serve the interests of taxpayers, consumers, or government effectiveness. In FY 2025, TTB plans to continue its major regulatory reform efforts in permitting, tax, and alcohol beverage labeling to consolidate, clarify, and simplify requirements and, where possible, minimize filing frequency. The revised requirements will ease burdens placed on new and existing businesses and make it easier to voluntarily comply. At the same time, TTB plans to tailor the requirements to improve data quality and better detect risk to direct enforcement efforts. Further, TTB will prioritize rulemaking to stimulate trade and market competition, including proposals that would expand information on alcohol beverage labels to provide greater transparency for consumers and alcohol producers.

In addition, at the FY 2025 funding level, TTB will continue to make critical investments in its IT modernization strategy to develop an integrated online experience for all tax and regulatory transactions with TTB, known as myTTB. By improving the ease and usability of its online filing systems, TTB aims to increase electronic submissions, improve timely filings, and support taxpayer compliance. Outdated and aging technology is also increasing IT and cyber risks. Investments in FY 2025 will enable TTB to migrate its legacy online systems to the new myTTB platform, starting with permitting due to an urgent need caused by changes in the underlying commercial software.

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 grapple with increased competition and higher operating costs, 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.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2023 Operating Plan [1]		FY 2024 Annualized CR		FY 2025 Request		FY 2024 to FY 2025 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Collect the Revenue	226	$76,896	247	$80,219	262	$86,048	6%	7%
Protect the Public	261	$71,967	271	$68,644	286	$73,631	6%	7%
Subtotal New Appropriated Resources	**487**	**$148,863**	**518**	**$148,863**	**548**	**$159,679**	**6%**	**7%**
Other Resources								
Reimbursables and Offsetting Collections [2]	10	$8,392	11	$9,539	11	$9,539	0%	0%
Unobligated Balances from Prior Years [3]	16	$4,592	21	$4,568	20	$4,367	-5%	-4%
Transfer In/Out [4]	0	$750	0	$300	0	$0	0%	-100%
Subtotal Other Resources	**26**	**$13,734**	**32**	**$14,407**	**31**	**$13,906**	**-3%**	**-3%**
Total Budgetary Resources	**513**	**$162,597**	**550**	**$163,270**	**579**	**$173,585**	**5%**	**6%**

1/ FY 2023 New Appropriated Resources by Budget Activity reflect levels appropriated in P.L. 117-328, the Consolidated Appropriations Act, 2023. FY 2023 Other Resources and Full-time Equivalents (FTE) reflect actuals. FY 2024 New Appropriated Resources by Budget Activity & FTE reflect levels appropriated in P.L. 118-15, the Continuing Appropriations Act, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended).

2/ Includes reimbursements from the Treasury Executive Office of Asset Forfeiture (TEOAF) Mandatory Fund, Community Development Financial Institutions Fund (CDFI Fund) along with offsetting collections from the Puerto Rico cover-over program.

3/ All years include carryover of prior two-year set-aside funding for trade practice enforcement and recoveries of 50 percent in unobligated balances from prior one-year funding.

4/ FY 2023 actual obligations include transfers from TEOAF Secretary's Enforcement Fund and TEOAF Strategic Support Fund. FY 2024 includes a transfer from TEAOF Secretary’s Enforcement Fund.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2024 Annualized CR	**518**	**$148,863**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$3,833
Pay Annualization (2024 5.2% average pay raise)	0	$1,173
Pay Raise (2025 2.0% average pay raise)	0	$1,371
Non-Pay (2025 2.2% non-pay inflation)	0	$1,289
Restore Staffing Levels	30	$5,199
Subtotal Changes to Base	30	$9,032
FY 2025 Current Services	**548**	**$157,895**
Program Changes:		
Program Increases:	0	$1,784
Service Improvement – myTTB IT Modernization	0	$1,784
Subtotal Program Changes	0	$1,784
FY 2025 President's Budget Request	**548**	**$159,679**

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) ....+$3,833,000 / +0 FTE

Pay Annualization (5.2% in 2024) +$1,173,000 / +0 FTE

Funds are requested for annualization of the January 2024 5.2% average pay raise.

Pay Raise (2.0% in FY 2025) +$1,371,000 / +0 FTE

Funds are requested for a 2.0% average pay raise in January 2025.

Non-Pay (2.2% in FY 2025) +$1,289,000 / +0 FTE

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

Restore Staffing Levels ....+$5,199,000 / +30 FTE

TTB requests $5.199 million and 30 FTE to restore staffing levels across programs that were reduced to cover FY 2024 MCLs. In FY 2023, TTB added staff late in the fiscal year, largely to implement the CBMA program. Operating under a CR in FY 2024 would necessitate reduced overall staffing levels in order to absorb inflationary cost increases. This restoration of base resources is necessary to avoid significant and long-term disruptions to core taxpayer services, including issuing new or amended permits, product label and formula approvals, and tax refund claims.

Program Increases………………………………………………………+$1,784,000 / +0 FTE

Service Improvements – myTTB IT Modernization +$1,784,000 / +0 FTE

TTB requests $1.784 million for myTTB IT modernization to build an integrated online filing system and improve the customer experience with TTB services. With this investment, TTB will deploy a custom myTTB Permits system, delivering a central myTTB component as well as critical service improvements for new and existing businesses.

TTB learned in late FY 2023 that the IT platform underpinning Permits Online, its current permitting system, will no longer be supported by the software vendor as of December 2025.

This funding is necessary for TTB to timely complete the migration of this legacy system to the new myTTB platform without significant mission disruption. With this system modernization, TTB also plans to optimize its online permit applications and processes to support the timely review and approval of applications for wineries, breweries, and distilleries. Once complete, the myTTB online filing system will reduce burden on industry by integrating all online interactions with TTB: permit applications, tax returns and reports, label and formula applications, and claims.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2023 Actual Obligations	FY 2024 Estimated Obligations	FY 2025 Estimated Obligations
11.1 - Full-time permanent	59,449	66,589	72,022
11.3 - Other than full-time permanent	595	0	0
11.5 - Other personnel compensation	1,366	807	1,020
11.5 - Overtime	15	101	64
11.9 - Personnel Compensation (Total)	**61,425**	**67,497**	**73,106**
12.0 - Personnel benefits	22,738	25,022	26,956
13.0 - Benefits for former personnel	0	5	5
Total Personnel and Compensation Benefits	**$84,163**	**$92,524**	**$100,067**
21.0 - Travel and transportation of persons	1,693	1,957	2,194
22.0 - Transportation of things	42	42	42
23.1 - Rental payments to GSA	4,263	3,731	3,785
23.3 - Communications, utilities, and miscellaneous charges	642	1,404	1,442
24.0 - Printing and reproduction	152	225	230
25.1 - Advisory and assistance services	13,918	19,802	22,121
25.2 - Other services from non-Federal sources	20,542	18,489	18,889
25.3 - Other goods and services from Federal sources	13,840	12,387	12,853
25.4 - Operation and maintenance of facilities	39	39	42
25.7 - Operation and maintenance of equipment	3,498	3,431	3,500
26.0 - Supplies and materials	346	366	394
31.0 - Equipment	14,560	4,527	3,916
99.5 – Adjustment for rounding	22	0	0
Total Non-Personnel	**$73,557**	**$66,400**	**$69,408**
Total Obligations [1]	**$157,720**	**$158,924**	**$169,475**
Full-time Equivalents (FTE) [2]	**497**	**529**	**559**

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

1/ FY 2023 reflects actual obligations totaling $157.7 million, of which $149.3 million was from direct resources (new appropriations, carryover from prior years, and a TEOAF transfer) and $8.4 million was from reimbursable resources/offsetting collections. FY 2024 reflects anticipated obligations totaling $158.9 million, of which $149.6 million is from direct resources (new appropriations and carryover from prior years, and a TEOAF transfer) and $9.3 million is from reimbursable resources/offsetting collections. FY 2025 reflects anticipated obligations totaling $169.5 million, of which $160.0 million is from direct resources (new appropriations and carryover from prior years) and $9.5 million is from reimbursable resources/offsetting collections.

2/ FY 2023 FTE reflects actual total FTE of 497, of which 487 FTE was from direct resources and 10 FTE was from reimbursable resources/offsetting collections. FY 2024 reflects anticipated total FTE of 529, of which 518 FTE is anticipated from direct resources and 11 FTE is anticipated from reimbursable resources/offsetting collections. FY 2025 reflects anticipated total FTE of 559, of which 548 FTE is anticipated from direct resources and 11 FTE is anticipated from reimbursable resources/offsetting collections.

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY ALCOHOL AND TOBACCO TAX AND TRADE BUREAU *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, $159,679,000; 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 remain available until September 30, 2026. Note.—A full-year 2024 appropriation for this account was not enacted at the time the Budget was prepared; therefore, the Budget assumes this account is operating under the Continuing Appropriations Act, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.	The 2025 Budget proposes $5M in two-year funding to allow greater flexibility over the timing of the obligations from processing contract services for Information Technology.

E – Legislative Proposals

TTB has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment
TTB is responsible for administering and enforcing the sections of the Internal Revenue Code of 1986 associated with the collection of excise taxes on alcohol, tobacco, firearms, and ammunition, and the Federal Alcohol Administration Act, which provides for the regulation of the alcohol beverage industry for the protection of U.S. consumers. TTB generally administers its jurisdiction according to five strategic goals that support U.S. economic growth and stability: 1) Facilitate Business Growth on a Level Playing Field; 2) Facilitate Business Innovation in a Fair Marketplace; 3) Improve Taxpayer Experience and Tax Administration; 4) Ensure Access to Tax Refunds for Eligible Businesses; and 5) Enhance 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 Taxpayer Experience and Tax Administration and Ensure Access to Tax Refunds for Eligible Businesses ensure that TTB tax services are clear, seamless, and fair for all industry members. These efforts support Treasury's Strategic Objective 1.1: Tax Policy and Administration, which aims to enhance tax compliance and taxpayer service. In addition, these efforts support Treasury's Strategic Objective 5.4: Customer Experience Practices by focusing on positive experiences for TTB's customers. The industries that TTB regulates have grown significantly in recent years, which presents taxpayer service and enforcement challenges, particularly in light of recent Craft Beverage Modernization Act (CBMA) tax reforms. Among other things, these reforms expanded TTB's tax mission to include a new import claims program. At the FY 2025 funding level, TTB will restore staff necessary to ensure businesses receive timely refunds for claims filed on imported alcohol beverage products and prevent fraudulent claims. TTB will also continue its multiyear IT system modernization of 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 Facilitate Business Growth on a Level Playing Field and Facilitate Business Innovation in a Fair Marketplace ensure that lawful U.S. alcohol businesses are competitive and thriving in the global marketplace. These efforts support Treasury's Strategic Objective 1.3: Economically Resilient Communities by promoting economic recovery and growth for small businesses in communities across the country, including the thousands of breweries, wineries, and distilleries that TTB regulates. To this end, timely service remains a priority for TTB. As the demand for TTB services from these businesses continues to rise, and within the FY 2025 resources, TTB will aim to sustain improved service times for permit, label, and formula approvals. Starting with its permitting services, TTB plans to combine IT system modernization efforts with streamlined application requirements and enhanced guidance to achieve its performance goals for customer service. These strategies will help TTB maintain timely service by increasing the number of first-time approvals and reducing delays caused by extensive back-and-forth with industry members to correct application errors.

B – Budget and Performance by Budget Activity

2.1.1 – Collect the Revenue Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	$58,856	$57,513	$57,526	$59,252	$79,581	$80,219	$86,048
Reimbursable and Offsetting Collections	$3,573	$4,131	$3,654	$4,556	$4,955	$5,632	$5,632
Unobligated Balances from Prior Years	$214	$98	$77	$135	$127	$125	$125
Transfers In/Out	$597	$349	$1,087	$821	$750	$300	0
Budget Activity Total	**$63,240**	**$62,091**	**$62,344**	**$64,763**	**$85,413**	**$86,277**	**$91,805**
Full-time Equivalents (FTE)	**213**	**211**	**211**	**230**	**231**	**253**	**268**

The FY 2019 - FY 2023 appropriated resources level represents the approved operating plan; all other resources in FY 2019 - FY 2023 represent actual obligations.

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Amount of Revenue Collected Per Program Dollar ($)*	339	380	375	336	254	I	I	I
Voluntary Compliance from Large Taxpayers - Overall (%)	91	91	93	93	94	95	95	95
By Payment	99	99	99	99.6	99.7	-	-	-
By Tax Return	84	84	87	87	88	-	-	-
By Operational Report	83	83	87	86	87	-	-	-
Electronically Filed Tax Returns - Pay.gov (%)	41	43	47	51	58	65	65	65
Electronically Filed Operational Reports - Pay.gov (%)	46	50	53	56	63	65	65	65
Claims Processed within Service Standard (30-45 days) (%) [1]	18	46	59	58	73	85	85	85

Key: I – Indicator

* Performance Indicators do not have a target

1/ Claims services standards are set annually and vary by type: Manufacturer of Nonbeverage Products = 30 days; Other Claims = 45 days; CBMA Import Claims = TBD. Current standards account for when interest starts to accrue to the government, as defined by statute.

Collect the Revenue Budget and Performance

($86,048,000 from new direct appropriations, $5,632,000 from reimbursable sources, and $125,000 from unobligated balances from the prior year):

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 more than $18 billion in Federal tax revenue annually from a tax base of nearly 41,000 businesses based on their production and operations. TTB's regulated taxpayers include distilleries, breweries, bonded wineries, bonded wine cellars, manufacturers of tobacco products, manufacturers of paper and tubes for tobacco products, and manufacturers and importers of firearms and ammunition.

Additionally, TTB issues approximately $400 million in tax refunds and drawback payments on taxes paid by manufacturers of nonbeverage products (MNBPs). In FY 2023 TTB began administering an import refund claims program to provide CBMA tax benefits to U.S. importers. Between April and September 2023, the first two quarterly filing periods under the new program, TTB received claims totaling more than $110 million and issued nearly $80 million in tax refunds.

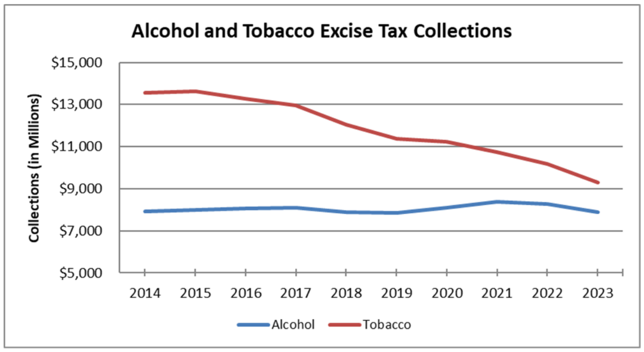
Federal excise tax evasion in relation to alcohol and tobacco products is another core focus area for TTB. The diversion of these products outside of legitimate commercial channels without the payment of taxes due threatens Federal revenues, undermines fair competition, and provides a source of funding for criminal enterprises. 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 tax evasion and fraud to ensure all products sold in the marketplace are properly taxpaid.

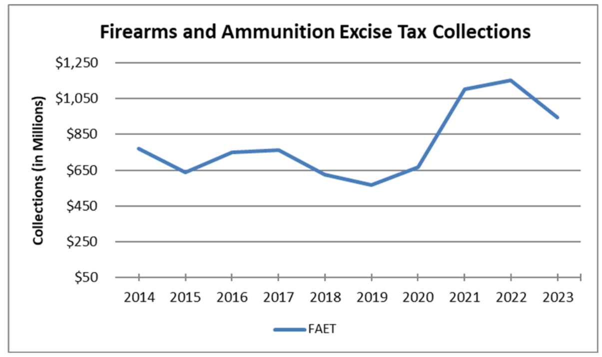
Other Resources……………………………………………………………...$5,757,000
Unobligated Balances from the Prior Year…………………………………………........$125,000
Offsetting Collections/Reimbursables……………………………………………………. $5,632,000
Other resources that support this budget activity include unobligated balances from the prior year appropriation; reimbursement for the operating costs of TTB's Puerto Rico field office, which are offset against the roughly $362 million in taxes collected on the alcohol beverage products that are manufactured in Puerto Rico and imported to the 50 States; reimbursement from the Community Development Financial Institutions Fund (CDFI Fund) for IT services provided by TTB; and funding from the Treasury Executive Office of Asset Forfeiture (TEOAF) Mandatory Fund to cover investigative expenses, data systems, and training.

Description of Performance:
TTB demonstrates the effectiveness and efficiency of its tax administration function through a combination of measures and indicators that assess voluntary compliance as well as field enforcement efforts to address critical threats to Federal revenues. Through FY 2025, 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 2023, TTB collected $254 for every program dollar spent on collection activities, down from $336 in FY 2022.

In FY 2023, Federal tax revenue from the alcohol and tobacco industries decreased year-to-year. Tobacco collections continued to steadily decline, down another 9 percent in FY 2023, in line with shifts in consumption and market patterns. Alcohol collections also trended down almost 5 percent, driven in large part by reduced CBMA tax rates. Firearms and ammunition excise tax collections, which represent a small percentage of total collections, also experienced a downturn this year. Collections for these commodities declined 18 percent but remained at nearly double the collections in FY 2019.





At the same time, TTB's tax administration costs have increased in recent years, due in part to higher costs for field enforcement and outreach activities. Costs related to IT development also increased as TTB redirected resources to administer the new CBMA import claims program, including the development of two new systems to enable the online filing and processing of these claims. TTB received funding in FY 2023 to administer the CBMA import provisions, and the FY 2025 funding level will enable TTB to restore adequate staffing levels to support ongoing program and service improvements.

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 market and consumption trends, as well as any legislative changes that impact TTB-regulated industries.

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. TTB uses its tax compliance data to improve the Bureau's ability to evaluate and prioritize taxpayers based on relative risk to ensure TTB addresses the most serious instances and patterns of non-compliance.

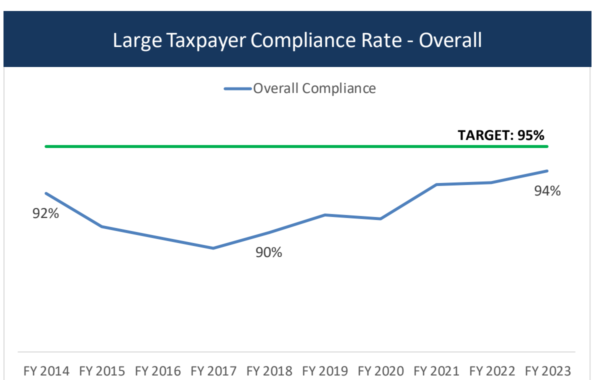
To ensure adequate protection of Federal tax revenue, TTB established a high standard for its largest taxpayers, with a targeted filing compliance rate of 95 percent. In FY 2023, TTB achieved an overall compliance rate of 94 percent from its large taxpayers in meeting all tax filing requirements, improving upon progress achieved last year. The overall compliance rate has increased from 91 percent in FY 2019 due to strategic program improvements. Payment compliance rates remain high at more than 99 percent, indicating that the majority of reported liabilities were paid on time. Compliance rates for tax returns increased to 88 percent and operational reports increased to 87 percent in FY 2023, but these areas warrant continued focus in the year ahead to achieve targeted performance.

As the taxpayer universe grows, and workloads increase, TTB has faced resource challenges in maintaining industry compliance. 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 renewed efforts to address prohibited trade practice activity in the alcohol industry, with directed funding for this purpose enacted in

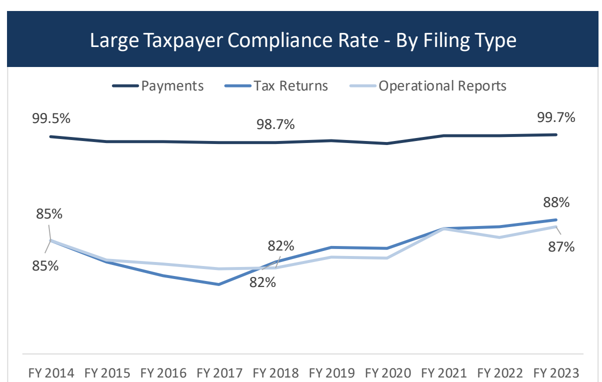
TTB's appropriations since FY 2017. Since then, TTB has increased its trade practice enforcement to address anti-competitive conduct as well as expanded its industry outreach and education in this area so that businesses understand their obligations and can voluntarily comply.

In FY 2023, to improve tax oversight, TTB refined analytics tools and internal procedures to address identified non-compliance. By partnering its tax experts with its analytics team, TTB continued to enhance new 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). TTB is also streamlining procedures for reconciling taxpayer accounts and issuing assessments, enabling greater taxpayer oversight. At the same time, TTB continued to improve its coordination of taxpayer referrals for field audits to address serious non-compliance issues that undermine the level playing field. These policy and process improvements proved effective, resulting in identified tax liabilities of nearly $80 million and $60 million in collections over the last three years.

At the FY 2025 funding level, improving compliance rates will remain a priority for TTB. Plans include continuing TTB's risk-based reviews of taxpayer accounts, with a focus on continued enhancements to analytics tools and expanding analysis into additional taxpayer segments. Additionally, TTB plans to improve its education and outreach strategies to drive compliant behavior across TTB taxpayers, using compliance data to direct its annual outreach plan as well as to prioritize the development of new online tax guidance. These strategies will prove critical to supporting and increasing compliance by the thousands of small businesses that TTB regulates.



Overall compliance trended down in the first part of the past decade – from 92% in FY 2014 to 90% in FY 2018. Recent enforcement efforts have increased overall taxpayer compliance to 94% in FY 2023. Sustaining these improvements requires enhanced technology and increased guidance to support voluntary compliance by the increased number of TTB 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. At the FY 2025 funding level, TTB will continue to employ risk-based enforcement and data-driven outreach to improve compliance.

TTB will also focus on increasing tax compliance by developing an improved and integrated online taxpayer experience, supported by the FY 2025 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 tax filings.

E-filing rates for tax returns and operational reports trended positively in FY 2023 but remain low compared to other TTB e-filing systems. Low e-filing 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. TTB ended the year with 58 percent of tax returns and 63 percent of operational reports submitted electronically, up 7 percent since last year, but short of the target of 65 percent for both filing types. TTB attributes these gains to recent Pay.gov improvements that enable new users to self-enroll, eliminating a time-consuming registration process that previously deterred users. Additional Pay.gov promotion should result in increased e-filing rates, although more significant tax system modernization is likely required for TTB to achieve its long-term target of 80 percent.

As part of its IT modernization efforts, TTB intends to implement phased releases to its tax system, including a custom external interface for electronic tax filings and account management, as well as enhanced internal workflows to support TTB tax administration. Additionally, TTB intends to implement redesigned tax filing requirements to reduce compliance burden and to streamline and improve data collections. These efforts will make it easier for taxpayers to comply, especially for the many small businesses that comprise the vast majority of TTB taxpayers. However, the pace and scale of system modernization efforts are dependent on TTB funding levels and competing IT priorities or mandates. At the FY 2025 funding level, TTB expects limited progress on tax system modernization due to the urgent requirement to migrate its legacy permitting system, Permits Online, to myTTB.

In FY 2023, TTB focused its IT development efforts on implementing the statutory mandate to administer the new CBMA import claims program, as well as other improvements to support existing claims processes. Prior to FY 2023, TTB received approximately 5,000 claims each year, totaling approximately $400 million in tax refunds and drawback payments on taxes paid by MNBP. In FY 2023, the volume of claim submissions increased substantially with the implementation of the CBMA import claims program. In the first six months of the program, TTB received nearly 3,000 additional claims for tax refunds on imported alcohol products, totaling more than $110 million in tax refunds. In the year ahead, as industry continues to adjust to the new import claim paradigm, TTB anticipates that import claim submissions will nearly double its total claims workload.

TTB measures its service levels through its measure of *Claims Processed within Service Standards.* Service standards are set by claim type and are intended to meet industry service expectations while also minimizing costs to the government from interest payments on delayed claims. For MNBP claims, the highest volume claim type, TTB met the 30-day standard for 67 percent of submissions, up from 46 percent in FY 2022, a year-to-year improvement of 21 percentage points. For other claim types, TTB met the 45-day standard for 77 percent of submissions, up 8 percentage points from 69 percent in FY 2022. TTB achieved these service gains by improving internal processes through IT enhancements and effectively deploying staff to address backlogs. Addressing backlogs was particularly essential to preparing TTB for the expected influx of new CBMA import claims submissions in the second half of FY 2023.

Despite heavy demands on its tax administration program this year, TTB also made significant progress in lowering average processing times across all claim types. TTB reduced times by half over the past 3 years, improving from approximately 50 - 60 days in FY 2020 to 25 - 30 days in FY 2023. This performance was possible due to an infusion of funding in FY 2023 to provide the staffing, IT, and analytics resources necessary to administer the new CBMA import claims program without diverting resources from other programs. With these resources, TTB hired an additional 40 staff and deployed new processes and myTTB systems to implement its data-driven approach to CBMA import claims filing and processing, including the associated system security and data enhancements to facilitate implementation of the statute.

In October 2022, TTB launched the Foreign Producer Registration system, enabling more than 15,000 foreign alcohol producers to submit registrations with TTB and assign CBMA tax benefits to alcohol importers. In April 2023, TTB released the Importer Claims system, allowing importers to file nearly 3,000 refund claims on imported alcohol products, totaling more than $110 million. Both systems incorporate external data sets to validate foreign producer registrants and importer eligibility for refunds, critical features to prevent the submission of ineligible or fraudulent claims. TTB is using data sets from U.S. Customs and Border Protection and the U.S. Food and Drug Administration that, in combination with TTB data, help to detect and prevent improper registrations, assignments, and claims. These initial system-based validations also support efficient claims processing and positioned TTB to provide timely service despite the increased volume of claims submissions.

At the FY 2025 funding level, TTB will continue to enhance the CBMA myTTB systems, including by deploying additional automated validations and risk flags to prevent improper payments and speed the approval of eligible refunds. Given the criticality of effective system-based validations to service times, TTB established a new measure of the *Auto-Validation Rate of Import Claims* and set a priority goal target of 50 percent by the end of FY 2025. Planned system enhancements should result in substantial progress toward this target.

2.1.2 – Protect the Public Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	$60,744	$62,087	$66,811	$68,815	$64,447	$68,644	$73,631
Reimbursable and Offsetting Collections	$2,666	$2,613	$3,418	$3,977	$3,437	$3,907	$3,907
Unobligated Balances in Prior Years	$4,865	$4,479	$4,534	$4,716	$4,401	$4,443	$4,242
Transfers In/Out	0	0	0	0	0	0	0
Budget Activity Total	**$68,275**	**$69,179**	**$74,763**	**$77,508**	**$72,285**	**$76,993**	**$81,780**
Full-time Equivalents (FTE)	**282**	**284**	**290**	**261**	**266**	**297**	**311**

The FY 2019 - FY 2023 appropriated resources level represents the approved operating plan; all other resources in FY 2019 - FY 2023 represent actual obligations.

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Permit Applications Processed within Service Standards (Original - 75 days) (%)	58	84	92	91	86	85	85	85
Alcohol Beverage Label and Formula Applications Processed within Service Standards (15 days) (%) [1]	48	83	92	93	93	85	85	85
Initial Error Rate for Permit Applications	71	62	67	64	63	25	25	25
Initial Error Rate for Label and Formula Applications	37	34	31	29	28	25	25	25
Electronically Filed Permit Applications - Original (%)	89	92	95	95	95	95	95	95
Electronically Filed Permit Applications - Amendments (%) [2]	-	87	92	92	93	90	95	95
Electronically Filed Label and Formula Applications (%) *	99	99	99.5	99.6	99.6	I	I	I
Customer Satisfaction Rate with eGov Systems - Permits Online	68	78	79	78	73	80	80	80
Customer Satisfaction Rate with eGov Systems - COLAs Online	77	80	83	83	83	80	80	80
Customer Satisfaction Rate with eGov Systems - Formulas Online [3]	70	73	80	78	78	80	80	80

Key: I - Indicator
*Performance Indicators do not have a target
1/ Service standards are set annually based on TTB analysis of submission volume, error rates, and resource levels. In FY 2018, following a spike in submission volume, TTB set service standards of 15 days for both label and formula applications. TTB has maintained this standard through FY 2025.
2/ Results represent amendment submissions, with multiple permit amendment types often submitted on a single submission; the ability to submit multiple amendments via a single submission took effect in Q4 FY 2018. Updated actuals for FY 2020 – FY 2022 due to data quality issue detected in FY 2023 that resulted in undercounting electronic submissions.
3/ Results represent beverage alcohol filers only (nonbeverage alcohol formula submissions are excluded).

Protect the Public Budget and Performance

($73,631,000 from new direct appropriations, $4,242,000 from unobligated balances from the prior year, and $3,907,000 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 122,000 alcohol and tobacco 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 and promote fair market competition.

Other Resources………………………………………………………………… $8,149,000
Unobligated Balances from the Prior Year…………………………………………………..$4,242,000
Offsetting Collections/Reimbursables………………………………………………………..$3,907,000
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 $362 million in taxes collected on the alcohol beverage products that are manufactured in Puerto Rico and imported to the 50 States; reimbursement from the CDFI Fund for IT services provided by TTB; 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 progress toward meeting strategic goals to facilitate lawful commerce for the protection of U.S. businesses and consumers. These measures also help TTB monitor the extent to which it is meeting established service standards for permit, label, and formula applications; the error rate on applications; the usage rate of TTB's online systems; and the level of satisfaction that users have with these online systems. TTB's strategies to achieve its performance targets for these measures include a combination of improving internal processes, streamlining application requirements, modernizing IT systems, and providing clearer guidance to industry members.

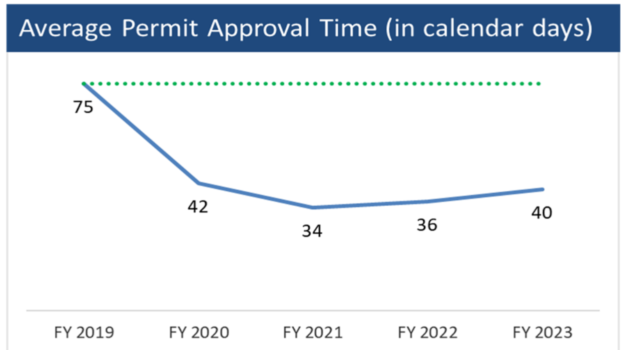
TTB protects Federal revenues and U.S. consumers by screening permit applications and registrations to ensure only qualified persons engage in the alcohol and tobacco industries. TTB's strategic goal to facilitate business growth calls for TTB to streamline permit applications to reduce applicant burden and make effective use of technology to minimize application errors and improve processing times.

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.

High submission volume, particularly in the more complex permit application types related to producing alcohol beverage products, continues to present service challenges. TTB has maintained a priority focus on timely approvals, recognizing the financial consequence of delays on applicants, many of whom make significant upfront investments prior to applying. TTB's performance goal is to issue new permit applications within 75 days for 85 percent of applicants.

TTB has achieved and sustained significant improvements in its service levels for permitting. Average approval times are holding at around 40 days and are down nearly 50 percent in the past five years. This year, TTB also demonstrated its ability to provide consistent service, despite staffing challenges. In FY 2023, TTB again surpassed its target to achieve the 75-day service standard for 85 percent of permit applicants, ending the year at 86 percent.

This progress is largely due to TTB's improved management of in-process permit applications, employing dashboards that display key metrics on the status and age of applications to proactively identify and address any processing delays. TTB also continues to cross-train specialists to allow management to redeploy staff as necessary to cover fluctuations in application types.



Sustaining these performance improvements will require continued progress on several crosscutting initiatives. Going forward, TTB plans to achieve its performance target through ongoing program modernization initiatives, including updates to permit applications to simplify requirements and improvements to IT systems.

At the FY 2025 funding level, TTB will continue its multi-year IT modernization initiative, focusing on improvements to improve the customer experience in filing and amending TTB permits or registrations. The legacy Permits Online system, initially built on a commercial software platform, has limited TTB's ability to optimize the application filing and processing experience for users. In FY 2025, TTB plans to transition Permits Online to the modern myTTB platform. With the transition to myTTB, the Bureau will incorporate newly simplified application requirements and engage users throughout development and testing to design a seamless and integrated permitting experience.

TTB measures the *Initial Error Rate on Permit Applications* to track how many applications are submitted either incomplete or with errors. These results inform strategies to maintain timely service by increasing the number of first-time permit application approvals. Errors on applications increase the overall workload volume, requiring extensive back-and-forth with applicants to verify the information provided, which adds to the total processing time.

TTB's ability to meet its service standard for new permit applications continues to be hindered by high error rates on submissions, which exceeded 80 percent in prior years. Error rates are highest for prospective breweries, wineries, and distilleries, which have more complex applications compared to non-manufacturers (i.e., wholesalers and importers). In FY 2023, TTB reduced error rates on new permit applications to 63 percent, down from 64 percent in FY 2022. The most significant improvement has been achieved on wholesaler and importer applications, with error rates down 10 percent since FY 2019. Over the last five years, TTB has reduced total permit application errors by approximately 12 percent, indicating that efforts to streamline applications and processes are resulting in sustained improvements.

To meet its permitting performance goals, TTB will continue to focus on reducing errors on permit applications that delay processing and frustrate applicants. The bureau expects significant progress in the next two years as it continues to simplify permit requirements and implement its myTTB Permits system to make filing easier.

Additionally, TTB's call center will focus on improving the level of service provided to customers seeking live assistance with the permit application process. Going forward, TTB plans to use call center data to understand customer pain points to develop effective guidance and support strategic system enhancements to improve the overall customer experience with TTB services.

According to its measure of the *Percent of Electronically Filed Permit Applications - Originals*, which tracks the electronic filing rate for new business applications, TTB received 95 percent of permit applications via Permits Online in FY 2023. TTB attributes the high rate of electronic filing to recent improvements in Permits Online, as well as ongoing system promotion at industry conferences and seminars.

More recently, TTB introduced a new measure for the *Percent of Electronically Filed Permit Applications – Amendments* to provide similar visibility into electronic filing rates for applications to amend an existing TTB permit, a requirement following certain changes to a business premises, operations, and/or ownership. These submissions represent both a critical service to existing industry members and a significant workload for TTB, with roughly 16,000 amendments filed annually. In FY 2023, TTB achieved a 93 percent e-filing rate for permit amendments, exceeding its 90 percent target. In the year ahead, TTB plans to increase guidance on business or ownership changes that require an amendment and continue to promote online filing.

Planned IT modernization efforts, combined with improved online guidance to help first-time filers navigate the application process, will support TTB in achieving its targets to sustain electronic filing rates at or above 95 percent and reduce error rates on permit applications to 25 percent.

As part of its strategy to optimize electronic filing systems, TTB measures *Customer Satisfaction with the Permits Online eGov System* through an email survey to assess how satisfied businesses are in applying for a permit or registration through Permits Online. In FY 2023, TTB achieved a system satisfaction rate of 73 percent, down 5 percent compared to last year, and holding below the 80 percent target. TTB expects system satisfaction to improve as it implements myTTB Permits and initiates broader IT modernization efforts to provide applicants with a single integrated online filing experience.

Broader changes to TTB's permit application requirements, some of which require rulemaking, are also underway. The proposed changes are informed by industry input on Treasury regulations that can be eliminated, modified, or streamlined to reduce burden. These changes will enable TTB to achieve and sustain its targeted performance levels for this goal, particularly as the alcohol beverage industry continues to grow.

TTB has made significant progress in its regulatory modernization efforts in recent years. TTB published the first in its series of proposed rulemakings to simplify permit applications in early FY 2022, starting with distilled spirits plants, followed by a proposed rule to simplify the brewer's notice process in June 2022. In the year ahead, TTB plans to issue Final Rules for distilled spirits and brewer applications and publish proposed rulemaking for winery applications. The proposed changes should dramatically decrease the number of open text fields and requirements to upload supporting documentation, further streamlining the application process. TTB also expects that simplifying and clarifying these regulatory requirements will reduce errors on permit applications and contribute to improved approval times in the years ahead.

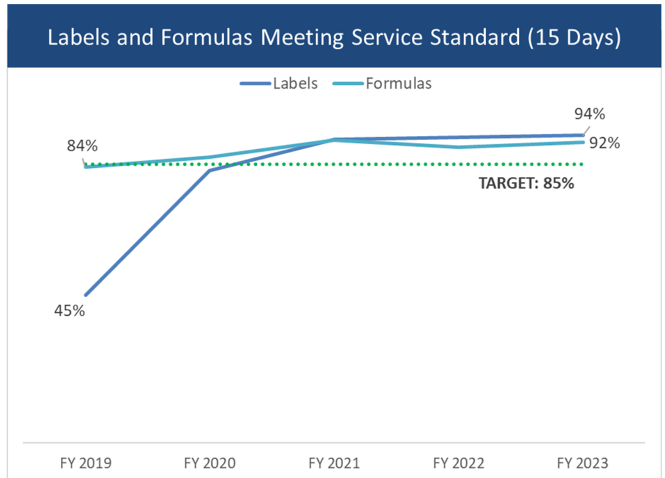
TTB protects tax revenues and U.S. consumers by screening applicants before issuing a Federal permit. This includes performing investigations into high-risk applicants. In FY 2023, TTB refined new procedures to screen permit applicants. The procedures employ risk indicators to flag applications that warrant further review and potential field referral. Going forward, TTB will continue implementing process improvements to its risk-based screening to help manage workloads and improve service delivery.

TTB also protects U.S. consumers by ensuring that alcohol beverage products sold are properly labeled and comply with Federal regulatory standards. TTB's strategic goal to modernize its labeling program calls for the Bureau to provide timely and consistent service, reducing the burden of resubmissions on industry and TTB, and to employ risk-based market sampling and investigations to ensure product integrity and fair competition.

In FY 2023, TTB received nearly 198,000 label and 27,000 formula applications for new alcohol beverage products. 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.

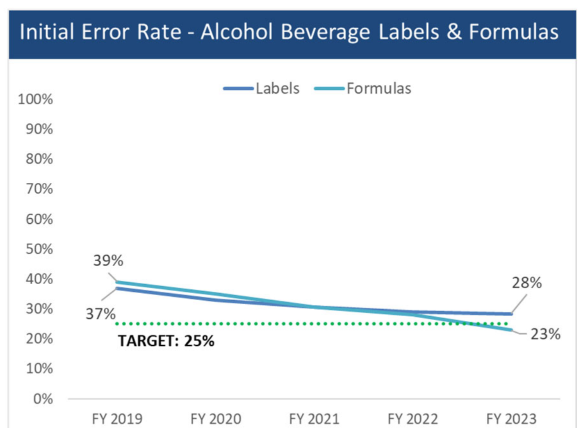
Label and formula submission volume remains high, reflecting industry expansion and product innovation over the last five years. COVID-19 temporarily halted the growth in label applications in FY 2020. Submissions rebounded to near pre-pandemic levels in FY 2023, up two percent from FY 2022. However, after years of double-digit growth, formula applications decreased for the second year in a row in FY 2023, down over six percent compared to the high point in FY 2021. The exception to this trend was distilled spirits submissions, with both label and formula applications continuing to increase in FY 2023, although at a more modest rate. Even so, industry has demonstrated its resilience and continued to innovate through the economic recovery. Total formula submissions remain more than 30 percent higher than in FY 2019, largely due to the use of novel ingredients and market trends toward flavored alcohol beverage products.

In light of customer expectations and supported by set-aside funding again enacted in the FY 2023 budget to accelerate approval times, TTB maintained a 15-day service standard for alcohol beverage label and formula applications in FY 2023. TTB ended the year at 94 percent of label 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 in response to submission fluctuations. By employing similar strategies, TTB was also able to overcome significant staffing shortages in its formulation office and exceed the targeted performance level, ending the year at 92 percent of formula applications meeting the 15-day standard. By year-end, label and formula applicants received approvals in less than 10 days on average, well below the 15-day standard, and a significant improvement over the 30 - 45 day standards that the Bureau set and struggled to achieve in the past.



TTB plans to maintain timely service for label and formula application approvals in FY 2025 by restoring staffing levels and continuous queue management to facilitate strategic resource alignment. As a result, TTB intends to maintain its 15-day service standard for label and formula applications. TTB will also work toward its performance target of meeting this standard for 85 percent of applications through initiatives to improve guidance and industry outreach, with particular focus on reducing errors on applications 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 uses 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 2023, approximately 28 percent of label and formula applications were submitted incomplete or with errors, demonstrating continued year-to-year progress toward the targeted performance level of 25 percent. TTB made gains across commodity and application types and, notably, ended the fiscal year below target for wine labels and below target for wine, malt beverage, and distilled spirits formulas, proving the ongoing effectiveness of prior year strategies to reduce wine label and formula errors.



In FY 2023, 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. Distilled spirits and malt beverage submissions continue to have the highest error rates. This year, TTB focused on improving industry outreach and education, including webinars and guidance on TTB.gov. TTB continued its *TTB Boot*

Camp webinar series, starting with sessions for distillers and expanding to brewers, which includes guidance on labeling. In the year ahead, TTB plans to add wine to the *Boot Camp* series.

TTB also continues to make progress in issuing improved guidance on TTB.gov for each alcohol beverage commodity. This includes detailed examples of compliant label and formula submissions by commodity as well as web-based tools to make it easier to determine if products require TTB formula approval prior to filing a label – a high frequency error. With the publication of new malt beverage guidance, TTB has completely redesigned its core labeling web guidance in an easy-to-read, user-friendly format to help improve compliant label submissions and reduce the burden of resubmissions on TTB and industry. Going forward, TTB also plans to update its web-based tool to assist distilled spirits producers and importers in determining whether their products require formula approval.

In FY 2023, TTB continued its initiative to modernize Federal alcohol beverage labeling regulations to reflect current TTB policy and modern industry practices. TTB is proceeding in phases by commodity, with the last final rule intended to address wine-specific issues and advertising for all commodities. When finalized, the updated regulations will facilitate industry compliance by simplifying and clarifying regulatory standards, incorporating guidance documents and other current policies into the regulations, and reducing regulatory burden on industry members where possible.

At the FY 2025 funding level, TTB will also continue to focus on updating industry guidance on TTB.gov to implement the new regulatory requirements and aid industry compliance. With the new rules, TTB also continues to prioritize internal training to improve the quality of its reviews and ensure determinations on label and formula applications are consistent with current policy.

Additionally, TTB continues to pursue regulatory modernization that will further stimulate trade and market competition. Executive Order 14036 titled "Promoting Competition in the American Economy," and Treasury's related February 2022 report "Competition in the Markets for Beer, Wine, and Spirits," seek to address market conditions and practices that hinder competition and act as a barrier to new entrants. In line with Treasury report recommendations, TTB published an advanced notice of proposed rulemaking in November 2022 to evaluate current trade practice regulations. Treasury report recommendations also include TTB rulemaking on Alcohol Facts Labeling (akin to food nutritional labels), Allergen Labeling, and Ingredient Labeling ANPRM, which TTB plans to pursue in the year ahead.

Sustaining service levels will also be supported through ongoing enhancements to TTB's IT systems. Over the last several years, TTB has deployed system enhancements to COLAs Online and Formulas Online, focusing efforts on compliance validations and embedded help features to address frequent application errors. These system releases have targeted both application errors (e.g., incomplete form fields) and label compliance errors (e.g., use of prohibited terms or images). FY 2023 results indicate that the system changes implemented to date have proven effective, supporting the year-to-year performance improvement of 2 percent, and a total reduction in application errors of 32 percent since FY 2019.

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 nearly 100 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.

Through its IT system modernization efforts, TTB expanded and improved system-based validations. These efforts included an enhancement to prevent the submission of label applications with low quality images. Problems with image legibility are among the top errors on label applications, and the system now flags low-resolution images so an applicant can address the error before they submit. Since implementing this enhancement, TTB has reduced this error type by as much as 70 percent. Legacy systems limit current opportunities to implement broader validations, but TTB plans to continue evaluating technical solutions to prevent submissions with errors as it modernizes its IT systems. Going forward, as part of the myTTB IT modernization initiative, TTB will also 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 IT systems, collecting responses via e-mail survey to assess factors such as ease of access, guidance, and overall experience. In FY 2023, satisfaction rates held at 83 percent for COLAs Online users, exceeding the 80 percent performance target; however, satisfaction rates for Formulas Online users remained at 78 percent just below target. Substantial improvements may be contingent on modernizing these systems and integrating in myTTB to better meet user expectations and provide a better customer experience. However, progress in FY 2025 will likely be limited due to competing demands for IT development resources in other key programs, including priority development of the new myTTB permitting system.

After alcohol beverages enter the marketplace, TTB surveys products to evaluate compliance and determine where issues may exist. TTB checks for all required label information and confirms whether there is a valid COLA. TTB also sends products to its laboratories to undergo chemical analyses to evaluate whether the label information accurately reflects the content of the container.

In most cases, TTB notifies the industry member about a violation and works with them to bring the product into compliance. For more significant violations, TTB conducts field investigations and ensures that the industry member takes corrective action. Frequent violations in FY 2023 included disparities between the actual alcohol content of certain wine, spirits, and malt beverage products and the alcohol content stated on the label of those products, as well as discrepancies between the approved label and the label on the bottle.

In FY 2025, TTB's market sampling program will continue to include both a random and risk-based sample. The risk-based sample will allow TTB to evaluate products that may have a higher probability of being non-compliant based on certain risk factors. These results will be used to help inform decisions on enforcement actions, priorities, and guidance and allow the Bureau to employ its investigative resources in a more efficient and effective manner. TTB also plans to increase advertising reviews to ensure compliance with the TTB laws and regulations.

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 the Treasury criteria. Several non-major investments, however, directly support the mission, strategy, and day-to-day operations of the Bureau. These include:

TTB Mission Investments:

- **TTB Tax System:** This investment includes several legacy applications and new myTTB modules supporting permitting and taxation to ensure fair and proper collection of alcohol, tobacco, firearms, and ammunition excise taxes, as well as industry compliance with excise tax laws and regulations.
- **TTB Regulatory System:** This investment includes legacy applications and myTTB regulatory modules that streamline the beverage and nonbeverage alcohol formula approval process and COLA issuance for tax and regulatory compliance.
- **TTB Mission Applications Support Services (MASS):** This investment provides shared software, platforms, and myTTB modules needed to operate the TTB mission systems (TTB Tax System and TTB Regulatory System).

TTB Standard Information Technology (IT) Investments: According to CIRCULAR NO. A–11 PREPARATION, SUBMISSION, AND EXECUTION OF THE BUDGET, "standard IT investments are expenditures of IT resources that include, but are not limited to, commonly used enterprise-wide information systems and services, computing infrastructure, and other technology services and applications that are commonly used across agencies." The following investments support TTB and the CDFI Fund's common IT resources/standard IT investments:

- **TTB IT Infrastructure Data Center and Cloud**
- **TTB IT Infrastructure End User Systems and Support**
- **TTB IT Infrastructure Network**
- **TTB IT Security and Compliance Program**
- **TTB IT Management**

In addition to leveraging IT to support the mission, strategy, and day-to-day operations of the Bureau, TTB supports and maintains strategic alignment with OMB and Treasury through enterprise-wide IT initiatives. These include Cybersecurity; 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 2025

Table of Contents

Section I – Budget Request

A – Mission Statement

Promote the financial integrity and operational efficiency of the federal government through exceptional accounting, financing, collections, disbursements, and shared services.

B – Summary of the 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 the financial services we provide touch 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 2025 request for the Fiscal Service Salaries and Expenses account is $396.2 million, an increase of $23.7 million above the FY 2024 annualized Continuing Resolution (CR) level. The Budget includes $9.7 million to maintain current operations for the Government's NFCI that finances Federal programs and services, collects revenue, disburses payments, and reports on the Government's financial position. The Budget also includes a $14 million investment to support Fiscal Service's Mainframe and Cloud Transition, various Workforce initiatives, and Fiscal Service's Data Strategy efforts.

The Fiscal Service's Mainframe and Cloud Transition Initiative seek to transition applications away from legacy mainframe technologies to cloud service providers. Fiscal Service will also continue to partner with the Department by leveraging $6.0 million through the Cybersecurity Enhancement Account (CEA) to implement modern solutions that will support the security, resiliency, and agility of these critical systems and continue to maintain the financial integrity and efficiency of our operations.

The Fiscal Service's Workforce initiatives will support staff engagement and retention efforts, as well as to improve our ability to attract high quality candidates for critical positions who are representative of the people we serve.

The Data Strategy initiative will allocate resources to improve USAspending.gov, increase transparency, and relieve reporting burdens across various government agencies. It will also support enterprise analytics to enable more robust business processes and improve measurement of outcomes.

These priorities will advance Treasury's Strategic Plan FY 2022-2026, promote Fiscal Service's mission to transform Federal financial management, and result in improved service for the American public.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2023 Operating Plan		FY 2024 Annualized CR		FY 2025 Request		FY 2024 to FY 2025 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Accounting and Reporting	382	$96,956	388	$96,956	391	$103,317	0.8%	6.6%
Collections	149	$47,804	151	$47,804	153	$50,815	1.3%	6.3%
Payments	464	$133,328	472	$133,328	473	$141,216	0.2%	5.9%
Retail Securities Services	374	$68,759	380	$68,759	380	$73,365	0.0%	6.7%
Wholesale Securities Services	124	$25,638	126	$25,638	127	$27,446	0.8%	7.1%
Subtotal New Appropriated Resources	**1,492**	**$372,485**	**1,517**	**$372,485**	**1,524**	**$396,159**	**0.5%**	**6.4%**
Other Resources								
Debt Collection Fund	267	$192,499	300	$205,920	315	$213,099	5.0%	3.5%
Reimbursables	10	$222,177	9	$243,563	19	$235,539	111.1%	-3.3%
Unobligated Balances from Prior Years	0	$205,976	0	$200,487	0	$160,000	0.0%	-20.2%
Subtotal Other Resources	**277**	**$620,652**	**309**	**$649,970**	**334**	**$608,638**	**8.1%**	**-6.4%**
Total Budgetary Resources	**1,769**	**993,137**	**1,826**	**$1,022,455**	**1,858**	**$1,004,797**	**1.8%**	**-1.7%**

Note: FY 2023 Other Resources and Full-Time Equivalents (FTE) reflect actuals.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2024 Annualized CR	**1,517**	**$372,485**
Changes to Base:		
Maintaining Current Levels (MCLs):	**0**	**$9,711**
Pay Annualization (2024 5.2% average pay raise)	0	$3,183
Pay Raise (2025 2.0% average pay raise)	0	$3,720
Non-Pay (2025 2.2% non-pay inflation)	0	$2,808
Subtotal Changes to Base	**0**	**$9,711**
FY 2025 Current Services	**1,517**	**$382,196**
Program Changes:		
Program Increases:	**7**	**$13,963**
Mainframe/Cloud Transition	0	$9,256
Workforce Recruitment/Retention/Engagement	7	$1,940
Data Strategy, Analytics, and Transparency	0	$2,767
Subtotal Program Changes	**7**	**$13,963**
FY 2025 President's Budget Request	**1,524**	**$396,159**

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs)..+$9,711,000 / +0 FTE

<u>Pay Annualization (5.2%) +$3,183,000 / +0 FTE</u>

Funds are requested for annualization of the January 2024 5.2% average pay raise.

<u>Pay Raise (2.0% in 2025) +$3,720,000 / +0 FTE</u>

Funds are requested for a 2.0% average pay raise in January 2025.

Non-Pay (2.2% in FY 2025) +$2,808,000 / +0 FTE
Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Program Increases .... +$13,963,000 / +7 FTE
Mainframe and Cloud Transition Initiative +$9,256,000 / +0 FTE
Beginning in FY 2021, Fiscal Service established the Mainframe Services Transformation program, focused on migrating off the existing on-premises mainframe to cloud service providers. With some applications continuing to operate in a mainframe environment and others transitioning to more modern, cloud-based services and platforms, there will be cost increases in FY 2025 to host applications in both environments until transformation efforts have concluded, as well as costs to implement migration plans for systems still residing on the mainframe.

To date, Fiscal has reduced the 39 applications on the mainframe to 23. The remaining applications include several high-profile systems supporting retail securities and disbursement activities. Application modernization is a key component to ending mainframe services. This will enable the decommissioning of the mainframe by the end of FY 2025, eliminating the dependency on legacy technology and the associated exponential cost increases that are projected annually if we continue to maintain the mainframe environment.

Fiscal Service FY 2023 and FY 2024 CEA fund allocations will be utilized to further support these transitions from aging legacy technology platforms (e.g., mainframe) to more secure cloud-based services and architecture across the Bureau's portfolio of 60+ Federal Information Security Modernization Act (FISMA) systems, including multiple Fiscal Service High Value Assets that support the NFCI. In FY 2025, $6.0 million in CEA funding will be allocated to Fiscal Service for additional needs in support of Bureau specific Cybersecurity and Cloud initiatives to bolster IT threat monitoring in accordance with Executive Order 14028, *Improving the Nation's Cybersecurity,* to include up to 10 FTE.

Workforce Recruitment, Retention, Engagement Initiative +$1,940,000 / +7 FTE
This initiative will enhance Fiscal Service's ability to implement human capital strategies that ensure that our workforce is ready to meet the challenges of the evolving Federal Financial landscape and improve our ability to attract high quality candidates who are representative of the people we serve. It will support Fiscal's ability to:
- Support workforce and succession planning and establish a talent team to ensure a diverse talent pipeline,
- Properly resource our Office of Diversity, Equity, Inclusion, and Accessibility and our efforts to improve staff engagement and retention,
- Improve the hiring experience for applicants and hiring officials while ensuring highly qualified applicants are referred for selection,
- Implement changes needed to address workplace and work routines post pandemic, and
- Expand workforce data analysis and management to improve reporting and support leadership decision making and position management processes as the workforce evolves.

This request will also reinforce the Bureau's contractual resources that help strengthen intern programs and ensure vacancies are communicated to various diversity and professional organizations to attract highly qualified and diverse talent. It also includes funding for one additional FTE to bolster Fiscal Service's capabilities related to Federal credit accounting.

The Budget supports and advances *Treasury Objective 5.1 Recruit and Retain a Diverse and Inclusive Workforce* and *Fiscal Objective 4.1 Diversity, Equity, Inclusion, and Accessibility (DEIA)* through adapting operations to prepare for future work routines, promoting equity across the Bureau, continuously supporting a diverse and inclusive workforce, and attracting, developing, and retaining highly qualified staff. Expected outcomes from this investment include improved retention and recruitment capabilities, a more engaged workforce, and a DEIA office that is properly resourced to support all identified focus areas.

<u>Data Strategy, Analytics, and Transparency Initiative +$2,767,000 / 0 FTE</u>
Treasury's implementation of the Foundations for Evidence-Based Policymaking Act (Evidence Act) requires the agency to engage in evidence-building activities, including data and statistical analysis to build evidence to inform decision making. These resources will help Fiscal Service to expand the use of its internal administrative data to drive decision-making, invest in tools to support research and analysis, reduce reporting burden for agencies, and enhance external data transparency.

The Bureau's goals include reducing agency burden for USAspending.gov reporting, enhancing the security posture of USAspending.gov, and optimizing our customer-facing operations for both agency customers who frequently report to Fiscal Service and citizens who seek to find data through our public-facing portals. The enhancements to USAspending.gov would streamline reporting processes and improve data quality while also enhancing the security posture of the system. Additional investments in expanding the Fiscal Data Hub and delivering research and analytics use cases will position Fiscal Service to gather more data, analyze it at an enterprise level, and leverage insights to understand and respond to customer needs. To further improve our customer-facing operations, this request also supports contractual resources to deliver analytics solutions to better understand customer behavior and identify patterns to improve services. Additionally, these resources would allow for predictive models to support decision making around HR and financial data and gain insight into managing the organization and workforce.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2023 Actual Obligations	FY 2024 Estimated Obligations	FY 2025 Estimated Obligations
11.1 - Full-time permanent	191,622	209,680	216,709
11.3 - Other than full-time permanent	380	402	414
11.5 - Other personnel compensation	6,087	6,560	6,742
11.9 - Personnel Compensation (Total)	**198,088**	**216,642**	**223,864**
12.0 - Personnel benefits	76,260	82,933	85,243
Total Personnel and Compensation Benefits	**274,348**	**299,575**	**309,107**
21.0 - Travel and transportation of persons	769	1,758	1,799
22.0 - Transportation of things	51	58	59
23.1 - Rental payments to GSA	25,534	26,282	26,583
23.2 - Rental payments to others	9	1	1
23.3 - Communications, utilities, and miscellaneous charges	44,720	68,862	70,498
24.0 - Printing and reproduction	166	114	117
25.1 - Advisory and assistance services	72,417	62,145	65,131
25.2 - Other services from non-Federal sources	20,106	6,837	9,012
25.3 - Other goods and services from Federal sources	345,122	383,453	350,349
25.4 - Operation and maintenance of facilities	2,313	2,170	2,219
25.7 - Operation and maintenance of equipment	8,286	7,563	7,740
26.0 - Supplies and materials	4,819	2,820	2,886
31.0 - Equipment	468	1,513	1,549
32.0 - Land and structures	422	104	106
Total Non-Personnel	**525,203**	**563,680**	**538,049**
Total Obligations	**799,551**	**863,255**	**847,156**
Full-time Equivalents (FTE)	**1,769**	**1,826**	**1,858**

Note: The 2025 Budget Appendix includes a separate presentation for the Debt Collection Fund. This table includes amounts presented in Schedule O of the Debt Collection Fund account.

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, $396,159,000; of which not to exceed $8,000,000, to remain available until September 30, 2027, is for information systems modernization initiatives; and of which $5,000 shall be available for official reception and representation expenses.* *In addition, $235,000, 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.* Note.--A full-year 2024 appropriation for this account was not enacted at the time the Budget was prepared; therefore, the Budget assumes this account is operating under the Continuing Appropriations Act, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.	

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, disbursements, and debt collection programs. These, and other programs, are vital to the NFCI, Treasury's and 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 2025 will be approximately $727 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 2025 is estimated at $199 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, disbursements, 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 2025 will be approximately $1.548 billion, which includes approximately $1 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 2025, the funding estimated to support payments for the replacement of valuables is approximately $17 million. This estimate is higher than average due to anticipated reimbursements to financial institutions for losses associated with identified savings bonds fraud.

1.4 – Permanent, Indefinite Appropriations Table

Dollars in Thousands

Permanent, Indefinite Appropriation	FY 2023 Actual	FY 2024 Revised Estimate	FY 2025 Request
Federal Reserve Bank[1]	$668,244	$705,902	$727,000
Reimbursements to the Federal Reserve Banks	$187,535	$193,413	$199,000
Financial Agent Services[1,2]	$1,186,458	$1,387,743	$1,547,946
Government Losses in Shipment[3]	$0	$21,771	$17,000

[1] Approximately $79.44 million was reimbursed from other government agencies and deposited in the General Fund in FY 2023.
[2] FY 2023 - FY 2025 includes $1 million per year for the Government Sponsored Enterprise - Mortgage-Backed Securities administrative costs.
[3] Government Losses in Shipment are likely to increase in FY 2024 and FY 2025 due to paper savings bond fraud that requires reimbursement to financial partners.

E – Legislative Proposals

1. Expand Treasury's authority to require bank account verification, pre-certification.

Estimated Cost Avoidance: Cost avoidance over a 10-year period is estimated at $11.6 billion in prevented improper payments.

This proposal would provide Treasury the authority to require Federal paying agencies to confirm bank account information prior to certification to identify potentially erroneous or fraudulent transactions and improve payment accuracy. Bank account verifications would compare pre-certification payment information with commercially available data to confirm the existence of an account, its status, standing, and ownership prior to initiating payments to that account. This change would assist in combating financial loss caused by fraud and ensure that payment account verification is conducted on all Federal payments disbursed by Treasury.

2. Expand Treasury's authority to require bank account comparison (matching), pre-certification. *Estimated Cost Avoidance: Cost avoidance over a 10-year period is estimated to be $152 million in labor and material associated with printing approximately 200 million checks.*

This proposal would provide Treasury the discretion to require bank account comparison for payments disbursed by Treasury to reduce the number of improper payments and increase electronic payments. Bank matching would help decrease the number of checks issued which would result in cost savings from the processing of the payments. Expanding flexibilities precertification is preferable to post-certification to avoid the added responsibility on the disbursing officer.

3. Simplify Debt Management Fees.
Currently, Disbursing and Debt Management (DDM) must separately account for the costs of its Cross-Servicing Program and the five Treasury Offset Programs (TOPs). However, these programs have many overlapping functions and processes, making determination of separate fees an administratively difficult and inefficient process. This proposal would authorize DDM to consolidate TOP fees and Cross-Servicing fees. DDM would utilize combined fees to cover overlapping functions evenly as overhead across the TOP and Cross Servicing Programs. This change would increase the efficiency of Fiscal Service's debt collection operations by simplifying the cost-accounting and fee-setting processes. It would also reduce volatility in year-to-year fee adjustments and assist Fiscal Service in assessing fees (which are generally passed onto debtors as costs) in an equitable manner.

4. Technical Correction Regarding Calculation of Current Value of Fund Rate.
This proposal would amend Section 3717(a)(1) of title 31 to remove reference to the Treasury Tax and Loan (TT&L) program, which no longer exists, and align the statutory language with existing practice. Federal agencies are required to assess interest on nontax debts that are not timely paid, which is based on the current value of funds (CVR) rate. Interest obligations were formerly calculated using the TT&L rate, which was calculated annually. Because the CVR rate is calculated on a quarterly basis, this proposal would authorize the Bureau to publish a revised rate more often than annually.

5. Surety Bond Program Fees.
Estimated Cost: Estimated incremental cost of $20 million over a 10-year period to the General Fund receipt account as Fiscal would retain fees.

The Surety Bonds Program (SBP) assesses the financial statements of surety companies that seek to do business with the federal government. In current operations, the program charges companies a fee when they apply to be certified, which are transferred into the General Fund of the Treasury. Currently, the SBP is funded through the Bureau of the Fiscal Service's direct appropriation, and the program's modernization efforts have been hampered by resource constraints. This proposal authorizes the SBP to retain fees it charges companies which currently go to the General Fund rather than relying solely on the Bureau's direct appropriation. This would score as a net cost to the government under budget scorekeeping rules because the fees would be retained by Fiscal and, therefore, not deposited to the General Fund.

6. Ensure Do Not Pay Business has full access to complete state death data.

The proposal would ensure DNP receives permanent access to complete state death data for the purposes of preventing, identifying, and recovering improper payments, for Federal agencies informed by an initial evaluation of death data sharing that began in December, 2023 as intended by the Consolidated Appropriations Act, 2021.

7. Expand Treasury's Access to the National Directory of New Hires.

This proposal authorizes Do Not Pay to facilitate data exchange with paying agencies that are currently authorized by the Social Security Act to access NDNH regarding persons receiving Federal payments while helping those agencies identify individuals who are ineligible to receive payments or who are receiving erroneous payments.

8. Allow DNP to use Fair Credit Reporting Act data for payment integrity purposes.

This proposal would amend language in the Fair Credit Reporting Act (FCRA), 15 U.S.C. 1681a, by authorizing the Do Not Pay Business Center (DNP) to partner with data aggregators such as credit reporting agencies to validate several payee attributes. This authority would help agencies identify, prevent, and recover improper payments based on income eligibility and location. DNP's ability to use FCRA data as a source to proxy residency data would add substantial value for work identifying improper payments in federally funded, state administered programs.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

The Bureau of the Fiscal Service exists to promote the financial integrity and operational efficiency of the federal government through exceptional accounting and reporting, collections, disbursements, financing, and shared services. Fiscal Service touches the life of nearly every American and is committed to leading the federal financial management community and unlocking value for federal agency Chief Financial Officers. The Bureau plays an integral role in the National Financial Critical Infrastructure (NFCI) of the entire federal government and strives to be a valued partner for agencies to strengthen their own financial management and increase operational efficiencies.

Fiscal Service is guided by Treasury's strategic plan, the Future of Federal Financial Management Vision (FM Vision), and our own strategic plan. The FM Vision outlines three expectations the public has 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 initiatives and operations support and advance four of the five Treasury strategic goals. The Bureau also co-leads one Agency Priority Goal (APG), Improving the Payment Experience, to support the Department of the Treasury.

Specifically, Fiscal Service supports these Treasury strategic goals and objectives:

- **Goal 2 - Enhance National Security**
  - Objective 2.1 – Cyber Resiliency of Financial Systems and Institutions
- **Goal 3 - Protect Financial Stability and Resiliency**
  - Objective 3.3 – Financial Innovation
- **Goal 4 - Combat Climate Change**
  - Objective 4.4 – Sustainable Treasury Operations
- **Goal 5 - Modernize Treasury Operations**
  - Objective 5.1 – Recruit and Retain a Diverse and Inclusive Workforce
  - Objective 5.2 – Future Work Routines
  - Objective 5.3 – Better Use of Data
  - Objective 5.4 – Customer Experience Practices

The Fiscal Service strategic plan outlines our strategic vision to deliver modern and innovative financial management operations and services that are inclusive, efficient, sustainable, and secure; increase the value, availability, and quality of our data for decision-making and insights; improve the customer experience throughout the journey with Fiscal Service; and recruit, retain, develop, and engage a diverse, high-performing workforce to meet our customers' needs. These efforts are more important than ever as we move forward to meet customer demands, evolving cyber threats, and emerging trends in the needs and capabilities of our workforce. This work will position Fiscal Service to deliver the reliable services that agencies and the public can continue to count on.

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 for Debt Collection, which is funded through delinquent debt collection revenue, as well as through shared services programs under the Treasury Franchise Fund (refer to the Franchise Fund submission for more information).

The FY 2025 budget request reflects the Bureau's commitment to supporting and advancing Treasury and Fiscal Service strategic goals and objectives by:

- Protecting *financial stability and resiliency* through zero trust architecture implementation, improved threat monitoring and security, accelerated cloud adoption, and modernization of legacy systems and environments.
- Building more robust and integrated information systems through *better use of data and evidence*, increased capacity for reporting and analytics functions, improved data transparency, and the elimination of manual processes for the collection of data.
- Adapting operations to prepare for *future work routines* and promoting equity across the Bureau by continuously supporting a *diverse and inclusive workforce*, while attracting, developing, and retaining sufficient staffing to continue to carry out core operational responsibilities.

The Budget request includes additional investments to allow Fiscal Service to advance these initiatives while providing the funding needed to maintain service levels for core functions relative to the FY 2024 annualized CR levels. In FY 2024, maintaining funding at the FY 2023 enacted levels may have adverse impacts on our ability to achieve our performance objectives, and progress that has been seen in recent achievements could further slow or even stop. This would result in increased risks to the NFCI in addition to reducing effectiveness of customer-facing retail securities, disbursements, and accounting and reporting activities.

In FY 2024, the Bureau plans to continue to prioritize available resources to focus on three enterprise-wide priorities in addition to core operational functions within each budget activity: continuing implementation of the Cybersecurity Executive Order; transitioning legacy IT platform services to the cloud; and modernizing Fiscal Service's operations through technology and process improvements to boost efficiency, optimize resources, and enhance the customer experience.

The following sections highlight FY 2023 performance accomplishments and FY 2024 and FY 2025 performance goals for each budget activity.

B – Budget and Performance by Budget Activity
2.1.1 – Accounting and Reporting Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	$94,104	$94,446	$102,344	$94,019	$95,481	$96,956	$103,317
Reimbursable Resources	$20,114	$21,205	$23,937	$22,457	$24,189	$26,518	$25,644
Budget Activity Total	**$114,218**	**$115,651**	**$126,281**	**$116,476**	**$119,670**	**$123,474**	**$128,961**
Full-time Equivalents (FTE)	**373**	**355**	**400**	**399**	**385**	**392**	**392**

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Percentage of Government-wide Accounting Reports Issued On Time (%)	99.6	100	100	100	99.6	99.0	99.0	99.0
Number of High Value Analytics Use Cases Deployed (#)	N/A	N/A	3	3	20	5	8	15

Key: N/A- Not Applicable

Accounting and Reporting Budget and Performance

($103,317,000 from direct appropriations, $25,644,000 from reimbursable sources):
The Fiscal Service Accounting and Reporting budget activity aims to strengthen financial reporting and data accessibility by providing the public and private sectors, federal agencies, and the American public 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.

Fiscal Service gathers and publishes Government-wide financial information for use in establishing fiscal and debt management policies and provides the public and private sectors the ability to monitor the Government's financial status. This includes reporting on the public debt, the federal cash position, the overall financial position of the U.S. government, and interest rates.

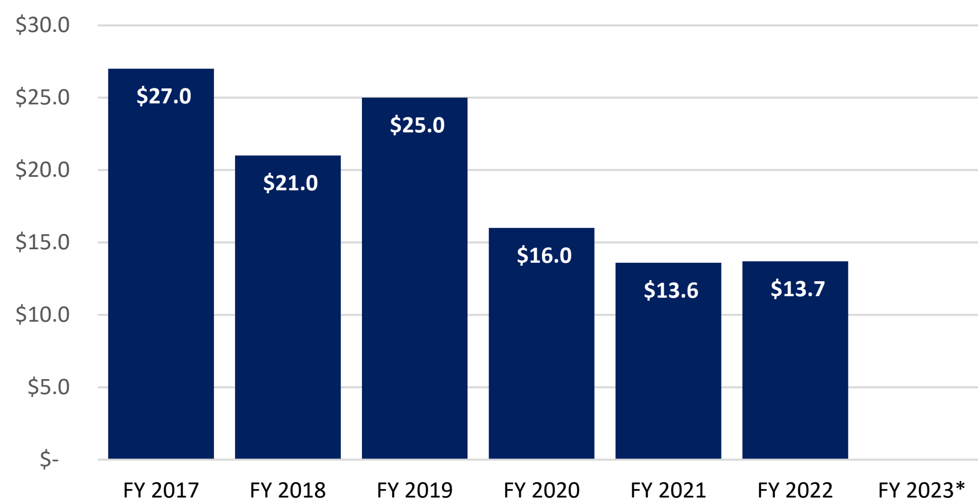
In FY 2023, Fiscal Service issued the annual Financial Report of the U.S. Government, 12 Monthly Treasury Statements, and 249 Daily Treasury Statements. Fiscal Service also provides transparency into federal finances to the American public through USAspending.gov (USAspending) and FiscalData.Treasury.gov (Fiscal Data). USAspending is the official open data source of federal spending information. Fiscal Data is the one-stop shop that provides access to federal financial data, including "Your Guide to America's Finances," in an easy-to-use platform to inspire trust in the government. In FY 2023, 4.3 million users visited USAspending and Fiscal Data, an increase of 141 percent from the prior fiscal year.

Fiscal Service also operates the Financial Management Quality Service Management Office (FM QSMO), which launched the FM Marketplace in December 2022 that agencies can use to obtain financial systems and services. Marketplace offerings include core financial systems solutions offered in the cloud with standards embedded, financial management services and solutions, and Treasury centralized services. The Accounting and Reporting program also funds approximately $1.5M to cover the Executive Branch's share (65%) of operating cost of the Federal Accounting Standards Advisory Board (FASAB), which issues federal financial accounting standards and supports the federal financial management community's efforts to improve financial reporting and meet its accountability responsibilities.

Description of Performance:
In FY 2023, Fiscal Service accounted for and reported on the financial activity related to the $33.17 trillion public debt and managed an average daily cash flow of $205.4 billion. Fiscal Service issued 99.6 percent of Government-wide accounting reports on time, including the annual Financial Report of the U.S. Government, which reports the financial condition of the federal government using accrual-based accounting, the Monthly Treasury Statements, and the Daily Treasury Statements. This exceeded the annual target of 99 percent but was below the FY 2022 actual of 100 percent due to one late publication on April 28, 2023.

Fiscal Service continued to make progress on implementing G-Invoicing, the government invoicing solution that allows agency buyers and sellers to negotiate terms, broker orders, exchange information, and validate settlement requests online. Reporting buy/sell transactions accurately among agencies is essential for the government's financial statement, and G-Invoicing is a key driver to reducing buy/sell intragovernmental differences. In FY 2023, 77 agencies completed over $13 billion in intragovernmental buy/sell transactions in G-Invoicing. In FY 2024 and FY 2025, Fiscal Service will continue partnering with agencies to implement G-Invoicing government-wide, which will continue to reduce intragovernmental buy/sell differences.

Intragovernmental Buy / Sell Differences
($ Billions)

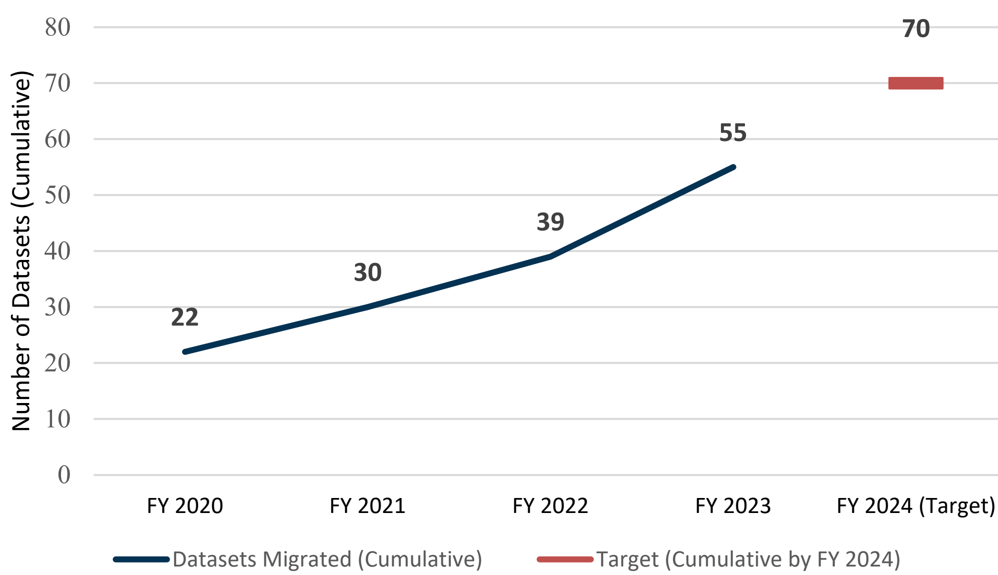


**The FY 2023 result will be available in February 2024.*

In FY 2023, Fiscal Service also completed work to improve data quality and advance data analysis across the organization. The Bureau deployed 20 Analytics Use Cases[1], including 19 submissions for Data University and 1 research project, exceeding the FY 2023 goal of 5. In FY 2024 and FY 2025, the Bureau will continue to drive improvements to data analysis, with targets of 8 analytic cases in FY 2024 and 15 in FY 2025.

Additionally, Fiscal Service continued to provide the American public with transparent and easily accessible financial data through its USAspending and Fiscal Data websites. The Bureau continued migrating datasets from legacy formats and locations to the Fiscal Data website, with a total of 55 datasets onboarded to the site at the end of FY 2023. In FY 2024, Fiscal Service will complete the migration of datasets to Fiscal Data, with a goal to migrate 70 datasets by FY 2024.

Modern, Useful Data on FiscalData.Treasury.gov
Total number of datasets migrated to Fiscal Data (cumulative)



In FY 2023, work was also completed to develop tools to increase the ability to share high-quality administrative data internally. Fiscal Service received Authority to Operate (ATO) in FY 2023 for the Fiscal Data Hub, the Bureau's hybrid cloud solution for internal data, after successful prototyping efforts during FY 2022. The Fiscal Data Hub currently houses human resources and financial data as a solution enabling dynamic analytic capabilities and better data-driven decisions through a user-friendly interface.

In FY 2024 and FY 2025, the Bureau plans to explore expanding the Fiscal Data Hub to include Customer Service data, introducing tools to manage and analyze volumes of audio data, and providing users the flexibility to implement various natural language and other machine learning models. Additionally, we will explore human resources use cases, enhanced budget forecasting

[1] Data Analytics Use Cases help businesses explore, innovate, and expand their processes. Data analytics help provide insights by assessing past performance to improve future business practices.

and reporting with machine learning, metadata management enhancement for pipelines, and automated data quality.

Fiscal Service continues to develop employee capabilities to use data effectively and inform decision-making through Fiscal Data University (FDU), established in FY 2022. FDU's training curriculum focuses on visualization, coding, and statistical modeling, advancing the knowledge and skillsets in the science of data analytics, directly supporting Treasury Objective 5.3, Better Use of Data. The first FDU cohort consisted of 41 employees and was completed in August 2023. Fiscal Service plans to offer FDU as long as resources are available, and the need is present.

2.1.2 – Collections Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	$42,333	$38,976	$42,317	$44,008	$46,354	$47,804	$50,815
Reimbursable Resources	$7,804	$8,535	$9,311	$11,192	$12,055	$13,216	$12,780
Budget Activity Total	**$50,137**	**$47,511**	**$51,628**	**$55,200**	**$58,409**	**$61,020**	**$63,595**
Full-time Equivalents (FTE)	**156**	**148**	**153**	**154**	**149**	**151**	**155**

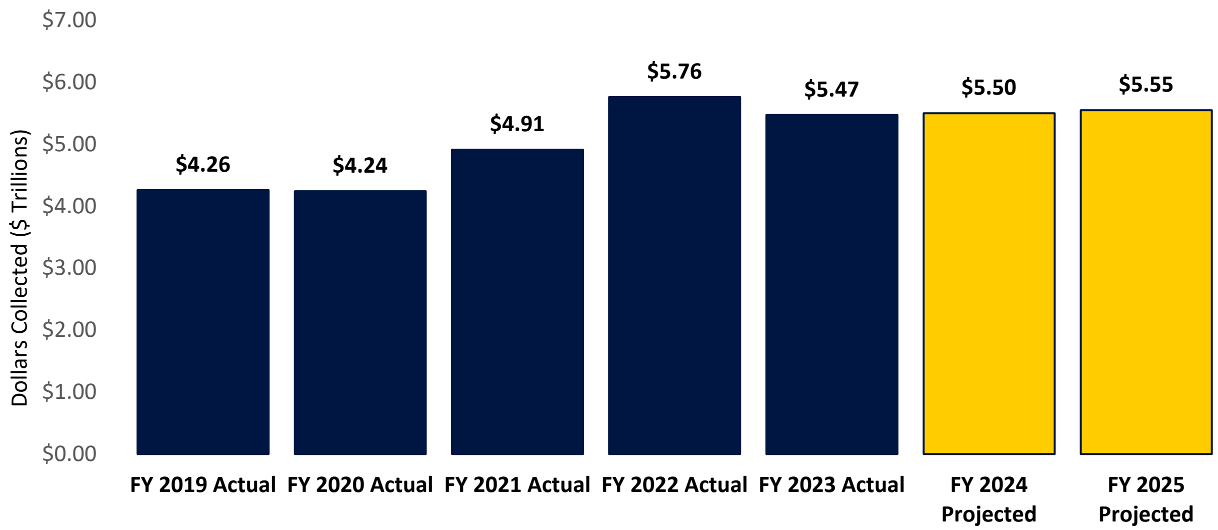
Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Percentage of total federal government receipts initiated electronically (in volume) (%)	83.6	84.1	83.0	83.2	84.8	83.1	84.0	84.5

Collections Budget and Performance

($50,815,000 from direct appropriations, $12,780,000 from reimbursable sources):
The Collections budget activity supports the NFCI and Treasury by administering the world's largest government collection system through a network of Fiscal and Financial Agents. This activity also establishes and implements collection policies, regulations, standards, and procedures for the federal government. Fiscal Service provides agencies and the public a variety of modern electronic options for paying federal taxes, charges, and fees, and continues to increase the share of revenue that is collected and settled electronically. These collections are critical to the economy, to the operations of the government, and to the daily lives of the American public.

In FY 2023, Fiscal Service collected nearly $5.47 trillion in federal revenue, including individual and corporate income tax deposits, customs duties, fees for Government services, fines, and loan repayments.

Federal Revenue Collected ($Trillions)

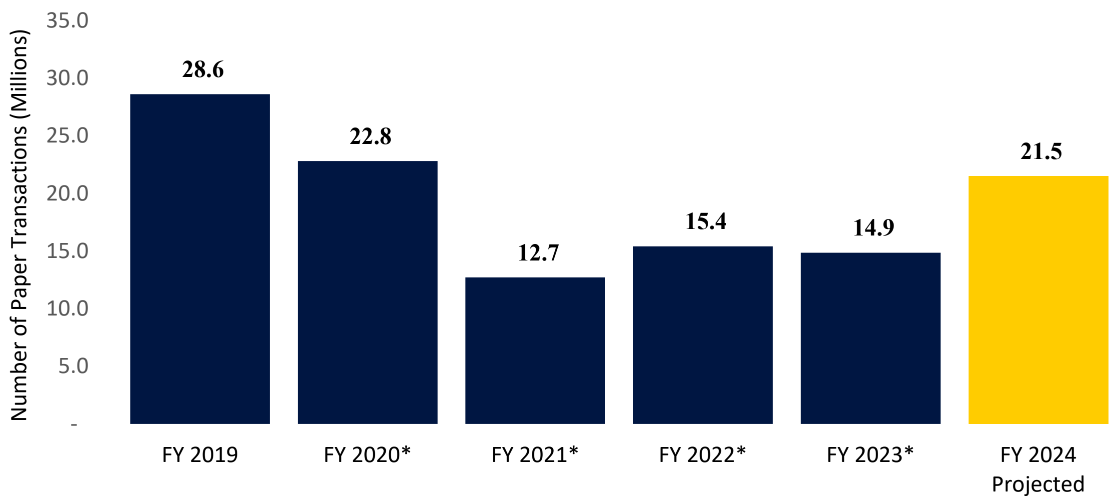


Description of Performance:
The Collections budget activity continues to make progress toward electronic collections in support of Treasury Objective 3.3, Financial Innovation. Fiscal Service advanced several projects to increase digitization, including expanding adoption of eCommerce digital collection options – Online Bill Pay (OLBP), Digital Wallets (PayPal and Amazon Pay), and mobile applications, across federal agencies. Fiscal Service's eCommerce alternatives provide a modern, safe, and convenient experience for agencies and the public. In FY 2023, two agency collection cashflows were added to OLBP, bringing the total to 61; nine agency collection cashflows were added to Digital Wallets, bringing the total to 170; and 31 agency collection cashflows were added to mobile applications, bringing the total to 191.

The adoption of eCommerce digital collection options has steadily increased since FY 2020, resulting in increases in electronic collections. In FY 2023, 84.8 percent of total federal government receipts (payments to the Government) were initiated electronically, exceeding the 83.1 percent target. This is an increase over the FY 2022 electronic initiation rate of 83.2 percent.

In addition to its eCommerce initiatives, Fiscal Service continues to increase digitization of paper collections in both the General Lockbox Network (GLN) and the Treasury General Account (TGA) Network. Fiscal Service is actively working with other federal agencies to digitize and transform GLN and TGA operations across government to provide a modern experience for citizens and reduce lockbox expenses by tens of millions of dollars annually. These efforts align with Treasury's Climate Action Plan objectives and are part of Fiscal Service's vision to transform federal financial management. As of FY 2023, GLN's paper volume has declined by 48 percent since FY 2019. In FY 2024 and FY 2025, Fiscal Service will continue to look for opportunities to close lower-volume GLN lockboxes.

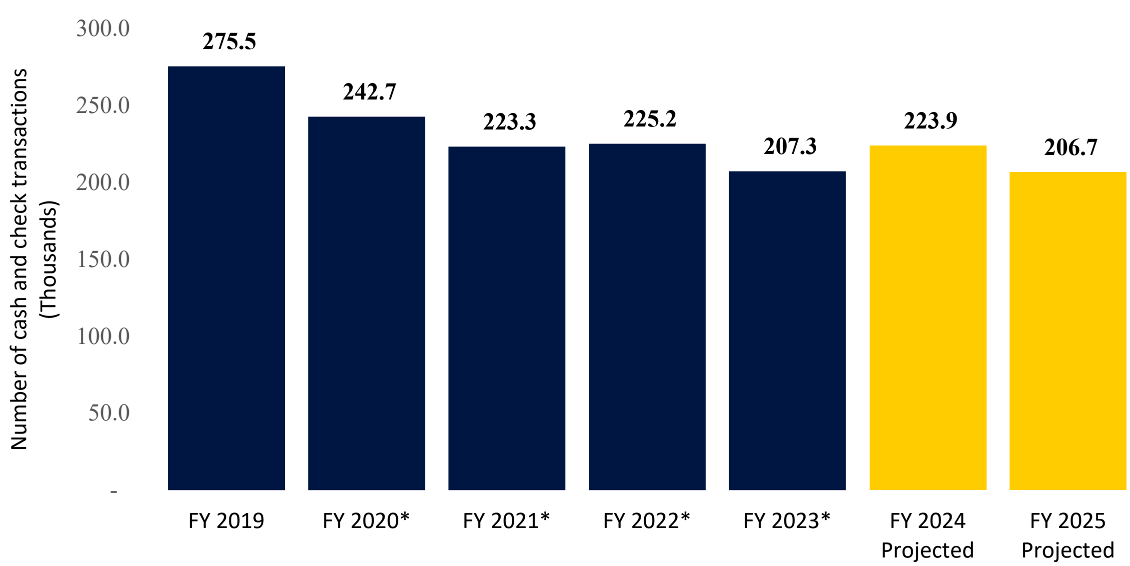
Increasing Digitization of Paper Collections
Number of GLN Paper Transactions (Millions)



**GLN transaction volume decreased during the pandemic because some agency billing obligations were suspended.*

Additionally, TGA cash and check bank deposits have declined by 25 percent between FY 2019 and FY 2023.

Increasing Digitization of Paper Collections
Number of TGA Network Cash and Check Transactions (Thousands)



**TGA network transaction volume decreased during the pandemic due to fewer over-the-counter transactions.*

In FY 2024 and FY 2025, Fiscal Service will continue to collaborate with TGA and GLN agencies to target additional opportunities to convert paper collections to electronic through webinars, newsletters, and agency-specific meetings. While the TGA Network has seen a decrease in processed transactions since FY 2019, the projections for FY 2024 and FY 2025 account for anticipated increases in volume due to agencies resuming billing obligations after suspending them during the pandemic.

Additionally, in FY 2024 and FY 2025, Fiscal Service and the Internal Revenue Service (IRS) will co-lead an Agency Priority Goal (APG) to Improve the Payment Experience, which encompasses both collections and disbursements. This APG expands on prior iterations to include a measure on increasing the electronic collection rate for individual and business tax receipts, which further advances Treasury's efforts to convert paper collections to electronic.

In FY 2024 and FY 2025, Fiscal Service will also continue its efforts to incrementally modernize the Electronic Federal Tax Payment System (EFTPS), a critical system to securely collect tax revenue for the federal government. EFTPS is Treasury's largest collection system, collecting nearly $3 trillion in revenue annually. The EFTPS Modernization will focus on a series of incremental improvements while ensuring the current application sustains a high level of stability and resiliency. The tax collection system will incorporate cybersecurity, fraud monitoring and detection, and resiliency components in response to increased threats and readiness expectations; adopt cloud-based technology; and provide a modern, customer-friendly user interface.

2.1.3 – Payments Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	$122,835	$136,678	$136,627	$132,026	$126,014	$133,328	$141,216
Reimbursable Resources	$113,313	$118,127	$139,842	$151,153	$162,813	$178,484	$172,604
Budget Activity Total	**$236,148**	**$254,805**	**$276,469**	**$283,179**	**$288,827**	**$311,812**	**$313,820**
Full-time Equivalents (FTE)	**477**	**487**	**524**	**492**	**466**	**474**	**488**

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Percentage of Treasury Payments Disbursed Electronically (%)	95.6	96.0	96.2	96.4	96.5	96.6	96.9	97.0
Count of Potential Improper Payments Identified [NEW]	22,415	22,773	23,801	17,115	213,998	125,000	160,000	170,000
Count of Potential Improper Payments Prevented [NEW]	N/A	N/A	N/A	N/A	162,775	100,000	110,000	135,000
Count of Improper Payments Recovered [NEW]	N/A	N/A	N/A	N/A	21,723	N/A	B	B
Percentage of Payments Screened by Do Not Pay (%) [DISC]	18.6	17.5	14.4	19.2	DISC	DISC	DISC	DISC
Potential Improper Payments Identified, Stopped, or Recovered [DISC]	16,308	1,810,962	340,236	N/A	DISC	DISC	DISC	DISC

Key: DISC – Discontinued; B – Baseline; and N/A- Not Applicable

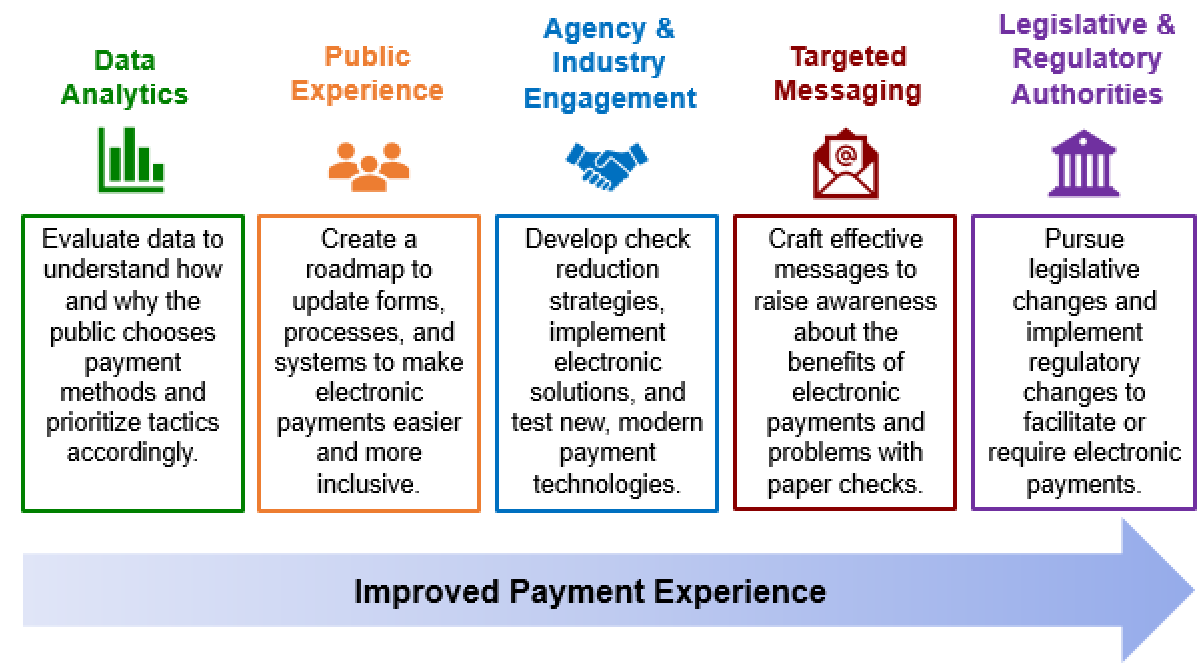
Payments Budget and Performance
($141,216,000 from direct appropriations, $172,604,000 from reimbursable sources):
The Payments budget activity supports the NFCI and disburses federal payments to individuals, businesses, non-profits, State, local and Tribal governments, and other entities on behalf of more than 250 federal agencies. As the federal government's central disbursing agency, Fiscal Service disbursed 87.9 percent of all federal payments in FY 2023, distributing 1.27 billion payments totaling more than $5.4 trillion. Fiscal Service utilizes mechanisms such as Electronic Fund Transfers (EFT), debit cards, other digital payment channels, and paper checks to deliver payments to the public on behalf of agencies, including payments for programs such as Social Security Benefits, Supplemental Security Income (SSI), Veterans' Compensation and Pension, Federal and Railroad Pensions, and IRS tax refunds. Each month, approximately 81 million Social Security, Medicare, and veterans benefit payments are sent to recipients across the nation.

Fiscal Service also plays a critical role in leading government-wide efforts to identify, prevent, and recover improper payments. Fiscal Service has made strategic investments to implement the Payment Integrity Information Act and curb improper payments, including providing federal agencies with access to data sources and data analytics to aid in identification, mitigation, and elimination of improper payments. By leveraging cross-government data sharing, an account verification service, the Treasury Check Verification System, investigative case support, and other activities, Fiscal Service continues to improve payment accuracy and integrity.

<u>*Description of Performance:*</u>
Fiscal Service continues to focus on providing a modern, seamless, inclusive, and secure payment experience with an emphasis on resilient and secure operations, payment integrity, and all-electronic payments. Fiscal Service increased its electronic distribution rate in support of the Agency Priority Goal (APG) to Improve the Payment Experience and Treasury Objective 3.3, Financial Innovation. In FY 2023, Fiscal Service disbursed 96.45 percent of payments electronically, which continued to increase year-over-year but did not meet the annual target of 96.56 percent. Factors contributing to not meeting the FY 2023 target included an increase in vendor checks due to Federal Emergency Management Agency (FEMA) hurricane relief and not realizing expected tax refund check reductions from Internal Revenue Service (IRS) implementation of direct deposit for electronically filed amended tax returns. In FY 2023, in support of the APG Fiscal Service also continued agency and industry engagement through the No Check Coalition (NCC), a partnership among the top ten check disbursing agencies to promote the benefits of electronic payments and develop strategies to implement electronic payment solutions. Fiscal Service conducted three (3) NCC meetings throughout the fiscal year. The Bureau, in collaboration with IRS, completed this APG cycle at the end of FY 2023.

Looking forward to FY 2024 and FY 2025, IRS and Fiscal Service will co-lead the next iteration of this APG which continues to include a measure on increasing the electronic payment rate for Treasury-disbursed payments. Paper checks place additional burden on the public to access their money, increase the potential for payment exceptions, and are not cost-effective for the government or the public. For instance, paper check disbursements are four times more expensive and sixteen-times more likely to have an exception (e.g., lost, stolen, or returned) compared to electronic disbursements. By increasing the percentage of disbursements made electronically for Treasury-disbursed non-tax disbursements and individual tax refund disbursements, Fiscal Service is targeting to convert an estimated 4.5 million paper checks to electronic payments during FY 2024 and FY 2025.

Fiscal Service's Multi-Pronged Strategy to Improving the Payment Experience



Fiscal Service continued to expand its role in combating improper payments through pre-payment services that help agencies identify, prevent, and recover improper payments. In FY 2023, the Bureau identified 213,998 potential improper payments, totaling $652.7 million. Furthermore, 162,775 potential improper payments were prevented, totaling $154.9 million. Fiscal Service also recovered 21,723 improper payments valued at $346.2 million. And per the Consolidated Appropriations Act, 2021, Title VIII-Access to Death Information Furnished to or Maintained by the Social Security Administration (SSA), Fiscal Service gained access to the Full Death Master File (DMF) in December 2023 for a period of three years.

In FY 2024 and FY 2025, Fiscal Service will continue to build its portfolio of government-wide payment integrity tools, services, and data sources. This will allow the Bureau to maximize the use of quality, complete data available to federal agencies and Federally Funded State Administered (FFSA) programs to prevent improper payments, promote partnerships across federal agencies and FFSA, address improper payment challenges by offering solutions driven by data and expertise, and identify opportunities to strengthen government-wide policy, guidance, and legislation to increase the public's trust in government payments.

2.1.4 – Retail Securities Services Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	$55,465	$56,344	$62,104	$78,015	$87,922	$68,759	$73,365
Reimbursable Resources	$13,306	$12,406	$16,418	$15,554	$16,754	$18,366	$17,761
Budget Activity Total	**$68,771**	**$68,750**	**$78,522**	**$93,569**	**$104,676**	**$87,125**	**$91,126**
Full-time Equivalents (FTE)	**388**	**393**	**403**	**391**	**379**	**383**	**381**

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Percentage of Retail Securities Transactions that are Unassisted (%)	69.0	70.0	63.0	77.0	82.0	73.0	74.0	75.0

Retail Security Services Budget and Performance

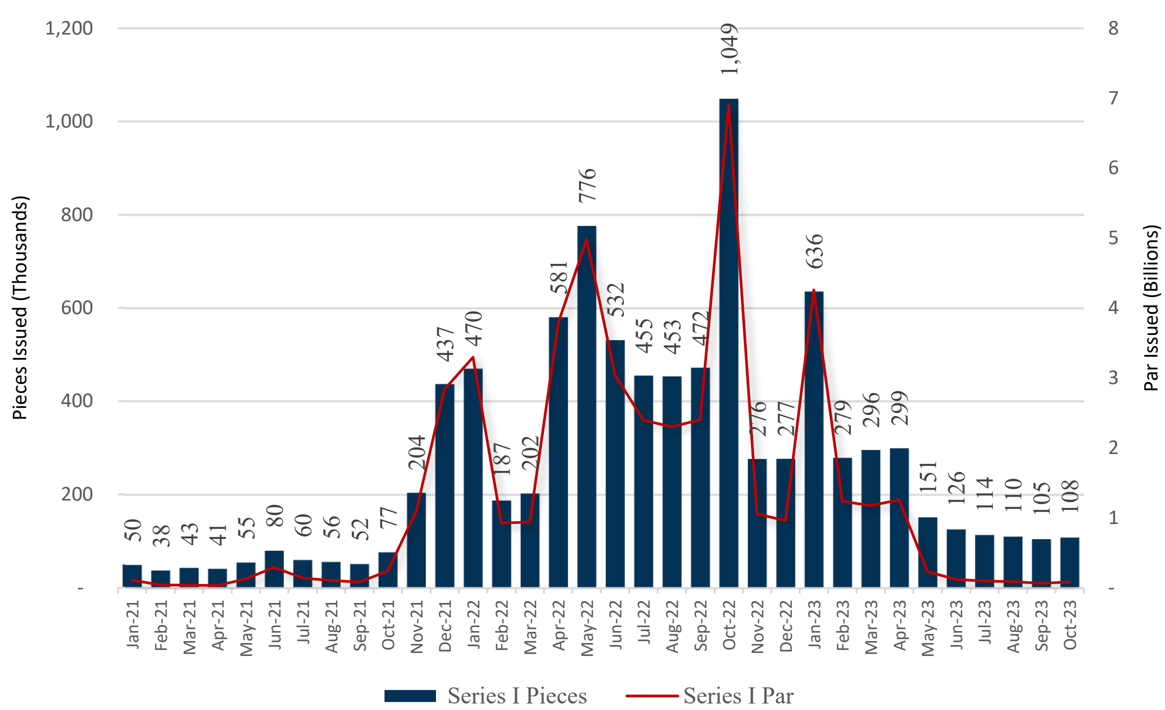
($73,365,000 from direct appropriations, $17,761,000 from reimbursable sources):
The Retail Securities Services budget activity provides simple, safe, and affordable ways for the public to directly interact with the Department of the Treasury to save for their future by investing in Treasury securities. Treasury began offering paper savings bonds in 1935. Today, electronic savings bonds and marketable securities are sold to the public through TreasuryDirect, an internet-based book-entry system for purchasing, managing, reinvesting, and redeeming Treasury securities.

In FY 2023, Fiscal Service electronically issued $183.5 billion in Treasury retail securities, (including sales and reinvestments), processed $243 billion in redemptions, added 1,534,078 new accounts to TreasuryDirect, and made retail payments worth $40.96 billion.

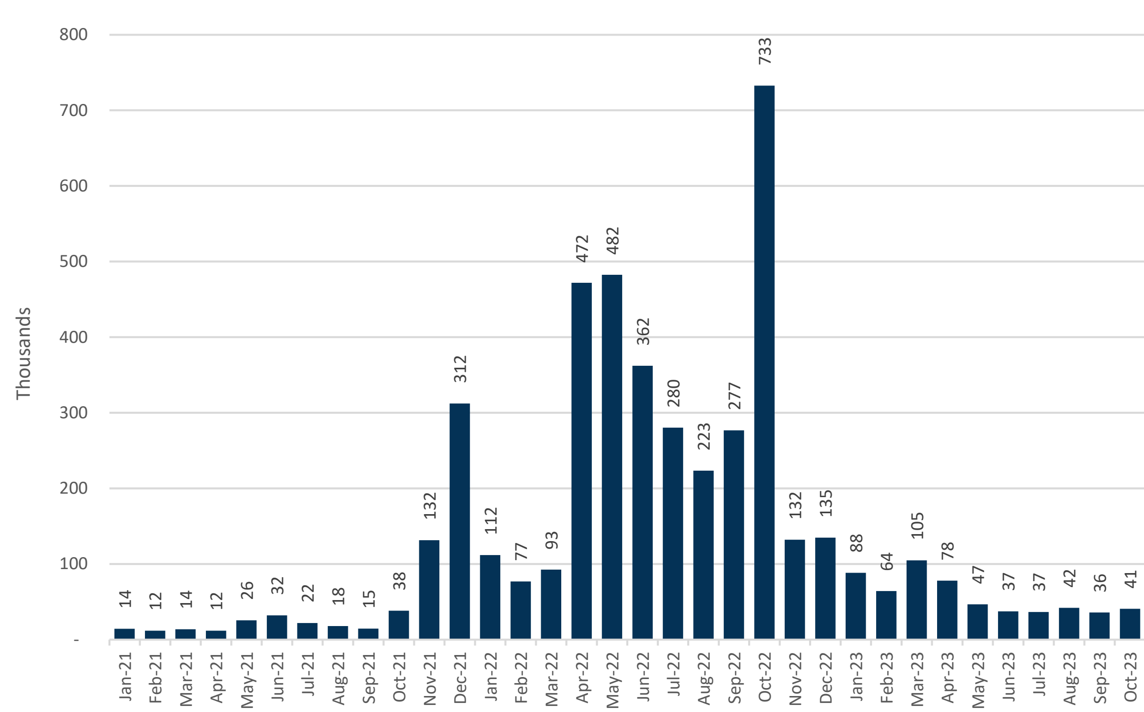
<u>*Description of Performance:*</u>
Fiscal Service continues to see increased demand in retail securities since the uptick in Series I savings bond rates in November 2021. Since that time, 4.4 million new TreasuryDirect accounts have been added, bringing TreasuryDirect to over 5.1 million accounts. Since November 2021, Fiscal Service has issued more than $45.7 billion in Series I bonds, a significant increase above the approximately $1.3 billion in Series I bonds issued in the 12 months prior to November 2021. And while the interest in Series I savings bonds has subsided to some degree as interest rate have come down, the program has still observed considerable growth in sales of marketable Treasury securities, issuing nearly $315.68 billion between November 2022 and October 2023, compared to nearly $102.73 billion issued in the 12 months prior.

Since the Series I bond surge, Fiscal Service has remained committed to improving customer experience. Fiscal Service made significant updates to TreasuryDirect that improved access issues and modernized the website through improved information architecture, embedded help topics, and enhanced search options. In addition, improvements were made to the call center to reduce wait times from 90 minutes to less than 5 minutes. In FY 2023, Fiscal Service saw the percentage of unassisted retail securities transactions increase from 77 percent to 82 percent, exceeding the FY 2023 target.

Series I Savings Bond Issues – January 2021 to October 2023



TreasuryDirect Accounts Created – January 2021 to October 2023



In FY 2024 and FY 2025, Fiscal Service will continue to seek to improve the retail customer experience by enabling customers to purchase, manage, and redeem their Treasury security holdings through one platform. The Treasury Retail Investment Manager (TRIM) program is a key modernization effort to replace the existing TreasuryDirect system with myTreasury. It will offer innovative products and services to allow customers to purchase, reinvest, and manage their retail securities holdings and modernize the customer experience by making myTreasury a modern, efficient, and customer-centric system. TRIM will continue through FY 2025.

Additionally, Fiscal Service continues to make significant progress on the Matured Unredeemed Debt (MUD)[2] initiative to digitize paper savings bonds and make these records electronically searchable on the TreasuryHunt website. As of FY 2023, 99.67 percent of MUD savings bonds are available for search on TreasuryHunt leading to more than 219,000 searches resulting in approximately 54,000 matches. Starting in FY 2024, the Bureau will also be working to fulfill the requirements of the SECURE 2.0 Act of 2022 associated with providing savings bond information to states.

2.1.5 – Wholesale Securities Services Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	$23,522	$23,414	$25,031	$26,005	$29,103	$25,638	$27,446
Reimbursable Resources	$4,599	$5,062	$5,415	$5,910	$6,366	$6,979	$6,749
Budget Activity Total	**$28,121**	**$28,476**	**$30,446**	**$31,915**	**$35,468**	**$32,617**	**$34,195**
Full-time Equivalents (FTE)	**112**	**116**	**125**	**130**	**123**	**126**	**127**

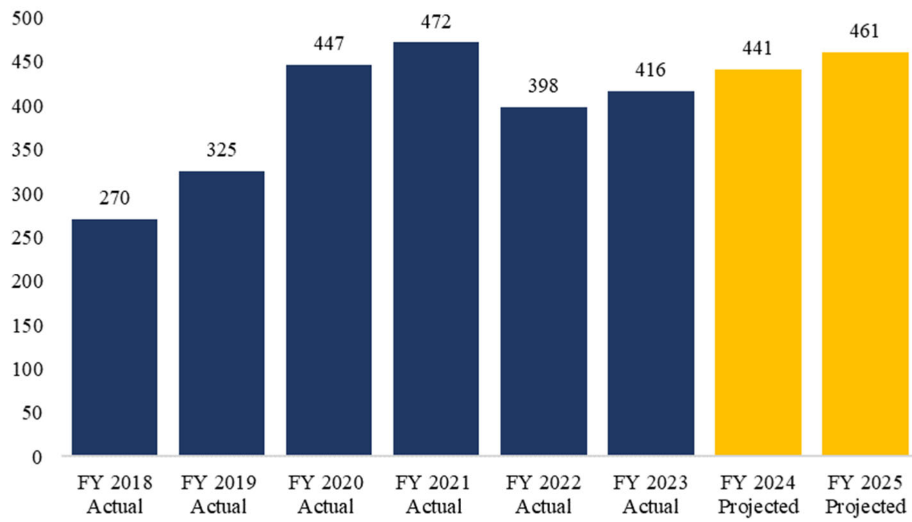
Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Percentage of Auction Results Released Accurately (%)	98.8	100	100	100	100	100	100	100
Percentage of Auctions Successfully Completed by the Scheduled Close Date (%)	100	100	100	99.8	99.5	100	100	100

Wholesale Securities Services Budget and Performance

($27,446,000 from direct appropriations, $6,749,000 from reimbursable sources):
The Wholesale Securities Services 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.

[2] The current scope of the MUD digitization effort is digitizing paper savings bond microfilm reels for bonds issued from 1957 to 1993.

Total Number of Auctions Conducted



Description of Performance:
In FY 2023, Wholesale Securities Services conducted 416 auctions, a 5 percent increase over FY 2022, awarded $20.2 trillion in securities, a 14 percent increase over FY 2022, and received over 2.5 million auction bids, a 431 percent increase over FY 2022. Despite the substantial increases in auction and post-auction workload, 100 percent of auction results were released accurately. In addition, 99.52 percent of auctions were successfully held by the scheduled close date, which was slightly below the target of 100 percent due to a technical connectivity issue with the financing system that has since been resolved. While federal government budget projections will likely result in increased borrowing operations, Fiscal Service expects to meet both targets in FY 2024 and FY 2025.

Fiscal Service continues work on the Financing Modernization (FinMod) effort, a multi-year initiative to modernize the financing system in alignment with Treasury's strategic priorities and long-term business requirements. In FY 2023, 165 capabilities were delivered, and a beta site was built that included the future production environment. The project is currently at risk, reflecting caution associated with a key milestone deliverable in April 2024. However, the scope and cost metrics are green.

2.1.6 – Debt Collection Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Annualized CR	FY 2025 Request
Appropriated Resources	$0	$0	$0	$0	$0	$0	$0
Reimbursable Resources	$204,512	$214,910	$195,256	$180,670	$192,499	$205,920	$213,099
Budget Activity Total	**$204,512**	**$214,910**	**$195,256**	**$180,670**	**$192,499**	**$205,920**	**$213,099**
Full-time Equivalents (FTE)	**366**	**348**	**332**	**299**	**267**	**300**	**315**

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
All delinquent debt collected FYTD as a percentage of all delinquent debt referred FYTD [%]	14.0	15.7	15.9	16.6	16.8	15.0	13.0	14.0
Percentage of the active delinquent debt portfolio collected FYTD [%]	6.8	9.2	7.3	6.3	3.7	6.7	7.0	8.0

Debt Collection Budget and Performance

($213,099,000 from Debt Collection sources):

The Debt Collection budget activity helps federal agencies and state governments collect money that is owed to them and collects this delinquent debt through two programs: the Treasury Offset Program (TOP) and Cross-Servicing. As the government's central debt collection agency, Fiscal Service funds its delinquent debt collection operations through fees charged to agencies that refer debts for collection.

TOP collects delinquent federal and state tax and non-tax debts by matching the names and taxpayer identifying numbers of debtors included in its database against the names and taxpayer identifying number of recipients of federal and state payments. If there are matches, the amounts of the payments are reduced ("offset") to satisfy either all or a portion of the delinquent debts. In FY 2023, over $3.9 billion was collected through TOP.

Cross-Servicing is when delinquent non-tax debts (e.g., loans and administrative debts such as overpayments, fines, fees, etc.) are referred to Fiscal Service by federal agencies for collection. These non-tax debts are collected in several ways, including offsetting federal disbursements, sending demand letters to debtors, entering into payment agreements, withholding non-federal wages administratively, referring debts to the Department of Justice for litigation, reporting credit to Bureaus, and referring to private collection agencies. In FY 2023, Fiscal Service collected $425.9 million through the Cross-Servicing program.

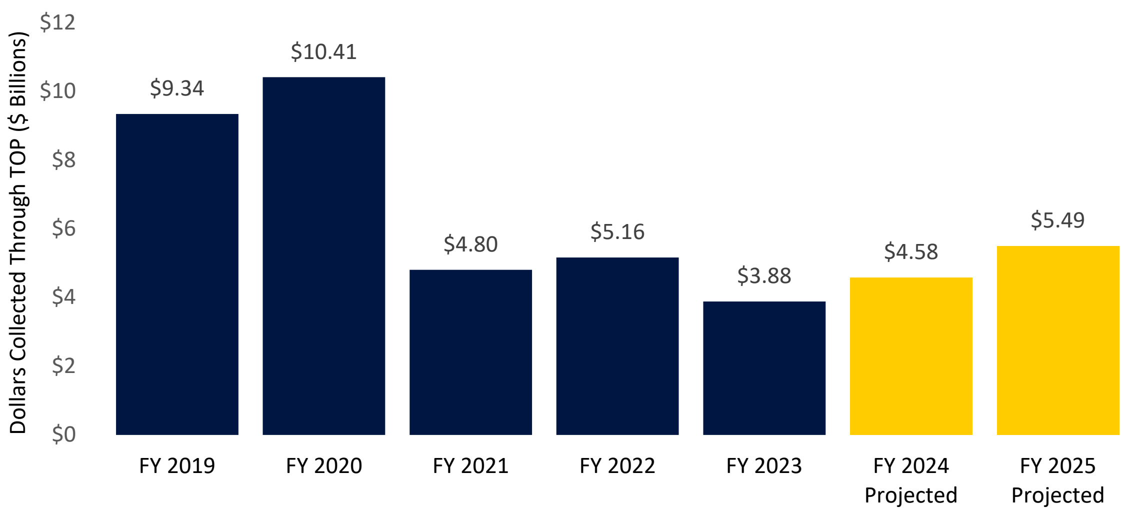
<u>*Description of Performance:*</u>

In FY 2023, Fiscal Service collected a total of $4.3 billion in delinquent debt, a decrease from the prior year. This overall decrease is largely due to the Department of Education suspending TOP collection activity. The amount of delinquent debt collected as a percentage of all delinquent debt referred during the fiscal year increased from 16.6 percent in FY 2022 to 16.8 percent in FY 2023. This increase is attributed to the debt collection suspensions ending at federal agencies other than Education.

Overall debt collection activities remain below historical levels, and the percentage of the active delinquent debt portfolio collected during the fiscal year did not meet the FY 2023 target, as 3.7 percent of the active delinquent debt portfolio was collected compared with the 6.7 percent target. This percentage also decreased due to a backlog in referrals and collections not being able to keep pace with the referrals. As agencies resume referring debts to Fiscal Service for collection, Fiscal Service continues to work with the agencies to receive the backlog of debts in manageable pieces and service those debts. Even with action to manage the receipt of the referrals as a result of debt suspensions, Fiscal Service anticipates the backlog will continue through 2024.

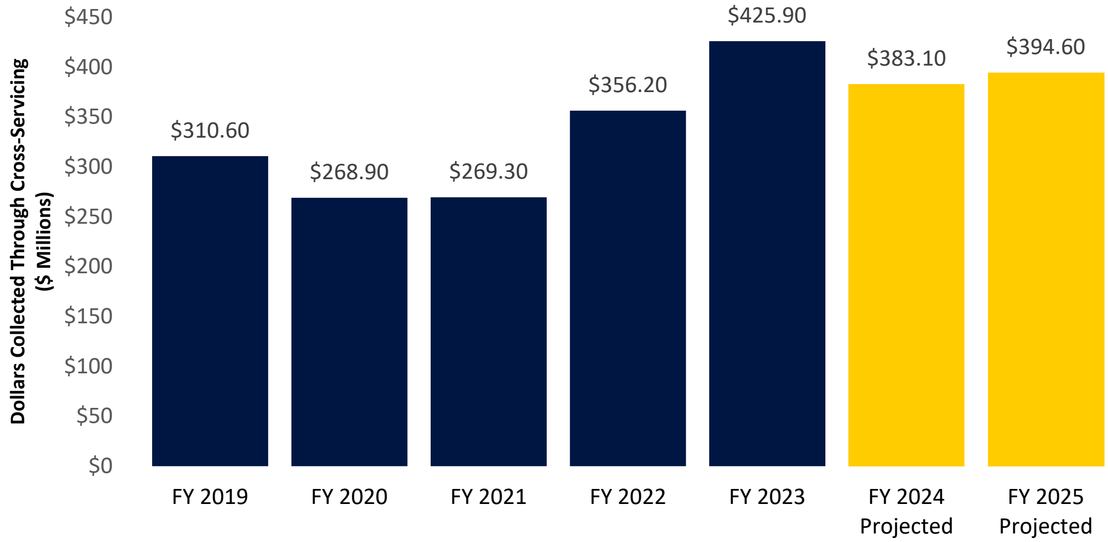
In FY 2023, TOP collections decreased by 25 percent ($1.2 billion) in comparison to FY 2022, primarily because of declines of $584 million in the tax levy suspension and $648 million in child support collections. Decreased tax refund offsets for child support debts are the source of this downturn.

Dollars Collected Through TOP
($ Billions)



The Cross-Servicing Program, a full-service program that uses a variety of tools to collect delinquent non-tax debts owed to federal agencies, increased the total dollars collected to $425.90 million, a 20 percent increase over FY 2022.

Dollars Collected Through Cross-Servicing
($ Millions)



Supporting Treasury's fairness in compliance and enforcement initiative, Fiscal Service established internal working groups in January 2022 to review and evaluate TOP and Cross-Servicing and has identified several options to consider in effectively addressing potential inequities. These fairness in compliance and enforcement strategies will continue in FY 2024.

TOP options include updating the public-facing website to provide the public with clear information on TOP and to address frequently asked questions; evaluating whether the Integrated Voice Response (IVR) system should provide language options beyond those currently offered (i.e., English, Spanish, and Telecommunications Device for the Deaf line services); and evaluating TOP letters to ensure they are written with plain language and that they provide an appropriate level of information to ensure the recipient can fully comprehend their debt, the steps for collection, and contact information for inquiries.

Cross-Servicing options include reviewing the policies and procedures around debt collection tools to identify areas of subjectivity and inconsistency in qualitative outcomes; reviewing financial hardship processes across all Cross-Servicing collection tools to ensure that, where appropriate, the program is using consistent criteria to analyze debtor hardship to facilitate equitable process outcomes; reviewing Cross-Servicing letters to ensure they are written with plain language and that they provide an appropriate level of information to ensure the recipient can fully comprehend their debt, the steps for collection, and contact information for inquiries; establishing a project plan for a pilot to increase communication with debtors using email; evaluating whether the IVR system should provide language options beyond those currently offered; and enhancing the training program for debt collection call center agents and other personnel to facilitate equitable outcomes.

C – Changes in Performance Measures

<table>
<tr><th>Performance Measure or Indicator</th><th>Proposed Change and Justification</th></tr>
<tr><td>1. Percentage of Payments Screened by Do Not Pay [Discontinue]</td><td rowspan="5">Fiscal Service is proposing changes to its suite of payment integrity measures to better reflect the Office of Payment Integrity, established through the consolidation of the Payment Integrity Center of Excellence (PICOE) and Do Not Pay Business Center (DNP).

Fiscal Service is eliminating the measure (1) Percentage of payments screened by Do Not Pay and splitting the (2) Potential improper payments identified, stopped, or recovered into three distinct measures: (3) count of potential improper payments identified; (4) count of potential improper payments prevented; and (5) count of improper payments recovered.

The impact of the original (1) payments screened by DNP measure is captured by the (3) count of potential improper payments identified. In this measure, a potential improper payment is flagged for the disbursing agency as potentially improper, which is one of the functions of DNP screening. However, the (3) count of potential improper payments identified incorporates all Fiscal Service payment integrity solutions, not just DNP. Additionally, since inception Fiscal Service DNP has not screened (nor are there plans to screen, all) IRS or Social Security payments.

For these reasons, Fiscal Service is changing these payment integrity measures to capture impact of the Office of Payment Integrity more accurately.</td></tr>
<tr><td>2. Potential Improper Payments Identified, Stopped, or Recovered [Discontinue]</td></tr>
<tr><td>3. Count of Potential Improper Payments Identified [New]</td></tr>
<tr><td>4. Count of Potential Improper Payments Prevented [New]</td></tr>
<tr><td>5. Count of Improper Payments Recovered [New]</td></tr>
</table>

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 securely 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, Future of Federal Financial Management Vision, and the Bureau's Enterprise IT and Security Strategic Plan. The Bureau's Solution Lifecycle Policy and supporting standards ensures that modern technology solutions and project lifecycle management best practices are employed throughout the lifecycle of all investments. The Bureau is integrating project lifecycle results management with the Bureau's enterprise governance process to ensure cost effectiveness and continuous delivery of business value and results throughout the lifecycle of investments. The Bureau also fully operationalized a "ChatStat" process where investments or projects are formally reviewed to address risks, performance trend concerns or issues and identify course-correction actions that are formally tracked in Get-to-Green plans and published on a Bureau Watchlist Dashboard through resolution. The Bureau continues to evaluate and mature portfolio and investment governance capabilities through an annual Bureau-wide Federal Information Technology Acquisition Reform Act (FITARA) assessment and corrective action or maturity planning.

Effective Project Execution
Fiscal Service implemented a more robust, disciplined, and consistent approach to program and project management (P/PM) rooted in industry standard best practices and supported by a Bureau-wide Program Management Improvement Accountability Act (PMIAA) framework, Solutions Lifecycle Policy, and Project Performance and Accountability Standard. The PMIAA framework provides the necessary transparency of project health and performance through established metrics related to risk, cost, schedule, scope, quality, and efficiency through a monthly executive level dashboard that includes a "watchlist" of projects experiencing negative trends or high risk. The systems and solutions that support each investment are required to use iterative development techniques for enhancements and new development, in accordance with the Bureau's Solutions Lifecycle Policy. Through this process, project-based reporting is used to align projects from governance decisions through execution, and thus improve the Bureau's ability to monitor performance and shape IT strategy.

Enterprise Architecture Services
Enterprise Architecture (EA) services ensure that Fiscal Service applies a common framework, using consistency and standardized 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 Enterprise Risk Management (ERM) function within the Office of the Chief Financial Officer 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 an Enterprise 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 Enterprise Risk Committee, the ERM team has developed the Fiscal Service Risk Appetite Statement to guide the Bureau's strategic analysis of risk. 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 is responsible for 67 Federal Information Security Modernization Act of 2014 (FISMA) systems with billions of Personally Identifiable Information (PII) records, including multiple High Value Assets (HVAs) that support the Financial Services Sector of the Critical Infrastructure of the federal government. Fiscal Service invests in strengthening the cyber defenses of HVAs and other systems 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's implementation of Zero Trust Architecture (ZTA) and the associated controls is currently in progress. The Bureau's ZTA strategy complements and strengthens the current defense-in-depth strategy and approach to identify, 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. In 2024 and beyond, Fiscal Service is accelerating efforts that will enhance cybersecurity and support cyber resiliency, including implementing the provisions of Executive Order 14028, *Improving the Nation's Cybersecurity* (to include adoption and enablement of cloud services), and addressing the zero trust security requirements in OMB Memorandum M-22-09.

Department of the Treasury
Office of Financial Research

Congressional Budget Justification and Annual Performance Plan and Report

FY 2025

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 (FSOC or Council) and its member agencies.

Vision: A transparent, accountable, and resilient financial system.

B – Summary of the Request

The Office of Financial Research (OFR or Office) is estimating fiscal year (FY) 2025 obligations of $124.627 million, which is $8.227 million higher than its FY 2024 revised estimate. The FY 2025 Budget includes increases in funding for the Technology Center and the Research and Analysis Center (RAC). The increased funding reflects the resources required to effectively execute emerging research, monitoring, and data priorities in support of the OFR's legislative mandate under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (P.L. 111-203). The increased funding also supports continued maturation of data products and financial data standards, data management, and data sharing, as well as maintaining our responsiveness to and support of the Council and its member agencies.

1.1 – Resource Detail Table

Dollars in Thousands

Budgetary Resources	FY 2023 Actual		FY 2024 Revised Estimate		FY 2025 Estimate		FY 2024 to FY 2025 % Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Revenue/Offsetting Collections								
Assessments	0	$108,184	0	$114,612	0	$119,427	0.00%	4.20%
Interest	0	$3,548	0	$3,415	0	$2,726	0.00%	-20.18%
Recoveries	0	$1,095	0	$1,320	0	$1,320	0.00%	0.00%
Restoration of Sequestration Rescission	0	$4,440	0	$6,370	0	$6,728	0.00%	5.62%
Unobligated Balances from Prior Years	0	$54,295	0	$66,262	0	$68,850	0.00%	3.91%
Total Revenue/Offsetting Collections	**0**	**$171,562**	**0**	**$191,979**	**0**	**$199,051**	**0.00%**	**3.68%**
Expenses/Obligations								
Data Center	13	$5,172	28	$25,989	34	$27,806	21.43%	6.99%
Technology Center	52	$57,706	79	$37,544	83	$40,040	5.06%	6.65%
Research and Analysis Center	30	$13,613	42	$22,110	48	$24,565	14.29%	11.10%
Leadership, Operations, and Support Services	39	$22,439	64	$30,757	66	$32,216	3.13%	4.74%
Total Obligations	**134**	**$98,930**	**213**	**$116,400**	**231**	**$124,627**	8.45%	7.07%
Sequestration Reduction		($6,370)		($6,728)		($6,963)		
Net Results	**134**	**$66,262**	**213**	**$68,851**	**231**	**$67,461**	**8.45%**	**-2.02%**

Note: The OFR is financed through assessments on certain bank holding companies and nonbank financial companies. (See Treasury's final rule.) For information regarding current and historical assessment rates: https://www.financialresearch.gov/strategy-budget/. 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.

The Office of Financial Research (OFR or Office) is estimating a FY 2025 funding level of $124.627 million, which is $8.227 million higher than its FY 2024 revised estimated funding level. The FY 2025 Budget includes increases in funding for the Technology Center and the RAC.

The FY 2024 revised estimate of $116.400 million incorporates updates to the OFR's FY 2024 budget forecast to reflect more current data than was available at the time of the FY 2024 President's Budget Request. The FY 2024 revised estimate includes maturation of the Joint Analysis Data Environment (JADE) and data collection utility. Additionally, the revised estimate supports the growth of research and monitoring in the areas of cybersecurity and operations, digital assets, climate-related financial risks, central counterparties, hedge funds, money market funds, household credit, and expands our catalyzed research partnership with the National Bureau of Economic Research (NBER) via the National Science Foundation (NSF).

In FY 2023, the Office launched JADE, an innovative platform that combines high-performance computing, analytical software, and analysis-ready data to support collaborative financial stability research among Council member agencies. The OFR designed JADE to support research on all manner of financial stability topics. The first initiative identified for JADE is climate-related financial risk. The OFR made JADE available to users from several Council member agencies in FY 2023 and expects to expand access to other member agencies over the subsequent months. As technology and the financial system evolve, the creation and delivery of JADE reflects the OFR's commitment to keeping pace and providing a platform to execute its mandate to support the Council and its member agencies' priorities.

In FY 2023, the Office began development of a data collection utility. The utility leverages efficient, cloud-based technology to securely receive, authenticate, and store submissions from external entities. It will allow for greater flexibility for financial industry participants reporting data, enabling manual and automated submissions. The Office completed the initial build and testing in FY 2023, with production planned for FY 2024. Once fully operational, the Office will be even more well-positioned to support the Council as needed with data collections, surveys, and pilots.

In January 2023, the Office proposed a rule to establish a data collection of non-centrally cleared bilateral transactions in the U.S. repurchase (repo) agreement market. This proposed rule is designed to fill a critical gap in the repo market by collecting data on the non-centrally cleared bilateral repo market and provide greater transparency into a historically opaque market. It will require daily reporting to the Office by certain brokers, dealers, and other financial companies with large exposures to the non-centrally cleared bilateral repo market. The collected data will be used to support the work of the Council, its member agencies, and the Office to identify and monitor risks to financial stability. FY 2024 efforts focus on preparing for collection of the daily repo transaction data.

The Office plans to expand upon its partnership with the NBER via the NSF in FY 2024 and FY 2025, with expectations of gaining important insights from the uniquely specialized research community to inform cutting-edge topics related to financial stability and expand the reach of frontier research.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2024 Revised Estimate	**213**	**$116,400**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	2,781
Pay Annualization (2024 5.2% average pay raise)	0	782
Pay Raise (2025 2.0% average pay raise)	0	902
Non-Pay (2025 2.2% non-pay inflation)	0	1,097
FTE Annualization	13	3,381
Subtotal Changes to Base	13	6,162
FY 2025 Current Services	**226**	**$122,562**
Program Changes:		
Program Increases:	5	2,065
Technology Center	2	731
Research and Analysis Center	3	975
Research and Analysis Center - NBER Partnership	0	359
Subtotal Program Changes	**5**	**$2,065**
FY 2025 Estimate	**231**	**$124,627**

C – Budget Increases and Decreases Description
FY 2025 Maintaining Current Levels (MCLs).. +$2,781,000 / +0 FTE

Pay Annualization (5.2% in 2024) +$782,000 / +0 FTE
Funds are requested for annualization of the January 2024 pay increases.

Pay Raise (2.0% in FY 2025) +$902,000 / +0 FTE
Funds are requested for anticipated increases to labor costs in January 2025.

Non-Pay (2.2% in FY 2025) +$1,097,000 / +0 FTE
Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment, commensurate with the growth of the workforce.

Other Adjustments... +$3,381,000 / +13 FTE

FTE Annualization +$3,381,000 / +13 FTE
This fully funds the revised hiring projections for FY 2024 so these staff are fully funded in FY 2025.

Program Increases…………………………………………………………+$2,065,000 / +5 FTE
Technology Center +$731,000 / +2 FTE
OFR seeks three additional positions within its Technology Center in FY 2025. These labor resources will support JADE, climate-related research activities, cloud environment, cybersecurity, and datasets and data management.

Research and Analysis Center +$975,000 / +3 FTE

OFR seeks six additional positions within its RAC in FY 2025. These labor resources will allow OFR to better support the Council and Administration priorities, including asset management/hedge fund monitoring, environmental risks, digital assets/cryptocurrencies, and cybersecurity.

Research and Analysis Center +$359,000 / +0 FTE

OFR seeks additional funding for its catalyzed research partnership with the NBER via the NSF. This supports multi-year, cutting-edge research on major economic issues related to financial stability, though the NBER's national research community. In total, an additional $1.746 million will be needed for this activity in FY 2025. As $1.387 million is requested for FY 2024, an additional $359,000 is needed in FY 2025.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2023 Actual Obligations	FY 2024 Revised Estimated Obligations	FY 2025 Estimated Obligations
11.1 - Full-time permanent	26,855	43,211	48,076
11.3 - Other than full-time permanent	0	9	9
11.5 - Other personnel compensation	883	1,314	1,462
11.9 - Personnel Compensation (Total)	**27,737**	**44,534**	**49,546**
12.0 - Personnel benefits	11,502	15,627	17,386
Total Personnel and Compensation Benefits	**$39,239**	**$60,161**	**$66,932**
21.0 - Travel and transportation of persons	245	682	723
23.3 - Communication, utilities, and misc charges	79	150	150
24.0 - Printing and reproduction	4	0	0
25.1 - Advisory and assistance services	27,242	28,078	30,452
25.2 - Other services from non-Federal sources	95	4,705	4,780
25.3 - Other goods and services from Federal sources	79	44	46
25.4 - Operation and maintenance of facilities	0	53	53
25.7 - Operation and maintenance of equip	19,789	7,009	7,009
25.8 - Subsistence and support of persons	0	0	0
26.0 - Supplies and materials	10,980	13,673	13,803
31.0 - Equipment	1,138	1,721	555
32.0 - Land and structures	40	124	124
Total Non-Personnel	**$59,691**	**$56,239**	**$57,695**
New Budgetary Resources	**$98,930**	**$116,400**	**$124,627**
FTE	**134**	**213**	**231**

D – Appropriations Language and Explanation of Changes

The OFR receives no discretionary appropriations from Congress.

E – 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 (the Council) and its member agencies through research, analytic tools, and data-related support on issues related to financial stability. Serving principally the Council 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.

OFR priorities for FY 2025 include:
1. Responding to continued and emerging priorities from the Council, Treasury, and the Administration on climate-related financial risks, short-term funding, asset management/hedge fund monitoring, digital assets/cryptocurrencies, and cybersecurity.
2. Expanding access to the JADE, expanding its collection of data, increasing its analytical software offerings, and onboarding additional Council member agencies.
3. Furthering the rulemaking, procedures, and management for the permanent data collection of non-centrally cleared bilateral repurchase agreements.
4. Broaden research and analysis in the emerging priority areas that increase understanding of financial stability risks, such as through our research conferences and our catalyzed research partnership with the NBER via the NSF.

The OFR will continue to focus on monitoring risks to financial stability and enhancing and expanding tools for the OFR, the Council, and its member agencies to monitor those risks. The OFR will continue to provide stakeholders with high-quality, timely research and analysis. The OFR will also continue its work to identify and resolve financial data gaps and to develop and implement financial data standards that underpin the quality, comparability, and interoperability of financial data needed for regulatory oversight work.

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. High quality data, strong research expertise, and capable and flexible information technology are essential to continue to support these assessments. The OFR will continue to assist the Council Secretariat by providing data, analysis, and other resources needed for the Council's annual report to Congress. OFR will continue the role of Secretariat of the Regulatory Oversight Committee (ROC), an international group of financial market regulators, public authorities, and observers from more than 50 countries.

The OFR continues to mature its human capital strategy to foster a high-performing and inclusive team, support employee engagement, and further strengthen its management team. Recognizing that organizational excellence is necessary for the OFR to achieve its mission, work slated for FY 2025 includes a range of initiatives related to employee engagement, recruitment, workforce learning and development, continuous process improvement, organizational performance management, enterprise risk management, and strategic, tactical, and budget planning programs.

B – Budget and Performance by Budget Activity

2.1.1 – Data Center Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Revised Estimate	FY 2025 Estimate
Expenses/Obligations	$5,849	$2,771	$3,033	$3,321	$5,172	$25,989	$27,806
Budget Activity Total	**$5,849**	**$2,771**	**$3,033**	**$3,321**	**$5,172**	**$25,989**	**$27,806**
Full-time Equivalents (FTE)	**9**	**9**	**10**	**10**	**13**	**28**	**34**

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Number of Legal Entity Identifiers (LEIs) Issued Cumulatively in the United States and Internationally	1,487,695	1,733,473	1,968,283	2,206,195	2,479,595	I	I	I
Number of Times That Financial Data Standards are Incorporated in Rules and Regulations	1	3	2	0	3	I	I	I
Percent of monitors updated or expanded during the reporting period	N/A	N/A	100%	100%	98%	95%	95%	95%

Key: DISC - Discontinued; B - Baseline; I - Indicator; N/A - Not Available

Data Center Budget and Performance

($27,806,000 from Assessments):

The Data Center leads and supports global efforts to develop and improve data standards for efficiencies in reporting and analyzing financial data. The Center also develops data products and promotes appropriate data-sharing to meet stakeholder needs. The Data Center's efforts are divided into two major focus areas: 1) Data Products and 2) Data Strategy and Standards (DSS). The Data Center also plays a key role in the acquisition of commercial, nonpublic, and proprietary data through procurements, provider agreements, and the OFR's own collection activities.

Data Products

The Data Products section serves as the product integrator of the overall vision, management, and implementation of the data products program at the OFR. An OFR data product (such as a financial stability risk monitor) is an 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* (e.g., training), that are essential to delivering the products' value, and automations that make OFR's work more efficient and effective. The team serves as the product owner 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 to ensure each data product meets OFR quality control, compliance, and records management standards.

In addition, the section provides a data science support function for the OFR, expanding the OFR's (and therefore the Council's) ability to gain deeper insight from financial markets data and data the OFR produces.

Throughout FY 2024 and FY 2025, the section will continue efforts to enhance and expand the OFR's financial monitors. This includes developing a common user-interface and an analytical framework for the OFR's production of financial monitors; updating deprecated production code for the Financial Stability Index and Money Market Fund Monitors; and reviewing and updating, if required, the underlying analytical methodologies of the OFR's live financial monitors. The Data Products section will continue to expand access to and capabilities of the JADE. As directed, it will continue to support the Council's and OFR's financial stability research and monitoring.

Data Strategy and Standards

The DSS section is the OFR's principal unit for ensuring the OFR meets its standards mandates. To meet these mandates, DSS leads and participates in domestic and international financial data standards organizations that meet the definition of a voluntary consensus standards organization, as established in the Office of Management and Budget's Circular No. A-119. Financial data 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 Legal Entity Identifier (LEI) remains a foundational standards focus for the OFR, the DSS section 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.

The DSS section maintains the statutorily mandated Financial Instrument Reference Database (FIRD) and will conduct analysis and validation of open datasets for use in future phases of the FIRD. The FIRD established a set of granular data elements that are the basis for describing financial instruments. This foundational component is a data dictionary that leverages the ISO 20022 international standard for the development of financial messages, data elements of the Financial Information eXchange (FIX) Protocol, and the data dictionary provided by the Algorithmic Contract Types Unified Standards (ACTUS) Financial Research Foundation. Future phases of the multiyear rollout of the FIRD will build on this foundation.

Throughout FY 2024 and FY 2025, the section will continue its efforts to ensure the OFR meets its standards mandates. The team will mature the OFR's role supporting the Secretariat for the ROC and will deliver expert knowledge of standards and service to its members. The team will also expand the OFR's standards guidance and support for the Council and Treasury on critical deliverables related to payments, digital currency, digital identity, blockchain and potential international risks from new standards initiatives. The team will also continue analyses to identify data standards gaps and formulate plans to fill them as deemed necessary.

The OFR Data Center monitors progress through the following key performance indicators:

- 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.
- 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.

2.1.2 – Technology Center Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Revised Estimate	FY 2025 Estimate
Expenses/Obligations	$28,278	$35,739	$40,743	$47,397	$57,706	$37,544	$40,040
Budget Activity Total	**$28,278**	**$35,739**	**$40,743**	**$47,397**	**$57,706**	**$37,544**	**$40,040**
Full-time Equivalents (FTE)	**47**	**47**	**50**	**53**	**52**	**79**	**83**

Technology Center Budget and Performance
($40,040,000 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. 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 Council and other stakeholders, and evaluations of financial stability policies. The Technology Center is responsible for providing secure access to data sets, and maintenance of data lineage, privacy, and governance. It provides data stewardship, onboarding, processing, storing, and archiving of data and work products.

Throughout FY 2024 and FY 2025, the Technology Center's focus will continue modernizing technology and mitigating cyber risk through Zero Trust architecture to protect the OFR's data. As the OFR expands the capabilities of the JADE and data collection utility, the Office will build and expand its information infrastructure to support these evolving needs. The Technology Center will continue uncovering and addressing complexities and dependencies within the cloud-based environment; using knowledge, frameworks, and processes developed thus far to drive toward a more integrated Zero Trust architecture; deploying Zero Trust risk mitigation capabilities; and incorporating lessons learned from the OFR environment and expanding them to JADE.

2.1.3 – Research and Analysis Center Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Revised Estimate	FY 2025 Estimate
Expenses/Obligations	$8,238	$7,340	$8,692	$8,335	$13,613	$22,110	$24,565
Budget Activity Total	**$8,238**	**$7,340**	**$8,692**	**$8,335**	**$13,613**	**$22,110**	**$24,565**
Full-time Equivalents (FTE)	**24**	**21**	**21**	**25**	**30**	**42**	**48**

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Timeliness of responses to the Council's research and analysis requests	N/A	100%	100%	100%	100%	95%	95%	95%

Key: N/A - Not Available

Research and Analysis Center Budget and Performance
($24,565,000 from Assessments):
The OFR's RAC 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. RAC's work aims to inform sound policy and develop tools for risk monitoring. Working closely with the Council, Treasury, the Financial Research Advisory Committee, 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 identify financial system fragilities and vulnerabilities, and the channels and sources of risk amplification through which vulnerabilities can affect financial stability.

Supporting the Council with Research, Analysis, and Risk Monitoring Tools
RAC contributes to many Council priorities as well as other initiatives that relate to financial stability analysis. One major component is the monitoring and analysis of risk channels and vulnerabilities related to asset management. RAC contributes to the Council's Hedge Fund Working Group. In FY 2024 and FY 2025, RAC will devote significant effort to the analysis of repo market data as part of heightened efforts to understand bilateral repo markets, as well as continued analysis of centrally cleared repo markets on U.S. Treasury collateral. This line of work broadly supports the Interagency Working Group on Treasury Market Liquidity, comprised of several financial regulatory agencies. The objective of this working group is to maintain and develop additional resilience of U.S. Treasury markets and support furthering Treasury's Strategic Objective 2.4 for Transparency in the Financial System.

Another major component is studying framework risks for the financial system, including those which might not present themselves through the lens that financial regulators traditionally contemplate for markets and institutions. This includes the risk posed to the financial system by the growth and adoption of digital assets. Consistent with Treasury's Strategic Goal 3 to Protect Financial Stability and Resiliency, RAC is exploring the effects on traditional asset classes, changes in incentives, consequences of regulatory and policy gaps, and uses of financial innovation by new and existing financial institutions. A second framework risk is the threat posed by cybersecurity disruptions, in line with Treasury's Strategic Objective 2.1 on Cyber Resiliency of Financial Systems and Institutions. Finally, RAC is providing subject matter expertise to the Council on climate-risk related data to support analysis of climate-related financial stability risks, in support of Treasury's Strategic Objective 4.3 on Climate Related Financial Risk.

Throughout FY 2024 and FY 2025, RAC will continue its direct work for the Council, providing support for the Council's annual report to Congress in the form of research, analysis, and other resources. RAC will continue to respond to the Council's specific requests for research, analysis, and monitoring. RAC also provides subject-matter experts to Council committees and working groups, and routinely collaborates on policy evaluation and financial research with staff from Council member agencies.

RAC, in partnership with the Data Center, will continue to provide thought leadership, research, and analysis to enhance the OFR's existing and establish new financial monitoring tools.

RAC monitors progress through the following key performance indicator:

- <u>Timeliness of responses to the Council's research and analysis requests</u> – This signals our focus on providing service and support to the Council, under our mandate and best serving the Council's priorities.

2.1.4 – Operations and Support Services Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Revised Estimate	FY 2025 Estimate
Expenses/Obligations	$17,496	$17,237	$18,066	$17,681	$22,439	$30,757	$32,216
Budget Activity Total	**$17,496**	**$17,237**	**$18,066**	**$17,681**	**$22,439**	**$30,757**	**$32,216**
Full-time Equivalents (FTE)	**25**	**25**	**30**	**31**	**39**	**64**	**66**

Operations and Support Services Budget and Performance
($32,216,000 from Assessments):
"Operations and Support Services" contains the activities of the Director's Office, Operations Division, and Chief Counsel's Office. This category covers support provided through a shared services model that includes human resources, procurement, travel, security, and financial management, primarily provided through reimbursable arrangements with Treasury's Departmental Offices, the Bureau of the Fiscal Service's Administrative Resource Center, and the Office of the Comptroller of the Currency.

The OFR holds organizational excellence as a critical priority. Initiatives related to employee engagement, recruitment, workforce learning and development, continuous process improvement, organizational performance management, enterprise risk management, and strategic, tactical, and budget planning programs are led by Operations and guided by the Director's Office and assisted by Chief Counsel's Office. These initiatives will continue across FY 2024 and FY 2025.

OFR is dedicated to developing and retaining a diversified workforce that exhibits increased morale, heightened creativity, and innovation. To support our diversification efforts, we continue to share job opportunity announcements broadly (including through our diversity, equity, inclusion, and accessibility partners) and enlist advertising space from trade journals and social science communities to expand awareness of employment opportunities with the OFR. In addition, the Office supports flexibility in work locations, broadening the applicant pool and attracting the best talent nationally.

Throughout FY 2024 and FY 2025, the OFR will continue to mature its service orientation. This includes engaging OFR leadership and staff on the continued maturation of the OFR's enterprise strategy, organizational performance program, and enterprise risk management approach. Through executive and leadership planning retreats and quarterly enterprise strategy and risk discussions, the OFR will continue using performance and other information to make data-driven decisions that map out the work needed to advance the OFR's mission and the resources to do so effectively, efficiently, and sustainably. This also includes a focus on an enhanced recruitment strategy and onboarding experience to support the hiring and acclimation of the talent needed to achieve the OFR's mission, as well as the learning programs and internal process improvements needed to sustain the OFR team.

Section III – Additional Information

A – Summary of Capital Investments

Capital investments that support OFR are included in the Departmental Office's plan. A summary of capital investment resources, including major IT and non-IT investments can be accessed at:

https://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 2025

Table of Contents

Section I – Budget Request

A – Mission Statement

The duties of the Financial Stability Oversight Council (FSOC or Council) are 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 FSOC is estimating fiscal year (FY) 2025 obligations of $19.787 million, which includes $15.287 million for the FSOC Secretariat and the Office of the Independent Member with Insurance Expertise, and $4.500 million to reimburse the Federal Deposit Insurance Corporation (FDIC) for certain expenses as required by law. This FY 2025 estimate represents an increase of $2.399 million from the FY 2024 revised estimate. This increase is necessary to make progress on the Council's priorities, and to continue building the infrastructure needed to support the Council's work across all the member agencies.

The increase in spending reflects the need for the FSOC Secretariat to acquire additional resources to fulfill the ongoing responsibilities of the Council as well as to advance the Council's new and ongoing priorities outlined by the Secretary of the Treasury, who serves as Council Chairperson. These priorities include identifying and addressing potential risks related to climate-related financial risk, Treasury market resilience, nonbank financial intermediation, digital assets, and financial market utilities. The increase to the FSOC Secretariat budget will also support the reestablished Analysis Team in the FSOC Secretariat and the FSOC's revitalized Systemic Risk Committee.

1.1 – Resources Detail Table

Dollars in Thousands

Budgetary Resources	FY 2023 Actual		FY 2024 Revised Estimate		FY 2025 Estimate		FY 2024 to FY 2025 % Change	
Revenue/Offsetting Collections	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Assessments	0	$14,752	0	$15,629	0	$16,286	NA	4.2%
Interest	0	$484	0	$466	0	$372	NA	-20.2%
Recoveries	0	$149	0	$180	0	$180	NA	0.0%
Restoration of Sequestration Rescission	0	$605	0	$868	0	$917	NA	5.6%
Unobligated Balances from Prior Years	0	$7,404	0	$8,855	0	$7,693	NA	-13.1%
Total Revenue/Offsetting Collections	**0**	**$23,394**	**0**	**$25,998**	**0**	**$25,448**	**NA**	**-2.1%**
Obligations								
FSOC	25	$10,761	44	$14,187	48	$15,287	9.1%	7.8%
FDIC Payments	0	$2,910	0	$3,201	0	$4,500	NA	40.6%
Total Expenses/Obligations	**25**	**$13,671**	**44**	**$17,388**	**48**	**$19,787**	**9.1%**	**13.8%**
Sequestration Reduction		($868)		($917)		($950)		
Net Results	**25**	**$8,855**	**44**	**$7,693**	**48**	**$4,711**	**9.1%**	**-38.8%**

Note: The FSOC is financed through assessments on certain bank holding companies and nonbank financial companies. For Treasury's rule governing the assessment process, see 31 CFR Part 150 and Treasury's final rule and interim final rule governing the Assessments process: https://www.financialresearch.gov/strategy-budget/files/Final_rule.pdf. For information regarding current and historical assessment rates: https://www.financialresearch.gov/strategy-budget/. The funding for the first six months of operating expenses and 12 months of capital expenses are reflected in Unobligated Balances from Prior Years. This is because the first assessment covering the fiscal year beginning October 1 is collected on September 15 of the prior fiscal year.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2024 President's Budget	**44**	**$19,449**
Program Changes:		
Program Decreases	0	($2,061)
Technical Adjustments	0	($762)
FDIC Payments	0	($1,299)
FY 2024 Revised Estimate (Council Approved)	**44**	**$17,388**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$363
Pay Annualization (2024 5.2% average pay raise)	0	$86
Pay Raise (2025 2.0% average pay raise)	0	$101
Non-Pay (2025 2.2% non-pay inflation)	0	$176
Subtotal Changes to Base	0	$363
FY 2025 Current Services	**44**	**$17,751**
Program Changes:		
Program Increases:	4	$2,036
FDIC Payments	0	$1,299
Staffing to Meet Priorities	4	$737
FY 2025 Estimate	**48**	**$19,787**

Note: The FY 2024 Revised Estimate was approved by the Financial Stability Oversight Council (FSOC or Council) meeting on September 22, 2023.

C – Budget Increases and Decreases Description

FY 2024 Program Changes .... -$2,061,000 / -0 FTE

Technical Adjustments -$762,000 / -0 FTE

FSOC's FY 2024 President's Budget request was formulated more than 10 months ago. Since that time, FSOC carefully scrutinized FY 2024 requirements. At the Council's September 2023 meeting, it approved a FY 2024 budget of $17.388 million, which includes a reduction to estimates in the FY 2024 President's Budget request for labor and non-labor requirements. The decrease in labor costs estimates reflects longer-than-expected times for hiring and onboarding new staff and a greater focus on recruiting and hiring more junior-level staff. The decrease in non-labor estimates reflects lower-than-expected travel costs and contracts.

Decrease in FDIC Reimbursement -$1,299,000 / -0 FTE

FSOC's FY 2024 President's Budget request assumed that FDIC reimbursements would total $4.500 million in FY 2024. Based on current information, it is estimated that the FY 2024 reimbursement will be $3.201 million, resulting in a decrease of $1.299 million in FY 2024 requirements. Costs have been reduced from prior estimates due to a lower-than-anticipated number of staff hours focused on Title II planning activities.

FY 2025 Maintaining Current Levels (MCLs)…………………….……+$363,000 / +0 FTE

Pay Annualization (5.2% in 2024) +$86,000 / +0 FTE

Funds are required for annualization of the January 2024 5.2% average pay raise.

Pay Raise (2.0% in FY 2025) +$101,000 / +0 FTE

Funds are required for a 2.0% average pay raise in January 2025.

Non-Pay (2.2% in FY 2025) +$176,000 / +0 FTE
Funds are required for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

FY 2025 Program Increases ....+$2,036,000 / +4 FTE

Increase in FDIC Reimbursement +$1,299,000 / +0 FTE
Reflects increases to reimbursements required by law to the FDIC under Section 210(n)(10) of the Dodd-Frank Act. This section provides that reasonable implementation expenses of the FDIC relating to its responsibilities under Title II for the resolution of systemically important financial companies shall be treated as expenses of the Council.

Staffing to Meet Priorities +$737,000 / +4 FTE
Since 2021, the FSOC has been revitalized to serve as a key forum for interagency collaboration, and a key tool for the U.S. Government to promote U.S. financial stability – as intended at its establishment in 2010. Given the FSOC's expanding portfolio and critical policy priorities, the FSOC Secretariat must continue to rebuild and grow to successfully execute the Council's mission. These priorities reflect the effort required in addition to core responsibilities such as publishing the Congressionally mandated FSOC Annual Report (on the activities of the Council, significant financial market and regulatory developments, potential emerging threats, and certain recommendations). FSOC member agencies look to the FSOC Secretariat for the critical leadership and coordination on the Council's priorities and the infrastructure required to support the related work across all the member agencies. Each of FSOC's financial stability priorities and other areas of focus require – and will continue to require – extensive and complex policy development, analysis, and interagency coordination. The additional staff will primarily support the recently reestablished Secretariat Analysis team's work to fully implement the Council activities to monitor, assess, and respond to potential risks to financial stability, whether they come from widely conducted activities or from individual firms, publicly explained in the FSOC's recently approved Analytic Framework for Financial Stability Risk Identification, Assessment, and Response.

1.3– Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2023 Actual Obligations	FY 2024 Revised Estimated Obligations	FY 2025 Estimated Obligations
11.1 - Full-time permanent	$3,205	$6,133	$6,808
11.3 - Other than full-time permanent	$486	$500	$500
11.5 - Other personnel compensation	$136	$227	$250
11.9 - Personnel Compensation (Total)	**$3,827**	**$6,860**	**$7,558**
12.0 - Personnel benefits	$1,238	$2,225	$2,451
Total Personnel and Compensation Benefits	**$5,065**	**$9,085**	**$10,009**
21.0 - Travel and transportation of persons	$58	$158	$162
25.1 - Advisory and assistance services	$165	$590	$604
25.2 - Other services from non-Federal sources	$4	$40	$41
25.3 - Other goods and services from Federal sources	$8,048	$6,549	$8,040
26.0 - Supplies and materials	$196	$812	$831
31.0 - Equipment	$57	$154	$100
32.0 - Land and structures	$78	$0	$0
Total Non-Personnel	**$8,606**	**$8,303**	**$9,778**
Total Obligations	**$13,671**	**$17,388**	**$19,787**
Full-time Equivalents (FTE)	**25**	**44**	**48**

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

D – Appropriations Language and Explanation of Changes

The FSOC does not request annual discretionary appropriations from Congress.

E – Legislative Proposals

The FSOC does not have any legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

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.

Among other statutory duties, the Council has a 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 – Budget and Performance by Budget Activity

2.1.1 – Financial Stability Oversight Council Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Revised Estimate	FY 2025 Estimate
Expenses/Obligations	$5,246	$5,190	$4,996	$5,554	$10,761	$14,187	$15,287
Budget Activity Total	**$5,246**	**$5,190**	**$4,996**	**$5,554**	**$10,761**	**$14,187**	**$15,287**
Full-time Equivalents (FTE)	**14**	**15**	**14**	**17**	**25**	**44**	**48**

Financial Stability Oversight Council
($15,287,000 from Assessments):
There are no measures specified for managing Council performance. The FSOC's annual reports and other public documents provide information to the public relevant to the Council's performance. Information on the Council is provided on www.treasury.gov, and www.fsoc.gov. Performance documents for FSOC member agencies can also be found on their respective websites to provide transparency and accountability.

Throughout 2023, Secretary Yellen continued to reinvigorate the Council. The Council met nine times to assess potential risks including those related to climate-related financial risk, digital assets, Treasury market resilience, nonbank financial intermediation, and housing markets.

The Council took actions in November 2023 to improve its ability to address risks to financial stability and to provide greater public transparency. The Council issued a new analytic framework for financial stability risks and updated guidance on its nonbank financial company determinations process. The Council is also engaged in work to reinvigorate its monitoring of financial market utilities. The Council also established the external Climate-related Financial

Risk Advisory Committee (CFRAC), which is composed of members from a range of backgrounds and provides the Council with information on and analysis of climate-related financial risks. The CFRAC hosted its first three meetings in 2023. On December 14, 2023, the Council published its annual report.

2.1.2 – FDIC Reimbursement Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Revised Estimate	FY 2025 Estimate
Expenses/Obligations	$4,301	$2,993	$4,451	$3,254	$2,910	$3,201	$4,500
Budget Activity Total	**$4,301**	**$2,993**	**$4,451**	**$3,254**	**$2,910**	**$3,201**	**$4,500**
Full-time Equivalents (FTE)	**0**	**0**	**0**	**0**	**0**	**0**	**0**

FDIC Reimbursement
($4,500,000 from Assessments):
Certain FDIC expenses are treated as expenses of the Council. By law, the Council's expenses include reimbursement of reasonable implementation expenses incurred by the FDIC in implementing Orderly Liquidation Authority. The FDIC must periodically submit requests for reimbursement of these expenses to the Chairperson of the Council, who shall arrange for prompt reimbursement to the FDIC. FDIC expenses are for rule writing and resolution planning.

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 Departmental Office's 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/summary-of-capital-investments

Department of the Treasury Franchise Fund

Congressional Budget Justification and Annual Performance Plan and Report

FY 2025

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 by 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 2025 Congressional Budget Justification reflects revised estimates for 2024 along with funding estimates for FY 2025. The revised estimates in FY 2024 for ARC Administration (Admin) and ARC Information Technology (IT) include increases in resources to support customer projects, system investments and non-pay increases. Additionally, the FY 2024 revised estimates include increases in TSSP to reflect customer specific costs requested by customers for additional services that are outside of the standard shared offerings such as the Human Resource Information Technology (HRIT) transformation from the Internal Revenue Services (IRS) to Departmental Offices OCIO in support of the Inflation Reduction Act (IRA) implementation effort. This initiative will facilitate modernization of the IRS HRIT systems and improve employee experience aligned with delivery of commodity applications through Treasury's enterprise centralized/shared service offerings. The FY 2024 revised estimate also supports the centralization and adoption of cloud services offered through the shared services program. The platform offers common management and security services built on top of Commercial Cloud Service Providers.

In FY 2025, TSSP will continue to make investments critical to strengthen the cyber posture across the shared services platform and resources to support increase adoption of enterprise Information Technology (IT) applications. The Departmental Offices continues to work on improving hiring and recruitment in FY 2025, the CTAS budget submission reflects making investment in technology to improve the onboarding process for federal and contracting resources. In FY 2025, ARC Admin is preparing to expand its leadership role through Treasury's Future of Federal Financial Management vision (FM Vision) and the Financial Management Quality Service Management Office (FM QSMO) marketplace. ARC Admin will continue to support the marketplace for scalable growth by simplifying the delivery of complex financial management services. ARC Admin's FY 2025 request includes a balance of continuous improvement, strategic investments in solutions of the future in the FM QSMO marketplace and continuing to increase adoption to federal agencies.

ARC IT's objectives are centered around consistently implementing, optimizing, securing and scaling technology and services from end-to-end in alignment with federal technology priorities, including Executive Order 14028 Improving the Nation's Cybersecurity and subsequent OMB Memoranda.

1.1 – Resource Detail Table

Dollars in Thousands

Budgetary Resources	FY 2023 Actuals		FY 2024 Revised Estimate		FY 2025 Estimate		FY 2024 to FY 2025 % Change	
Revenue/Offsetting Collections	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Treasury Shared Services Program	0	$565,021	0	$561,498	0	$570,423	NA	1.6%
Centralized Treasury Administrative Services	0	$145,653	0	$166,068	0	$175,414	NA	5.6%
Administrative Support Services	0	$230,846	0	$260,146	0	$266,958	NA	2.6%
Information Technology Services	0	$258,974	0	$252,795	0	$267,953	NA	6.0%
Recoveries from Prior Years	0	$18,890	0	$11,805	0	$12,405	NA	5.1%
Unobligated Balances from Prior Years	0	$153,222	0	$199,000	0	$213,000	NA	7.0%
Total Revenue/Offsetting Collections	**0**	**$1,372,606**	**0**	**$1,451,312**	**0**	**$1,506,153**	**NA**	**3.8%**
Obligations								
Treasury Shared Services Program	302	$560,547	328	$561,498	328	$569,097	0.0%	1.4%
Centralized Treasury Administrative Services	164	$141,822	177	$166,068	178	$175,414	0.6%	5.6%
Administrative Support Services	1,152	$233,859	1,258	$260,146	1,268	$266,958	0.8%	2.6%
Information Technology Services	444	$235,357	489	$252,795	489	$267,953	0.0%	6.0%
Total Expenses/Obligations	**2,062**	**$1,171,585**	**2,252**	**$1,240,507**	**2,263**	**$1,279,422**	**0.5%**	**3.1%**
Net Results	**2,062**	**201,021**	**2,252**	**210,805**	**2,263**	**226,731**	**0.5%**	**7.6%**

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2024 President's Budget	**2,233**	**$1,010,200**
Program Changes:		
Program Increases	19	230,307
Centralization of IT Commodity Applications and Services (TSSP)	20	181,714
IRS Human Resources Information Technology Modernization (TSSP)	9	20,000
Support Customer Projects and System Investments (ARC Admin)	0	12,150
Revised Estimates and Operating Costs (ARC Admin)	(13)	9,332
Revised Estimates and IT Maintenance (ARC IT)	0	5,978
Treasury Recruitment Services Program (TSSP)	3	1,133
FY 2024 Revised Estimate	**2,252**	**$1,240,507**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	22,796
Pay Annualization (2024 5.2% average pay raise)	0	3,786
Pay Raise (2025 2.0% average pay raise)	0	4,425
Non-Pay (2025 2.2% non-pay inflation)	0	14,585
Subtotal Changes to Base	0	22,796
FY 2025 Current Services	**2,252**	**$1,263,303**
Program Changes:		
Program Increases:	11	16,119
Existing Program Growth (ARC IT)	0	9,337
IT Systems Modernization and Program Support (CTAS)	1	5,382
Existing and New Customer Growth (ARC Admin)	10	850
Centralization of IT Commodity Applications and Services (TSSP)	0	550
Subtotal Program Changes	**11**	**$16,119**
FY 2025 Estimate	**2,263**	**$1,279,422**

C – Budget Increases and Decreases Description

FY 2024 Program Changes……… ………..…………..………..… +$230,307,000/ +19 FTE

Centralization of IT Commodity Applications and Services (TSSP), +$181,714,000 / +20 FTE

The TSSP FY 2024 revised estimate includes adjustments to support customer specific projects requested by customers for additional services that are outside of the standard shared offerings. The increase in customer specific costs are related to the centralization of costs for IT initiatives such as an enterprise contract for cloud services, centralization of Continuous Diagnostics and Mitigation (CDM) investments, investments in the Treasury Enterprise Network Services (TENS) task orders that includes the core services enabling the enterprise offerings for TENS-Wide Area Network (WAN) and TENS-Voice with built-in security that allows the bureaus to comply with enterprise standards. This is not an increase in costs to the TFF customers, instead Treasury and its customers can achieve better pricing through centralized procurement. The $181.7 million increase in spending for these initiatives are allocated as follows:

- Cloud Enterprise Services: $67.7 million
- CDM: $64.1 million
- WANS: $49.9 million

IRS Human Resources Information Technology Modernization (TSSP) +$20,000,000 / +9 FTE
The revised estimate includes continued support to modernize the IRS HRIT system and improve employee experience aligned with delivery of commodity applications through TSSP. The IRS HRIT portfolio includes approximately 100 applications, 100 workflows and multiple supplemental Excel and Access-based processes. This initiative is a multi-year effort over a 9-year period which started in late FY 2023. The initial phase of this multi-year project, includes working with the IRS to conduct a rationalization exercise to assess all legacy HR technology and underlying the gaps to determine the best technology solutions.

Support Customer Projects and Investments (ARC Admin) +$12,150,000 / +0 FTE
The ARC Admin revised estimate includes an increase of $12.1 million to support customer projects and system investments to meet demands of customers. Without these resources, customers will experience delays in projects, impacting mission success and other federal priorities.

Revised Estimates and Operating Costs (ARC Admin) +$9,932,000 / -13 FTE
FY 2024 revised estimates includes adjustments to reflect updated pay estimates and increased cost pressures in non-labor related to ongoing maintenance costs of applications supporting the Admin services (Financial Management, Human Resources, Procurement and Travel).

Revised Estimates and IT Maintenance (ARC IT) +$5,978,000 / +0 FTE
ARC IT revised estimate includes adjustments to reflect updated pay estimates accounting for increasing payroll costs and increased cost pressures in non-labor related to ongoing maintenance cost of computing solutions.

Treasury Recruitment Service Program (TSSP) +$1,133,000 / +3 FTE
To support the Workforce Priority of the President's Management Agenda, a new shared services program was developed to improve the hiring and recruitment efforts across the Department. The Treasury Recruitment Service Program will amplify bureau-level recruitment efforts by leveraging Departmental resources and brand. Also, the program is designed to build coalitions with interagency and external stakeholders regarding talent outreach and recruitment.

Maintaining Current Levels (MCLs)…………………………….…. +$22,796,000 / +0 FTE
Pay Annualization (5.2% in 2024) +$3,786,000 / +0 FTE:
Funds are required for annualization of the January 2024 5.2 percent average pay raise.

Pay Raise (2% in FY 2025) +$4,425,000 / +0 FTE:
Funds are required for a 2.0 percent average pay raise in January 2024.

Non-Pay (2.2% in FY 2025) +$14,585,000 / +0 FTE
Funds are required for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Program Increases…………………………………………..…………. +$16,119,000 / +11 FTE

<u>Existing Program Growth (ARC IT), +$9,337,000 / +0 FTE</u>

FY 2025 estimates for ARC IT include additional funding to supports the growing systems costs to operate IT programs, including contracts, supplies, and equipment growth. Growth drivers include modernization costs related to transition from legacy platforms and services to more modern, cloud-based solutions, as well as costs associated with compliance with Executive Order 14028, Improving the Nation's Cybersecurity.

<u>IT Systems Modernization and Program Support (CTAS), +$5,382,000 / +1 FTE</u>

Within the Centralized Treasury Administrative Services (CTAS) program, funding in FY 2025 is needed for additional information technology costs (e.g., licenses, hardware) for onboard staff and contractors. Funding is also needed for contractual adjustments (above standard inflation) for building security and a new fleet manager information system to comply with regulatory requirements, and staffing for the Privacy, Transparency, and Records office that supports Departmental Offices.

<u>Existing and New Customer Growth (ARC Admin) +$850,000 / +10 FTE</u>

FY 2025 estimates for ARC Admin include strategic investments in solutions and continuous improvements offered by the Financial Management Marketplace. These investments will position ARC to leverage the marketplace to support customer growth and advance the Financial Management Quality Service Management Office's (FM QSMO) goal to increase the number of agency subcomponents using common financial management solutions.

<u>Centralization of IT Commodity Applications and Services (TSSP) +$550,000 / +0 FTE</u>

Treasury will continue to pursue centralization of IT Commodity Applications and enterprise solutions across the Department. Investing in enterprise solutions and implementing best practices can significantly improve the Department's security posture and reduce the risk of security incidents.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2023 Actual Obligations	FY 2024 Revised Estimated Obligations	FY 2025 Estimate
11.1 - Full-time permanent	206,116	222,621	229,843
11.3 - Other than full-time permanent	970	1,153	1,191
11.5 - Other personnel compensation	10,343	8,218	8,485
11.8 - Special personal services payments	79	16	17
11.9 - Personnel Compensation (Total)	**217,508**	**232,009**	**239,536**
12.0 - Personnel benefits	82,907	88,157	91,017
13.0 - Benefits for former personnel	193	34	35
Total Personnel and Compensation Benefits	**$300,607**	**$320,200**	**$330,587**
21.0 - Travel and transportation of persons	679	639	661
23.1 - Rental payments to GSA	34,871	49,899	51,621
23.3 - Communications, utilities, and miscellaneous charges	77,489	121,300	125,487
24.0 - Printing and reproduction	283	280	290
25.1 - Advisory and assistance services	388,336	220,741	226,351
25.2 - Other services from non-Federal sources	46,513	52,111	53,910
25.3 - Other goods and services from Federal sources	177,846	229,039	234,981
25.4 - Operation and maintenance of facilities	1,332	4,240	4,386
25.7 - Operation and maintenance of equipment	74,959	167,610	172,757
26.0 - Supplies and materials	2,445	4,261	4,408
31.0 - Equipment	59,271	65,558	67,821
32.0 - Land and structures	5,059	5,947	6,153
42.0 - Insurance claims and indemnities	18	7	7
44.0 - Refunds	1,877	0	0
Total Non-Personnel	**$870,978**	**$920,307**	**$948,835**
Total Obligations	**$1,171,585**	**$1,241,833**	**$1,279,422**
Full-time Equivalents (FTE)	**2,062**	**2,252**	**2,263**

Note: Amounts reflect obligations of carryover balances and reimbursables.

D – Appropriations Language and Explanation of Changes

The TFF has no appropriated resources.

E – Legislative Proposals

The TFF has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

Alignment with the Treasury Strategic Plan

The Treasury Franchise Fund aligns to the following Treasury strategic goals and objectives as presented in the FY 2022 - 2026 strategic plan:

Goal 5: Modernize Treasury Operations

- Objective 5.1 – Recruit and Retain a Diverse and Inclusive Workforce - Recruit and retain a diverse workforce that represents communities that Treasury serves.

- Objective 5.2 – Future Work Routines - Transform the Department's work routines to support changing mission and workforce needs.

- Objective 5.3 – Better Use of Data - Increase timely access to and use of quality data and other types of evidence to inform decision-making.

- Objective 5.4 – Customer Experience Practices - Mature and embed strong customer experience practices across the Department, establishing Treasury's reputation for consistently positive experiences.

TFF continues to set the benchmark for federal mission support services and is committed to:

- Customer satisfaction
- Streamlining processes
- Implementing innovative and customer centric solutions

The TFF is well positioned in FY 2025 as a key Federal resource. The TFF service providers strive to enhance operations for all customer Bureaus and Offices by providing services that align and comply with priority areas including cybersecurity and IT modernization of the infrastructure and networks. 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 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Revised Estimate	FY 2025 Estimate
Expense obligations	$235,515	$284,298	$359,467	$437,060	$560,547	$561,498	$569,097
Budget Activity Total	**$235,515**	**$284,298**	**$359,467**	**$437,060**	**$560,547**	**$561,498**	**$569,097**
Full-time Equivalents (FTE)	**225**	**252**	**191**	**275**	**302**	**328**	**328**

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Average Cost Per FTE	$1,464	$1,460	$1,580	$1,951	$1,960	$1,711	DISC	DISC
Annual Effective Spend Rate [%]	97	96	96	93	99	96	96	96
Customer Satisfaction [%]	75	80	80	73	83	80	80	80

Key: DISC - Discontinued

Treasury Shared Services Programs Budget and Performance
($569,097,000 from offsetting collections):
Treasury Shared Services Programs (TSSP) provides administrative and information technology services on a competitive basis and 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:
- Annual Effective Spend Rate
- Customer Satisfaction

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 TSSP programs. 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 2023, 95 percent of the funds collected from customers for the shared services was obligated which was slightly below the 96 percent target rate set for the fiscal year. The target will remain at 96 percent for FY 2024 and FY 2025.

In FY 2023, the survey results yielded an 83 percent overall customer satisfaction rating which is above the 80 percent target. Strategic partnerships 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. Treasury will continue to build on these transparency initiatives to improve the customer satisfaction scores. The target for this measure is set at 80 percent for both FY 2024 and 2025.

2.1.2 – Centralized Treasury Administrative Services Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Revised Estimate	FY 2025 Estimate
Expense Obligations	$136,565	$122,034	$129,135	$138,866	$141,822	$166,068	$175,414
Budget Activity Total	**$136,565**	**$122,034**	**$129,135**	**$138,866**	**$141,822**	**$166,068**	**$175,414**
Full-time Equivalents (FTE)	**196**	**161**	**156**	**166**	**164**	**177**	**178**

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Annual Effective Spend Rate [%]	98	94	96	96	97	96	96	96
Customer Satisfaction [%]	75	75	80	78	72	80	80	80

Centralized Treasury Administrative Services Budget and Performance
($175,414,000 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.

<u>Description of Performance</u>
CTAS has identified the following performance measures:
- Annual Effective Spend Rate
- Customer Satisfaction

In FY 2023, the annual effective spend and customer satisfaction rates were 97 and 72 percent respectively. The annual effective spend target was met however the customer satisfaction score was below the FY 2023 target score of 80. Strategic partnerships with CTAS governance councils, meeting monthly with Departmental Offices leadership and the use of the CTAS 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. Departmental Offices will continue to build on these transparency initiatives to improve the customer satisfaction scores. The targets set in both FY 2024 and 2025 is 96 and 80 percent, for the annual effective spend rate and customer satisfaction measures respectively.

2.1.3 – Administrative Support Services Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Revised Estimate	FY 2025 Estimate
Expense Obligations	$170,184	$220,180	$224,019	$224,844	$233,859	$260,146	$266,958
Budget Activity Total	**$170,184**	**$220,180**	**$224,019**	**$224,844**	**$233,859**	**$260,146**	**$266,958**
Full-time Equivalents (FTE)	**988**	**1,152**	**1,183**	**1,148**	**1,152**	**1,258**	**1,268**

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Customer Unmodified Audit Opinions [%]	100	100	100	100	100	100	100	100
Percentage of Shared Service Level Agreement Performance Metrics Met or Exceeded [%]	89	87	94	97	91	94	94	94
Customer Satisfaction with ARC Admin Services [%]	86	91	93	90	85	80	80	80

Administrative Services Budget and Performance
($266,958,000 from offsetting collections):
ARC provides administrative services in the areas of financial management, human resources, procurement, and travel to 88 federal agencies 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 government, including more than $129,600,000 in FY 2023. Using shared services reduces the need for Treasury and other federal agencies to maintain duplicative financial management systems, thereby promoting efficiency and cost savings while enhancing the quality, timeliness, and accuracy of financial management processes. Since 2018, ARC has generated more than $605 million in cost avoidance through the use of shared financial management systems. ARC continues to focus on financial innovation, transformation, and improving the customer experience.

Description of Performance:
In FY 2023, ARC received a customer satisfaction score of 85 percent of customers being satisfied with ARC Administrative Services. The 85 percent satisfaction aligns with ARCs target of 80 percent reflecting our goal of balancing cost and quality, a strategy that has made ARC a preferred federal provider for 25 years.

In FY 2023, ARC met or exceeded 88 of 97 SLA metrics or 91%. ARC is continuously evaluating these metrics for both improvement and customer value while striving to achieve our 94 percent target.

In FY 2023, ARC received an unmodified opinion on franchise operations for the 21st consecutive year and met its performance target of 100 percent of customer unmodified audit opinions (33). By meeting this metric consistently year after year, ARC has improved public confidence in federal stewardship, operations, and reporting.

ARC is continuing to support the next phase of OPM Release 2 implementation throughout FY 2024. The partnership between OPM and ARC enables a modernized, secure financial management solution and re-engineered processes to support the administration of the OPM Trust Fund program which includes retirement, health, and life insurance.

2.1.4 – Information Technology Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Revised Estimate	FY 2025 Estimate
Expense Obligations	$179,631	$222,547	$231,156	$221,461	$235,357	$252,795	$267,953
Budget Activity Total	**$179,631**	**$222,547**	**$231,156**	**$221,461**	**$235,357**	**$252,795**	**$267,953**
Full-time Equivalents (FTE)	**465**	**504**	**506**	**458**	**444**	**489**	**489**

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
IT Portfolio (TFF) Software and Hardware Currency [%]	N/A	N/A	B	76	85	75	85	95
On-Premise Target Service Level Agreements Met [%]	N/A	N/A	B	94	97	80	80	80

Key: DISC - Discontinued; N/A - Not Applicable

Information Technology Services Budget and Performance
($267,953,000 from offsetting collections):
ARC IT provides shared services to dozens of federal customers, delivering value through consolidated IT infrastructures and standardized IT service delivery in a modern, technically innovative, and secure environment. In FY 2025 ARC IT will continue to modernize infrastructure and technology service delivery for our customers (to include cloud services adoption), implement enterprise-scale foundational technology services, and continue to operationalize IT portfolio management and cybersecurity enhancements and best practices. FY 2025 objectives include supporting the maturity of zero trust architecture, increasing the ability to accommodate changes in volume and demand, improving customer experience, adding new business capabilities, and promoting faster time to market for IT customers.

- Accelerate Cloud Adoption: Modernizing technology service delivery and conducting cloud migration activities remain priorities in FY 2025. ARC IT will capitalize on the investments made in prior fiscal years, including the network architecture and Trusted Internet Connection (TIC) modernization effort, the continued adoption and implementation of cloud native services, and the expansion of an enterprise, scalable Application Programming Interface (API) solution and offerings. As customer applications are migrated to various cloud hosting environments, ARC IT will proactively ensure adherence to Executive Order 14028 and compliance with Zero Trust Architecture requirements. Additionally, modern infrastructure and cloud adoption can meet high availability and disaster recovery requirements more economically while providing the foundation to develop more easily managed microservice applications – to enable faster time to market, proactive security, and smooth innovation. Implementing a modern, zero trust compliant architecture – which enables consistency, transparency, performance, security, and cloud-readiness across multiple environments – is necessary to support ongoing and new mission critical efforts while simultaneously reducing the accumulation of technical debt.

- Enable Enterprise-scale Foundational Technology Services: Enabling enterprise-scale foundational technology services supports consistent security and operations across multiple hosting platforms. ARC IT will continue to build on initiatives that utilize services and capabilities that are standardized, portable, reusable, scalable, and resilient through the implementation of agile practices and the increase of automation. Examples of these services include incident response, logging/event aggregation, identity and access management, network access, and the public key infrastructure. ARC IT will also continue to evolve and mature our development, security, and operations processes and use of automated deployments, maturing the capability to deploy applications, infrastructure changes, patches, and databases with tools and scripts, thereby allowing simple, common tasks to be cloned and shared across multiple applications with little to no additional development or human interaction. This strategy includes use of cloud services and other secure hosted solutions.

- Modernize IT Infrastructure and Transform Mainframe Services: In concert with the acceleration of cloud adoption, ARC IT is modernizing its IT infrastructure from aging, costly IT environments – specifically mainframe services technologies – to a cloud-based architecture. Several of the Department's High Value Assets (HVAs) that support the National Financial Critical Infrastructure (NFCI) are currently hosted on mainframe technology and are based on antiquated code. The Mainframe Services Transformation initiative will eliminate these mainframe technology dependencies by leveraging enterprise solutions (e.g., Enterprise API Solution) and modernized, foundational technology services. This initiative supports compliance with Executive Order 14028 and is key to controlling the growth of substantial contractual costs that are anticipated to continue increasing over time, thereby increasing costs to provide these services to our customers.

- Data Center Closure: ARC IT has reduced its data center footprint by 35 percent and closure of the ARC IT data centers continues to remain a priority over the next several years. ARC IT will close one data center by 2025 and the second by 2029 to comply with the Data Center Optimization Initiative (DCOI), EO 13834, CloudSmart, the Energy Act of 2020 (P.L. 116-260), and the Treasury Climate Acton Plan. The closure of a data center will decrease the costs of the services provided by ARC IT, reduce energy consumption, and be a catalyst for modernization and the move of applications and services to the cloud.

- Operationalizing Cybersecurity: Operationalizing optimized cybersecurity – with coordinated and embedded security across a distributed and shared infrastructure – ensures the resiliency to identify, protect, detect, respond, and recover should our systems become compromised. This includes protecting our critical information and systems, supporting compliance with Executive Order 14028, and adhering to the established cybersecurity strategic direction.

Description of Performance:
In FY 2023, ARC IT established a baseline for software and hardware currency with the goal of reducing the use of End of Life (EOL) technology, which in turn further minimizes technical debt and risk for our customers. A key priority related to software/hardware currency is the

Mainframe Services Transformation program, which seeks to eliminate these mainframe technology dependencies, including hardware and software, and modernize business applications.

ARC IT established a baseline for on-premise target service level agreements (SLA) met during FY 2023. The SLA performance measure is an operational indicator to reflect the performance of technical teams closing out requests and incidents. The target reflects the operational commitment to our customer and allows room for improvement. Sometimes, agreements are breached through no fault of the service provider. For example, a customer might open a ticket (which starts the clock for open items) and then go on vacation. Another example of a delayed ticket closing is waiting for a vendor to provide software licensing. These types of delays are beyond the control of the service provider and are factored into the Service Level Objectives.

Section III – Additional Information

A – Summary of Capital Investments

The TFF's planned investments enhance the capabilities and capacity of our IT and 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 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. 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

B – Treasury Franchise Fund Program Costs

This information is provided to fulfill requirements of Section 121 of the FY 2022 Financial Services and General Government appropriations bill.

Treasury Franchise Fund – Treasury Shared Services Programs, FY 2023 Total Collections by Customer

FY 2023 TSSP Customers	Enterprise Business Solutions Tota	Infrastructure Operations	Cyber Security	IT Strategy and Technology Management	Non-Information Technology Services	Grand Total
Administrative Resource Center	$ 3,504,364.15	$ 7,774,793.68	$ 54,897.02	$ 87,192.36	$ 638,731.10	$ 12,059,978.31
Agency for Healthcare Research and Quality	$ -	$ -	$ -	$ -	$ 3,965.43	$ 3,965.43
Agricultural Department Rural Development	$ -	$ -	$ -	$ -	$ 10,667.87	$ 10,667.87
Alcohol and Tobacco Tax and Trade Bureau	$ 1,195,823.09	$ 1,466,572.29	$ 16,634.42	$ 26,420.27	$ 450,418.53	$ 3,155,868.60
Army Corps of Engineers	$ -	$ -	$ -	$ -	$ 13,709.53	$ 13,709.53
Build America Bureau	$ -	$ -	$ -	$ -	$ 18,184.87	$ 18,184.87
Bureau of Alcohol, Tobacco, Firearms and Explosives	$ 1,369,391.66	$ -	$ -	$ -	$ 62,921.94	$ 1,432,313.60
Bureau of Engraving and Printing	$ 3,776,419.99	$ 6,830,741.89	$ 76,687.62	$ 103,985.37	$ 1,231,626.96	$ 12,019,461.83
Bureau of Labor Statistics	$ -	$ -	$ -	$ -	$ 10,041.95	$ 10,041.95
Bureau of the Fiscal Service	$ 1,933,942.71	$ 811,120.28	$ 131,043.70	$ 104,204.17	$ 2,015,378.71	$ 4,995,689.57
Bureau of Trust Funds Administration	$ -	$ -	$ -	$ -	$ 2,904.49	$ 2,904.49
Centers for Medicare and Medicaid Services	$ -	$ -	$ -	$ -	$ 140,796.92	$ 140,796.92
Centralized Treasury Administrative Services	$ 1,290,017.44	$ 1,532,127.06	$ 5,544.12	$ 8,805.66	$ 249,810.46	$ 3,086,304.74
Community Development Financial Institutions	$ 532,356.02	$ 78,654.84	$ 2,927.38	$ 4,649.53	$ 531,490.37	$ 1,150,078.14
Consumer Financial Protection Bureau	$ 797,512.00	$ -	$ -	$ -	$ 91,328.72	$ 888,840.72
Cyber Enhancement Account	$ 12,441.92	$ 2,775.36	$ 241.08	$ 382.90	$ 4,149.26	$ 19,990.52
Defense Microelectronics Activity	$ -	$ -	$ -	$ -	$ 1,520.09	$ 1,520.09
Department of Commerce	$ 11,743,575.81	$ -	$ -	$ -	$ 378,055.63	$ 12,121,631.44
Department of Education	$ -	$ -	$ -	$ -	$ 572,284.82	$ 572,284.82
Department of Energy	$ -	$ -	$ -	$ -	$ 4,102.84	$ 4,102.84
Department of Health and Human Services Headquarters	$ -	$ -	$ -	$ -	$ 20,824.63	$ 20,824.63
Department of Homeland Security Cybersecurity and Infrastructure Security Agency	$ -	$ -	$ -	$ -	$ 39,588.21	$ 39,588.21
Department of Homeland Security Headquarters	$ -	$ -	$ -	$ -	$ 63,053.30	$ 63,053.30
Department of Housing and Urban Development	$ 2,115,128.50	$ -	$ -	$ -	$ 119,417.06	$ 2,234,545.56
Department of Justice	$ -	$ -	$ -	$ -	$ 121,961.27	$ 121,961.27
Department of Labor	$ 3,493,324.25	$ -	$ -	$ -	$ 88,610.78	$ 3,581,935.03
Department of Labor Office of the Inspector General	$ -	$ -	$ -	$ -	$ 3,351.11	$ 3,351.11
Department of Veteran Affairs Office of the Inspector General	$ -	$ -	$ -	$ -	$ 11,691.70	$ 11,691.70
Environmental Protection Agency	$ -	$ -	$ -	$ -	$ 136,588.69	$ 136,588.69
Executive Office for Immigration Review	$ -	$ -	$ -	$ -	$ 8,353.02	$ 8,353.02
Export Import Bank	$ -	$ -	$ -	$ -	$ 5,823.82	$ 5,823.82
Export Import Bank Office of the Inspector General	$ -	$ -	$ -	$ -	$ 380.26	$ 380.26
Federal Communications Commission	$ 37,206.72	$ -	$ -	$ -	$ 3,793.28	$ 41,000.00
Federal Emergency Management Agency	$ -	$ -	$ -	$ -	$ 40,862.28	$ 40,862.28
Federal Financing Bank	$ 336,207.87	$ 943,191.75	$ 895.43	$ 1,422.21	$ 75,882.86	$ 1,357,600.12
Federal Housing Finance Agency	$ -	$ -	$ -	$ -	$ 13,616.24	$ 13,616.24
Federal Transit Administration	$ -	$ -	$ -	$ -	$ 6,339.88	$ 6,339.88
Financial Crimes Enforcement Network	$ 429,745.18	$ 3,465,967.48	$ 110,635.85	$ 15,370.80	$ 415,479.16	$ 4,437,198.47
Financial Stability Oversight Council	$ 799,135.23	$ 107,258.75	$ 597.53	$ 949.05	$ 100,054.22	$ 1,007,994.78
General Services Administration	$ -	$ -	$ -	$ -	$ 92,646.54	$ 92,646.54
Government Accountability Office	$ 805,125.76	$ -	$ -	$ -	$ 20,201.12	$ 825,326.88
Internal Revenue Service	$ 95,366,584.54	$ 268,233,509.38	$ 3,316,352.41	$ 4,564,744.32	$ 20,227,018.78	$ 391,708,209.43
International Trade Administration	$ -	$ -	$ -	$ -	$ 11,473.44	$ 11,473.44
International Trade Commission	$ -	$ -	$ -	$ -	$ 6,949.05	$ 6,949.05
Marshals Service	$ -	$ -	$ -	$ -	$ 31,534.16	$ 31,534.16
Millennium Challenge Corporation	$ -	$ -	$ -	$ -	$ 6,321.47	$ 6,321.47
Mint	$ 1,119,274.54	$ 3,450,539.31	$ 105,240.76	$ 86,371.85	$ 1,249,217.87	$ 6,010,644.33
National Archives and Records Administration	$ -	$ -	$ -	$ -	$ 9,375.71	$ 9,375.71
National Oceanic and Atmospheric Administration	$ -	$ -	$ -	$ -	$ 175,561.79	$ 175,561.79
National Transportation Safety Board	$ -	$ -	$ -	$ -	$ 8,083.58	$ 8,083.58
Office of D.C. Pensions	$ 52,659.96	$ 131,313.43	$ 637.48	$ 1,012.50	$ 74,026.79	$ 259,650.16
Office of Financial Research	$ 432,248.90	$ 3,062,328.49	$ 3,995.02	$ 6,345.24	$ 287,873.77	$ 3,792,791.42
Office of Financial Stability	$ 233,062.73	$ 100,005.73	$ 225.24	$ 357.75	$ 678,357.28	$ 1,012,008.73
Office of Government Ethics	$ -	$ -	$ -	$ -	$ 1,144.41	$ 1,144.41
Office of Management and Budget	$ -	$ -	$ -	$ -	$ 14,213.06	$ 14,213.06
Office of Recovery Programs	$ 17,272,271.84	$ 950,606.40	$ 3,456.38	$ 5,489.72	$ 2,249,381.67	$ 20,481,206.01
Office of Technical Assistance	$ 45,932.47	$ 95,547.18	$ 378.84	$ 601.70	$ 181,652.89	$ 324,113.08
Office of the Assistant Secretary for Health	$ -	$ -	$ -	$ -	$ 4,044.56	$ 4,044.56
Office of the Comptroller of the Currency	$ 3,431,917.57	$ 4,286,101.45	$ 151,495.85	$ 190,138.42	$ 1,098,217.70	$ 9,157,870.99
Peace Corps	$ 79,518.77	$ -	$ -	$ -	$ 2,367.96	$ 81,886.73
Railroad Retirement Board	$ -	$ -	$ -	$ -	$ 3,700.38	$ 3,700.38
Securities and Exchange Commission	$ -	$ -	$ -	$ -	$ 22,110.00	$ 22,110.00
Small Business Administration	$ -	$ -	$ -	$ -	$ 21,538.80	$ 21,538.80
Small Business Lending Fund Administration	$ 775.04	$ 7,855.66	$ 8.27	$ 13.13	$ 116,906.42	$ 125,558.52
Social Security Administration Office of the Inspector General	$ -	$ -	$ -	$ -	$ 4,771.16	$ 4,771.16
Special Inspector General for Pandemic Recovery	$ 277,977.54	$ 320,343.91	$ 1,721.99	$ 2,735.01	$ 82,594.69	$ 685,373.14
Special Inspector General for the Troubled Asset Relief Program	$ 299,502.34	$ 243,959.97	$ 1,343.15	$ 2,133.31	$ 100,491.29	$ 647,430.06
Terrorism and Financial Intelligence	$ 5,143,755.41	$ 8,277,724.51	$ 262,682.83	$ 31,186.31	$ 1,174,942.91	$ 14,890,291.97
Terrorism Insurance Program	$ 26,955.98	$ 636,358.75	$ 309.96	$ 492.30	$ 64,635.23	$ 728,752.22
Treasury Departmental Offices	$ 19,156,515.87	$ 9,678,861.09	$ 1,289,484.23	$ 40,717.84	$ 5,332,253.07	$ 35,497,832.10
Treasury Inspector General for Tax Administration	$ 915,961.48	$ 3,550,843.61	$ 40,934.23	$ 38,290.24	$ 424,970.54	$ 4,971,000.10
Treasury Office of Executive Asset Forfeiture	$ 3,752,478.97	$ 168,565.88	$ 929.87	$ 1,476.91	$ 154,379.58	$ 4,077,831.21
Treasury Office of Inspector General	$ 229,444.46	$ 731,997.76	$ 8,265.55	$ 13,128.09	$ 179,486.24	$ 1,162,322.10
U.S. Agency for International Development	$ 1,473,121.77	$ -	$ -	$ -	$ 35,447.18	$ 1,508,568.95
U.S. Air Force	$ -	$ -	$ -	$ -	$ 158,364.85	$ 158,364.85
U.S. Defense Security Cooperation Agency	$ -	$ -	$ -	$ -	$ 97,818.03	$ 97,818.03
United States Secret Service	$ 1,523,707.64	$ -	$ -	$ -	$ 38,243.73	$ 1,561,951.37
Grand Total	**$ 185,005,386.12**	**$ 326,939,665.89**	**$ 5,587,566.21**	**$ 5,338,616.96**	**$42,150,079.96**	**$ 565,021,315.14**

Treasury Franchise Fund – Centralized Treasury Administrative Services, FY 2023 Total Collections by Customer

FY 2022 CTAS Customers	Information Technology Services	Treasury Facilities and Operations Serivces	Financial Management Services	Human Resource Services	Privacy, Transparency and Records Services	Other Administrative Services	Grand Total
Administrative Resource Center	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Community Development Financial Institutions	$ 10,256.20	$ 1,674,852.19	$ 1,043,091.20	$ 232,779.21	$ 139,232.65	$ 152,259.65	$ 3,252,471.10
Consumer Financial Protection Bureau	$ 5,459.00	$ 1,533,416.79	$ -	$ -	$ -	$ 56,542.93	$ 1,595,418.72
Cyber Enhancement Account	$ 421,473.45	$ 25,594.11	$ 708,987.36	$ 19,170.05	$ 11,466.22	$ -	$ 1,186,691.19
Federal Financing Bank	$ 2,132,269.90	$ 892,301.38	$ 55,910.76	$ 71,203.05	$ 42,588.81	$ 204,542.71	$ 3,398,816.61
Financial Crimes Enforcement Network	$ -	$ 2,692,142.02	$ -	$ -	$ -	$ 140,973.27	$ 2,833,115.29
Financial Stability Oversight Council	$ 351,800.26	$ 310,293.04	$ 220,829.02	$ 47,514.35	$ 28,419.84	$ 47,776.58	$ 1,006,633.09
Office of D.C. Pensions	$ 434,486.60	$ 631,248.56	$ 128,042.43	$ 50,691.10	$ 30,319.96	$ 71,609.94	$ 1,346,398.59
Office of Financial Research	$ 25,000.00	$ 3,930,807.73	$ 2,507,856.63	$ 317,675.16	$ 190,011.61	$ 392,420.86	$ 7,363,771.99
Office of Financial Stability	$ 240,917.59	$ 280,900.54	$ 342,578.59	$ 17,910.31	$ 10,712.72	$ 87,534.81	$ 980,554.56
Office of Recovery Programs	$ 2,963,095.44	$ 1,303,988.10	$ 2,961,989.96	$ 274,843.79	$ 164,392.80	$ 314,468.60	$ 7,982,778.69
Office of Technical Assistance	$ 106,664.85	$ 758,021.86	$ 2,026,573.14	$ 30,124.37	$ 18,018.34	$ 175,677.93	$ 3,115,080.49
Shared Services Programs	$ 6,904,144.24	$ 7,312,896.46	$ 6,950,072.35	$ 746,262.77	$ 446,363.48	$ 1,116,327.43	$ 23,476,066.73
Small Business Lending Fund Administration	$ 12,445.92	$ 70,000.83	$ 247,953.73	$ 657.26	$ 393.13	$ 18,849.39	$ 350,300.26
Special Inspector General for Pandemic Recovery	$ 691,221.68	$ 31,965.96	$ -	$ -	$ 6,819.36	$ 37,530.59	$ 767,537.59
Special Inspector General for the Troubled Asset Relief Program	$ 740,482.39	$ 149,157.63	$ -	$ -	$ 1,903.50	$ 163,938.70	$ 1,055,482.22
Terrorism and Financial Intelligence	$ 8,943,187.53	$ 9,673,629.35	$ 6,367,186.47	$ 1,561,346.04	$ 933,890.68	$ 1,238,617.19	$ 28,717,857.26
Terrorism Insurance Program	$ 118,752.00	$ 103,081.60	$ 59,647.97	$ 24,647.21	$ 14,742.28	$ 15,575.66	$ 336,446.72
Treasury Departmental Offices	$ 14,668,047.52	$ 14,234,607.37	$ 9,487,189.22	$ 2,140,543.43	$ 1,447,873.78	$ 2,079,702.32	$ 44,057,963.64
Treasury Inspector General for Tax Administration	$ -	$ -	$ -	$ -	$ 3,095.79	$ -	$ 3,095.79
Treasury Office of Executive Asset Forfeiture	$ 445,312.41	$ 11,084,670.39	$ 467,174.19	$ 73,941.63	$ 44,226.84	$ 710,908.99	$ 12,826,234.45
Treasury Office of Inspector General	$ -	$ -	$ -	$ -	$ -	$ 61.57	$ 61.57
United States Secret Service	$ -	$ 460.00	$ -	$ -	$ -	$ -	$ 460.00
Grand Total	**$ 39,215,016.98**	**$ 56,694,035.91**	**$ 33,575,083.02**	**$ 5,609,309.73**	**$ 3,534,471.79**	**$ 7,025,319.12**	**$ 145,653,236.55**

Treasury Franchise Fund – Administrative Resource Center, FY 2023 Total Collections by Customer

FY2023 ARC Customers	Financial Management Services	FMLoB FEES	Human Resource Services	Procurment Services	Travel Services	Information Technology Services	Grand Total
ACCESS BOARD	$334,952		$149,039	$195,052	$11,367		$690,410
ADMIN OFFICES OF THE US COURTS	$94,058						$94,058
AFRICAN DEVELOPMENT FOUNDATION	$941,362			$591,517	$34,175		$1,567,054
AGENCY FOR INTERNATIONAL DEVELOPMENT		$95,819					$95,819
AGENCY FOR INTERNATIONAL DEVELOPMENT - OIG	$240,588						$240,588
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU	$1,047,655		$1,712,325	$894,674	$283,987		$3,938,641
ARCHITECT OF THE CAPITOL	$350,208						$350,208
ARMED FORCES RETIREMENT HOME	$1,212,241		$1,056,345	$1,124,821	$11,679		$3,405,086
BUREAU OF ENGRAVING AND PRINTING			$4,689,093		$149,829		$4,838,922
BUREAU OF THE FISCAL SERVICE	$17,822,178		$8,151,440	$2,425,477	$332,016	$197,561,895	$226,293,007
CDFI PROGRAM FUND	$1,089,152		$388,279	$282,193	$14,837		$1,774,461
CENTER FOR DISEASE CONTROL					$2,444,392		$2,444,392
CHEMICAL SAFETY AND HAZARD BOARD	$369,410			$144,559	$45,858		$559,827
COMPTROLLER OF THE CURRENCY				$145,190			$145,190
CONSUMER FINANCIAL PROTECTION BUREAU	$1,548,476		$4,119,185	$1,579,814	$631,420		$7,878,895
CONSUMER PRODUCT SAFETY COMMISSION	$1,258,820			$495,685	$146,333		$1,900,838
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE	$3,216,625			$975,008	$425,072		$4,616,705
DC PENSIONS PROJECT OFFICE	$2,649,694		$36,351	$47,630	$732	$2,105,105	$4,839,512
DEFENSE HEALTH AGENCY					$106,910		$106,910
DEFENSE LOGISTICS AGENCY	$154,942						$154,942
DENALI COMMISSION	$489,707		$67,922	$85,983	$6,280		$649,892
DEPARTMENT OF AGRICULTURE		$167,510					$167,510
DEPARTMENT OF COMMERCE		$95,819					$95,819
DEPARTMENT OF DEFENSE		$0					$0
DEPARTMENT OF EDUCATION		$230,616					$230,616
DEPARTMENT OF ENERGY	$270,147	$124,236					$394,383
DEPARTMENT OF HEALTH & HUMAN SERVICES		$230,616			$165,918		$396,534
DEPARTMENT OF HOMELAND SECURITY		$187,342				$1,173,203	$1,360,545
DEPARTMENT OF HOMELAND SECURITY - CIS					$277,885		$277,885
DEPARTMENT OF HOMELAND SECURITY - OIG	$894,945		$101,445	$260,277	$281,483		$1,538,150
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	$23,639,918	$230,616	$23,403,916	$4,018,247	$1,873,521		$53,166,218
DEPARTMENT OF JUSTICE	$292,463						$292,463
DEPARTMENT OF JUSTICE JMD/OCIO/EGSS/BOG		$124,236					$124,236
DEPARTMENT OF LABOR	$72,814	$141,399					$214,213
DEPARTMENT OF STATE	$427,456	$95,892					$523,348
DEPARTMENT OF THE INTERIOR	$666,975	$124,236					$791,211
DEPARTMENT OF VETERANS AFFAIRS		$158,998			$55,004		$214,002
DEPARTMENT OF VETERANS AFFAIRS - OIG			$3,706,896				$3,706,896
DEPARTMENT OF VETERANS AFFAIRS - TAC					$11,010	$980,942	$991,952
ELECTION ASSISTANCE COMMISSION	$505,882			$153,878	$36,933		$696,693
ENVIRONMENTAL PROTECTION AGENCY		$95,819					$95,819
EXECUTIVE OFFICE OF THE PRESIDENT	$1,685,063			$333,799	$314,563		$2,333,425
FARM CREDIT ADMINISTRATION	$631,519			$73,395	$156,708		$861,622
FARM CREDIT SYSTEM INSURANCE CORPORATION	$330,055			$2,160	$2,981		$335,196
FEDERAL EMERGENCY MANAGEMENT AGENCY					$39,164		$39,164
FEDERAL HOUSING FINANCE AGENCY	$1,188,040			$292,764	$192,426		$1,673,230
FEDERAL HOUSING FINANCE AGENCY - OIG	$348,346		$278,440	$78,181	$71,600		$776,567
FEDERAL LABOR RELATIONS AUTHORITY	$516,696			$31,197	$29,132		$577,025
FEDERAL MARITIME COMMISSION	$477,528			$80,113	$31,397		$589,038
FEDERAL MEDIATION & CONCILIATION SERVICE	$1,126,640			$12,255	$130,563		$1,269,458

Treasury Franchise Fund – Administrative Resource Center, FY 2023 Total Collections by Customer (continued)

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION	$512,043		$235,805	$191,709	$18,907		$958,464
FEDERAL TRADE COMMISSION	$988,524			$381,825	$349,962		$1,720,311
FINANCIAL CRIMES ENFORCEMENT NETWORK	$722,292		$1,224,594	$1,034,984	$56,301	$4,005,398	$7,043,569
FOOD AND DRUG ADMINISTRATION					$845,476		$845,476
GENERAL SERVICE ADMINISTRATION		$41,332					$41,332
GULF COAST ECOSYSTEM RESTORATION COUNCIL	$477,323		$102,305	$112,398	$19,872		$711,898
INTER AMERICAN FOUNDATION	$768,497			$519,380	$25,787		$1,313,664
INTERNAL REVENUE SERVICE					$2,050		$2,050
MERIT SYSTEMS PROTECTION BOARD	$505,266			$125,212	$45,353		$675,831
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		$0				$831,864	$831,864
NATIONAL ARCHIVES & RECORDS ADMINISTRATION	$3,951,930		$6,931,852	$607,999	$147,124		$11,638,905
NATIONAL CAPTIAL PLANNING COMMISSION	$341,357			$7,477	$3,414		$352,248
NATIONAL MEDIATION BOARD	$350,472			$229,458	$24,244		$604,174
NATIONAL SCIENCE FOUNDATION					$98,069		$98,069
NUCLEAR REGULATORY COMMISSION	$1,472,742	$41,332			$868,122		$2,382,196
OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION	$374,321			$13,398	$16,734		$404,453
OFFICE OF FINANCIAL STABILITY	$773,810		$39,598	$58,163	$5,230		$876,801
OFFICE OF GOVERNMENT ETHICS	$442,997		$203,669	$69,712	$7,030		$723,408
OFFICE OF PERSONNEL MANAGEMENT	$7,325,045	$41,332					$7,366,377
OFFICE OF TECHNICAL ASSISTANCE	$894,982		$34,635	$27,934	$94,979		$1,052,530
OFFICE OF THE INSPECTOR GENERAL	$470,342		$697,621	$305,040	$54,806		$1,527,809
PRIVACY AND CIVIL LIBERTIES OVERSIGHT BOARD	$444,378			$80,366	$5,934		$530,678
RAILROAD RETIREMENT BOARD					$18,227		$18,227
SECURITIES AND EXCHANGE COMMISSION	$94,058						$94,058
SMALL BUSINESS ADMINISTRATION		$67,475					$67,475
SOCIAL SECURITY ADMINISTRATION		$67,475				$1,133,938	$1,201,413
SPECIAL INSPECTOR GENERAL - PANDEMIC RELIEF	$395,372		$359,128	$104,393	$38,291		$897,184
SPECIAL INSPECTOR GENERAL - TARP	$379,406		$139,814	$158,963	$28,188	$40,669	$747,040
TREASURY DEPARTMENTAL OFFICES	$762,796		$96,279		$517,500	$665,622	$2,042,197
TREASURY EXECUTIVE OFFICE FOR ASSET FORFEITURE	$4,262,913						$4,262,913
TREASURY FRANCHISE FUND/ ADMINISTRATIVE SERVICES						$19,804,447	$19,804,447
TREASURY FRANCHISE FUND/ INFORMATION TECHNOLOGY	$1,288,468		$1,623,137	$1,617,959	$98,028		$4,627,592
TREASURY FRANCHISE FUND/ SHARED SERVICES PROGRAM	$4,449,959	$95,892	$7,013,329	$1,914,286	$749,815	$12,705,228	$26,928,509
TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION	$816,420		$2,063,574	$610,793	$310,453		$3,801,240
TRUST FUND - BLACK LUNG DISABILITY	$133,997						$133,997
TRUST FUND - FEDERAL DISABILITY	$263,553						$263,553
TRUST FUND - FEDERAL HOSPITAL INSURANCE	$336,630						$336,630
TRUST FUND - FEDERAL OLD AGE & SURVIVORS	$263,553						$263,553
TRUST FUND - FEDERAL SUPPLEMENT INSURANCE	$336,630						$336,630
TRUST FUND - OIL SPILL LIABILITY	$165,000						$165,000
TRUST FUND - UNEMPLOYMENT	$543,826						$543,826
U.S. DEPARTMENT OF COMMERCE OFFICE OF INSPECTOR GENERAL			$595,108				$595,108
UNITED STATES MARSHALS SERVICE					$16,360		$16,360
UNITED STATES MINT	$10,361,869		$4,837,308	$2,962,894	$157,713		$18,319,784
US COURT OF APPEALS FOR VETERANS	$460,409			$15,267	$9,112		$484,788
US TAX COURT	$608,038			$38,322	$44,379		$690,739
USDA FOOD AND NUTRITION						$942,761	$942,761
USDA OCIO INTERNATIONAL TECHNOLOGY SERVICES			$3,023,714				$3,023,714
USDA OFFICE OF INSPECTOR GENERAL			$44,921				$44,921
NATIONAL ENDOWMENT FOR HUMANITIES	$27,857			$8,143	$1,286		$37,286
Grand Total	**$112,661,630**	**$2,457,992**	**$77,127,067**	**$25,519,943**	**$12,993,921**	**$241,951,072**	**$472,711,625**

1This appendix table shows actual amounts billed to customers and collected during 2023. The budgetary resources shown in Table 1.1 includes the effects of timing differences from actual unfilled customer orders and uncollected reimbursements brought forward into 2023.

Department of the Treasury
Treasury Executive Office of Asset Forfeiture

Congressional Budget Justification and Annual Performance Report and Plan

FY 2025

Table of Contents

Section I – Purpose

A – Mission Statement
To affirmatively influence the consistent and strategic use of asset forfeiture by law enforcementbureaus 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 administeredby 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 orthe 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 maynot 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 forfeiture, equitable shares may be paid to state and local law enforcement agencies that contributed to the seizure activity at a level proportionate to theirinvolvement.
- **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** allows TEOAF to fund priorities related to 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.

For additional details regarding the expense allocations by recipient, please refer to the 1.2 Obligations Detail Table.

Contingent liabilities represent the known future equitable sharing, remission, refund, and mitigation payments. TEOAF tracks future remission payments to third parties as contingent liabilities. However, these amounts are not recorded as obligations from the Fund until the Department of Justice grants the petition for remission. The third parties are predominantly victims of crimes that triggered the forfeiture (e.g., Ponzi scheme or kleptocracy victims). Amounts recorded are significant because remission payments from multiple years are recorded and carried forward. The amounts change constantly as payments are made and amounts for new remission cases are added. Future/anticipated equitable sharing expenses/payments are also recorded as contingent liabilities. TEOAF considers the amounts recorded as contingent liabilities as unavailable and consideration of contingent liabilities provides a more accurate representation of the financial position of the Fund.

FY 2023-2024 Case Highlights: The following case highlights are intended to provide examples of the types of investigations worked by the Fund's law enforcement bureaus during

FY 2023-2024 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.

- **Small Business Administration (SBA) cases**
  In FY 2023-2024 USSS forfeited $394M in fraudulently obtained funds from SBA covid relief loans. In the fall of 2020, Secret Service was notified about a potential SBA loan fraud and began an investigation on a Fort Myer, Florida resident. The investigation found that the suspect submitted false and fraudulent applications to the SBA for Covid 19 relief loans. In the SBA loan applications, the suspect falsely represented their company's number of employees, loss rental income, and gross revenues. USSS was able to determine that the suspect used the SBA funds for personal enrichment, funding their personal investment accounts, purchasing real estate, and paying off their credit card debt. The investigation resulted in the suspect accepting responsibility for their crimes and taking a plea agreement. As a part of the guilty agreement the suspect agreed to forfeit $1.355M and six properties that were purchased with the fraudulent SBA funds. The case is being prosecuted in the Middle District of Florida.

- **Multi-Agency Investigation Leads to Takedown of Organized Catalytic Converter Ring Worth Millions of Dollars**
  Catalytic converters use precious metals in their center such as palladium, platinum, and rhodium, making them a popular item to steal, as they could be easily stolen and could fetch as much as $1,000 each on the black market. The increase in organized large-scale theft of catalytic converters has prompted criminal investigations on the federal, state, and local levels. A federal grand jury in the Northern District of Oklahoma indicted 13 defendants who purchased stolen catalytic converters and

used an auto shop in New Jersey to sell them, generating over $45 million, $13 million, and $6 million dollars in illicit proceeds for the defendants. One of the defendants in Oklahoma was stopped with $1.2 million dollars in proceeds from the sale of stolen converters. In a separate indictment in the Eastern District of California, eight defendants were charged in connection with catalytic converter theft ring. As a result of executing 32 nationwide search warrants, law enforcement seized millions of dollars in assets that included homes, luxury vehicles, cash, and bank accounts. The Homeland Security Investigations (HSI) is continuing this investigation and pursuing additional forfeitures.

- **Silk Road Dark Web Fraud Investigation Leads to Forfeiture of 50,000 Bitcoin**
  From 2011 to 2013, Silk Road operated as the first of its kind dark net black-market website, enabling unlawful vendors to buy and sell illicit goods and services. In 2012 James Zhong discovered a vulnerability within Silk Road's withdrawal processing system and decided to defraud Silk Road. He created several accounts on Silk Road to mask his identity and used these accounts to make a series of quick deposits and withdrawals within seconds of each other to confuse Silk Road's withdrawal processing system, allowing him to steal approximately 50,000 bitcoins. Following the theft, Zhong used a BTC mixer, an overseas cryptocurrency exchanger, and a variety of other cyber tools to hide the stolen cryptocurrency. IRS Criminal Investigation's (IRS-CI) Cyber Crimes Unit investigators were able to uncover Zhong's scheme and trace the stolen BTC to him. In November 2021, IRS-CI executed a search warrant on Zhong's Gainesville, Georgia residence, and located an underground safe containing 25 Casascius coins which are physical BTC, hard drives containing BTC, gold and silver bars, and $661,900 in cash. Additionally, in a bathroom closet under blankets agents found a popcorn tin that held a single board computer containing over 50,000 BTC. Zhong plead guilty to one count of wire fraud and was sentenced to one year and one day in prison. Damian Williams, the United States Attorney for the Southern District of New York, praised the outstanding work of IRS Criminal Investigations.

- **$10 Million Dollar Amazon Fraud Scheme Mastermind Sentenced to 16 years and Ordered to Pay $9.4 Million in Restitution**
  Kayricka Wortham, an Amazon warehouse operations manager in Georgia, recruited employees under her supervision to create fake vendor information in Amazon's vendor system, which she subsequently approved in the system as a supervisor. Wortham's co-conspirators would then submit invoices to Amazon on behalf of fake vendors for "provided goods and services". Wortham would approve the invoices, causing Amazon to transfer funds to bank accounts controlled by Wortham. The scheme remained under the radar because the fictious vendors and invoices were created by Wortham's subordinates, with Wortham serving as sole approver. If Wortham entered the information herself, her own supervisor would have been the approving authority. Wortham began to recruit more employees into her scheme. In total, Wortham and her co-conspirators stole over $10 million from Amazon, using the money to purchase a home, jewelry, a Lamborghini,

Porsche, and other vehicles. The U.S. Secret Service investigated the scheme, leading to a seizure of over $2.7 million in fraudulent funds and recovery of items purchased with the illicit proceeds. Wortham pled guilty to fraud charges on November 30, 2022. She was sentenced 16 years in prison and ordered to pay over $9.4 million in restitution. Several of her co-conspirators have also pleaded guilty and are awaiting sentencing.

- **Multiple Border Entry Stops Lead to Seized Currency and Contraband.**
  In June 2023 the LAX Anti-Terrorism Contraband team found several suspicious pallets of containers holding a clear liquid. The containers were imported from China with a follow-on destination within the continental United States. Upon further investigation, the contraband team discovered that the liquid was 1040 kilograms of Gamma-butyrolactone otherwise known as liquid ecstasy, a hard narcotic per Customs and Border Protection (CBP) standards.

  Additionally, CBP officers encountered a tractor trailer carrying radishes at the Calexico Port of Entry in late January. During a non-intrusive inspection of the trailer, CBP officers noted several abnormalities in the x-ray photos. These turned out the be tightly bound packages of methamphetamines with a total weight of 2,069 kilograms and a street value of over $63 million dollars. These examples demonstrate how CBP keeps dangerous drugs from reaching the streets of the United States.

- **Coast Guard Offloads Millions of Dollars of Seized Drugs After a Successful Deployment.**
  The crew of the Coast Guard Cutter Bear returned to the port of Maimi and offloaded 14,153 pounds of cocaine worth more than $186 million dollars. The cocaine was seized during nine separate sea interdictions in international waters of the Atlantic Ocean and Caribbean Sea. The interdictions were performed in conjunction with Coast Guard helicopter tactical squadron, USCG Tactical Law Enforcement Teams, the Coast Guard Cutter Donald Horsley and USS Little Rock, an USCG aircrew from Air Station Borinquen, and Customs and Border Protection's Air Marine Operations aircrew. In addition to the over 14,000 pounds of cocaine seized, 12 suspected smugglers were apprehended to face prosecution in federal courts.

  The Crew of the Coast Guard Cutter Steadfast returned to a port in San Diego, California to offload more than 11,000 pounds of cocaine and 5,500 pounds of marijuana. The Steadfast crew was on a two-month patrol operation in the eastern Pacific Ocean. Assisting the Steadfast in the patrolling operation were the Coast Guard Cutters Vigilant and Mohawk. While on patrol the Coast Guard work closely with the FBI and Mexican Navy to track and board vessels suspected in smuggling drugs. The Steadfast, which is a 210-ft medium endurance cutter, patrols the western seaboard of North and Central America.

Priorities: In FY 2025, TEOAF will continue to support investigations and activities of its participating law enforcement bureaus. The bulk of TEOAF expenses include supporting seizures and forfeitures by covering the costs of seizure-related activities including storage, maintenance, disposition, and destruction of seized property.

TEOAF focuses on supporting investigations and activities 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 and mobile forensics, analysis of financial data, and tracing cryptocurrency transactions.

Major case initiatives are aligned directly to the National Money Laundering Strategy and support top national law enforcement priorities such as Opioids/ Fentanyl Enforcement Strategy.

Frequently, the assets identified in these investigations are proceeds of fraud schemes with multiple victims. TEOAF allocates significant resources to ensure that such investigations are adequately funded to yield successful prosecutions and forfeitures. The resulting forfeiture deposits are used to compensate the victims defrauded by the violators. TEOAF remains committed to supporting TFF participating law enforcement agencies' continuous efforts aimed at intercepting, disrupting and dismantling multi-million-dollar COVID-related and other fraud schemes and returning the money to the victims.

The most notable financial investigations conducted by the TFF agencies involve professional money launderers who utilize highly sophisticated money laundering methods, global trade & finance, and emerging technologies such as cryptocurrencies. They launder illicit funds derived from many criminal violations, including drug trafficking, human smuggling, Ponzi schemes and COVID-19 fraud. Such investigations require extraordinary law enforcement efforts, manpower, and resources. TEOAF prioritizes the support of both ongoing operational needs and cutting-edge technology capabilities necessary for conducting big data analytics, tracing and attribution of cryptocurrency transactions, and digital forensics in these highly complex cases. These investments buttress the anti-money laundering and countering the financing of terrorism(AML/CFT) strategy of DHS and Treasury and alleviate uncertainty about funding availability for investigations and forfeitures.

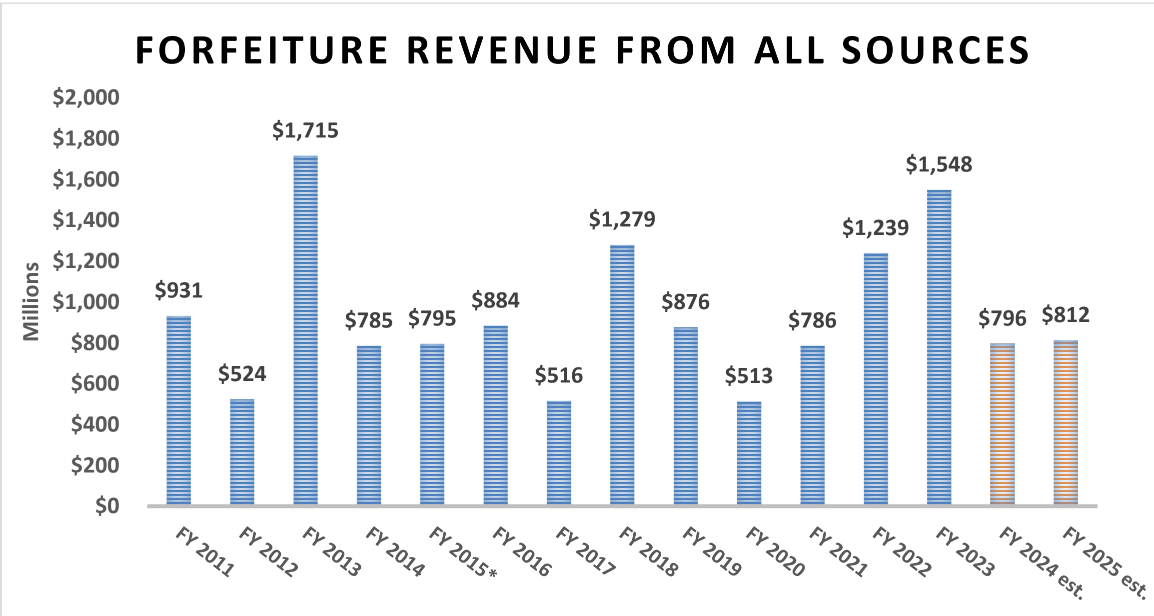
Challenges: Managing an inconsistent revenue stream to meet the burgeoning investigative needs of the agencies, particularly software and analytical tools necessary to pursue criminal activities that are increasingly cyber based. A funding mix involving all funding authorities (Mandatory, SEF and Strategic Support) is essential to avoid uncertainty about future funding for financial investigations and forfeitures.

Many investigations require analytical and cyber-investigative tools and services that are currently not available or insufficient. Additional datasets and critical analytical tools must be

[1] A major case refers to a case where the forfeiture results in a deposit greater than $5 million, or a case that disrupts or dismantles money laundering networks or other financial activities that threaten the financial stability, financial system, or financial interests of the United States.

acquired and maintained to respond to new challenges encountered by the financial investigative community.

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 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.
FY 2022 includes over $400 Million in COVID fraud related forfeitures, which will be used to pay remissions to defrauded entities.

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 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 victims). Amounts recorded are significant because remission claims from multiple years are recorded and carried forward. The amounts change constantly as payments are made and amounts for new remission cases are added. Future/anticipated equitable sharing expenses/payments are also recorded as contingent liabilities. TEOAF considers the amounts recorded as contingent liabilities to be unavailable, and consideration of contingent liabilities provides a more accurate representation of the Fund's financial position.

1.1 - Resource Detail Table

Dollars in Thousands

Budgetary Resources	FY 2023 Actual		FY 2024 Revised Estimate		FY 2025 Estimate		FY 2024 to FY 2025 $ Change		% Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Revenue/Offsetting Collections										
Interest	0	$193,972	0	$175,000	0	$179,000	0	$4,000	NA	2.29%
Restored Prior Year Sequestration Reduction	0	$70,641	0	$88,224	0	$45,390	0	($42,834)	NA	-48.55%
Forfeited Revenue	0	$1,353,822	0	$621,321	0	$633,049	0	$11,728	NA	1.89%
Recovery from Prior Years Unpaid	0	$126,901	0	$40,000	0	$40,000	0	$0	NA	0.00%
Recovery from Prior Years Paid	0	$5	0	$0	0	$0	0	$0	NA	NA
Unobligated Balances from Prior Years	0	$876,333	0	$1,635,357	0	$1,758,512	0	$123,155	NA	7.53%
Total Revenue/Offsetting Collections	**0**	**$2,621,674**	**0**	**$2,559,902**	**0**	**$2,655,951**	**0**	**$96,049**	**NA**	**3.75%**
Expenses/Obligations										
Mandatory Obligations	27	($687,035)	27	($471,000)	28	($480,420)	1	($9,420)	3.70%	2.00%
Secretary's Enforcement	0	($20,070)	0	($35,000)	0	($35,000)	0	$0	NA	0.00%
Strategic Support	0	($40,988)	0	($100,000)	0	($100,000)	0	$0	NA	0.00%
Total Expenses/Obligations	**27**	**($748,093)**	**27**	**($606,000)**	**28**	**($615,420)**	**1**	**($9,420)**	3.70%	1.55%
Rescissions/Cancellations										
Sequestration Reduction	0	($88,224)	0	($45,390)	0	($46,287)	0	($897)	NA	1.98%
Permanent Cancellation	0	($150,000)	0	($150,000)	0	$0	0	$150,000	NA	-100.00%
Total Rescissions/Cancellations	**0**	**($238,224)**	**0**	**($195,390)**	**0**	**($46,287)**	**0**	**$149,103**	**NA**	**-76.31%**
Net Results	**27**	**$1,635,357**	**27**	**$1,758,512**	**28**	**$1,994,244**	**1**	**$235,732**	**3.70%**	**13.41%**
Contingent Liabilities		**($1,142,981)**		**($1,200,000)**		**($900,000)**		**$300,000**	NA	-25%

* The Treasury Forfeiture Fund is staffed by Departmental Offices (DO) employees and positions are funded via reimbursable agreement. The FTE are shown here for clarity, but are also reflected in DO chapter in the reimbursable FTE total.

1.2 Obligations Detail Table

Dollars in Thousands

Treasury Forfeiture Fund Obligations	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
Mandatory *			
CBP	$47,558	$32,604	$33,256
ICE	$209,901	$143,896	$146,775
IRS	$147,046	$100,808	$102,824
USSS	$150,847	$103,414	$105,482
USCG	$474	$325	$331
TEOAF/DO	$113,255	$77,643	$79,195
TTB	$536	$367	$375
DOJ/AFMS	$17,407	$11,933	$12,172
STATE	$11	$10	$10
Total Mandatory	$687,035	$471,000	$480,420
SEF			
CBP	$3,622	$7,100	$7,100
ICE	$6,683	$10,500	$10,500
IRS	$6,433	$10,300	$10,300
USSS	$2,682	$6,750	$6,750
TTB	$650	$350	$350
Total SEF	$20,070	$35,000	$35,000
Strategic Support			
CBP	$0	$21,000	$21,000
ICE	$13,985	$29,000	$29,000
IRS	$0	$29,000	$29,000
USSS	$4,511	$10,000	$10,000
USCG	$1,142	$10,000	$10,000
TTB	$100	$1,000	$1,000
FINCEN	$21,250	$0	$0
Total Strategic Support	$40,988	$100,000	$100,000
Total Expenses/Obligations	**$748,093**	**$606,000**	**$615,420**

* These amounts represent all operating expenses (i.e., Refunds, Asset Shares, etc.) including Reimbursables.

1.3 Object Classifications Obligations

Dollars in Thousands

Object Classification	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
25.2 - Other services from non-Federal sources	83,627	67,343	68,396
25.3 - Other goods and services from Federal sources	208,361	169,684	171,509
41.0 - Grants, subsidies, and contributions	157,352	127,465	129,446
43.0 - Interest and dividends	450	365	370
44.0 - Refunds	237,245	193,583	197,170
94.0 - Financial Transfers	61,058	47,561	48,529
Total Non-Personnel	**$748,093**	**$606,000**	**$615,420**
Total Budgetary Resources	**$748,093**	**$606,000**	**$615,420**
Full- time Equivalents (FTE) *	**27**	**27**	**28**

* 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.

C – Legislative Proposals

TEOAF has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment
The Treasury Forfeiture Fund's budget activities and performance measures are aligned to the objectives in the Treasury FY 2022 – 2026 Strategic Plan.

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 supports law enforcement priorities, financial investigative capabilities, and high impact investigations and seizures of physical and financial resources aimed 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 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
Expenses/Obligations	$1,022,684	$488,041	$999,476	$1,146,353	$748,093	$606,000	$615,420
Budget Activity Total	**$1,022,684**	**$488,041**	**$999,476**	**$1,146,353**	**$748,093**	**$606,000**	**$615,420**
FTE	**25**	**25**	**26**	**27**	**27**	**27**	**28**

Measures	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Percent of Forfeited Cash Proceeds Resulting from High-Impact Cases	90.8	82.87	89.65	91.03	84.28	80	80	80

Treasury Forfeiture Fund Budget and Performance
($615,420,000 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, are 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 available 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 forfeitures 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 2024 and FY 2025, 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.

Section III – Additional Information

A – Summary of Capital Investments

TEOAF has no major or non-major capital investments. A summary of Treasury's capital investments can be accessed at:
Summary of Capital Investments | U.S. Department of the Treasury

Department of the Treasury
Bureau of Engraving and Printing

Congressional Budget Justification and Annual Performance Plan and Report

FY 2025

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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 United States (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 requiring counterfeit deterrent features due to their innate value or other characteristics. Other activities at BEP include engraving plates and dies; manufacturing inks used to print security products; purchasing materials, supplies, and equipment; and storing and delivering products in accordance with customer requirements. BEP supports Treasury's Strategic Goal 2: Enhance National Security, Goal 3: Protect Financial Stability and Resiliency, Goal 4: Combat Climate Change, and Goal 5: Modernize Treasury Operations.

BEP's FY 2025 budget estimate reflects the bureau's continued commitment to a new state of the art facility in Beltsville, MD, the continuing advancement of the Catalyst series of notes, and the resources to support an Annual Print Order at 6.8 billion notes. This commitment is reflected in the following projects:

1. DC Replacement 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 facility located in Washington, D.C. A provision in the Agriculture Improvement Act of 2018 (P.L. 115-334) authorized 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. The property transfer Memorandum of Agreement (MOA) between USDA and Treasury was finalized in early 2020. P.L. 117-328 provided authority for BEP to construct public improvements in the area surrounding the facility to mitigate traffic impacts. The formal transfer of administrative control from USDA to Treasury occurred in 2022. According to a GAO report[1], a replacement facility will save an estimated $568 million over 10 years, as compared to the cost of renovating the existing facility. BEP will reduce its annual operating costs by at least $38 million through production, material handling, and other operational/support efficiencies. The FY 2025 budget estimate reflects the BEP's continued commitment to the next generation of currency manufacturing and building the replacement facility. The revised FY

[1] U.S. Government Accountability Office (2018), *Bureau of Engraving and Printing Options for and Costs of a Future Currency Production Facility*. [Data file] Available from https://www.gao.gov/assets/gao-18-338.pdf.

2024 estimate reflects the most recent estimates of construction costs of the new DC Replacement Facility (DCRF) based on the 95 percent design.

The revised FY 2024 estimate includes $1,525 million and the FY 2025 estimate contains $63.9 million for the next phases of the DCRF project.

2. Annual Print Order / (formally Yearly Currency Order (YCO)) Reduction: The FY 2024 Annual Print Order was initially projected to be 6.8 billion notes which was reflected in the FY 2024 President's Budget. Subsequently, the FRB transmitted the actual print order which is 5.56 billion notes for FY 2024. The reduction in the FY 2024 order is due to the needs of installing new equipment and testing for the next family of banknotes. This decrease to the overall FY 2024 estimates corresponds to the reduced need for materials related to the lower print order. The FY 2025 budget includes an increase above the revised FY 2024 level due to the expected increase in the Annual Print Order to 6.8 billion notes.

3. Banknote Design and Development: In FY 2024 and FY 2025, BEP will continue to work with the Federal government's Advanced Counterfeit Deterrent (ACD) Steering Committee to develop the next family of banknotes. This advancement will include new and effective security features to deter counterfeiting and a raised tactile feature to provide meaningful access to blind and visually impaired individuals.

4. Retooling: BEP established a new Multi-Year Retooling initiative which includes $936 million for FY 2024. The initiative accelerates its multi-year effort to retool its manufacturing processes with state-of-the-art intaglio printing presses, electronic inspection systems, and finishing equipment. This increase in capability will support BEP in meeting the FRB's annual print order. The FRB and BEP have jointly developed short-, medium-, and long-term strategic equipment replacement plans for the U.S. Currency Program (USCP). Successful implementation of advanced technology improves productivity, reduces environmental impact, and enhances counterfeit deterrence of U.S. currency notes. In FY 2024, the major retooling initiatives include:

- Continuing to upgrade and complete automation of the $100 finishing line to integrate Single Note Inspection (SNI) technology. The capability to inspect single notes provides a significant improvement over BEP's traditional sheet inspection process.
- Hot Foil Press machines to support the $50 and $100 Catalyst Design to add features to the notes. These machines are for the Western Currency Facility (WCF) and the DCRF.
- The Non-sequential Large Examining and Printing Equipment (ns-LEPE) systems to replace the Currency Overprinting Processing Equipment and Packaging COPE-PAK and legacy LEPE systems. The ns-LEPEs are capable of manufacturing larger sheet sizes allowing 50 versus 32 banknotes on each sheet and provides additional production capability. These machines are state-of-the-art, specifically designed for BEP, combining multiple currency production processes at once: full sheet examination, letterpress printing functions, product verification, and cutting and packaging currency.
- Inspection Finishing System (IFS) / SNI Finishing System ensures only the highest quality sheets move to the numbering operation, sheets are thoroughly examined by a state-of-the-art computer system integrated with cameras and sophisticated bespoke software. It also sorts

finished numbered notes from the defective Off-line Currency Inspection System (OCIS) sheets, reclaiming good notes from destruction.

- Rotary Screen Presses to support the introduction of the $10 Catalyst Design, with options for additional presses for the new DCRF and existing WCF.
- Replacement Offset Presses for the utilization of the latest technology to reduce operational costs and improve efficiencies. The new presses are expected to help achieve overall excellence in production, personnel management, processes, and technology.
- Replacement Intaglio Presses to improve efficiency by incorporating the latest printing, electronics, and inspection technology into the production process at the new BEP facility. The new presses will be integrated into an overall facility design that is expected to maximize efficiency, reduce environmental impact, take advantage of technological efficiencies and automation thereby reducing overall costs.

5. Human Capital/Talent Management: The FY 2024 revised budget estimate reflects BEP's commitment to the next generation of currency manufacturing, ensuring successful knowledge transfer and continuity of operations, and building of a state-of-the-art currency manufacturing facility. The increase in FTE will be used in coordination with BEP's workforce planning process which is updated on an ongoing basis. This plan identifies the Bureau's mission critical occupations and outlines and identifies current and future skill gaps. In turn, it will target positions needed to support the next family of banknotes including all associated support staff. Additionally, over 30 percent of our current workforce positions are encumbered by retirement eligible employees. The workforce planning process and supported FTE increase will provide and support the suggested retention timeframes for the capture and transfer of workforce requirements.

1.1 – Resources Detail Table

Dollars in Thousands

Budgetary Resources	FY 2023 Actual		FY 2024 Revised Estimate		FY 2025 Estimate		FY 2024 to FY 2025 % Change	
Revenue/Offsetting Collections	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Currency Program/ Manufacturing	1,901	893,589	1,922	2,005,815	1,922	1,143,062	0.0%	-43.0%
Other Programs	0	3,215	0	13,000	0	13,000	NA	0.0%
DC Replacement Facility	3	25,957	3	1,525,210	3	63,930	0.0%	-95.8%
Total Revenue/Offsetting Collections	**1,904**	**$922,761**	**1,925**	**$3,544,025**	**1,925**	**$1,219,992**	**0.0%**	**-65.6%**
Obligations								
Manufacturing								
Direct Manufacturing	895	430,466	904	969,031	904	554,910	0.0%	-42.7%
Indirect Manufacturing Support	1,006	466,338	1,018	1,049,784	1,018	601,152	0.0%	-42.7%
DC Replacement Facility	3	25,957	3	1,525,210	3	63,930	0.0%	-95.8%
Total Expenses/Obligations	**1,904**	**$922,761**	**1,925**	**$3,544,025**	**1,925**	**$1,219,992**	**0.0%**	**-65.6%**
Net Results	**0**	**$0**	**0**	**$0**	**0**	**$0**	**NA**	**NA**

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Total
FY 2024 President's Budget	**1,888**	**$2,446,753**
Program Changes		
Program Decreases	0	(47,517)
Currency Production Decrease - Materials	0	(47,517)
Program Increases	37	1,144,789
Other Programs	0	10,000
FTE Increase	37	6,178
DC Replacement Facility	0	281,511
Retooling	0	847,100
Subtotal Program Changes	37	1,097,272
FY 2024 Revised Estimate	**1,925**	**$3,544,025**
Changes to Base		
Maintaining Current Levels (MCLs)	0	19,729
Pay Annualization (2024 5.2% average pay raise)	0	3,984
Pay Raise (2025 2.0% average pay raise)	0	4,657
Non-Pay (2025 2.2% non-pay inflation)	0	11,088
Subtotal Changes to Base	0	19,729
FY 2025 Current Services	**1,925**	**$3,563,754**
Program Changes		
Program Decreases	0	(2,386,279)
Retooling	0	(925,000)
DC Replacement Facility	0	(1,461,279)
Program Increases:	0	42,517
Currency Production Increase	0	42,517
Subtotal Program Changes	0	($2,343,762)
FY 2025 Estimate	**1,925**	**$1,219,992**

C – Budget Increases and Decreases Description

FY 2024 Adjustments

Program Decreases ....-$47,517,000 / -0 FTE

Currency Production Decrease- Materials, - $47,517,000 / -0 FTE

The Annual Print Order has been adjusted to reflect the revised commitment of 5.56 billion notes which is a reduction from the proposed 6.8 billion notes identified in the FY 2024 President's Budget. This includes a reduction to overtime.

Program Increases ………………………………………………+ $1,144,789,000 / +37 FTE

Other Programs, +$10,000,000 / +0 FTE

This is for entering into reciprocal agreements with the U.S. Mint to sell each other's products. In the past, these expenses were offset by revenue and the net was billed/collected.

FTE Increase, +$6,178,000 / +37 FTE

This increase is supported by BEP's systematic workforce planning efforts.

DC Replacement Facility, + 281,511,000 / +0 FTE
This reflects the new budget estimate based on a 95 percent design completion which includes a program contingency. The total funding required for FY 2024 is $1,525 million.

Retooling, +$847,100,000 / +0 FTE
To support the retooling program by replacing aging equipment and preparing to equip the bureau with the correct mix of production machinery to be fully successful and ready to deploy the next generation of notes. Major equipment includes: Offset Presses, Rotary Screen Presses, Hot Foil Presses, ns-LEPE(s), IFS/SNI systems, and New Intaglio Presses.
.
Maintaining Current Levels (MCLs) ....+$19,729,000 / +0 FTE
Pay Annualization (5.2% in 2024) +$3,984,000 / +0 FTE
Funds are required for annualization of the FY 2024 5.2% average pay raise.

Pay Raise (2.0% in FY 2025) +$4,657,000 / +0 FTE
Funds are required for a 2.0% average pay raise in January 2025.

Non-Pay (2.2% in FY 2025) +$11,088,000 / +0 FTE
Funds are required for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

FY 2025 Adjustments
Program Decreases..-$2,386,279,000 / -0 FTE
Retooling, - $925,000,000 / -0 FTE
To reflect the resources from the multi-year retooling investment which are no longer needed in FY 2025.

DC Replacement Facility, -$1,461,279,000 / -0 FTE
This reflects the FY 2025 funding requirement to support the project based on 95 percent design. The total funding required for FY 2025 is $64 million.

Program Increases ....+$42,517,000 / +0 FTE
Currency Production, + $42,517,000 / +0 FTE
The Annual Print Order will increase from the 2024 production volume of 5.56 billion to 6.8 billion notes for 2025.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2023 Actual Obligations	FY 2024 Revised Estimated Obligations	FY 2025 Estimate
11.1 - Full-time permanent	200,804	214,559	220,343
11.3 - Other than full-time permanent	348	215	219
11.5 - Overtime and other personnel compensation	31,381	29,119	29,516
11.9 - Personnel Compensation (Total)	**232,533**	**243,893**	**250,078**
12.0 - Personnel benefits	88,627	90,668	92,831
13.0 - Benefits for former personnel	14	3	3
Total Personnel and Compensation Benefits	**$321,174**	**$334,564**	**$342,912**
21.0 - Travel and transportation of persons	1,425	2,020	2,060
22.0 - Transportation of things	870	863	880
23.1 - Rental payments to GSA	4,086	3,282	3,348
23.2 - Rental payments to others	1,026	849	866
23.3 - Communications, utilities, and miscellaneous charges	16,127	20,143	20,546
25.2 - Other services from non-Federal sources	189,446	162,046	165,287
25.3 - Other goods and services from Federal sources	71,333	1,609,597	149,923
25.4 - Operation and maintenance of facilities	4,564	0	0
25.5 - Research and development contracts	0	3,738	3,813
26.0 - Supplies and materials	209,968	361,148	406,269
31.0 - Equipment	102,740	1,045,581	123,894
42.0 - Insurance claims and indemnities	2	194	194
Total Non-Personnel	**$601,587**	**$3,209,461**	**$877,080**
Total Obligations	**$922,761**	**$3,544,025**	**$1,219,992**
Full-time Equivalents (FTE)	**1904**	**1925**	**1925**

Amounts reflect obligations of carryover balances, reimbursables and other programs.

D – Appropriations Language and Explanation of Changes

The BEP does not require annual appropriations language.

E – Legislative Proposals

The BEP does not have any legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment
BEP's vision is to be the world standard securities printer providing its customers and the public with superior products through excellence in manufacturing and innovation. BEP supports the following Department of the Treasury FY 2022-2026 strategic goals:

- **Goal 2: Enhance National Security**
  - Cyber Resiliency of Financial Systems and Institutions
- **Goal 3: Protect Financial Stability and Resiliency**
  - Financial Innovation
- **Goal 4: Combat Climate Change**
  - Sustainable Treasury Operations
- **Goal 5: Modernize Treasury Operations**
  - Recruit and Retain a Diverse and Inclusive Workforce
  - Better Use of Data

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 addition, BEP has aligned its budget activities and performance measures to the new Treasury FY 2022-2026 Strategic Plan.

In accordance with the Government Performance and Results Act Modernization Act (GPRAMA) of 2010, the Department of the Treasury published its FY 2022-2026 Strategic Plan in FY 2022. BEP also published a component plan that aligns BEP activities and priorities with the Department's Strategic Plan.

B – Budget and Performance by Budget Activity
2.1. – Manufacturing Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Revised Estimate	FY 2025 Estimate
Expenses/Obligations	$955,212	$878,611	$1,248,731	$1,037,984	$922,761	$3,544,025	$1,219,992
Budget Activity Total	**$955,212**	**$878,611**	**$1,248,731**	**$1,037,984**	**$922,761**	**$3,544,025**	**$1,219,992**
Full-time Equivalents (FTE)	**1,727**	**1,740**	**1,832**	**1,848**	**1,904**	**1,925**	**1,925**

Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Currency Notes Delivered Returned due to Defects (Parts per Million)	0.009	0.02	0.0016	16.60	25.20	<1ppm	<1ppm	<1ppm
FEVS Satisfaction Index (percentile)	74	74	71	NA	73	>65	>65	>65
Lost Time Accident Rate (per 100 employees)	1.48	1.01	1.59	0.95	0.77	<1.80	<1.80	<1.80
Manufacturing Cost for Currency (Dollars per Thousand Notes Delivered)	$50.33	$56.19	$61.81	$63.96	$59.81	$65.00	$74.19	$76.00
Yearly Currency Order	100%	100%	100%	100%	100%	100%	100%	100%

Note: For Currency Notes Defects in FY-22 a quality incident with up to 204,059 notes having mismatched serial numbers from a DCF Production Line were shipped in February of 2021. (One of our oldest pieces of equipment and does not have in-line inspection systems) These defective notes continue to come in FY-23 and FY-24 resulting in high defect rates.

Manufacturing Budget and Performance

($1,219,992,000 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 normally achieves this target. As many as 203,000 $20 notes were printed and delivered to the FRB with mismatched serial numbers. Elimination of these notes may require as many as 600,000 notes to be removed from circulation in the full serial number range. As of September 30, 2023, 253,000 such notes have been removed and shredded. We expect this removal to continue over the next few years. As the root cause has been corrected, BEP's target for this performance metric will be held constant at <1 ppm for FY 2024 and FY 2025 for ongoing operations.

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. This measure uses the Department's standard

FEVS Global Satisfaction Index with a target of 65 percent or greater. In FY 2024 and 2025, 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 in the workplace. BEP's FY 2023 Lost Time Accident rate was at 0.77 cases per 100 employees, lower than the target of 1.80 cases per 100 employees. This performance resulted from continued focus on following safe work practices and avoiding hazards. For FY 2024, 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. The 1.8 case rate represents approximately one injury per facility per month. BEP's target will be held at 1.80 cases per 100 employees for FY 2024 and FY 2025.

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. This indicator is strongly affected by the portion of the order devoted to high-value notes, which are more expensive to produce. Actual performance against standard costs depends on BEP's ability to meet spoilage, efficiency, and capacity utilization goals. The final FY 2023 cost was $59.81 per 1,000 notes produced. BEP's target for this performance metric is $74.19 in FY 2024. The notional target for FY 2025 is set at $76.00 per 1,000 notes produced.

The Federal Reserve Print Order establishes the performance target for measuring BEP's success in delivering the total number of currency notes needed by the Federal Reserve Board on an annual basis. The BEP met its FY 2023 target of delivering 100 percent of the currency notes ordered, with BEP delivering 5.7 billion notes to the Federal Reserve banks. Recent currency orders now include a range, with a minimum quantity of notes by denomination, as well as a maximum or upper limit. The FY 2024 initial quantity request is 5.56 billion notes. Additionally, the FRB will accept any additional notes that BEP can produce and deliver up to a maximum of 6.63 billion notes in calendar year 2024. The FY 2025 Print Order is estimated at 6.8 billion notes.

Section III – Additional Information

A – Summary of Capital Investments

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

Department of the Treasury
United States Mint

Congressional Budget Justification and Annual Performance Plan and Report

FY 2025

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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) 2025, the United States Mint's (Mint) total estimated budgetary requirements for operations, metal, and capital investments are $5.7 billion. This budget will support the production of 6.5 billion circulating coins, as well as the production of bullion coins 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, integrity, and accountability. The Mint has three strategic goals to help fulfill its mission and values: 1) Advance our circulating mission through innovation and technology; 2) Foster a safe and engaged workforce; and 3) Revitalize products and customer base.

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 (FRBs), 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. At the end of FY 2023, the Mint's net budget-authority calculations resulted in a negative net when compared to the obligations incurred. Negative net results can occur when obligations are made late in the year for production and sales that will result in offsetting collections in subsequent years. Mint's total expenses/obligations in FY 2023 includes year-end metal expenditures that were incurred with no corresponding collections. Mint is a Revolving Fund that mainly does business with the public and uses balances in the account to ensure that operating supplies and materials are procured in order to produce inventories for future sales.

Circulating Coins
This activity funds the minting and issuance of circulating coins to the FRBs in amounts that the Secretary of the Treasury (Secretary) determines are necessary to meet the needs of the United States. Circulating coin production projections are based on current economic data and forecasts of FRB coin orders. Circulating coin production for FY 2024 (revised from initial estimates included in the President's Budget) and FY 2025 is forecasted at 6.5 billion coins each year. This level reflects a 38.0 percent decrease from the 10.5 billion coins shipped in FY 2023. Circulating revenue is forecasted at $577 million in FY 2024 and FY 2025. The FY 2023 unit costs increased for all denominations compared to FY 2022; the penny's unit cost increased by 12.9 percent, the nickel's unit cost increased by 10.9 percent, the dime's unit cost increased by 5.4 percent, and the quarter-dollar's unit cost increased by 4.7 percent. The unit cost for pennies

(3.07 cents) and nickels (11.54 cents) remained above face value for the 18th 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 2023, the Mint sold 22 million bullion ounces, an increase of 4.3 million ounces compared to the 17.7 million ounces sold in FY 2022. Demand for bullion is forecasted at 26.7 million ounces for both FY 2024 and FY 2025. Bullion revenue is forecasted to be $4.2 billion in FY 2024 and $4.6 billion in FY 2025.

Numismatic (Collector Coins and Medals)
The numismatic program funds the manufacturing of numismatic items, which include collectible coins and sets, medals and other products for sale to collectors and other members of the public who desire high-quality or investment-grade versions of the Nation's coinage. FY 2023 numismatic revenue was $459.5 million, down 17.9 percent ($99.9 million) compared to FY 2022. The 2023 American Eagle One Ounce Silver Proof and the 2023 Morgan Silver Proof Dollar were the most popular sellers (in terms of units) in FY 2023, selling a combined 746.0 thousand units. The unit sales for 2023 American Eagle One Ounce Silver Proof and the 2022 United States Mint Proof Set were below the number of items shipped for 2022 versions. The 2023 Mint Proof Set had not been issued before the end of FY 2023 and the 2022 version was issued in 2022 but sales spilled over into early 2023. Gold and platinum numismatic products generated the largest share of revenue (46.3 percent) during FY 2023 compared to FY 2022. This category generated $212.6 million in numismatic revenue compared to $246.9 million of revenue generated by the other categories. FY 2024 numismatic revenue is projected to be $527.2 million and $529.0 million in FY 2025, based on projected demand for numismatic products of 3.8 million units in FY 2024 and 3.6 million units in FY 2025.

1.1 – Resource Detail Table

Dollars in Thousands

Budgetary Resources	FY 2023 Actual		FY 2024 Revised Estimate		FY 2025 Estimate		FY 2024 to FY 2025 % Change	
Revenue/Offsetting Collections	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Circulating	0	$956,084	0	$576,602	0	$576,602	NA	0.0%
Bullion/Numismatic	0	$3,725,493	0	$4,749,814	0	$5,164,376	NA	8.7%
Total Revenue/Offsetting Collections	**0**	**$4,681,577**	**0**	**$5,326,416**	**0**	**$5,740,978**	**NA**	**7.8%**
Obligations								
Manufacturing								
Circulating	875	$1,092,066	933	$573,964	933	$575,096	0.0%	0.2%
Bullion/Numismatic	723	$3,656,604	772	$4,704,758	772	$5,143,382	0.0%	9.3%
Total Expenses/Obligations	**1,598**	**$4,748,670**	**1,705**	**$5,278,722**	**1,705**	**$5,718,478**	**0.0%**	**8.3%**
Net Results	**1,598**	**($67,093)**	**1,705**	**$47,694**	**1,705**	**$22,500**	**0.0%**	**-52.8%**

Footnote: FY 2023 negative net results are attributed to higher inventory levels for gold and circulating. Total Expenses/Obligations includes year-end metal expenditures that were incurred with no corresponding collections during FY 2023. Revenue in FY 2024 will resolve this negative. Mint is a Revolving Fund, this reflects our net results as of the end of September.

Coin Shipments (Units In Millions/Coins)	FY 2023	FY 2024	FY 2025	% Change
Circulating:				
One Cent	4,136	3,680	3,680	0.0%
5-Cent	1,416	461	461	0.0%
Dime	2,666	535	535	0.0%
Quarter	2,274	1,794	1,794	0.0%
Half-Dollar	-	-	-	0.0%
Dollar	-	-	-	0.0%
Total Circulating	**10,492**	**6,470**	**6,470**	0.0%

Budget Category	FY 2023 Actual	FY 2024 Revised Estimate	FY 2025 Estimate	% Change
Administrative Operating Costs	$492,838	$540,222	$549,978	1.8%
Capital Investments	$78,190	$78,500	$78,500	0.0%
Metals and Materials Costs	$4,177,642	$4,660,000	$5,090,000	9.2%
Total Budgetary Resources	**$4,748,670**	**$5,278,722**	**$5,718,478**	8.3%

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Materials	Operating & Capital	Total
FY 2024 President's Budget	**1,705**	**$4,077,700**	**$607,022**	**$4,684,722**
Program Changes				
Program Decreases:	**0**	**(330,000)**	**0**	**(330,000)**
Metal Due to Forecasted Decrease in Circulating Production	0	(330,000)	0	(330,000)
Program Increases:	**0**	**912,300**	**11,700**	**924,000**
Metal Due to Forecasted Increase in Bullion Production	0	837,300	0	837,300
Metal Due to Forecasted Increase in Numismatic Production	0	75,000	0	75,000
IT Service Operating Program	0	0	10,600	10,600
Cyber Security	0	0	1,100	1,100
Subtotal Program Changes	0	582,300	11,700	594,000
FY 2024 Revised Estimate	**1,705**	**$4,660,000**	**$618,722**	**$5,278,722**
Changes to Base				
Maintaining Current Levels (MCLs)	0	0	14,756	14,756
Pay Annualization (2024 5.2% average pay raise)	0	0	3,335	3,335
Pay Raise (2025 2.0% average pay raise)	0	0	3,898	3,898
Non-Pay (2.2% non-pay inflation)	0	0	7,522	7,522
Subtotal Changes to Base	0	0	14,756	14,756
Total FY 2025 Current Services	**1,705**	**$4,660,000**	**$633,478**	**$5,293,478**
Program Changes				
Program Decreases:	**0**	**0**	**(5,000)**	**(5,000)**
IT Service Operating Program	0	0	(5,000)	(5,000)
Program Increases:	**0**	**430,000**	**0**	**430,000**
Metal Due to Forecasted Increase in Bullion Production	0	400,000	0	400,000
Metal Due to Forecasted Increase in Numismatic Production	0	30,000	0	30,000
Subtotal Program Changes	**0**	**$430,000**	**($5,000)**	**$425,000**
Total FY 2025 Estimate	**1,705**	**$5,090,000**	**$628,478**	**$5,718,478**

C – Budget Increases and Decreases Description

Program Decreases………………………………….……..…………… -$330,000,000 / -0 FTE

Metal due to Forecasted Decrease in Circulating Demand -$330,000,000 / -0 FTE

Orders from the FRB are expected to decline significantly, which will have a vast impact on circulating demand in FY 2024. The FY 2024 FRB coin orders are projected to be significantly lower than in prior years. The most current forecast for 6.5 billion circulating coins is the lowest forecast in recent history. Such levels will have a significant impact on the Mint's production plan and overall seigniorage. The sharp decrease also directly results in a sizeable reduction in our raw material orders. As such, the Mint's budget for metal has been reduced to better align with the current production forecast. The FY 2025 forecast is projected to remain steady at this reduced level. The Mint will continue to ensure coin production that responds to the needs of the FRB.

Program Increases……………………………….……………………… +$924,000,000 / +0 FTE
Metal due to Forecasted Increase in Bullion Demand +$837,300,000 / +0 FTE
FY 2024 forecasted bullion coin demand is projected to remain at the elevated levels experienced in FY 2023, and metal prices are also anticipated to remain high.

Metal due to Forecasted Increase in Numismatic Demand +$75,000,000 / +0 FTE
FY 2024 forecasted numismatic demand is projected to remain at the elevated levels experienced in FY 2023, and metal prices are also anticipated to remain high.

IT Services +$10,600,000 / +0 FTE
In FY 2024, the Mint's primary IT Services contract that provides contractor support for all IT operations (except Cyber) will complete its period of performance and must be re-competed. The anticipated scope of the new contract is expected to increase, eliminating service deficiencies experienced under the old contract. IT operations are complex and changing vendors can have negative impacts for the end user experience. As such, a bridge ($5 million) is necessary to ensure a smooth transition.

Cybersecurity +$1,100,000 / +0 FTE
Increased penetration testing (pen testing), a security measure and exercise where a cyber-security expert attempts to find and exploit vulnerabilities in a computer system, is needed to ensure the integrity of Mint systems. The purpose of this simulated attack is to identify system defense weaknesses which could be susceptible to attackers.

Change to Base
Maintaining Current Levels (MCLs)... +$14,756,000 / +0 FTE
Pay Annualization (5.2% in 2024) +$3,335,000 / +0 FTE
Funds are requested for annualization of the January 2024 5.2 percent average pay raise.

Pay Raise (2.0% in FY 2025) +$3,898,000 / +0 FTE
Funds are requested for a 2.0 percent average pay raise in January 2025.

Non-Pay (2.2% in FY 2025) +$7,522,000 / +0 FTE
Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Program Decreases…………………………………….…………..…………… -$5,000,000 / -0 FTE
IT Services -$5,000,000 / -0 FTE
Funding is reduced by the amount of the bridge contract that was included in the previous year's budget. This is a one-time cost not required in future years.

Program Increases……………………………….……………………… +$430,000,000 / +0 FTE
Metal due to Forecasted Increase in Bullion Demand +$400,000,000 / +0 FTE
FY 2025 forecasted bullion coin demand is projected to remain at the elevated levels experienced in FY 2023, and metal prices are also anticipated to remain high.

Metal due to Forecasted Increase in Numismatic Demand +$30,000,000 / +0 FTE
FY 2025 forecasted numismatic demand is projected to remain at the elevated levels experienced in FY 2023, and metal prices are also anticipated to remain high.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2023 Actual Obligations	FY 2024 Revised Estimated Obligations	FY 2025 Estimate
11.1 - Full-time permanent	152,070	174,387	182,987
11.3 - Other than full-time permanent	192	161	161
11.5 - Other personnel compensation	17,600	16,993	16,993
11.9 - Personnel Compensation (Total)	**169,862**	**191,541**	**200,141**
12.0 - Personnel benefits	63,460	72,041	72,041
13.0 - Benefits for former personnel	31	300	300
Total Personnel and Compensation Benefits	**$233,353**	**$263,882**	**$272,482**
21.0 - Travel and transportation of persons	1,942	3,109	3,109
22.0 - Transportation of things	43,521	25,931	25,931
23.2 - Rental payments to others	10,995	20,488	20,488
23.3 - Communication, utilities, and miscellaneous charges	15,366	20,478	20,478
24.0 - Printing and reproduction	1,039	3,226	3,226
25.1 - Advisory and assistance services	80,549	86,297	86,297
25.2 - Other services	29,752	34,297	35,453
25.3 - Other purchases of goods & serv from Govt accounts	25,551	22,967	22,967
25.4 - Operation and maintenance of facilities	10,072	11,972	11,972
25.6 - Medical care	1,501	1,801	1,801
25.7 - Operation and maintenance of equip	14,682	15,520	15,520
26.0 - Supplies and materials	22,346	26,298	26,298
26.7 - Raw Materials	4,177,642	4,660,000	5,090,000
31.0 - Equipment	65,393	67,146	67,146
32.0 - Land and structures	14,410	15,310	15,310
42.0 - Insurance claims and indemnities	12	0	0
43.0 - Interest and dividends	2	0	0
Total Non-Personnel	**$4,515,317**	**$5,014,840**	**$5,445,996**
New Budgetary Resources	**$4,748,670**	**$5,278,722**	**$5,718,478**
FTE	**1,598**	**1,705**	**1,705**

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY United States Mint *Federal Funds* *Pursuant to section 5136 of title 31, United States Code, the United States Mint is provided funding through the United States Mint Public Enterprise Fund for costs associated with the production of circulating coins, numismatic coins, and protective services, including both operating expenses and capital investments: Provided, That the aggregate amount of new liabilities and obligations incurred during fiscal year 2025 under such section 5136 for circulating coinage and protective service capital investments of the United States Mint shall not exceed $50,000,000.* *Note.—A full year 2024 appropriation for this account was not enacted at the time the Budget was prepared; therefore, the Budget assumes this account is operating under the Continuing Appropriations Act, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.*	

E – Legislative Proposals

Alternative metal compositions for circulating coins

The *Coin Modernization, Oversight, and Continuity Act of 2010* (Public Law 111-302) (Act) authorized the Department of the Treasury to conduct research and development activities with regard to alternative metallic materials for circulating coins. The Act also requires a biennial report to Congress that includes information on the production costs for circulating coins, recommendations for changes to coin composition, and recommendations for changes to coin production. The budget proposes legislation enabling changes to coin metal composition if they: a) reduce cost; b) are seamless; and c) have as minimal an adverse impact as possible on stakeholders and the public. Two alternative compositions to the current cupronickel alloy used in nickels, dimes, quarters, and half dollars are currently under consideration at the Mint for movement: 80/20 composition, which has been fully tested; and, a leaner potentially seamless alternative, C99750T-M, which is still in development.

While the Mint continues its extensive research, it recommends this proposal to give the Secretary the authority to prescribe the metal compositions of circulating coins under certain conditions. Currently, the metal composition of each coin is prescribed by statute. A revision to current law that would authorize the Secretary to have flexibility and agility to implement small changes to the circulating coin metal compositions could result in incremental material savings for the Mint with little or no impact to stakeholders, including the vending industry and general public.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

U.S. Mint FY22-26 Strategic Plan		Treasury FY22-26 Strategic Plan	
Goal	**Objective**	**Goal**	**Objective**
1: Advance Circulating Mission Through Innovation & Technology	1.1 Coin Design and Process Improvement	2: Enhance National Security	2.1: Cyber Resilience of Financial Systems and Institutions
		3: Protect Financial Stability and Resiliency	3.3: Financial Innovation
		5: Modernize Treasury Operations	5.4: Customer Experience Practices
	1.2 Combat Climate Change	4: Combat Climate Change	4.4: Sustainable Treasury Operations
	1.3 Innovation	3: Protect Financial Stability and Resiliency	3.3: Financial Innovation
		5: Modernize Treasury Operations	5.3: Better Use of Data
2: Foster a Safe & Engaged Workforce	2.1 Safety	5: Modernize Treasury Operations	5.2: Future Work Routines
	2.2 Diversity, Equity, Inclusion, and Accessibility		5.1: Recruit and Retain a Diverse and Inclusive Workforce
	2.3 Capacity		5.2: Future Work Routines
3: Revitalize Products and Customer Base	3.1 Customer Experience	5: Modernize Treasury Operations	5.4: Customer Experience Practices

Circulating Coinage Program

Circulating coinage includes the minting and issuing of pennies, nickels, dimes, quarter dollars, and half 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 FY 2024 FRB coin orders are projected to be significantly lower than in prior years. Such levels may have a significant impact on the Mint's production plan and overall seigniorage. The sharp decrease also directly results in a sizeable reduction in our raw material orders. As such, the Mint's budget for metal has been reduced to better align with the current production forecast for circulating coins. The FY 2025 forecast is projected to remain steady at this reduced level.

Although coin orders are down, the American Women Quarters Program will continue. This four-year program, which began in 2022 and continues through 2025, celebrates the accomplishments and contributions made by prominent women of the United States, to the development and history of our country. The Mint is issuing five quarters annually. Each has a different design on the reverse, emblematic of the accomplishments and contributions of one prominent woman of the United States. The designs reflect an ethnically, racially, and geographically diverse group of individuals in a wide range of accomplishments and fields, including civil rights, government, the humanities, science, and the arts. Honorees in 2024 will include Patsy Takemoto Mink; Dr. Mary Edwards Walker; Pauli Murray; Zitkala-Ša (meaning "Red Bird"), also known as Gertrude Simmons Bonnin; and Celia Cruz (Celia Caridad Cruz Alfonso). Honorees in 2025 will include Ida B. Wells, Juliette Gordon, Dr. Vera Rubin, Stacey Park Milbern, and Althea Gibson.

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 under laws that grant the Secretary discretion in determining product specifications.

Bullion Coins

The Mint's bullion coin program provides the public a simple and tangible means to acquire precious metal coins at a slight premium to spot market metal prices. Investors purchase bullion coins not only for their intrinsic metal value, but also because the United States guarantees each coin's metal weight, content, and purity.

The Mint produces and issues gold, silver, platinum, and palladium bullion coins to authorized purchasers through the American Buffalo and the American Eagle Programs. The Mint sells the coins to the authorized purchasers at the same market price paid for the metal, plus a premium to cover bullion program operating costs. Authorized purchasers agree to maintain an open, two-way market for these coins, assuring their liquidity. This allows the public to purchase and sell bullion coins at the prevailing market price, adjusting for any premium the authorized purchaser applies.

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 initiated the American Innovation $1 Coin Program in 2018 in accordance with Public Law 115-197. This is a multi-year $1 coin series to honor innovation and innovators for each of the 50 states, the District of Columbia, and the five U.S. territories – Puerto Rico, Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands. Four new $1 coins with distinctive reverse designs will be released each year through 2032, in the order the States ratified the Constitution of the United States or were admitted to the Union. Once a coin is issued for each state, coins will be released for the District of Columbia and the territories.

Commemorative coins are authorized by law to recognize and honor people, places, events, institutions, and other subjects of historic or national significance. Each coin is minted and issued by the Mint in a limited quantity and is available only for a limited time. Prices include 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. The Mint has two commemorative coin programs authorized for 2024: the Harriet Tubman Bicentennial Commemorative Coin program (Public Law 117-163) and the Greatest Generation Commemorative Coin program (Public Law 117-162).

B – Budget and Performance by Budget Activity
2.1.1 – Manufacturing Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Revised Estimate	FY 2025 Estimate
Expenses/Obligations	$1,555,462	$3,462,361	$5,029,975	$5,206,028	$4,748,670	$5,278,722	$5,718,478
Budget Activity Total	**$1,555,462**	**$3,462,361**	**$5,029,975**	**$5,206,028**	**$4,748,670**	**$5,278,722**	**$5,718,478**
Full-time Equivalents (FTE)	**1,536**	**1,539**	**1,566**	**1,587**	**1,598**	**1,705**	**1,705**

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Seigniorage per Dollar Issued ($)	0.40	0.47	0.37	0.30	0.26	0.33	0.12	0.12
Safety Incident Recordable Rate	1.45	1.29	0.71	1.29	1.18	2.10	2.04	1.98
Customer Satisfaction (%)	93.60	91.70	84.50	80.20	86.90	85.00	85.00	85.00
Numismatic Sales Units (million units)	4.30	3.40	3.70	4.70	3.40	3.00	3.78	3.64
Circulating Ship Complete on Time (%)	100.00	100.00	100.00	100.00	100.00	97.50	97.50	97.50

Manufacturing Budget and Performance

($5,718,478,000 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 to "Revitalize products and customer base" and the Mint's internal strategic objective linked to this goal, "Customer experience."

In FY 2023, the CSI was 86.9 percent, which exceeded its 85.0 percent target. The Mint Customer Satisfaction Index score dropped in FY 2021 and FY 2022 due to operational changes necessitated by the COVID-19 pandemic and related causes. During FY 2022, the Mint's e-commerce contractor implemented improvements to its work-from-home solution, finding better ways to manage the remote workforce which helped improve the CSI scores in FY 2023. In FY

2024, the Mint will shift warehouse and fulfillment operations to a more modern and Mint-dedicated facility that will house customer service operations in the same facility. The new facility will increase capacity in both fulfillment and customer service operations to provide more efficient operations. The Mint proposes a CSI target of 85.0 for both FY 2024 and FY 2025.

Numismatic Sales Units
The numismatic sales unit metric measures public demand for coin products sold from numismatic operations. This metric also measures performance results in achieving the Mint's internal strategic plan goal to "revitalize products and customer base." The Mint's numismatic products include annual proof and uncirculated sets, gold coins, silver coins, and products derived through legislation such as commemorative coins. The degree of popularity of commemorative coins and other coin programs featuring unique gold, silver, platinum, and palladium coins can at times strongly impact the comparability of year-over-year sales results.

Numismatic product sales for FY 2023 totaled 3.4 million units, exceeding its 3.0 million units target primarily as a result of increases in silver coin products. In FY 2024, the Mint expects an increase in units as a result of manufacturing constraints that delayed some FY 2023 products, pushing sale dates into FY 2024. The Mint proposes a target of 3.78 million numismatic sales units for FY 2024 and 3.64 in FY 2025, which is in line with pre-COVID trends and represents a return to normal sales levels.

Safety Incident Recordable Rate
The safety incident recordable rate is the number of injuries and illnesses meeting the Occupational Safety and Health Administration (OSHA) 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 to "Foster a safe, flexible, diverse, and engaged workforce."

In FY 2023, the total recordable case rate reached 1.18, well below the Mint's FY 2023 target of 2.10, and significantly below the most recently published industry average rate of 5.2 published in 2015 by the U.S. Bureau of Labor Statistics for the comparable Non-Automotive Metal Stamping industry. During FY 2023, the Mint continued implementing and updating risk management guidelines to prioritize resources and mitigating risks in advance of injuries or catastrophic events at each plant. Mint facility leadership and employees continued to interact daily on the importance of safety. The performance targets for the safety incident recordable rates are 2.04 for FY 2024 and 1.98 for FY 2025.

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 through innovation and technology." At the end of FY 2023, Seigniorage

per Dollar Issued was $0.26, which fell below the performance target of $0.33, as a result of a decrease in circulating coins shipped. The Mint expects a significant decline in orders from the FRB. Based on the low forecasted revenue amounts, the Mint proposes annual seigniorage per dollar issued performance targets of $0.12 for FY 2024 and FY 2025.

Circulating On-time Delivery
Circulating On time Delivery is the percentage total of scheduled circulating coin orders shipped on time to the FRBs. Each month, the FRB provides the 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 its 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. Performance over the past few years has consistently averaged around 100 percent. On time delivery for FY 2023 was 100 percent. The Mint is proposing performance targets for circulating on-time delivery remain at 97.5 percent for both FY 2024 and FY 2025.

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 2025

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, 2023, the OCC supervised 765 national bank charters, 49 federal branches and agencies, and 248 federal savings associations. In total, the OCC supervises approximately $16.2 trillion in financial institution assets.

Goals:
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 has established three strategic goals to affirm its mission: 1) The OCC's culture, talent management, tools, and practices provide an environment for agility and continuous learning; 2) The OCC earns and consistently safeguards the public's trust by being highly credible to a wide range of stakeholders; 3) Peer agencies and international bodies view the OCC as a leader on both traditional and emerging bank supervision issues. To achieve its strategic 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 receives no appropriated funds from congress for any portion of its operations. Operations are funded primarily (approximately 96 percent) from semiannual assessments levied on national banks and federal savings associations. Revenue from investments in Treasury securities and other income comprise the remaining four percent of the OCC's funding.

FY 2024 and 2025 Priorities
The mission of the OCC is 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. To meet this mission, the OCC has four priorities:

1) guarding against complacency by banks; 2) reducing inequality in banking; 3) adapting to digitalization; and 4) managing climate-related financial risks.

The overall strength of the national banking system remains sound, despite challenges from the current uncertain economic environment. The OCC expects banks to remain diligent and adhere to prudent risk management practices across all risk areas. Banks should continue to guard against complacency to ensure they maintain the ability to withstand potential future economic challenges. Proactive risk management, including stress testing at large banks and preparedness for economic uncertainty, can help ensure that banks remain strong and are able to meet the credit needs of their customers through a range of scenarios. In addition, the OCC, FDIC, and Federal Reserve (collectively, the Federal Banking Agencies or FBAs) requested comment on proposed rules to strengthen and enhance the resilience of the banking system by modifying large bank capital requirements to better reflect underlying risks and increase the consistency of how banks measure their risks.[1]
Banks that remain vigilant and guard against complacency in these and other areas will promote a safe, sound, and fair banking system that continues to support the individuals, communities, and businesses they serve.

Persistent inequality in access to financial services can erode trust in the banking system. Americans who lack access to traditional financial products and services or feel exploited by banks may conclude that the system is working against them, rather than for them. The OCC is focused on several initiatives to address this problem. The FBAs jointly issued a final rule to modernize and strengthen the Community Reinvestment Act (CRA) regulations.[2] The final rule updates the CRA regulations by encouraging banks to expand access to credit, investment, and banking services in low- and moderate-income communities; adapting to changes in the banking industry, including internet and mobile banking; providing greater clarity and consistency in the application of the CRA regulations; and tailoring CRA evaluations and data collection to banking size and type. Where the OCC finds evidence of potential discrimination, those matters are referred to the Department of Justice and the Department of Housing and Urban Development, as applicable. Redlining and other forms of lending discrimination are unacceptable, and the OCC will not hesitate to take enforcement actions if necessary.

Banks' relationships with third parties, including financial technology (fintech) companies, continue to expand. The use of third parties has significant potential benefits, but poor third-party risk management can hurt consumers, weaken banks, and contribute to an unlevel playing field. In June, the FBAs jointly issued interagency guidance addressing risk management of third-party relationships. This document reminded banks of their responsibility to operate in a safe and sound manner and in compliance with applicable laws and regulations regardless of whether their activities are performed in-house or outsourced. The guidance also recognizes that not all third-party relationships reflect the same level of risk and therefore not all require the same level of risk management.

The OCC continues to work with stakeholders to address the risks and opportunities presented by digital assets while working to protect consumers and businesses and ensure the continued

[1] OCC News Release 2023-80.
[2] OCC News Release 2023-117.

stability of the U.S. financial system. The FBAs issued two joint statements reminding banks of supervisory risk management and liquidity expectations regarding crypto-assets and exposures, and the OCC has emphasized the importance of financial regulators not lowering their standards.[3] Tokenization of real-world assets and liabilities, on the other hand, is driven by solving real-world settlement problems and can be developed in a safe and sound manner and fully compliant with anti-money laundering rules. It has the potential to improve settlement efficiency by minimizing lags and reducing the associated frictions, costs, and risks.

The OCC's focus on climate-related financial risk is firmly rooted in its mandate to ensure that national banks operate in a safe and sound manner. In October 2023, the FBAs jointly finalized principles that provide a high-level framework for the safe and sound management of exposures to climate-related financial risks for large financial institutions (those with $100 billion or more in total assets).[4] The principles are intended to support efforts by the largest financial institutions to focus on key aspects of climate-related financial risk management. Additionally, the principles describe how climate-related financial risks can be addressed in the management of traditional risk areas, including credit, market, liquidity, operational, and legal risks. The OCC is monitoring the development of banks' climate-related financial risk frameworks for safety and soundness and engaging with bank management and other regulators to better understand the challenges banks face in this effort, including data and metrics, governance and oversight, policies, procedures, limits, strategic planning, and scenario analysis capabilities and techniques.

The OCC is committed to ensuring that OCC-supervised banks operate in a safe, sound, and fair manner, meet the credit needs of their communities, treat all customers fairly, and comply with laws and regulations. As the OCC works to ensure that the national banking system remains a source of strength to the U.S. economy, we will continue to advance key agency priorities to ensure the national banking system is well positioned to respond to community and consumer needs well into the future.

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[3] OCC News Release 2023-1; OCC News Release 2023-18.
[4] OCC News Release 2023-118.

1.1 – Resource Detail Table

Dollars in Thousands

Budgetary Resources	FY 2023 Actual		FY 2024 Revised Estimate		FY 2025 Estimate		FY 2024 to FY 2025 % Change	
Revenue/Offsetting Collections	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Assessments	0	1,111,990	0	$1,119,847	0	$1,119,847	NA	0.0%
Interest	0	41,106	0	$51,453	0	$51,453	NA	0.0%
Other Income	0	16,803	0	$19,721	0	$19,721	NA	0.0%
Unobligated Balances from Prior Years	0	1,851,690	0	$1,812,566	0	$1,661,587	NA	-8.3%
Total Revenue/Offsetting Collections	**0**	**$3,021,589**	**0**	**$3,003,587**	**0**	**$2,852,608**	**NA**	**-5.0%**
Obligations								
Supervise	3,045	$1,059,145	3,189	$1,176,121	3,189	$1,193,166	0.0%	1.4%
Regulate	365	$126,758	382	$140,758	382	$142,798	0.0%	1.4%
Charter	65	$22,625	68	$25,124	68	$25,488	0.0%	1.4%
Total Expenses/Obligations	**3,475**	**$1,208,528**	**3,639**	**$1,342,002**	**3,639**	**$1,361,451**	**0.0%**	**1.4%**
Net Results	**3,475**	**$1,813,061**	**3,639**	**$1,661,585**	**3,639**	**$1,491,157**	**0.0%**	**-10.3%**

- 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. As of September 30, 2023, the net position of the OCC was $1,808.6 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.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2023 Actual Obligations	FY 2024 Revised Estimated Obligations	FY 2025 Estimated Obligations
11.1 - Full-time permanent	593,593	659,996	673,195
11.3 - Other than full-time permanent	4,259	3,585	3,657
11.5 - Other personnel compensation	3,855	3,909	3,987
11.9 - Personnel Compensation (Total)	**601,707**	**667,490**	**680,839**
12.0 - Personnel benefits	265,459	304,959	311,059
13.0 - Benefits for former personnel	54	240	240
Total Personnel and Compensation Benefits	**$867,221**	**$972,689**	**$992,138**
21.0 - Travel and transportation of persons	26,972	30,662	30,662
22.0 - Transportation of things	1,637	1,712	1,712
23.1 - Rental payments to GSA	356	136	136
23.2 - Rental payments to others	56,106	55,127	55,127
23.3 - Communications, utilities, and miscellaneous charges	15,153	20,438	20,438
24.0 - Printing and reproduction	760	682	682
25.1 - Advisory and assistance services	30,554	32,202	32,202
25.2 - Other services from non-Federal sources	30,730	45,269	45,269
25.3 - Other goods and services from Federal sources	7,070	8,204	8,204
25.4 - Operation and maintenance of facilities	5,370	6,225	6,225
25.7 - Operation and maintenance of equipment	83,300	92,262	92,262
26.0 - Supplies and materials	6,701	19,745	19,745
31.0 - Equipment	53,964	39,573	39,573
32.0 - Land and structures	16,690	16,566	16,566
33.0 - Investments and loans	842	509	509
42.0 - Insurance claims and indemnities	5,098	0	0
Total Non-Personnel	**$341,307**	**$369,313**	**$369,313**
Total Obligations	**$1,208,528**	**$1,342,002**	**$1,361,451**
Full-time Equivalents (FTE)	**3,475**	**3,639**	**3,639**

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
OCC is continuing to align budget activities and performance measures to the objectives in the Treasury FY 2022 – 2026 Strategic Plan. This work will include benchmarking performance and may result in changes to performance measures in the FY 2026 budget. The OCC published a new Strategic Plan for FY 2023 - 2027 in September 2022. OCC supports the following Department of the Treasury FY 2022 – 2026 strategic goals and objectives:

- **Goal 3: Protect Financial Stability and Resiliency**
    - Strategic Objective 3.1: Financial System Vulnerabilities
    - Strategic Objective 3.3: Financial Innovation
- **Goal 4: Combat Climate Change**
    - Strategic Objective 4.3: Climate-Related Financial Risks

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 have used enhanced off-site tools and processes during the pandemic to support their supervision responsibilities. 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 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Revised Estimate	FY 2025 Estimate
Expenses/Obligations	$939,193	$953,433	$978,890	$991,454	$1,059,145	$1,176,121	$1,193,166
Budget Activity Total	**$939,193**	**$953,433**	**$978,890**	**$991,454**	**$1,059,145**	**$1,176,121**	**$1,193,166**
Full-time Equivalents (FTE)	**3,289**	**3,202**	**3,073**	**3,061**	**3,045**	**3,189**	**3,189**

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Percentage of National Banks and Federal Savings Associations with Composite CAMELS Rating 1 or 2	96	96	96	96	95	90	90	90
Percentage of National Banks and Federal Savings Associations That Are Categorized as Well Capitalized	98	99	99	99	99	95	95	95
Percentage of National Banks and Federal Savings Associations with Consumer Compliance Rating of 1 or 2	98	98	98	98	98	94	94	94
Total OCC Costs Relative to Every $100,000 in Bank and Federal Savings Associations Assets Regulated ($)	8.07	7.78	6.79	6.78	7.04	7.21	7.86	7.86

Supervise Budget and Performance

($1,193,166,000 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 mission to foster a safe, sound, and fair system of national banks, federal savings associations and federal branches of foreign banks and agencies of foreign banks that is a source of economic strength and opportunity that meets the evolving needs of consumers, businesses, and communities. The condition and risk management practices of national banks and federal savings associations, and requiring corrective actions when weaknesses are found, directly supports Treasury’s goal to promote financial stability. In FY 2023, the OCC updated its policies and procedures manual for bank enforcement actions against large banks that exhibit or fail to correct persistent weaknesses. The revised policies and procedures promote effective risk management by making clear that bank management’s failure to correct persistent weaknesses in response to prior enforcement actions or other measures will result in proportionate, fair, and appropriate consequences. In addition, the OCC took several enforcement actions to address violations of the Bank Secrecy Act and Anti-Money Laundering requirements based on authority delegated by Treasury’s Financial Crimes Enforcement Network, and/or unsafe or unsound practices including those relating to audit and internal controls, consumer compliance, credit risk management, interest rate risk management, liquidity risk management, and violations of law, rule, or regulation including those relating to information security, the Flood Disaster Protection Act, and the Truth in Lending Act.

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 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, 2023, 95 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, 2023, 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. Federal bank regulatory agencies use the Uniform 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 2024 remains unchanged at 94 percent. As of September 30, 2023, 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. At larger institutions, the Consumer Financial Protection Bureau (CFPB) has primary supervisory authority. CFPB is the primary regulator for these issues and at OCC-supervised institutions of no more than $10 billion, OCC enforces CFPB regulations.

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 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, 2023, total OCC cost relative to every $100,000 in assets regulated was $7.04 compared to the FY 2023 target of $7.21. 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 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Revised Estimate	FY 2025 Estimate
Expenses/Obligations	$93,323	$94,738	$105,202	$111,661	$126,758	$140,758	$142,798
Budget Activity Total	**$93,323**	**$94,738**	**$105,202**	**$111,661**	**$126,758**	**$140,758**	**$142,798**
Full-time Equivalents (FTE)	**327**	**318**	**330**	**345**	**364**	**382**	**382**

Regulate Budget and Performance

($142,798,000 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. OCC works closely with Federal financial regulators on major rulemakings to ensure quality and consistency.

Description of Performance:
The OCC has recently undertaken actions to reduce regulatory burden on and expand economic opportunity, including in response to the pandemic. The OCC took an important step towards strengthening and modernizing the Community Reinvestment Act (CRA) regulations by issuing a final rule to rescind its June 2020 CRA rule and joining the other federal banking agencies in issuing an interagency notice of proposed rulemaking to develop consistent framework across all banks that will encourage higher levels of responsible lending, investments, services, and greater community engagement, particularly focused on helping to meet the needs of low-and moderate-income and other underserved communities across the nation, including communities that have been disproportionately affected by the pandemic.

In late 2021, the OCC issued draft principles designed to support the identification and management of climate-related financial risks by large OCC-supervised institutions. The draft principles support banks' efforts to focus on key aspects of climate-related financial risk management and outline the OCC's initial supervisory expectations for climate-related financial risk management within existing OCC rules and guidance. The OCC continues to consider the comments received on the draft principles and is working with our interagency colleagues to determine next steps.

The OCC is approaching crypto[5]-related activities in the national banking system with a high degree of caution and expects its supervised institutions to do the same. In late 2021 and early 2022, to keep up with the rapid developments in crypto assets, the OCC participated with the other Federal banking agencies in an interagency "policy sprint" on crypto-assets. The OCC continues to work with other federal and state agencies to research and assess certain crypto-asset activities.

[5] By "crypto," the OCC refers generally to any digital asset implemented using cryptographic techniques.

2.1.3 Charter Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Revised Estimate	FY 2025 Estimate
Expenses/Obligations	$20,212	$20,519	$27,887	$24,497	$22,625	$25,124	$25,488
Budget Activity Total	**$20,212**	**$20,519**	**$27,887**	**$24,497**	**$22,625**	**$25,124**	**$25,488**
Full-time Equivalents (FTE)	**71**	**69**	**88**	**75**	**65**	**68**	**68**

Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2023 Target	FY 2024 Target	FY 2025 Target
Percentage of Licensing Applications and Notices Completed within Established Timeframes	99	98	98	98	99	95	95	95

Charter Budget and Performance

($25,488,000 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, 2023, the OCC completed 99 percent of national bank and federal savings association applications and notices within the required time frame, above the target of 95 percent. The OCC will continue to meet its Charter Program goals by providing staff training, coordinating efforts between charter and supervisory staff on safety and soundness and compliance matters, issuing updated procedures, and maintaining an emphasis on accessibility and early consultation with national bank and federal savings association organizers and others proposing national bank and federal savings association structure changes.

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, and objectives, 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 2024 and FY 2025 Plans - The OCC has the following four investments:

- *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 and secure access to cloud services. This includes messaging services supporting highly mobile bank examiners and the OCC workforce. The OCC will continue to incrementally refresh telecommunications infrastructure each year to increase capacity, maximize uptime, and maintain our security posture.
- *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 2024, OCC will complete its refresh of mobile devices and complete a refresh of computers.
- *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 2024 and FY 2025, the OCC will continue to focus on automating cybersecurity detection and response capabilities, enhancing Security Orchestration Automation and Response (SOAR) and User Behavior Analytics (UBA) technology investments to reduce complexity and gain efficiencies. In addition, OCC will continue to meet Cybersecurity Executive Orders, Zero Trust Architecture, and 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 2025 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