

Bureau of the Public Debt

Program Summary by Budget Activity

(Dollars in thousands)

Appropriation	FY 2010 Enacted	FY 2011 Annualized CR Level	FY 2012 Request	FY 2010 to FY 2012	
				\$ Change	% Change
Wholesale Securities Services	\$24,396	\$25,049	\$23,120	(\$1,276)	(5.23%)
Government Agency Investment Services	\$18,013	\$16,706	\$15,419	(\$2,594)	(14.40%)
Retail Securities Services	\$139,569	\$140,915	\$116,260	(\$23,309)	(16.70%)
Summary Debt Accounting	\$10,266	\$9,574	\$8,836	(\$1,430)	(13.93%)
Do Not Pay Implementation			\$10,000	\$10,000	100%
Subtotal, Bureau of the Public Debt	\$192,244	\$192,244	\$173,635	(\$18,609)	(9.68%)
Offsetting Collections - Reimbursables	\$21,425	\$20,815	\$24,400	\$2,975	13.89%
Total Program Operating Level	\$213,669	\$213,059	\$198,035	(\$15,634)	(7.32%)
Direct FTE	1,042	1,042	987	(55)	(5.28%)
Reimbursable FTE	-	-	-	-	-
Total FTE	1,042	1,042	987	(55)	(5.28%)

Note: Total Appropriated Resources for FY 2010 and FY 2011 include \$10,000,000 in projected user fee collections. Total Appropriated Resources for FY 2012 include \$8,000,000 in projected user fee collections.

Summary

Bureau of the Public Debt (BPD)

BPD's mission is to borrow the money needed to operate the federal government, account for the resulting debt, and provide reimbursable support services to federal agencies. In carrying out its mission and vision, Public Debt annually auctions and issues more than \$8 trillion in Treasury bills, notes, bonds and Treasury Inflation-Protected Securities (TIPS); administers on Treasury's behalf its regulatory responsibilities for the government securities market; ensures reliable systems and processes are in place for issuing, transferring, paying interest on and redeeming Treasury securities; serves more than 50 million retail customers each year; administers in excess of \$4 trillion in investments for more than 230 federal trust funds; and provides timely and accurate information on the public debt.

Public Debt's FY 2012 priorities include eliminating new issues of paper savings bonds and creating an IT portal of payment

information that federal agencies can use to ensure their payments are only received by eligible recipients.

Total resources to support Public Debt activities in FY 2012 are \$198,035,000, including \$173,635,000 from direct appropriations, of which \$8,000,000 are user fees, and \$24,400,000 from offsetting collections.

BPD FY 2012 Budget Highlights

(Dollars in thousands)

Appropriation	Amount
FY 2010 Enacted Budget	\$192,244
FY 2011 Continuing Resolution	\$192,244
Changes to Base:	
Adjustment to Reach Policy Level:	(\$7,458)
Adjustment to Reach FY 2011 President's Policy	(\$7,458)
Maintaining Current Levels (MCLs):	\$1,234
Maintaining Current Levels	\$1,234
Efficiencies, Savings & Base Reductions:	(\$20,385)
Eliminate Paper Savings Bonds	(\$6,451)
Eliminate new issues of paper payroll savings bonds by 1/1/2011	(\$5,700)
Program and Support Services Efficiencies	(\$5,464)
Data Center Consolidation	(\$470)
Decommission Legacy Treasury Direct System	(\$1,650)
Procurement Savings	(\$650)
Subtotal FY 2012 Changes to Base	(\$26,609)
Total FY 2012 Base	\$165,635
Program Changes:	
Program Decreases:	(\$2,000)
Reduction to Systems Modernization Fund	(\$2,000)
Program Increases:	\$10,000
Do not Pay Implementation	\$10,000
Subtotal FY 2012 Program Changes	\$8,000
Total FY 2012 Budget Request	\$173,635
User Fees	(\$8,000)
Total FY 2012 Budget Request (Net)	\$165,635

FY 2012 Budget Adjustments

FY 2011 Annualized Continuing Resolution

The FY 2011 Annualized Continuing Resolution for BPD is \$192,244,000.

Adjustment to Reach Policy Level

Adjustment to Reach FY 2011 President's Policy -\$7,458,000 / -33 FTE

Adjustment from the FY 2011 Annualized Continuing Resolution (CR) Rate to reach the FY 2011 President's Policy Level. The President's Policy Level is equal to the FY 2011 President's Budget as adjusted for the proposed pay freeze.

Maintaining Current Levels (MCLs)

Maintaining Current Levels +\$1,234,000 / +0 FTE

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

benefits and the increase in Federal Employee Retirement System participation. No inflation adjustment is requested for pay in FY 2012.

Efficiencies, Savings & Base Reductions

Eliminate Paper Savings Bonds no later than December 31, 2011 -\$6,451,000 / +0 FTE

Eliminate new issues of paper savings bonds. Savings of agent fees, postage and printing by eliminating new issues of over-the-counter paper savings bonds.

Eliminate new issues of paper payroll savings bonds by 1/1/2011 -\$5,700,000 / -12 FTE

Savings of agent fees, postage and printing by eliminating new issues of paper payroll savings bonds and FTE savings from a decline in customer service transactions after new issues of paper payroll bonds are eliminated.

Program and Support Services Efficiencies - \$5,464,000 / -18 FTE

Savings realized from reductions in funded positions across all Public Debt programs and in administrative and IT support services. In addition, to increase operational efficiencies and reduce operating expenses, Public Debt will centralize its printing, duplicating and scanning activities.

Data Centers Consolidation -\$470,000 / +0 FTE

Public Debt, along with the Financial Management Service, will consolidate five data centers to two, which will produce savings due to reductions in energy consumption, equipment, software, and staff.

Decommission Legacy Treasury Direct System -\$1,650,000 / -12 FTE

Established in 1986, Legacy Treasury Direct allows marketable securities investors to do business by mail and, to a certain extent, through an automated phone system or online. Now that marketable securities are available in TreasuryDirect, an online account system,

Public Debt can decommission the aging Legacy system.

Procurement Savings -\$650,000 / +0 FTE

Cost savings by streamlining procurement operations and reducing procurement spending.

Program Decreases

Reduction to Systems Modernization Fund - \$2,000,000 / +0 FTE

Savings due to elimination of BPD's Systems Modernization fund.

Program Increases

Do Not Pay Implementation +\$10,000,000 / +20 FTE

Expand the Do Not Pay Portal and increase analytical capabilities to detect fraud patterns and reduce improper payments.

Adjustments to Request User Fee

User Fees -\$8,000,000 / +0 FTE

Public Debt projects that in FY 2012 there will be fewer users of the Legacy Treasury Direct system who are subject to the annual account maintenance fee. Account holders with balances over \$100,000 (par value) are charged an annual account maintenance fee of \$100.

Explanation of Budget Activities

Salaries and Expenses

Wholesale Securities Services (\$23,120,000 from direct appropriations, and \$3,179,000 from reimbursable programs)

Public Debt announces, auctions and issues marketable Treasury bills, notes, bonds and TIPS. This program ensures that the government's critical financing needs are met and oversees an infrastructure that provides for the transfer, custody and redemption of Treasury securities in the wholesale market. Public Debt also administers Treasury's

regulations that provide investor protection and maintain the integrity, liquidity and efficiency in the government securities market.

Government Agency Investment Services (\$15,419,000 from direct appropriations, and \$2,121,000 from reimbursable programs)

Public Debt supports federal, state and local government agency investments in non-marketable Treasury securities as well as federal agency borrowing from the Department of the Treasury. There are more than 230 trust and investment funds held by federal agencies. For 18 of the funds, the Secretary of the Treasury, designated by statute, is the managing trustee.

Retail Securities Services (\$116,260,000 from direct appropriations, including \$8,000,000 from user fee collections, and \$17,884,000 from reimbursable programs)

Public Debt serves more than 50 million retail customers who have invested in marketable and savings securities directly with Treasury. Investors may hold these securities in book-entry or paper form. With the elimination of new issues of paper savings bonds, Public Debt will position Treasury to provide other simple, safe, and affordable ways for Americans to save. The program will deliver a high-quality customer experience through traditional and emerging technologies, opportunities for self-service, and easy to use communication channels.

Summary Debt Accounting (\$8,836,000 from direct appropriations, and \$1,216,000 from reimbursable programs)

This program is key to meeting Public Debt's responsibility to account for the public debt and related interest expense incurred to finance the operations of the federal government. Public Debt produces daily reports on the balance and composition of the public debt, provides the overarching control structure for dozens of subordinate securities systems and

reconciles their related transactions and cash flows.

Do Not Pay Implementation (\$10,000,000 from direct appropriations)

In June 2010, a Presidential Memorandum (*Enhancing Payment Accuracy Through a “Do Not Pay List”*) established the creation of a comprehensive Do Not Pay List against which agency payments could be cross-checked to prevent ineligible recipients from receiving payments from the federal government. To make this list more beneficial, VerifyPayment.Gov has been created to serve as a one-stop-shop for agencies.

The Bureau of the Public Debt has been given responsibility for maintaining and expanding VerifyPayment.Gov. Additionally, Public Debt will work with the Recovery Accountability and Transparency Board, to support an operations center to analyze fraud patterns and refer potential issues to agency management.

Legislative Proposals

Public Debt has no legislative proposals for FY 2012.

BPD Performance by Budget Activity

Budget Activity	Performance Measure	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
		Actual	Actual	Actual	Target	Target
Government Financing	Percent of Respondents Selecting the Highest Rating of Customer Satisfaction with Government Agency Investment Services (%) (Oe)	N/A	N/A	55.0	56.0	57.0
Government Financing	Percent of Retail Customer Service Transactions Completed within 5 Business Days (%) (Ot)	N/A	86.0	92.7	87.0	87.0
Government Financing	Percent of Auction Results Released in Two Minutes +/- 30 Seconds (%) (Oe)	100.0	100.0	100.0	100.0	100.0
Financial Information	Cost Per Summary Debt Accounting Transaction (\$) (E)	9.11	8.66	11.28	15.5	14.95

Description of Performance

The Bureau of the Public Debt has continued to set challenging performance goals with positive results. To improve performance, Public Debt places a high priority on adopting new technology to increase the security, flexibility and efficiency of financing the needs of the federal government.

In FY 2010, Public Debt released auction results within two minutes, plus or minus 30 seconds, 100 percent of the time, surpassing its performance target of 95 percent. In addition, Public Debt processed over 92 percent of retail customer transactions within 5 business days and met its targeted costs for summary debt accounting transactions. In FY 2010 Public Debt began measuring the percentage of customers rating Government Agency Investment Services as excellent.