

Departmental Offices - S & E

Program Summary by Budget Activity

Dollars in thousands

Appropriation	FY 2010 Enacted*	FY 2011 Annualized CR Level**	FY 2012 Request**	Change FY10 to FY12 \$ Change**	% Change**
Executive Direction	\$21,983	\$33,465	\$38,098	\$16,115	73.3%
International Affairs and Economic Policy	\$47,249	\$70,037	\$68,349	\$21,100	44.7%
Domestic Finance and Tax Policy	\$48,580	\$71,738	\$84,562	\$35,982	74.1%
Terrorism and Financial Intelligence	\$64,611	\$96,386	\$92,605	\$27,994	43.3%
Treasury-wide Management and Programs	\$22,679	\$33,262	\$41,275	\$18,596	82.0%
Administration Programs	\$99,786	\$0	\$0	(\$99,786)	(100%)
Subtotal, Departmental Offices - S & E	\$304,888	\$304,888	\$324,889	\$20,001	6.6%
Offsetting Collections - Reimbursables	\$66,045	\$91,498	\$91,498	\$25,453	38.5%
Total Program Operating Level	\$370,933	\$396,386	\$416,387	\$45,454	12.3%
Direct FTE	1,266	1,266	1,341	75	5.9%
Reimbursable FTE	150	137	137	(13)	(8.7%)
Total FTE	1,416	1,403	1,478	62	4.4%

*This does not include funding provided by Public Law 111-212 nor transfers.

**FY 2011/2012, numbers and percentage changes reflect the reallocation of the Administration Programs dollars to their respective budget activities, resulting in across-the-board increases to other budget activities.

Summary

Departmental Offices, as the headquarters bureau for the Department of the Treasury, provides leadership to the Department through the promotion of policies geared toward developing a strong and stable economy. The Secretary of the Treasury plays a primary role in the formulation and management of domestic and international economic policies of the United States, specifically in the areas of finance, tax, terrorism and financial intelligence policies. Through effective management and leadership, the Department of the Treasury develops and implements strategies to promote the stability of the nation's financial markets, ensure the integrity of the financial system, and enhance the government's ability to collect revenue, and serves as a world leader for best practices in the area of counterterrorist financing and anti-money laundering.

Departmental Offices (DO) top priorities and proposed initiatives support each of the

Department's strategic goals: Effectively Manage U.S. Government Finances; Ensure U.S. and World Economies Perform at Full Potential; Prevent Terrorism and Promote the Nation's Security Through Strengthened International Financial Systems; and Promote Management and Organizational Excellence.

Total resources requested to support DO activities for FY 2012 are \$416,387,000 including \$324,889,000 from direct appropriations and \$91,498,000 from offsetting collections and reimbursable programs.

DO FY 2012 Budget Highlights

Dollars in thousands

Appropriation	Amount
FY 2010 Enacted	\$304,888
FY 2011 Annualized CR Level	\$304,888
Changes to Base:	
Adjustment to Reach Policy Level:	\$39,707
Adjustment to Reach FY 2011 President's Policy	\$39,707
Maintaining Current Levels (MCLs):	\$3,215
Non-Pay, Pay & Benefits, and Pay Annualizations	\$3,215
Transfers Out:	\$0
Procurement Transfer to IRS	\$0
Efficiencies, Savings & Base Reductions:	(\$28,946)
Streamlining Management	(\$6,400)
Administrative Efficiency Savings	(\$2,635)
Non-recur of Alpha Computers	(\$2,750)
Non-recur of Domestic Finance Contracts	(\$1,596)
Federalizing the IT Workforce	(\$1,000)
Multilateral Meeting Support Savings	(\$1,974)
Summit Support Representation Funds	(\$200)
Non-Recur of ODM Information Technology	(\$1,550)
Non-recur of Program Evaluation	(\$5,292)
Terrorism and Financial Institutions (TFI)	(\$4,349)
Office Efficiency Savings	
TFIN Savings	(\$1,200)
Subtotal FY 2012 Changes to Base	\$13,976
Total FY 2012 Base	\$318,864
Program Changes:	
Program Increases:	\$6,025
Dodd-Frank Wall Street Reform Act	\$5,525
Domestic Finance (DF) Recovery Act	\$500
Subtotal FY 2012 Program Changes	\$6,025
Total FY 2012 Request	\$324,889

FY 2012 Budget Adjustments

FY 2011 Annualized CR Level

The FY 2011 annualized Continuing Resolution (CR) level for DO is \$304,888,000.

Adjustment to Reach FY 2011 President's Policy Level

Adjustments to Reach FY 2011 President's Policy Level +\$39,707,000 / +76 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)

Adjustments Necessary to Maintain Current Levels +\$3,215,000 / +0 FTE

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

Transfers

Procurement Transfer to IRS +\$0 / -9 FTE

Transfer the functions of the Departmental Offices Procurement Services Division to the Internal Revenue Service.

Non-Recurs and Efficiencies Savings

Streamlining Management -\$6,400,000 / -23 FTE

Savings will be achieved through a number of management initiatives, including the non-recur of FY 2011 one-time initiative support costs, consolidation of IT contractor services, reduction of overtime, and other services.

Administrative Efficiency Savings -\$2,635,000 / +0 FTE

Savings will be achieved through a more efficient use of administrative activities and through non-recur of one-time FY 2010 costs.

Non-recur of Alpha Computers -\$2,750,000 / +0 FTE

Non-recur of one-time FY 2011 funds to upgrade the Department's Alpha computers.

Non-Recur of Domestic Finance Contracts -\$1,596,000 / +0 FTE

Non-recur \$1.596 million of a \$3.5 million FY 2011 increase to support research activities to allow Domestic Finance to obtain high-quality, time-sensitive research, data, and analysis to inform policy development.

Federalizing the IT Workforce -\$1,000,000 / +20 FTE

Net contract savings from converting IT contractors into federal employees while improving accountability, efficiency, and customer service within the department.

Multilateral Meeting Support Savings
-\$1,974,000 / +0 FTE

Non-recur of FY 2011 funds to host international meetings, including G-8 meetings, a G-20 Ministerial and an Asia-Pacific Economic Cooperation (APEC) meeting, plus numerous other related meetings and workshops leading up to these events.

Summit Support Representation Funds
-\$200,000 / +0 FTE

Reduction in the increased FY 2011 financial support for attending annual economic summits with the G-7 and G-20 nations.

Non-Recur of Office of Debt Management (ODM) Information Technology -\$1,550,000 / +0 FTE

Non-recur \$1.550 million of program funds used to develop and modernize ODM's information technology system. The remaining \$1.450 million in the base will cover operations and maintenance.

Non-recur of Program Evaluations
-\$5,292,000 / +0 FTE

Non-recur of FY 2011 requested in a government-wide competition to measure program effectiveness. Funding was one-time for specifically chosen studies.

Office of Terrorism and Financial Intelligence (TFI) Efficiency Savings -\$4,349,000 / +0 FTE

TFI will realize savings through the prioritization of staff travel; elimination of overseas support for its Brussels liaison; targeted procurement spending to save on contracts, IT licenses, subscriptions, and supplies; and by eliminating funding for its

now completed responsibilities under United Nations Security Council Resolution 1822 which required agencies to address discrepancies in the terrorist financing designation list.

Treasury Foreign Intelligence Network
-\$1,200,000 / +0 FTE

Remaining base funding will be used to support operations and maintenance expenses in FY 2012 and beyond.

Program Increases

Dodd-Frank Wall Street Reform Act
+\$5,525,000 / +11 FTE

Departmental Offices (DO) requests funds in FY 2012 to support Dodd-Frank Wall Street Reform and Consumer Protection Act activities. The FY 2012 request is focused on building the expertise necessary to fulfill Treasury's ongoing responsibilities under the Act and to monitor and develop policy in the areas where regulation was greatly expanded under the Act.

DF Recovery Act +\$500,000 / +0 FTE

Resources are requested to support Domestic Finance's implementation of the American Recovery and Reinvestment Act (ARRA) Cash Payments for Specified Energy Property in Lieu of Tax Credits. Payments under this program continue through 2017.

Explanation of Budget Activities

Salaries and Expenses

Executive Direction (\$38,098,000 from direct appropriations and \$3,134,000 from reimbursable programs)

Provides direction and policy formulation to the Department, and interacts with Congress and the public on Departmental policy matters.

International Affairs and Economic Policy
 (\$68,349,000 from direct appropriations and \$10,883,000 from reimbursable programs)
 Monitors domestic and international economic conditions and collects and analyzes financial data, including foreign credits and credit guarantees.

Domestic Finance and Tax Policy
 (\$84,562,000 from direct appropriations and \$36,160,000 from reimbursable programs)
 Monitors and provides economic and financial policy expertise in the areas of domestic finance and tax policy.

Terrorism and Financial Intelligence (TFI)
 (\$92,605,000 from direct appropriations and \$10,621,000 from reimbursable programs)
 Develops and implements strategies to counter terrorist financing and money laundering.

Treasury-wide Management and Programs
 (\$41,275,000 from direct appropriations and \$30,700,000 from reimbursable programs)
 Provides strategic plans, and policy direction in the fields of human resources, information technology security, and financial administration that include the formulation and management of the budget.

Administration Programs (Direct appropriations and reimbursable program funding have been allocated to operational budget activities.)
 Treasury has allocated administrative expenses for Departmental Offices by operational budget activity, instead of maintaining a separate budget activity for administrative expenses. This will give oversight officials a better understanding of the full cost of each program within Departmental Offices.

Legislative Proposals

Departmental Offices has no legislative proposals.

DO Performance by Budget Activity

Budget Activity	Performance Measure	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Target	FY 2012 Target
Terrorism and Financial Intelligence	Impact of TFI programs and Activities (Oe) (Oe)	N/A	7.8	8.1	7.4	7.6
International Affairs and Economic Policy	Number of new trade and investments negotiations underway or completed (Oe)	14	15	13	6	6
International Affairs and Economic Policy	Scope and intensity of engagement (traction)	3.6	3.7	3.5	3.6	3.6
Domestic Finance and Tax Policy	Variance between estimated and actual receipts (annual forecast) (%) (Oe)	4.6	5.5	5.8	5.0	5.0
Treasury-wide Management Policies and Programs	Percent of timely completed Planned Corrective Actions (%) (Oe)	82.5	85.6	88.4	85.0	85.0

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, M - Management/Cust. Satisfaction, and DISC - Discontinued, and B - Baseline

Description of Performance

DO is continuing to work to develop more meaningful performance measures for policy offices.

In FY 2010, the Department continued using a composite performance measure which assesses of its impact of the organization. The composite measure resulted in a score of 8.1 out of 10 equaling its target for FY 2010. The targets for the composite performance measure have been set to 7.4 for FY 2011 and 7.6 for FY 2012.

In FY 2010, Treasury's Office of International Affairs (IA) exceeded its performance measures related to the number for new trade and investments negotiations trade and investment. For FY 2010, the Office completed or was in progress on 13 new trade and investment negotiations, far in excess of the 2 that were targeted in FY 2010. The performance targets are 6 new negotiations for FY 2011 and FY 2012. The Office of Technical Assistance continues to assess the effectiveness of assistance programs for client countries. The average rating in FY 2010 was 3.6 for traction out of a possible score of 5.0, exceeding its target of 3.5. Performance targets for FY 2011 and FY 2012 for IA measures have been set to reflect current economic conditions.

Given economic uncertainties and legislative changes, the forecasts for FY 2010 were not as good as those for FY 2009. The variance for

FY 2010 was 5.8 percent, higher than the 5.5 percent variance in FY 2009 and the 5.0 percent target for FY 2010. FY 2010 proved very challenging to forecast due to the heavy influence of 2009 tax liabilities on FY 2010 receipts and lingering uncertainty concerning the pace of the economic recovery. To reduce error rates, the office completed a review of the statistical techniques used to forecast major federal financial activities, and will deploy a new updated fiscal projections system. Targets for FY 2011 and FY 2012 have been set at 5 percent.

The offices comprising the Treasury Wide Management (TWM) budget activity are committed to ensuring accountability and a well understood strategic direction in order to build a world-class organization. In FY 2010, offices have continued to work to objectively monitor their progress toward program outcomes and Treasury's strategic objectives.

For FY 2011, Treasury has made the decision to allocate administrative expenses for Departmental Offices by operational budget activity, instead of maintaining a separate budget activity just for administrative expenses. As a result, Treasury Wide Management Goals are under development.

Also, the Department continues to be engaged in rigorous efforts to redevelop metrics for its International Affairs programs that better reflect the mission and goals of the office.