Message from the Secretary of the Treasury

Dear Member:

The Fiscal Year (FY) 2020 President's Budget (Budget) prioritizes Treasury's goals to maintain a strong economy and create economic and job opportunities by promoting economic growth and stability at home and abroad, and to strengthen national security by combating threats and protecting the integrity of the financial system. In particular, the Budget requests $12.7 billion for Treasury's operating bureaus and $1.6 billion for our international programs.

Consistent with the Administration's priorities, the Budget provides $35 million to support implementation of the Foreign Investment Risk Review Modernization Act (FIRRMA). FIRRMA, enacted in 2018, expands the Committee on Foreign Investment in the United States' jurisdiction and strengthens its authorities to protect critical U.S. technologies and infrastructure from new and evolving threats, while preserving an open investment environment.

Treasury's request includes $11.5 billion for the Internal Revenue Service (IRS) and provides $290 million in funding for the first installment in a multi-year plan to greatly modernize IRS systems and operations and deliver a customer experience comparable to the best financial institutions in the world. I cannot emphasize enough the long-term critical need we have to invest in the modernization of IRS information technology systems and infrastructure. The integrity of the voluntary tax compliance system depends on it. In addition, the Budget requests a program integrity cap adjustment to protect the integrity of the tax system and reduce the tax gap, returning $32 billion in measurable net savings to taxpayers over ten years.

Treasury's request also includes increased resources for the Office of Terrorism and Financial Intelligence and the Financial Crimes Enforcement Network (FinCEN) to continue their critical work safeguarding the financial system from abuse and combating other national security threats using non-kinetic economic tools. These resources continue important investments in the Terrorist Financing Targeting Center, address sanctions workload increases and demand for staffing, and build core information technology infrastructure. The Budget provides funding to expand FinCEN's role in fighting cybercrime and the exploitation of emerging payment systems such as cryptocurrency.

The Budget includes funding increases for the Office of Critical Infrastructure Protection and Compliance Policy to enhance Treasury's capacity to identify and remediate new threats and vulnerabilities.

The FY 2020 Congressional Budget Justification includes the information required for the Annual Performance Report. I have validated the accuracy, completeness, and reliability of the performance data in this report.

Sincerely,

Steven T. Mnuchin

Steven T. Mnuchin

U.S. Department of the Treasury
FY 2020 Budget in Brief

Summary of FY 2020 President's Budget

Appropriated Accounts – Bureau Program Detail

Non-Appropriated Accounts – Bureau Program Detail

Treasury International Programs

Supplemental Information

The information presented in the FY 2020 Budget in Brief is accurate and complete as of March 2019. Any updates will be reflected in the budget available on the Department of the Treasury website, www.Treasury.gov.

FY 2020 EXECUTIVE SUMMARY

FY 2020 President's Budget Discretionary Appropriation Request

Dollars in Thousands

	FY 2018 Enacted (post IRS transfer)	2019 Annualized CR Rate (post IRS transfer)	FY 2019 Enacted (post IRS transfer)	FY 2020 President's Budget
Management & Financial	**$1,427,355**	**$1,440,180**	**$1,458,758**	**$1,226,811**
Departmental Offices Salaries and Expenses	$201,751	$214,576	$214,576	$235,973
Committee on Foreign Investment in the United States (CFIUS)	$0	$0	$0	$20,000
CFIUS Fees	$0	$0	$0	($10,000)
Subtotal CFIUS Fund[1]	**$0**	**$0**	**$0**	**$10,000**
Terrorism and Financial Intelligence	$141,778	$141,778	$159,000	$166,712
Cybersecurity Enhancement	$24,000	$24,000	$25,208	$18,000
Department-wide Systems and Capital Investments Program	$4,426	$4,426	$4,000	$6,118
Office of Inspector General	$37,044	$37,044	$37,044	$37,044
Treasury IG for Tax Administration	$169,634	$169,634	$170,250	$166,000
Special Inspector General for TARP	$34,000	$34,000	$23,000	$17,500
Community Development Financial Institutions Fund	$250,000	$250,000	$250,000	$14,000
Bank Enterprise Award, rescind FY 2019 Funding	$0	$0	$0	($25,000)
Financial Crimes Enforcement Network	$115,003	$115,003	$117,800	$124,700
Alcohol and Tobacco Tax and Trade Bureau	$111,439	$111,439	$119,600	$115,427
Bureau of the Fiscal Service	$338,280	$338,280	$338,280	$340,337
Tax Administration[2]				
IRS Taxpayer Services	$2,493,554	$2,506,554	$2,491,554	$2,402,000
IRS Enforcement	$4,617,000	$4,660,000	$4,665,600	$4,705,368
IRS Operations Support	$3,890,000	$3,834,000	$3,918,400	$4,075,021
Subtotal	**$11,000,554**	**$11,000,554**	**$11,075,554**	**$11,182,389**
IRS Business Systems Modernization	$110,000	$110,000	$150,000	$290,000
Tax Reform Implementation[3]	$320,000	$77,000	$77,000	$0
IRS Total Excluding Cap Adjustment	**$11,430,554**	**$11,187,554**	**$11,302,554**	**$11,472,389**
IRS Cap Adjustment[4]	$0	$0	$0	$361,571
IRS Total, Including Cap Adjustment	***$11,430,554***	***$11,187,554***	***$11,302,554***	***$11,833,960***
Subtotal, Treasury Appropriations excluding Cap Adjustment and TEOAF	**$12,857,909**	**$12,627,734**	**$12,761,312**	**$12,699,200**
Treasury Forfeiture Fund Permanent Rescission	($1,066,162)	($200,000)	($200,000)	$0
Subtotal, Treasury Appropriations including TEOAF	**$11,791,747**	**$12,427,734**	**$12,561,312**	**$12,699,200**

1/ Total CFIUS funding is $40 million - includes $20 million in Departmental Offices and $20 million in the CFIUS fund (with $15 million for Treasury). The CFIUS fund will be partially offset by $10 million in user fees. $10 million is the initial estimate for FY 2020 partial year fee revenues and are subject to revision once the regulations are finalized.

2/ FY 2018 post transfer levels include a transfer of $256 million from Taxpayer Services (-$13 million) and Enforcement (-$243 million) to Operations Support (+$256 million). FY 2019 annualized CR post transfer levels include a transfer of $200 million from Enforcement to Operations Support. FY 2019 enacted includes a transfer of $194 million from Enforcement to Operations Support.

3/ FY 2019 Annualized CR and enacted includes $77 million for Tax Cuts and Jobs Act implementation (Taxpayer Services $65 million, Enforcement $12 million).

4/ The FY 2020 budget includes a program integrity cap adjustment of $362 million (Enforcement $200 million, Operations Support $162 million).

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 $12.7 billion in base discretionary resources for the Department of the Treasury's domestic programs, a $62 million or 0.5 % decrease from the FY 2019 enacted level. It also requests $1.6 billion for Treasury's international programs, a $4.5 million or 0.3 % increase from the FY 2018 enacted level. The Budget:

- Provides $35 million to fully fund Foreign Investment Risk Review Modernization Act (FIRRMA) implementation (partially offset by an estimated $10 million in user fees). By modernizing the Committee on Foreign Investment in the United States, FIRRMA improves the government's ability to protect national security while preserving the longstanding open investment policy of the United States. The budget includes funding for Treasury in the Departmental Offices salary and expenses account ($20 million) and creates a new FIRRMA-specific account to address Committee-wide requirements ($20 million, including $15 million for Treasury-specific information technology requirements and $5 million to support government-wide emerging needs).
- Provides the Internal Revenue Service (IRS) with $11.5 billion from base discretionary appropriations to collect more than $3 trillion in revenue, to deliver quality customer service to more than 180 million taxpayers, and to begin to transform systems to improve tax administration over the long-term.
    - The request provides $290 million for the multi-year IT modernization efforts. Every day, private-sector companies introduce technologies that raise Americans' expectations of the services that they receive from their government. While IRS systems process trillions of tax dollars and hundreds of millions of interactions every year, some using cutting edge technology, it is increasingly difficult to meet these expectations without wholesale changes to the core tax systems. IRS's computing infrastructure cannot keep pace with the desire for instantaneous data, real-time interactions, and taxpayer-centered customer service. The cost to operate the IRS technology ecosystem is quickly becoming prohibitive. The IRS's ability to successfully modernize information technology is critical to our ability to continue to deliver the IRS mission in a cost-effective way.
    - In addition to the amounts above, the request includes a program integrity initiative to support deficit reduction and protect the integrity of the tax system. The FY 2020 Budget investment is $362 million. Additional resources will be provided in later years. These investments will generate approximately $47 billion in additional revenue and will cost approximately $15 billion, yielding estimated net savings of $32 billion over ten years.
    - The request includes $4.7 billion in the enforcement account to stabilize staffing, increase future audit rates, improve predictive modeling of tax compliance risk areas, and increase the number of identity theft criminal investigations.
- Provides $236 million for Treasury Departmental Offices to address priorities: fully fund FIRRMA implementation, strengthen financial-sector wide cybersecurity vulnerability detection and response, and respond to growing workload with an increase for Domestic Finance policy and Management staff.

- Provides $167 million for Treasury's Office of Terrorism and Financial Intelligence (TFI), a $25 million increase over the FY 2018 enacted level; and $125 million for the Financial Crimes Enforcement Network (FinCEN), a $10 million increase over the FY 2018 enacted level. These increases will allow TFI and FinCEN to continue their critical work safeguarding the financial system from abuse and combating other national security threats using non-kinetic economic tools. These additional resources will be deployed to economically isolate rogue regimes, support the Terrorist Financing Targeting Center in Saudi Arabia, implement the Countering America's Adversaries through Sanctions Act, and counter the financial networks that support terrorists, organized transnational crime, weapons of mass destruction proliferators, and other threats.
- Proposes to transfer all alcohol and tobacco responsibilities from the Department of Justice's Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) to Treasury's Alcohol and Tobacco Tax and Trade Bureau (TTB). This transfer would leverage TTB's resources and expertise relating to the alcohol and tobacco industries and allow ATF to continue to focus on its firearms and explosives mandates, enabling both agencies to more efficiently and effectively carry out their core missions of protecting the public.
- Provides $1.6 billion for Treasury's International Programs to support the most critical investments in multilateral development institutions, while ensuring that U.S. contributions are set at an appropriate level relative to our partner countries. The proposed funding level meets current year U.S. commitments to international financial institutions and maintains funding for the Office of Technical Assistance. The request includes $206.5 million for the first of up to six installments for International Bank of Reconstruction and Development general and selective capital increases, which upon payment protect U.S. shareholding at the institution.
- Consolidates and streamlines Federal Financial Literacy Education Efforts. The Budget proposes that Federal efforts to promote financial literacy be focused on the high-impact areas of: basic financial capability, housing, higher education, military and veteran programs, and investment and retirement planning. More than 20 Federal agencies have some form of financial education or literacy programs. Collectively, Federal agencies spent an estimated $250 million on financial literacy and education activities in 2017. Streamlining and consolidating programs and activities will be a multi-year effort.
- Proposes to impose appropriate Congressional oversight of the Treasury Financial Stability Oversight Council and Office of Financial Research (OFR) by subjecting their activities to the normal appropriations process. The Budget continues the reduced level of OFR spending commensurate with the renewed fiscal discipline being applied across the Federal Government.
- Brings accountability and transparency to regulatory oversight functions. The Federal Insurance Office within Treasury is coordinating with state insurance regulators and insurance industry groups to improve oversight and administration of the Terrorism Risk Insurance Program (TRIP), as recommended in Treasury's October 2017 report to the President on asset management and insurance. Treasury is also evaluating reforms, to be included in any legislation extending TRIP beyond its current sunset date of December 31, 2020, to further decrease taxpayer exposure.

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

	2018 Actual			2019 Annualized CR			2020 President's Budget		
Appropriation	Direct	Reimb.	Total	Direct	Reimb.	Total	Direct	Reimb.	Total
Departmental Offices Salaries and Expenses	772	91	**863**	689	52	**741**	745	52	**797**
Terrorism and Financial Intelligence	408	36	**444**	495	36	**531**	545	36	**581**
Cybersecurity Enhancement	8		**8**	19		**19**	11		**11**
Office of Inspector General	161	3	**164**	166	3	**169**	166	3	**169**
Treasury Inspector General for Tax Administration	764	2	**766**	800	2	**802**	800	2	**802**
Special Inspector General for TARP	131		**131**	125		**125**	95		**95**
Community Development Financial Institutions Fund	66		**66**	66		**66**	42		**42**
Financial Crimes Enforcement Network	280	1	**281**	332	1	**333**	359	1	**360**
Alcohol and Tobacco Tax and Trade Bureau	475	10	**485**	507	10	**517**	507	10	**517**
Bureau of the Fiscal Service[1]	1,996	11	**2,007**	2,089	10	**2,099**	2,031	10	**2,041**
Internal Revenue Service funded from regular appropriations [2,3]	73,518	735	**74,253**	73,933	521	**74,454**	72,254	521	**72,775**
Subtotal, Treasury Appropriated Level	**78,579**	**889**	**79,468**	**79,221**	**675**	**79,856**	**77,555**	**675**	**78,190**
Office of Financial Stability (Administrative Account)	32		**32**	24		**24**	20		**20**
Small Business Lending Fund Program	5		**5**	4		**4**	4		**4**
Capital Magnet Fund	4		**4**	5		**5**	6		**6**
Office of Financial Research	185		**185**	130		**130**	145		**145**
Financial Stability Oversight Council	13		**13**	18		**18**	18		**18**
Treasury Franchise Fund		1,643	**1,643**		1,919	**1,919**		2,023	**2,023**
Bureau of Engraving and Printing		1,748	**1,748**		1,836	**1,836**		1,863	**1,863**
United States Mint		1,545	**1,545**		1,705	**1,705**		1,705	**1,705**
Office of the Comptroller of the Currency		3,840	**3,840**		3,788	**3,788**		3,788	**3,788**
Terrorism Insurance Program	4		**4**	4		**4**	4		**4**
IRS Private Collection Agent Program	23		**23**	112		**112**	118		**118**
Subtotal, Treasury Non-Appropriated Level	**266**	**8,776**	**9,042**	**297**	**9,248**	**9,545**	**315**	**9,379**	**9,694**
Total, Treasury	**78,845**	**9,665**	**88,510**	**79,518**	**9,923**	**89,401**	**77,870**	**10,054**	**87,884**

1/ A portion of Fiscal Service's Reimbursable/Fee FTE is funded by fee revenue as authorized by the Debt Collection Improvement Act (DCIA) of 1996.

2/ IRS FY 2018 Total FTE is overstated in the President's Budget Appendix by 102 FTE as a result of a reporting error in the Business Systems Modernization account.

3/ Amounts for the IRS exclude the proposed $362 million program integrity cap adjustment that, if enacted, would increase IRS levels by an estimated 1,760 FTE in FY 2020.

FY 2020 President's Budget by Strategic Goal

(Dollars in Thousands)

Treasury Goal/Objective	Boost U.S. Economic Growth	Promote Financial Stability	Enhance National Security	Transform Government-wide Financial Stewardship	Achieve Operational Excellence	Total
Management & Financial	$361,458	$29,253	$340,996	$419,497	$75,608	$1,226,811
Departmental Offices Salaries and Expenses	$89,931	$29,253	$39,584	$25,716	$51,490	$235,973
Committee on Foreign Investment in the United States[1]			$10,000			$10,000
Terrorism and Financial Intelligence			$166,712			$166,712
Cybersecurity Enhancement					$18,000	$18,000
Department-wide Systems and Capital Investments Program					$6,118	$6,118
Office of Inspector General				$37,044		$37,044
Treasury Inspector General for Tax Administration	$166,000					$166,000
Special Inspector General for TARP				$17,500		$17,500
Community Development Financial Institutions Fund[2]	($9,900)			($1,100)		($11,000)
Financial Crimes Enforcement Network			$124,700			$124,700
Alcohol and Tobacco Tax and Trade Bureau	$115,427					$115,427
Bureau of the Fiscal Service				$340,337		$340,337
Tax Administration	$11,472,389					$11,472,389
IRS Taxpayer Services	$2,402,000					$2,402,000
IRS Enforcement	$4,705,368					$4,705,368
IRS Operations Support	$4,075,021					$4,075,021
Business Systems Modernization	$290,000					$290,000
IRS Cap Adjustment[3]	*$361,571*					*$361,571*
IRS Total, Including Cap Adjustment	***$11,833,960***	***$0***	***$0***	***$0***	***$0***	***$11,833,960***
Total, Treasury Appropriations Committee Excluding Cap Adjustment and TEOAF	**$11,833,847**	**$29,253**	**$340,996**	**$419,497**	**$75,608**	**$12,699,200**
Treasury International Programs		$32,194		$1,520,011		$1,552,205
Total, Appropriated Level	**$11,833,847**	**$61,447**	**$340,996**	**$1,939,508**	**$75,608**	**$14,251,405**
Non-Appropriated Accounts						
Office of Financial Stability (Administrative Account)				$53,469		$53,469
Terrorism Risk Insurance (Administrative)			$3,000			$3,000
Financial Stability Oversight Council	$5,244	$5,244				$10,487
Office of Financial Research	$37,636	$37,636				$75,271
Bureau of Engraving and Printing	$886,887					$886,887
United States Mint	$2,728,168					$2,728,168
Office of the Comptroller of the Currency	$872,653	$218,163				$1,090,816
Federal Reserve Bank				$622,786		$622,786
Reimbursable to the Federal Reserve Banks				$170,615		$170,615
Financial Agent Services				$848,400		$848,400
Total, Non-Appropriated Level	**$4,530,587**	**$261,042**	**$3,000**	**$1,695,270**	**$0**	**$6,489,899**
Grand Total	**$16,364,433**	**$322,489**	**$343,996**	**$3,634,778**	**$75,608**	**$20,741,304**

1/ Total CFIUS funding is $40 million - includes $20 million in Departmental Offices and $20 million in the CFIUS fund (with $15 million for Treasury). The CFIUS fund will be partially offset by $10 million in user fees. $10 million is the initial estimate for FY 2020 partial year fee revenues and are subject to revision once the regulations are finalized.

2/ This reflects a rescission of $25M in the CDFI Bank Enterprise Award Program

3/ The FY 2020 budget includes a program integrity cap adjustment of $361 million (Enforcement $200 million, Operations Support $162 million).

Summary of FY 2020 Increases and Decreases

(Dollars in Thousands)

	DO	CFIUS	TFI	Cyber	DSCIP	OIG	TIGTA	SIGTARP	CDFI	FinCEN	TTB	FS	IRS	Total
FY 2019 Annualized CR Rate	**$214,576**	**$0**	**$141,778**	**$24,000**	**$4,426**	**$37,044**	**$169,634**	**$34,000**	**$250,000**	**$115,003**	**$111,439**	**$338,280**	**$11,187,554**	**$12,627,734**
Maintaining Current Levels (MCLs)	$1,761		$1,553			$193	$558	$190	$138	$1,194	$1,001	$2,239	$50,565	$59,392
Non-Recurring Costs				(22,349)	($4,426)									($26,775)
Efficiency Savings/Reinvestment	($1,675)		($3,830)										($109,600)	($115,105
Realignment	$1,651			(1,651)										$0
Adjustments to Base	**$1,737**	**$0**	**($2,277)**	**($24,000)**	**($4,426)**	**$193**	**$558**	**$190**	**$138**	**$1,194**	**$1,001**	**$2,239**	**($59,035)**	**($82,488)**
FY 2020 Base	**$216,313**	**$0**	**$139,501**	**$0**	**$0**	**$37,237**	**$170,192**	**$34,190**	**$250,138**	**$116,197**	**$112,440**	**$340,519**	**$11,128,519**	**$12,545,246**
Program Decreases						($281)	($4,697)	($16,832)	($236,182)	($2,226)	($3,013)	($7,915)		($271,146)
CFIUS User Fees		($10,000)												($10,000)
Program Increases	19,660	20,000	27,211	$18,000	$6,118	88	505	142	44	10,729	6,000	7,733	343,870	$460,100
Rescission									(25,000)					($25,000)
Subtotal, Program Changes	**$19,660**	**$10,000**	**$27,211**	**$18,000**	**$6,118**	**($193)**	**($4,192)**	**($16,690)**	**($261,138)**	**$8,503**	**$2,987**	**($182)**	**$343,870**	**$153,954**
FY 2020 President's Budget funded from discretionary resources	**$235,973**	**$10,000**	**$166,712**	**$18,000**	**$6,118**	**$37,044**	**$166,000**	**$17,500**	**($11,000)**	**$124,700**	**$115,427**	**$340,337**	**$11,472,389**	**$12,699,200**
Program Integrity Cap Adjustment													*$361,571*	*$361,571*
FY 2020 President's Budget including program integrity cap adjustment	***$235,973***	***$10,000***	***$166,712***	***$18,000***	***$6,118***	***$37,044***	***$166,000***	***$17,500***	***($11,000)***	***$124,700***	***$115,427***	***$340,337***	***$11,833,960***	***$13,060,771***

Departmental Offices Salaries and Expenses

Program Summary by Budget Activity

Dollars in Thousands

DO Salaries and Expenses	FY 2018 Enacted *	FY 2019 Annualized CR	FY 2020 Request	FY 2019 TO FY 2020 $ Change	% Change
Executive Direction	$35,940	$36,474	$36,876	$402	1.10%
Domestic Finance and Tax Policy	$68,363	$74,199	$88,133	$13,934	18.78%
International Affairs and Economic Policy	$50,732	$46,981	$50,467	$3,486	7.42%
Treasury-wide Management and Programs	$40,716	$41,922	$40,497	($1,425)	-3.40%
CFIUS	$6,000	$15,000	$20,000	$5,000	33.33%
Subtotal, Bureau Name Abbreviation	**$201,751**	**$214,576**	**$235,973**	**$21,397**	**9.97%**
Expenditure Transfer from CFIUS Fund	$0	$0	$15,000	$15,000	NA
Offsetting Collections - Reimbursables	$79,690	$12,432	$12,432	$0	0.00%
Total Program Operating Level	**$281,441**	**$227,008**	**$263,405**	**$36,397**	**16.03%**
Direct FTE	772	689	745	56	8.13%
Reimbursable FTE	91	52	52	0	0.00%
Total FTE	**863**	**741**	**797**	**56**	**7.56%**

* FY 2018 shows actual FTE usage. This column reflects levels appropriated in P.L. 115-141 Consolidated Appropriations Act, 2018. For further details on the execution of these resources see the FY 2020 Appendix chapter for the Department of the Treasury.
Note: FY 2018 CFIUS funds were enacted in the International Affairs and Economic Policy Budget Activity. They are broken out here for comparison purposes.

Summary

The FY 2020 Request proposes increases to help implement programs that bolster U.S. economic growth, promote financial stability, enhance national security, transform government-wide financial stewardship, and achieve operational excellence. In particular, this request supports the Committee on Foreign Investment in the United States (CFIUS) program's expanded responsibilities under the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA), expansion of the Office of Tax Policy's impact analyses of tax regulations, a significant expansion of the Office of Critical Infrastructure Protection and Compliance Policy to protect the U.S. financial services sector from cyberattacks and improve resilience of critical infrastructure, and increased funding for additional Domestic Finance staff to support Administration priorities.

In addition to requested increases for the Treasury Departmental Offices (DO) Salaries and Expenses (SE) account, DO anticipates transferring in and executing $15 million of the $20 million CFIUS Fund request.

This request also consolidates and streamlines federal financial literacy education efforts. The budget proposes that federal efforts to promote financial literacy focus on the high-impact areas of basic financial capability, housing, higher education, military and veteran programs, and investment and retirement planning. More than 20 federal agencies have some form of financial education or literacy programs. Collectively, federal agencies spent an estimated $250 million on these activities in 2017. Streamlining and consolidating programs and activities will be a multi-year effort.

DO Salaries and Expenses FY 2020 Budget Highlights

Dollars in Thousands

DO Salaries and Expenses	FTE	Amount
FY 2019 Annualized CR	**689**	**$214,576**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$1,761
Non-Pay	0	$1,761
Transfers	8	$1,651
Office of Critical Infrastructure Protection and Compliance Policy's (OCIP) Cybersecurity Enhancement Funding to DO SE	8	$1,651
Efficiency Savings	0	($1,675)
Subtotal Changes to Base	8	$1,737
Total FY 2020 Base	**697**	**$216,313**
Program Changes:		
Program Increases:	48	$19,660
Operations and Maintenance (O&M) of Prior-year Enterprise-wide Cybersecurity investments	0	$2,175
Committee on Foreign Investment in the United States (CFIUS) Expansion	16	$5,000
Impact Analyses of Tax Regulations	6	$1,802
Strengthen the Financial Services Sector's Cybersecurity and Critical Infrastructure Protection (OCIP)	13	$7,700
Management Capacity Building to Support Program Initiatives	2	$885
Increase Domestic Finance Policy and Program Staff to Support Strategic Objectives and Priority Goals	11	$2,098
Total FY 2020 Request	**745**	**$235,973**
Transfers	0	$15,000
CFIUS Fund	0	$15,000
Total FY 2020 Including Transfers	**745**	**$250,973**

FY 2020 Budget Adjustments

Adjustments to Request

Maintaining Current Level (MCLs)

Non-Pay +$1,761,000 / +0 FTE

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

Transfers

Office of Critical Infrastructure Protection and Compliance Policy's (OCIP) Cybersecurity Enhancement Funding to DO SE +$1,651,000 / +8 FTE

DO proposes to realign to the DO SE appropriation the portion of OCIP's funding for financial services sector cybersecurity that is currently provided through the Cybersecurity Enhancement

Account (CEA). This budget-neutral realignment will combine funding for OCIP under the single DO SE appropriation and focus CEA solely on enterprise-wide cybersecurity investments.

Efficiency Savings
Contractual Support -$1,675,000 / -0 FTE
DO will achieve cost savings and efficiencies in contract services through more efficient oversight of all contracts, consolidating contracts where appropriate, and partnering with other agencies and DO components to leverage common technology or administrative support needs.

Program Increases
Operations and Maintenance (O&M) of Prior-year Enterprise-wide Cybersecurity Investments +$2,175,000 / +0 FTE
The FY 2020 request includes funding to support operations and maintenance (O&M) for prior year Cybersecurity Enhancement Account investments. O&M will be funded by Treasury Bureaus through Treasury Franchise Fund (TFF) billing. This increase represents the bureau's portion of the $17.5 million O&M total.

Committee on Foreign Investment in the United States (CFIUS) Expansion +$5,000,000 / +16 FTE
FIRRMA expanded the jurisdiction of CFIUS to address growing national security concerns over foreign exploitation of certain investment structures which traditionally have fallen outside of CFIUS jurisdiction. This request funds FTE and contract resource requirements for the Office of International Affairs and Office of General Counsel necessary to implement FIRRMA and handle the expected workload of 1,000 cases per year (compared to 238 prior to FIRRMA).

Impact Analyses of Tax Regulations +$1,802,000 / +6 FTE
One of the Administration's goals is to bring clarity to the complex Internal Revenue Code and to provide useful guidance to taxpayers. Following enactment of the Tax Cuts and Job Act of 2017, pursuant to a Memorandum of Agreement (MOA) between Treasury and the Office of Management and Budget (OMB) in April 2018, Treasury agreed to create a new framework to accommodate the Executive Order (EO) 12866 review of tax regulations with the objective of providing taxpayers with economic analysis for significant tax regulations while reducing regulatory burdens and providing timely tax guidance for taxpayers. To accomplish this, the Office of Tax Policy (OTP) requests $1.802 million and 6 FTE to conduct robust regulatory impact analyses of "significant" tax regulations as determined by OMB.

The requested funding would provide the resources needed to comply with 60 potential EO 12866 reviews in FY 2020 versus 10 regulatory reviews under current funding. These reviews include conducting the analyses needed to determine the significance of regulations under EO 12866, including whether specific regulations require a regulatory impact analysis, and when needed, the creation of this analysis.

OTP estimates that the Internal Revenue Service (IRS) and Treasury produce approximately 350 regulatory projects annually. These regulatory projects will be analyzed to determine if regulatory impact analysis is required. OTP estimates that 50-60 projects may be deemed significant by OMB during a fiscal year.

To conduct timely and accurate analysis, OTP will work with the IRS Office of Research, Analysis and Statistics (RAAS) to stand up a mirrored server at the RAAS location to provide OTP personnel with appropriate applications and storage in order to conduct burden estimates for regulatory projects.

Strengthen the Financial Services Sector's Cybersecurity and Critical Infrastructure Protection (OCIP) +$7,700,000 / +13 FTE

The U.S. financial services sector faces a broad range of cybersecurity vulnerabilities and physical hazards, both domestically and internationally. The United States' adversaries have grown in technical capability, and their attacks have likewise increased in sophistication. This request would enable Treasury to proactively reduce risks to the sector by identifying previously unidentified vulnerabilities before they can be exploited.

Vulnerability Identification +$5,300,000 / +7 FTE:

The FY 2020 request will improve Treasury's capabilities to identify and assess vulnerabilities, thereby helping mitigate risks to the financial infrastructure. This will build upon critical financial services sector infrastructure process maps developed by OCIP in 2014. Of this request, $3.0 million will be used to update outdated maps, identify and diagram additional processes, visualize linkages among major sector actors, and link to geographically-based risks.

The remaining $2.3 million of this request will be used to study vulnerabilities at the 27 most critical financial institutions and conduct exercises on a broader range of financial services sector institutions and sub-sectors. OCIP will also work with the sector to identify and prioritize vulnerabilities with an emphasis on the largest financial institutions. This effort will identify common systemic risks within these institutions and the other infrastructures on which the sector relies (e.g. energy and telecommunications) to pinpoint shared vulnerabilities.

Without the identification and assessment of these vulnerabilities, the financial system will remain exposed to an unacceptable level of risk. Both activities will help identify and avoid potential damage from malicious actors as well as natural disasters such as hurricanes and earthquakes.

Early Vulnerability Mitigation/Avoidance +$2,400,000 / +6 FTE:

To support the President's National Cyber Strategy, issued in September of 2018, OCIP seeks to assist the financial services sector by focusing on early detection of a broad range of cybersecurity vulnerabilities and developing recommended mitigation strategies. This request will allow Treasury and the sector to shift to a more proactive risk reduction approach by finding and mitigating vulnerabilities before they can cause damage, reducing the number of incidents as well as the cost of the recovery for those that occur. This funding will be used to research and understand potential risks of new technology, in particular fintech, promote international cybersecurity, expand OCIP's presence at Federal Cyber Centers, and increase collaboration with other key U.S. critical infrastructures.

Management Capacity Building to Support Program Initiatives +$885,000 / +2 FTE [1]
Treasury Management requests funding for the oversight and administrative support associated with the growth of program offices. The resources would provide funding for:

- Two FTE within the Office of Human Resources (OHR) of the Centralized Treasury Administrative Services (CTAS) program. OHR is charged with providing direct support for the recruitment, staffing, onboarding, engagement, performance and retention of staff for DO. For example, the CFIUS program office is expected to increase by 55 FTE through FY 2020. OHR's current staffing levels will be unable to appropriately support growth in these areas and other FY 2020 initiatives.
- Two FTE within the Office of Privacy, Transparency, and Records of the CTAS program. There are 1,559 cases pending in FY 2019 compared to 1,259 in FY 2018. Without these additional resources, the FOIA backlog will continue to grow by 300 cases per year. Two additional FTE would allow PTR to process the same number of requests they receive.
- One FTE to the Treasury Management and Budget office to work to analyze bureau base budgets and resource needs.
- One FTE to the Office of Strategic Planning and Performance Improvement to support increased oversight requirements for the Program Management Improvement and Accountability Act, the Foundations in Evidence Building Act, and the President's Management Agenda.
- The Treasury WAVES request system, which is an upgrade of the U.S. Secret Service IT System for processing background checks for visitors seeking entrance to the Treasury Complex (Main Treasury and the Freedman's Bank Building). The Treasury WAVES request system includes a customer facing application that removes the collection of PII from the requestor to the visitors themselves. This program improves the visitor clearance process and allows Treasury to carry out its day-to-day business in a more efficient manner.

Increase Domestic Finance Staff to Support Strategic Objectives and Priority Goals +$2,098,000 / +11 FTE
Between FYs 2016 and 2018, Domestic Finance's (DF) workforce declined by 50 personnel (roughly one-third) within the offices funded by the DO SE appropriation. After a careful review of policy priorities and in light of emerging initiatives, Treasury determined that it needs to increase DF staff by 11 FTE personnel to achieve the Administration's goals timely and effectively.

The FY 2020 request would support achievement of the following Treasury and Administration strategic objectives by allowing DF to increase staffing to support the following policy objectives:
Office of Assistant Secretary for Financial Markets, +4 FTE

- Reforming housing finance;
- Monitoring and addressing fiscal issues of state and local governments, including municipal bonds and fiscal crises;
- Implementing the Core Principles recommendations for reforming regulation of the U.S. financial system corporate finance;
- Managing the U.S. debt through securities auctions; and

[1] These FTE numbers include only the direct FTE in DO Salaries and Expenses. The initiative also funds 4 FTE in the Treasury Franchise Fund.

- Ensuring accurate and timely fiscal projections of receipts to the government.

Office of the Assistant Secretary for Financial Institutions, +3 FTE

- Implementing the Core Principles recommendations for reforming regulation of the U.S. financial system corporate finance.

Office of the Fiscal Assistant Secretary (OFAS), +4 FTE

- Managing the U.S. debt through securities auctions;
- Ensuring accurate and timely fiscal projections of receipts to the government;
- Effectively awarding and monitoring compliance of grants for Gulf Coast restoration;
- Improving federal government financial management; and
- Increasing data transparency about government spending.

In addition to supporting these policy objectives, the new personnel for OFAS will help to achieve the following Cross-Agency Priority goals:

- Leverage Data as a Strategic Asset (DATA Act, federal financial management);
- Sharing Quality Services (overseeing the Bureau of the Fiscal Service, which reports to the Fiscal Assistant Secretary, and leading federal financial management);
- Shifting from Low-Value to High-Value Work (federal financial management);
- Results-Oriented Accountability for Grants (RESTORE Act awards and compliance); and
- Getting Payments Right (managing the Bureau of the Fiscal Service).

Transfers

CFIUS Fund +$15,000,000 / +0 FTE

This funding would be transferred from the Committee on Foreign Investment in the United States (CFIUS) Fund. This investment will fund development of an end-to-end IT infrastructure comprised of a public-facing portal and a case management system to modernize processes and to handle anticipated increasing caseloads for CFIUS member agencies that will promote efficiencies in the Committee's processes. This investment is the first year of a multi-year project. Treasury will require steady funding through FY 2021 with costs expected to partially non-recur as the project moves into operations and maintenance starting in FY 2022.

Legislative Proposals

Departmental Offices has no legislative proposals.

DO Salaries and Expenses Performance Highlights

Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Target	FY 2020 Target
DF-Variance Between Estimated and Actual Receipts (Annual Forecast) (%)	3.10	4.00	2.30	4.25	4.25
IA - Timely Review of CFIUS Cases	100	100	100	100	100
Treasury-wide Leaders Lead Index of the Federal Employee Viewpoint Survey (FEVS)	55	56	56	58	58

Description of Performance

DF - 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 2018 was 2.3 percent, which is significantly lower than the 4.25 percent target.

The FY 2018 level was the lowest variance since 2007, when it was 2.1 percent. Because tax receipts are quite variable year-to-year and sensitive to changes in macro-economic conditions and legislative changes, accurate forecasts in one year do not necessarily portend accuracy in a subsequent year or period. The target for both FYs 2019 and 2020 is 4.25 percent.

IA - 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 FY 2018. IA's target for this measure in FY 2019 and FY 2020 is 100 percent.

Treasury-wide "Leaders Lead" Index of Federal Employee Viewpoint Survey (FEVS): Treasury also set the goal to increase the "Leaders Lead" index above FY 2017 results. Treasury's score for the Leaders Lead Index increased from 55 percent in FY 2016 to 56 percent in FY 2017, and held steady at 56 percent in FY 2018. Treasury's score in FY 2018 was equal to the government-wide average and the average score for very large agencies. Targets for FYs 2019 and 2020 are 58 percent.

Cybersecurity Enhancement Account

Program Summary by Budget Activity

Dollars in Thousands

Cybersecurity Enhancement Account Appropriated Resources	FY 2018 Enacted*		FY 2019 Annualized CR		FY 2020 Request		FY 2019 to FY 2020 Change		FY 2019 to FY 2020 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Cybersecurity Enhancement Account	8	$24,000	19	$24,000	11	$18,000	(8)	($6,000)	-42.11%	-25.00%
Total Budgetary Resources	**8**	**$24,000**	**19**	**$24,000**	**11**	**$18,000**	**(8)**	**($6,000)**	**-42.11%**	**-25.00%**

* FY 2018 FTE and Other Resources are Actuals. This column reflects levels appropriated in P.L. 115-141, the Consolidated Appropriations Act of 2018. For further details on the execution of these resources see the 2020 Budget Appendix chapter for the Department of the Treasury.

Summary

The Department's strategic plan guides program and budget decisions for the Cybersecurity Enhancement Account (CEA). The FY 2020 Budget Request supports Treasury's FY 2018-2022 Strategic Goal: Achieve Operational Excellence.

Trillions of dollars are accounted for and processed by the Department of the Treasury's information technology (IT) systems, and therefore, they are a constant target for sophisticated threat actors. To more proactively and strategically protect Treasury systems against cybersecurity threats, the FY 2020 budget requests $18.0 million for the CEA. The account identifies and supports Department-wide investments for critical IT improvements, including the systems identified as High Value Assets (HVAs). Furthermore, the centralization of funds allows Treasury to more nimbly respond in the event of a cybersecurity incident as well as leverage enterprise-wide services and capabilities across the components of the Department.

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

CEA FY 2020 Budget Highlights

Dollars in Thousands

Cybersecurity Enhancement Account	FTE	Amount
FY 2019 Annualized CR	**19**	**$24,000**
Changes to Base:		
Non-Recurring Costs:		
FY 2019 Non-Recurring Costs	(11)	($22,349)
Re-alignments:		
OCIP Re-alignment to DO SE	(8)	($1,651)
Subtotal Changes to Base	(19)	($24,000)
Total FY 2020 Base	**0**	**$0**
Program Changes:		
Program Increases:	11	$18,000
Improving High Value Asset (HVA) Cybersecurity	0	$3,800
Proactive Cyber Risk and Threat Identification	0	$966
Cybersecurity Enhancements	7	$2,407
Enhanced Incident Response and Recovery Capabilities	2	$10,428
Enhancements to Cybersecurity Infrastructure	2	$399
Total FY 2020 Request	**11**	**$18,000**

FY 2020 Budget Adjustments

Non-Recurring Costs

FY 2019 Non-Recurring Costs -$22,349,000 / -11 FTE

This amount represents non-recurring initial investments.

Re-alignments

OCIP Re-alignment to DO SE -$1,651,000 / -8 FTE

The Office of Critical Infrastructure Protection and Compliance Policy (OCIP) investment has been realigned to the Departmental Offices Salaries and Expenses account.

Program Increases

Improving High Value Asset (HVA) Cybersecurity +$3,800,000 / +0 FTE

The HVA Cybersecurity initiative builds on the prior investments to secure Treasury's top tier HVAs and data at rest encryption solutions for payment platforms, tax processing systems, and collection processing systems, as well as enhanced user authentication for these systems. It will deliver enhanced data assurance capabilities, minimizing accessibility of highly sensitive data in the event of compromises to multi-layered defenses and storage solutions.

Proactive Cyber Risk and Threat Identification +$966,000 / +0 FTE

This initiative significantly improves network visibility, threat identification, incident response time, data aggregation, and data management by Treasury's enterprise cybersecurity operations center. It provides high definition monitoring of IT assets and activities, and detailed visibility across the enterprise and into bureau networks. This initiative will result in faster detection, response, and recovery time in the event of an advanced persistent threat attack, other malicious activities, or negligent acts.

Cybersecurity Enhancements +$2,407,000 / +7 FTE

This request improves cyber security situational awareness through the implementation of processes and automated tools that support cyber information sharing Department-wide and eliminates organizational stovepipes that negatively impact the Department's cybersecurity posture. Enhanced situational awareness will provide Department-wide awareness of breaches and attack information. It will increase the effectiveness of cybersecurity functions and achieve efficiencies through the elimination of redundant efforts.

Enhanced Incident Response and Recovery Capabilities +$10,428,000 / +2 FTE
This initiative improves the Department's ability to identify, respond to, and recover from cyber threats through the implementation of solutions that support early detection and avoidance of currently unknown threats. Activities include retroactive examination of network traffic; assessment of adversarial movement; determination of information compromise; implementation of mitigations and countermeasures; and reconstitution. The initiative will reduce the risk of incident occurrence, minimize their impact, and decrease recovery time.

Enhancements to Cybersecurity Infrastructure +$399,000 / +2 FTE
This initiative will enhance encryption, enterprise-wide identity management, and network monitoring and scanning. It is critical to the Department's cyber posture due to the increases in volume, sophistication, frequency, impact, and brazenness of global cyber threats and recent privacy breaches (including financial institutions). It will result in higher level of assurance for data integrity and access management.

Legislative Proposals

The Cybersecurity Enhancement Account has no legislative proposals.

Cybersecurity Enhancement Account Performance Highlights

Budget Activity	Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Target	FY 2020 Target
CEA	Number of Major Incidents	N/A	N/A	0	2	2
CEA	Number of Reported Incidents	N/A	N/A	225	280	280
CEA	Percentage of Tier I High Value Assets (HVA) where Risk and Vulnerability Assessment (RVA) or Security Architecture Review (SAR) are Completed On Time	N/A	N/A	100	100	100
CEA	Risk Management Assessment Overall Rating	N/A	N/A	68	60	70

Description of Performance

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

Number of Reported Incidents: The number of cybersecurity incidents reported by Treasury to the United States Computer Emergency Readiness Team (US-CERT) in a given fiscal year. This is a measure of how effective Treasury's defenses are at mitigating all security threats, as well as an indicator of how often Treasury is being targeted by malicious actors. If the number of reported incidents rises while the number of major incidents remains steady, it may indicate an effective cybersecurity program. The incidence of intrusion events at Treasury has not remained constant over time, and our projections must be used as a baseline to measure against. As noted in the *Actual* value column, there was an actual reduction in incidents for FY 2018 in comparison to those projected by Treasury. This is likely the result of changes in the reporting criteria applied during the course of the year. As new incident recognition investments are implemented within Treasury throughout FY 2019, the target goals for FY 2019 are expected to show an increase in recognized incidents of up to 25 percent from FY 2018 actuals, applying the same criteria, within the FY 2019 timeframe. Allowing for increasing preventative measures, FY 2020 should remain flat from FY 2019 numbers. The FY 2019 and FY 2020 targets of 280 reported incidents, representing a 25 percent increase in the visibility of incidents, will be met through training, implementation of technology, and interagency collaboration.

<u>Percentage of Tier I High Value Assets (HVA) with Risk and Vulnerability Assessment (RVA) or Security Architecture Review (SAR) Completed On Time:</u> The percentage of Treasury's top tier high value assets, which were scheduled for a third party risk assessment, for which the assessments were completed on time. This is a measure of the extent to which Treasury's most important systems are being actively reviewed and assessed for weaknesses that could be exploited by an adversary. The FY 2020 performance target of 100 percent (of the current annual target of 5 HVA systems to be assessed) will be met through continuing current staffing levels and interagency collaboration. Although Treasury has been able to meet its HVA assessment goals thus far, additional challenges are foreseen for the short-, mid- and long-terms. Pending changes may result in a reduced number of Department of Homeland Security- (DHS-) funded RVA and SAR assessments. As a result of this change, continued success at the 100 percentage level will require the Department to offset the DHS reduction by funding additional 3rd party RVA/SAR assessments to meet OMB compliance requirements, ensuring that Treasury HVAs are appropriately identified and can be mitigated from cyber risks with potentially significant impacts to the Federal enterprise and/or national economy. Factors such as the likely greater complexity imposed in Federal requirements and mandates for assessments/reviews, as well as an ongoing re-evaluation of HVA systems, requires continuing investment in a well-founded HVA management structure, which Treasury has been addressing through its Cybersecurity Enhancement Account (CEA) program.

<u>Risk Management Assessment Overall Rating:</u> This is an assessment performed by OMB to evaluate agencies' overall cybersecurity risk management capabilities. It consists of a risk management rating and a maturity rating. The Risk Management Assessment rating is based on agency responses to the reporting metrics of the Federal Information Security Modernization Act of 2014 (FISMA). In December 2018, the Office of Management and Budget revised the FISMA reporting metrics, eliminating several measures that had been factored into the Risk Management Assessment calculus. As a result of these changes to the reporting metrics, agency Risk Management Assessment ratings are expected to decline. Treasury has accounted for this by setting a performance target for FY 2019 that is slightly below the actual rating achieved in FY 2018, with a rebound anticipated in FY 2020 based on cybersecurity enhancement investments that are planned to mature by that time. This is a measure of how well Treasury is managing risk across the enterprise as well as the maturity level of the program. The FY 2020 target Risk Management Rating of 70 percent will be met through increased training, implementation of technology, and continued federal support.

Department-wide Systems and Capital Investments Program

Program Summary by Budget Activity

Dollars in Thousands

Department-wide Systems and Capital Investments Program	FY 2018 Enacted	FY 2019 Annualized CR	FY 2020 Request	FY 2019 TO FY 2020 $ Change	FY 2019 TO FY 2020 % Change
DSCIP	$4,426	$4,426	$6,118	$1,692	38.23%
Total Program Operating Level	**$4,426**	**$4,426**	**$6,118**	**$1,692**	**38.23%**

Summary

The Department-wide Systems and Capital Investments Program (DSCIP) account provides a mechanism for Treasury to fund capital investments that have complex contracts with projects that span several fiscal years. Treasury owns and operates two historic office buildings in downtown Washington, D.C. – the Main Treasury Building (MT) and the Freedman's Bank Building (FBB). In FY 2016, Treasury conducted an internal assessment of both buildings and found a range of needs that include immediate safety/health risks, capital renewal to address systematic and mechanical failure, and building modernization. It is estimated that it will cost $95.5 million to address the remaining issues identified in the report. The assessment was validated in FY 2017 by an external architectural and engineering firm. In addition to validating the identified repair needs, the report identified additional repairs and cyclic needs over the next 20 years. The Department plans to continue to work through these accumulated needs over time. The FY 2020 request of $6.118 million addresses MT and FBB repair and restoration. The DSCIP investments support the Treasury goal to Achieve Operational Excellence.

DSCIP FY 2020 Budget Highlights

Dollars in Thousands

Department-wide Systems and Capital Investments Program	FTE	Amount
FY 2019 Annualized Continuing Resolution	**0**	**$4,426**
Changes to Base:		
Non-Recurring Costs	0	($4,426)
Zero Based Budget	0	($4,426)
Subtotal Changes to Base	0	($4,426)
Total FY 2020 Base	**0**	**$0**
Program Increases:	0	$6,118
FBB Domestic Water Line Repair	0	$1,500
FBB Repair and Restoration	0	$1,500
MT Repair and Restoration	0	$3,118
Total FY 2020 Request	**0**	**$6,118**

FY 2020 Budget Adjustments

Adjustments to Request
Program Decreases
Non-Recur -$4,426,000 / -0 FTE

These funds are provided for repairs to the Main Treasury and Freedman's Bank Building.

Program Increases +$6,118,000 / +0 FTE
FBB Domestic Water Line Repair +$1,500,000 / +0 FTE

The sole domestic water supply line for the Freedman's Bank Building is well beyond its useful life expectancy. Temporary repairs have been made to the piping, but its condition poses a significant risk for the line failing and the building losing its only domestic water supply. This project will replace the corroded piping from the street main into the building, install a new main isolation valve, and also install a code compliant water backflow assembly with a drain.

FBB Repair and Restoration (Phase 2) +$1,500,000 / +0 FTE

The exterior façade is undergoing a comprehensive restoration due to 100 years of wear and pollutants. The perimeter exterior façade has open masonry joints that have been leaking for years as a result of systematic building failures. The masonry restoration will provide a watertight envelope and stabilize all the historic fabric. The scope will address repair, cleaning, and repointing of all masonry surfaces.

MT Repair and Restoration (Phase 1) +$3,118,000 / +0 FTE

The exterior façade has heavy staining and open masonry joints and is in need of comprehensive repair and restoration to prevent further damage. Perimeter exterior walls have been leaking for years as a result of systematic building failures. Water infiltration creates a risk of mold development in office spaces and results in costly plaster and paint damage to the historic interiors. The masonry restoration will provide a watertight envelope and stabilize all the historic fabric. The scope will address repair, cleaning, and repainting of all masonry surfaces.

Legislative Proposals

The Department-wide Systems and Capital Investments Program has no legislative proposals.

MT and the FBB are owned by the Department and are Departmental Offices' capital investments. MT is the oldest departmental building and the third oldest federally occupied building in Washington, preceded only by the Capitol and the White House. The age and historical significance of the buildings, considered by some to be national treasures, create special conditions that do not exist in many other Federal office facilities. Continual upkeep, with close attention to historic preservation, is necessary in order to continue occupying these buildings. The FY 2020 request addresses MT and FBB repair and restoration.

Terrorism and Financial Intelligence

Program Summary by Budget Activity

Dollars in Thousands

	FY 2018	FY 2019	FY 2020	FY 2019 TO FY 2020	
Terrorism and Financial Intelligence	**Enacted**	**Annualized CR**	**Request**	**$ Change**	**% Change**
Terrorism and Financial Intelligence	$141,778	$141,778	$166,712	$24,934	17.59%
Subtotal, TFI	**$141,778**	**$141,778**	**$166,712**	**$24,934**	**17.59%**
Transfer out to Dept Office S&E	($31,452)	$0	$0	$0	NA
Payments to Treasury Franchise Fund	$0	($31,452)	($35,094)	($3,642)	11.58%
Reimbursables	$8,626	$8,626	$8,626	$0	0.00%
Total Program Operating Level	**$118,952**	**$118,952**	**$140,244**	**$21,292**	**17.90%**
Direct FTE	408	495	545	50	10.10%
Reimbursable FTE	36	36	36	0	0.00%
Total FTE	**444**	**531**	**581**	**50**	**9.42%**

*FY 2018 shows actual FTE usage. This column reflects levels appropriated in P.L. 115-141 Consolidated Appropriations Act, 2018. For further details on the execution of these resources see the FY 2020 Appendix chapter for the Department of the Treasury.

Summary

The Department of the Treasury's (Treasury) strategic plan guides program and budget decisions for the Office of Terrorism and Financial Intelligence (TFI). The FY 2020 Budget Request supports two of Treasury's FY 2018-2022 Strategic Goals: Enhance National Security and Achieve Operational Excellence.

TFI requests $166.712 million, which is a $24.934 million increase from the FY 2019 Annualized Continuing Resolution. TFI requests these additional resources to continue to invest in its people as well as infrastructure, systems, and automated tools, thereby ensuring that TFI remains agile, innovative, and strategic in responding to the most pressing U.S. national security concerns. The budget prioritizes funding for Treasury's targeted financial tools that protect the U.S. and international financial system from abuse, as well as countering the financial networks that support terrorists, weapons proliferators, organized transnational crime, rogue regimes, and other threats.

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

Terrorism and Financial Intelligence FY 2020 Budget Highlights

Dollars in Thousands

Terrorism and Financial Intelligence	FTE	Amount
FY 2019 Annualized CR	**495**	**$141,778**
Changes to Base:		
Maintaining Current Levels (MCLs)	0	$1,553
Non-Pay	0	$1,553
Efficiency Savings	0	($3,830)
Subtotal Changes to Base	0	($2,277)
Total FY 2020 Base	**495**	**$139,501**
Program Changes:		
Program Increases:	50	27,211
Operations and Maintenance (O&M) of Prior-year Enterprise-wide Cybersecurity investments	0	$2,277
Terrorist Financing Targeting Center	10	$6,211
Terrorist Finance and Financial Crimes	2	$530
TFI National Security Programs	27	$6,634
Committee on Foreign Investment in the United States	3	$859
IT Infrastructure Investments	8	$10,700
Total FY 2020 Request	**545**	**$166,712**

FY 2020 Budget Adjustments

Adjustments to Request

Maintaining Current Level (MCLs)

Non-Pay +$1,553,000 / +0 FTE

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

Efficiency Savings -$3,830,000 / -0 FTE

TFI Contractual Support -$3,830,000 / -0 FTE

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

Program Increases +$27,211,000 / +50 FTE

O&M of Prior-Year Enterprise-wide Cybersecurity Investments +$2,277,000 / +0 FTE

This request includes funding to support O&M for prior-year Cybersecurity Enhancement Account investments. O&M will be funded by Treasury Bureaus through Treasury Franchise Fund billing. This increase represents the TFI portion of the $17.5 million O&M total.

Terrorist Financing Targeting Center +$6,211,000 / +10 FTE

On May 21, 2017, the United States and the six Gulf Cooperation Council countries signed an historic agreement announcing a joint commitment to establish the Terrorist Financing Targeting Center (TFTC). The TFTC's efforts support the Administration's priorities to fight terrorism in new and innovative ways through a multilateral initiative that will dramatically increase the ability to curb terrorist financing. The TFTC has already resulted in greater regional cooperation as evidenced by the sharing of intelligence, the capacity building, and the joint designations by the seven participating members of TFTC that targeted terrorist leaders, financiers, and facilitators. The TFTC will continue to disrupt the finances and operations of terrorist organizations by identifying, tracking, and sharing information regarding terrorist financial networks; coordinating joint disruptive actions, like sanctions; and offering support to countries in the region that need assistance building capacity to counter terrorist finance threats.

Terrorist Finance and Financial Crimes +$530,000 / +2 FTE
TFI requests two FTEs to develop and build global capacity to combat illicit financing in the international arena. These FTEs will be responsible for establishing strategies and employing targeted financial measures to disrupt and dismantle the financial networks that support terrorism, proliferation of weapons of mass destruction, and organized crime.

TFI National Security Programs +$6,634,000 / +27 FTE
Treasury requests additional staffing to support its ever increasing role in the Administration's efforts to apply economic pressure in pursuit of national security and foreign policy goals. This has included the use of unilateral designations and other economic authorities, as well as working with other countries to increase multilateral economic pressure and continuous interaction with the financial and private sector through advisories and engagement to cut off malign actors' access to the international financial system. As the number of sanctions programs continues to grow, there is a crucial need for increasing intelligence, policy, and targeting staff to identify and take impactful actions against the individuals, entities, and their networks responsible for this dangerous and malign behavior. Many of these actors have complex business structures that are well integrated into the global markets, which requires additional analysis and post-designation support to ensure that the actions have maximum impact on malign activity while minimizing the collateral damage to U.S. businesses and our allies.

This requested staffing increase will address personnel needs, including Virtual Currency, Cyber, Iran, Russia, Human Rights/Corruption, and Counterterrorism Programs. These are high priority areas for the Administration and Treasury and constitute the majority of taskings and requirements levied upon TFI and its component offices. Below are some highlights of TFI's activities:

- The use of virtual currency is expanding rapidly with instances of its use having been identified in many key sanctions programs, including Russia, Iran, and Venezuela. This request will help support additional intelligence, targeting, and policy expertise to ensure that TFI and Treasury remain well positioned to stay ahead of emerging financial threats in this space.
- TFI will increase intelligence, policy, and targeting personnel to support the Administration's priority in countering Iran's malign behavior and Russia's destabilizing activities. This includes Treasury's ongoing efforts to implement the Countering America's Adversaries Through Sanctions Act (CAATSA) targeting and reporting requirements. The Administration remains committed to countering the threat posed by Iran by using Treasury's economic authorities to deny the regime and the Islamic Revolutionary Guard funding for malign activities, including its support for terrorism and regional destabilization in Yemen and Syria. Treasury's Russia-related sanctions program remains a top priority as well, with strategic, complex actions that target key actors across the full range of Russian malign activity, to include malign cyber activities, interference in democratic elections, aggressive behavior in Ukraine, and purported illegal annexation of Crimea as well as its continued support for the Assad regime.
- The December 2017 Executive Order implementing the Global Magnitsky Act highlights Treasury's critical role in identifying and financially isolating those who destabilize countries

and regions by pilfering the wealth and resources of their nation or commit human rights abuse and atrocities. TFI's use of these authorities has already impacted individuals across the globe and changed the way regimes are operating, directly advancing objectives outlined in the National Security Strategy. These funds will support TFI in supporting policy, intelligence, and targeting efforts in this program.
- TFI monitors and takes action against numerous terrorist entities across the globe, an effort that has become increasingly complex as terrorist groups continue to splinter and fracture into more independently operated organizations. This request will assist in supporting TFI's efforts in maintaining persistent pressure to disrupt the financing of these terrorist organizations.

Committee on Foreign Investment in the United States +859,000 / +3 FTE
Additional TFI resources are required to meet the increase in the CFIUS caseload.

IT Infrastructure Investments +$10,700,000 / +8 FTE
Treasury Financial Intelligence Network (TFIN) +$4,498,000 / +2 FTE
- ***IT Infrastructure upgrade -*** Increases bandwidth on existing infrastructure in support of the TFI expansion and build a more robust capability for TFI's collaborative data discovery initiative. Currently, TFI's virtual desktop infrastructure is not sufficient to support the new demands of data analytics. Without more processing power, TFIN users will continue to lack the ability to query certain databases or effectively utilize analytic tools, undermining OIA's ability to support TFI efforts to identify, disrupt, and dismantle threats to the United States and international financial system.
- ***TFIN Network Defense -*** Enhances the ability to monitor the classified network against cyber threats by incorporating more comprehensive and integrated risk and threat management. Without enhanced network defense capabilities, Treasury's classified network may potentially be vulnerable to cyber threats like network intrusions, malicious actors, or other vulnerable exploits. Cyber defense services are critical components to detect, monitor, and analyze TFIN network elements to keep our organization's data center healthy and functional.
- ***Multi-factor Authentication (MFA) -*** Creates a layered defense and make it more difficult for an unauthorized person to access a target such as a physical location, computing device, network, or database. Failure to effectively use current MFA technologies on TFIN would result in vulnerable computing devices, networks, or databases.
- ***Cross Domain - One Way Transfer (OWT) -*** Implements the OWT system that provides secure transfer of data between the unclassified domain to that of a higher security level using proven technology that automatically scans files for viruses. Manually transferring data is cumbersome, time consuming, and often impacts data confidentiality, integrity, and availability. OWT systems reduce the amount of time currently required to transfer data from lower to higher classification systems.

<u>*User Activity Monitoring (UAM) on Unclassified Bureau Networks +$3,047,000 / +4 FTE*</u>
Rapid technological advances are allowing a broad range of foreign intelligence entities (FIEs) to field increasingly sophisticated capabilities and aggressively target the government, including Treasury. FIEs are proactive and use creative approaches—including malicious insiders threats—to advance their interests and gain advantage over the United States. To mitigate these threats, the Office of Counterintelligence (OCI) must drive innovative counterintelligence (CI) and insider threat solutions to include implanting more effective monitoring solutions. This request includes

funding for UAM licenses, hardware, software, and professional services, as well as additional insider threat analysts and CI investigators. Treasury Order 105-20 (Revised) will give the OCI the authority to monitor all cleared users on unclassified networks. As 75 percent of Treasury's cleared population is employed by the bureaus, and the exfiltration of sensitive information is most likely to occur on an unclassified network, this is a critical need. This deployment will cover over 100,000 endpoints and collect activity data on approximately 5,000 employees. The additional analysts and investigators will support this expanded effort, as well as the launch of Treasury's Insider Threat Reporting Guidelines, which will be disseminated Department-wide and require all Treasury employees and insider threat stakeholders to report CI and insider threat indicators; OCI anticipates a significant increase in CI and insider threat reporting due to its publication. The overall increased workload will greatly exceed levels manageable with current Insider Threat Program staffing.

OFAC-wide IT Infrastructure +3,117,000 / +2 FTE

- ***Enhancement to the OFAC Administrative System for Investigations and Sanctions (OASIS) to aid with TAR Processing.*** Further automates the Terrorist Assets Report (TAR) to Congress by enabling the electronic upload of data from financial institutions directly into OFAC's collection system instead of having the data manually transmitted to OFAC and re-entered into the system by employees, introducing the opportunity for error. While an important measurement of the blocked assets of State Sponsors of Terrorism as well as terrorist groups, OFAC's preparation of the annual TAR remains a labor-intensive, mostly manual process. This enhancement will allow OFAC to replicate automation gains already implemented on some programs across additional sanctions programs.
- ***Secure Online Communications Tool.*** Completes secure bi-directional, data/e-communication transfers with the public in order to allow financial institutions to file information required by OFAC regulations (such as blocking reports) in a secure and expeditious manner. This initiative will transform the public's ability to submit and track respective OFAC transactions, including maintaining an online account with OFAC, and improve OFAC's communication with the general public. The solutions to date have either been cost-prohibitive or inefficient, requiring a visit to the public institution seeking to establish a connection. OFAC has identified a government-approved, secure, sustainable, and efficient bi-directional solution to solve this need, and OFAC is in the process (via prototype) of implementing the solution for the Banking Institution High Volume Blocking report filers. This request would take the prototype to a production system and will be greeted as a significant step forward.
- ***OFAC Classified Network e-workflow and Case Management.*** Enhances the hardware and software necessary to enable case management functionality on Treasury's classified networks that mirrors OFAC's unclassified OASIS case management system. These enhancements will allow for the installation of the software necessary to support case management, TFI collaboration, and other analytical efforts on Treasury's high and mid-side networks.
- ***TFIN Enhancement Information Analysis Project.*** Complements the larger TFI-wide data discovery and analysis initiative by providing mature data analytics functionality on TFIN for disparate OFAC (and TFI) investigative data sets. With this investment, TFI would be able to perform maintenance on existing designees, with the expectation of a 150 percent increase in ISIS terrorism targets, by introducing the ability to identify direct and indirect relationships in

a way not possible without this technology and a 50 percent increase in targeting across other counter terrorism groups.

Legislative Proposals

The Office of Terrorism and Financial Intelligence has no legislative proposals.

Terrorism and Financial Intelligence Performance Highlights

	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Target	FY 2020 Target
Impact of TFI Programs and Activities	8.7	8.5	DISC	DISC	DISC
New or Modifications to Existing Sanctions Programs	N/A	5	6	I	I
Number of Designation Actions	N/A	867	725*	I	I
Analytic Intelligence Support	N/A	385	704	I	I
Review and Support of Foreign AML/CFT Laws and Regulations	N/A	49	64	I	I

Key: I - Indicator

* This number does not include the more than 700 individuals, entities, aircraft and vessels sanctioned on November 5, 2018, as part of the re-imposition of the U.S. nuclear-related sanctions that were lifted or waived in connection with the Joint Comprehensive Plan of Action (JCPOA). Although technically completed in FY 2019, the vast majority of the work was completed in FY 2018.

Description of Performance

Impact of TFI Programs and Activities: To gauge its performance, TFI previously used a composite measure consisting of three program office focus areas related to its mission and strategic goals, including customer outreach, increasing production and dissemination of intelligence products, and implementing IT modernization projects. TFI discontinued this measure in FY 2018 but proposes four new measures with targets for FY 2019 and FY 2020.

New or Modifications to Existing Sanctions Programs: This indicator measures new actions or expansion of existing sanction programs, and the data is collected by OFAC. The measure reflects an increase in workload requirements as any new country programs or expansion in scope of existing programs are by and large in addition to current workload and not in lieu of already existing work, and therefore, cumulative. Conversely, ongoing program requirements are much less frequently removed. The creation or modification of sanctions programs requires a significant upfront dedication of policy, program, legal, and regulatory resources to ensure proper coordination and documentation of the changes.

Number of Designation Actions: This indicator measures number of actions taken to impose sanctions, and is collected by OFAC. It is important to note that for “Program-Specific Designations” may not always represent a true reflection of TFI’s extensive efforts across programs or toward a particular program. From FY 2017 to FY 2018, TFI activity increased across a number of high priority programs. However, the FY 2018 numbers do not reflect the approximately 700 Iran sanctions that were implemented on November 5, 2018, in conjunction with the full snapback of sanctions following the President’s withdrawal of the United States from the JCPOA. Though these sanctions technically occurred in FY 2019, the preparation for the tranche was exceedingly complex and required several lines of effort over the last several months of FY 2018.

Analytical Intelligence Support: TFI includes both formal analytical intelligence briefings as well as final analytical intelligence products that were published. The significant increase from FY 2017 to FY 2018 represents increased demand as well as a higher prioritization on production.

Review of Foreign AML/CFT Law and Regulations: This measure tracks/includes participation in Financial Action Task Force (FATF) mutual evaluations (ME), which are peer evaluations of countries' levels of effectiveness and implementation of the FATF AML/CFT Standards. The data is collected from TFFC. Participation in MEs usually requires several extended on-site visits in country, extensive analysis of a country's AML/CFT system, and follow-up meetings to provide in-depth analyses and ratings. Additionally, the metric includes reviews and comments on reports produced by the nine FATF-style Regional Bodies; and, work assessing and reviewing countries as part of the International Cooperation Review Group, which oversees the FATF process that identifies and reviews jurisdictions with strategic AML/CFT deficiencies that may pose a risk to the international financial system and closely monitors their progress. Finally, this metric includes strategic support to certain high priority bilateral partners in an effort to enhance their AML/CFT laws, regulations, and structures. This effort may include, but is not limited to, bi-lateral and multi-lateral meetings, foreign travel, and reviewing draft legislation.

Committee on Foreign Investment in the United States

Program Summary by Budget Activity

Dollars in Thousands

Treasury Committee on Foreign Investment in the United States (CFIUS) Activities Appropriated Resources	FY 2018 Enacted		FY 2019 Annualized CR		FY 2020 Request		FY 2019 to FY 2020 Change		FY 2019 to FY 2020 % Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources - CFIUS Fund	**0**	**0**	**0**	**0**	**0**	**20,000**	**0**	**20,000**	NA	NA
Treasury CFIUS Activities	0	$0	0	$0	0	$15,000	0	$15,000	NA	NA
Other Member CFIUS Activities	0	$0	0	$0	0	$5,000	0	$5,000	NA	NA
New Appropriated Resources - Member Agencies										
Treasury Departmental Offices S&E	26	$6,000	65	$15,000	81	$20,000	16	$5,000	24.62%	33.33%
Treasury New Appropriated Resources	**26**	**$6,000**	**65**	**$15,000**	**81**	**$35,000**	**16**	**$20,000**	**24.62%**	**133.33%**
Other Resources										
Anticipated User Fees - CFIUS Fund	**0**	**$0**	**0**	**$0**	**0**	**($10,000)**	**0**	**($10,000)**	**NA**	**NA**
Total Budgetary Resources	**26**	**$6,000**	**65**	**$15,000**	**81**	**$30,000**	**16**	**$15,000**	**24.62%**	**100.00%**

Note: FY 2018 other resources and FTE are actuals

Treasury Departmental Offices S&E values and requests are reflected here for illustrative puposes, those resources are being requested for the Departmental Offices S&E Account

Treasury CFIUS Activities total $35 million - $15 million transferred from the CFIUS Fund and $20 million requested for the Departmental Offices S&E Account

Summary

The Committee on Foreign Investment in the United States (CFIUS) was established in 1975 under Executive Order 11858 to monitor the impact of foreign investment in the United States, and to coordinate and implement federal policy on such investment. CFIUS is composed of nine voting member agencies, some of which have multiple subcomponents. CFIUS' unique design facilitates the leveraging of skills, subject matter expertise, and integrated analysis across the Committee. CFIUS voting member agencies 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
- U.S. Trade Representative

As both Chair and member of CFIUS, Treasury is responsible for leading CFIUS in establishing policies, implementing processes and functions, and in its daily operations. Treasury participates in every aspect of the process, including reviews and investigations, mitigation and oversight, non-notified transaction analysis, legal support, and national security threat assessments. The Office of International Affairs (IA) is responsible for case management and coordination for the Committee in addition to representing the Committee to parties who file notices. The Office of General Counsel (OGC) provides legal support to IA in its role as Chair and Member and is responsible for certain analyses conducted on each notice filed with the Committee.

The Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA) modernized and expanded the jurisdiction of the CFIUS to address growing national security concerns over foreign exploitation of certain investment structures which traditionally have fallen outside of the Committee's jurisdiction. Additionally, FIRRMA modernized CFIUS' 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 CFIUS functions and responsibilities and collect filing fees.

In recent years, CFIUS caseload has increased in volume and complexity. CFIUS handled less than 100 cases in calendar year (CY) 2010 compared to 238 in CY 2017. Transactions have also become more complex which has contributed to an increasing investigation rate. CFIUS generally investigates cases that require more resource intensive analysis and/or corrective action. In CY 2007, CFIUS investigated approximately four percent of cases compared to approximately 73 percent in CY 2017. The FY 2020 budget requests resources necessary to implement FIRRMA and handle an expected workload of 1,000 cases per year.

The Administration requests $20 million for the Fund in upfront appropriations that will be offset by up to $10 million in offsetting collections from filing fees, which will be established in forthcoming regulation. $15 million of these funds are proposed for transfer to Treasury to fund long-term and capital investments. The remaining $5 million will be available for transfer to other agencies, to facilitate, for example, interagency connectivity with Treasury's IT and case management systems, and to address emerging needs.

CFIUS FY 2020 Budget Highlights

The total request for Treasury is $35 million, with requested funding increases shown in the two Budget Adjustment tables below.

Dollars in Thousands

Committee on Foreign Investment in the United States (CFIUS) Fund	FTE	Amount
FY 2019 Annualized Continuing Resolution	**0**	**$0**
	0	$0
Total FY 2020 Base	**0**	**$0**
CFIUS Fund		
Program Changes:		
Program Decreases:	0	($10,000)
Offsetting User Fees	0	($10,000)
Program Increases:	0	$20,000
Transfer to Departmental Offices CFIUS Program	0	$15,000
Available for Transfer to Member Agencies	0	$5,000
Total FY 2020 Request	**0**	**$10,000**

Dollars in Thousands

DO Salaries and Expenses	FTE	Amount
Maintaining Current Levels (MCLs):	0	$1,761
Non-Pay	0	$1,761
Transfers	8	$1,651
Office of Critical Infrastructure Protection from the Cybersecurity Enhancement Account	8	$1,651
Efficiency Savings	0	($1,675)
Subtotal Changes to Base	8	$1,737
Total FY 2020 Base	**697**	**$216,313**
Program Changes:		
Program Increases:	48	$19,660
Operations and Maintenance (O&M) of Prior-year Enterprise-wide Cybersecurity investments	0	$2,175
Committee on Foreign Investment in the United States (CFIUS) Expansion	16	$5,000
Impact Analyses of Tax Regulations	6	$1,802
Strengthen the Financial Services Sector's Cybersecurity and Critical Infrastructure Protection	13	$7,700
Management Capacity Building to Support Program Initiatives	2	$885
Increase Domestic Finance Policy and Program Staff	11	$2,098
Total FY 2020 Request	**745**	**$235,973**
Transfers	0	$15,000
CFIUS Fund	0	$15,000
Total FY 2020 Including Transfers	**745**	**$250,973**

Note: The table for the DO SE appropriation in included again in this chapter to highlight all adjustments for CFIUS Expansion. Relevant amounts are shaded.

FY 2020 Budget Adjustments

Adjustments to Request

Offsetting User Fees -$10,000,000 / +0 FTE

Treasury and CFIUS anticipate collection of filing fees that will be credited to the fund as offsetting collections.

Program Increases +$20,000,000 / +0 FTE

Transfer to Treasury CFIUS Program +$15,000,000 / +0 FTE

This funding would be transferred from the Fund to Departmental Offices' Salaries & Expense account. This investment will fund development of an end-to-end IT infrastructure comprised of a public-facing portal and a case management system to modernize processes and to handle anticipated increasing caseloads for CFIUS member agencies that will promote efficiencies in the Committee's processes. Treasury conducted an extensive analysis of alternative systems and found the best value for such a case management system to come at a cost of approximately $13 million. This will include the ability to work in both classified and unclassified environments, meeting FedRAMP high certification requirements. In addition, the remaining $2 million will fund expected increases in secure space to support Treasury's expected CFIUS employee footprint, data subscriptions, and temporary contractor resources. The expanded writ of CFIUS under FIRRMA is expected to lead to a further increase in complex cases reviewed by the Committee, many of which will include investigating new sectors currently outside of the expertise of CFIUS staff. To address these expertise gaps Treasury requires an expanded set of data subscriptions and will complement federal staff with temporary contractor resources. This request represents the first year of several multi-year projects. Treasury will require steady funding with costs expected to partially non-recur as the IT infrastructure projects move from development into operations and maintenance.

Available for Transfer to Member Agencies +$5,000,000 / +0 FTE

This investment will be available for transfer to other CFIUS agencies to facilitate, for example, interagency connectivity with Treasury's IT and case management systems, and for related operations.

Legislative Proposals

CFIUS has no legislative proposals.

Description of Performance

This fund will be used in concert with CFIUS funds provided for Treasury in the Departmental Offices Salaries & Expenses (DO S&E) account. These accounts must both be fully funded in order for Treasury to achieve its post-FIRRMA CFIUS mission requirements.

FIRRMA authorized CFIUS to identify and respond to developing trends, such as the more frequent need to use mitigation measures to neutralize identified national security risks; the increasing prevalence of complex acquisitions; and the use of new types of transactions that could pose national security concerns. CFIUS requires commensurate appropriations in order to fully implement these new authorities. Full funding of this account and the DO S&E account will promote the identification and mitigation of national security concerns while reducing case review and investigation periods, and ensuring the United States' continued open investment environment.

Office of Inspector General

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2018 Enacted *	FY 2019 Annualized CR	FY 2020 Request	FY 2019 TO FY 2020 $ Change	FY 2019 TO FY 2020 % Change
Audit	$24,413	$28,524	$28,524	0	0.00%
Investigations	$11,512	$8,520	$8,520	0	0.00%
Subtotal, OIG	**$35,925**	**$37,044**	**$37,044**	**$0**	**0.00%**
Offsetting Collections - Reimbursables	$6,116	$9,000	$9,000	$0	0.00%
Total Program Operating Level	**$42,041**	**$46,044**	**$46,044**	**$0**	**0.00%**
Direct FTE	161	166	166	0	0.00%
Reimbursable FTE	3	3	3	0	0.00%
Total FTE	**164**	**169**	**169**	**0**	**0.00%**

* FY 2018 shows actual FTE usage. This column reflects levels appropriated in P.L. 115-141 Consolidated Appropriations Act, 2018. For further details on the execution of these resources see the FY 2020 Appendix chapter for the Department of the Treasury.

Summary

The FY 2020 request for $37,044,000 for the OIG will be used to fund critical audit, investigative, and mission-support activities to meet the requirements of the Inspector General Act of 1978, as amended, and other statutes including, but not limited to: the Cybersecurity Act of 2015; Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank); Federal Information Security Modernization Act of 2014 (FISMA); Government Management Reform Act; Improper Payments Elimination and Recovery Act of 2010; Digital Accountability and Transparency Act of 2014 (DATA Act); Federal Deposit Insurance Act; Small Business Jobs Act of 2010; the Government Charge Card Abuse Protection Act of 2012; and Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act). Specific mandates include (1) audits of the Department's financial statements, (2) audits and/or evaluations of the Department's information systems security program and practices as required by FISMA, (3) assessments of the Department's cyber security information sharing, (4) audits of improper payments and recoveries under IPERA, (5) risk assessments and audits of charge card programs, (6) material loss reviews of failed insured depositary institutions regulated by the Office of the Comptroller of the Currency (OCC), and (7) data quality audits of spending data submitted by the Department to USASpending.gov.

With the resources available after mandated requirements are met, the OIG will conduct audits of the highest risk programs and operations and respond to stakeholder requests for specific work as appropriate. Some of the Department's highest risk programs and operations are identified as part of the Department's management and performance challenges: (1) Operating in an Uncertain Environment, (2) Cyber Threats, (2) Anti-Money Laundering/Terrorist Financing and Bank Secrecy Act Enforcement, and (4) Efforts to Promote Spending Transparency and to Prevent and Detect Improper Payments.

Within its jurisdictional boundaries, the OIG also conducts audit of the highest risk programs and operations of Gulf Coast Ecosystem Restoration Council (Council) established under the RESTORE Act. The highest risk programs and operations identified as the Council's management and performance challenge include: (1) Federal Statutory and Regulatory Compliance, and (2) Grant and Interagency Agreement Compliance Monitoring.

The OIG will continue its investigative work to prevent, detect, and investigate complaints of fraud, waste, and abuse impacting Treasury programs and operations. This includes the detection and prevention or deterrence of employee misconduct and fraud.

Through the audit and investigative functions, the OIG supports the Department of the Treasury's FY 2018 – 2022 Strategic Plan. The goals are: Goal 1: Boost U.S. Economic Growth; Goal 2: Promote Financial Stability; Goal 3: Enhance National Security; Goal 4: Transform Government-wide Financial Stewardship; and Goal 5: Achieve Operational Excellence. In support of Treasury's Strategic Plan, the OIG established the following strategic goals:

- Promote the integrity, efficiency, and effectiveness of programs and operations across Treasury OIG's jurisdictional boundaries through audits and investigations
- Proactively support and strengthen the ability of programs across Treasury OIG's jurisdictional boundaries to identify challenges and manage risks
- Fully and currently inform stakeholders of Treasury OIG findings, recommendations, investigative results, and priorities
- Enhance, support, and sustain a workforce and strengthen internal operations to achieve the Treasury OIG mission, vision, and strategic goals.

OIG FY 2020 Budget Highlights

Dollars in Thousands

Office of Inspector General	FTE	Amount
FY 2019 Annualized CR	**166**	**$37,044**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$193
Non-Pay	0	$193
Subtotal Changes to Base	0	$193
Total FY 2020 Base	**166**	**$37,237**
Program Changes:		
Program Decreases		
Reduction in Staffing and Absorption of Rent Increase	0	($281)
Program Increases: Operations and Maintenance (O&M) of Prior-year Enterprise-wide Cybersecurity investments	0	$88
Subtotal Program Changes	**0**	**($193)**
Total FY 2020 Request	**166**	**$37,044**

FY 2020 Budget Adjustments

Adjustments to Request
Maintaining Current Levels (MCLs)
Non-Pay +$193,000 / +0 FTE
Funds are requested for inflation adjustments in non-labor expenses such as GSA rent adjustments postage, supplies, and equipment.

Program Decreases
Reduction in Staffing and Absorption of Rent Increase -$281,000 / -0 FTE
Program decrease to meet guidance and accommodate GSA rent increase.

Program Increases
Operations and Maintenance (O&M) of Prior-year Enterprise-wide Cybersecurity investments +$88,000 / +0 FTE
The FY 2020 request includes funding to support operations and maintenance (O&M) for prior year Cybersecurity Enhancement Account investments. O&M will be funded by Treasury Bureaus through Treasury Franchise Fund (TFF) billing. This increase represents the bureau's portion of the $17.5 million O&M total.

Legislative Proposals

OIG has no legislative proposals.

OIG Performance Highlights

Budget Activity	Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Target	FY 2020 Target
Audit	Number of Completed Audit Products	98	90	91	74	74
Audit	Percent of Statutory Audits Completed by the Required Date	100	100	100	100	100
Investigations	Percentage of All Cases Closed During the Fiscal Year That Were Referred for Criminal/Civil Prosecution or Treasury Administrative Action	84	84	98	80	80

Description of Performance

The Office of Audit completed 91 audit products in FY 2018 and expects to complete 74 in FY 2019 due to the reduced funding and a significant rent increase that will consume resources that would otherwise be used to fully staff the Office of Audit. In FY 2018, the Office met its mandated audit requirements and identified $130,668 in monetary benefits.

In keeping with the OIG's strategy to maintain a highly skilled and motivated workforce, the OIG plans and executes a meaningful body of work designed to help ensure the integrity, efficiency, and effectiveness of programs and operations across OIG's jurisdiction while looking for opportunities to improve them.

In FY 2018 the OIG exceeded the Investigative Performance Measure target, opened 100 new investigations, and closed 133 investigations. The OIG also referred six investigations that substantiated administrative violations against a Treasury employee to the appropriate regulated bureau for action. In addition, the OIG referred 135 investigations for criminal prosecution and 37 investigations for civil prosecution. The OIG arrested 160 subjects leading to 52 convictions. This, along with civil judicial settlements, resulted in recoveries ordered to the Treasury of more than $639 million. The OIG received investigative referrals regarding potential criminal misconduct that occurred prior to or during bank failures, and has worked criminal investigations with the Federal Deposit Insurance Corporation Office of Inspector General, the National Credit Union Administration Office of Inspector General and the OIG Office of Audit regarding potential prosecution of acts which may have contributed to the bank failures. Additionally, the OIG continues to receive investigative referrals from Treasury bureaus, law enforcement agencies, and other sources regarding fraud impacting Treasury programs and operations and routinely conducts independent and joint investigations into these matters.

Special Inspector General for TARP

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2018 Enacted *	FY 2019 Annualized CR	FY 2020 Request	FY 2019 TO FY 2020 $ Change	FY 2019 TO FY 2020 % Change
Investigations	$28,220	$28,900	$15,050	($13,850)	-47.92%
Audit	$5,780	$5,100	$2,450	($2,650)	-51.96%
Subtotal, SIGTARP	**$34,000**	**$34,000**	**$17,500**	**($16,500)**	**-48.53%**
Other Resources	$1,542	$0	$7,500	$7,500	N/A
Total Program Operating Level	**$35,542**	**$34,000**	**$25,000**	**($9,000)**	**-26.47%**
Direct FTE	131	125	95	(30)	-24.00%
Total FTE	**131**	**125**	**95**	**(30)**	**-24.00%**

* FY 2018 shows actual FTE usage. This column reflects levels appropriated in P.L. 115-141 Consolidated Appropriations Act, 2018. For further details on the execution of these resources see the FY 2020 Appendix chapter for the Department of the Treasury.

Summary

The FY 2020 Budget proposes $17,500,000,[1] a 49 percent reduction from both the FY 2019 Annualized CR level and the FY 2018 enacted level. The proposed budget is intended to fund the mandated independent oversight of TARP, which impacts all 50 states, to include the $34 billion that has and will be spent through 2023 for TARP foreclosure prevention programs, such as the Making Home Affordable (MHA) and the Hardest Hit Fund (HHF) programs. Through FY 2018, banks, mortgage servicers, state agencies, thousands of contractors and other recipients have already received $28 billion for TARP foreclosure prevention programs (nearly $3 billion that year), with nearly $6 billion left to spend through 2023.

SIGTARP's audit and investigation goals and priorities are driven by independently-identified TARP threats and findings of fraud, waste, and abuse. SIGTARP's goals through 2023 are:

- *Justice* - protect Americans through law enforcement's fight against TARP-related crime;
- *Impact* - assess, understand, and counter the most serious risks, threats, and challenges to TARP;
- *Innovation* - expand the use of technology, virtual information sharing, and data analytics to increase the expedited identification of TARP-related crime, fraud, waste and abuse; and
- *Stewardship* - ensure TARP programs and oversight proceed responsibly and transparently.

SIGTARP's activities and goals of Justice, Impact, Innovation, and Stewardship support and complement Treasury's FY 2018 – 2022 Strategic Plan goals: (1) boost U.S. economic growth; (2) promote financial stability; (3) enhance national security; (4) transform government-wide financial stewardship; and (5) achieve operational excellence.

Special Inspector General's Comments:

Pursuant to section 6(f)(3)(E) of the Inspector General Act of 1978, as amended, as applied through the Emergency Economic Stabilization Act of 2008, I have concluded that the President's FY 2020 budget request of $17.5 million would substantially inhibit the Special Inspector General from performing the duties of the office. The President's budget request is a 49 percent reduction from the FY 2018 enacted level and a 24 percent reduction from the FY 2019 enacted level, despite that TARP foreclosure prevention programs continue to spend (nearly $3 billion last year), and carry a

[1] Includes $50,000 for training and $50,000 for the Council of the Inspectors General on Integrity and Efficiency.

high risk of fraud, waste, and abuse. I independently proposed an appropriation of $23 million for FY 2020, which is an additional $5.5 million, and I respectfully request that Congress consider this amount. That level is flat with the FY 2019 enacted level, and is a 32 percent reduction from the FY 2018 enacted level.

The President's budget request would substantially inhibit our oversight because it will require a reduction in staffing levels to cover increases in fixed mandatory operating costs paid to Treasury and cost of living or other payroll increases. SIGTARP has experienced a recent increase in referrals, tips, and other information that have been used to open criminal and civil investigations into the open TARP programs, including MHA's HAMP and HHF, and to audit those programs to prevent and detect waste and abuse. As more TARP dollars are spent in MHA and HHF, SIGTARP's investigations and audits over that spending increases. Every TARP dollar spent is another dollar potentially subject to fraud, waste and abuse, increasing the need for and the number of investigations and waste-finding audits. As of September 30, 2018, TARP foreclosure prevention programs have spent over $28 billion with nearly $6 billion remaining to spend. When left unchecked, fraud, waste, and abuse in these programs can have a devastating impact on those the program are intended to help. There are currently 846,763 homeowners in HAMP, including participants from all 50 states. The Hardest Hit Fund, which Congress expanded with an additional $2 billion and extended in FY 2016, continues to assist homeowners and homebuyers, and to fund blight demolition. SIGTARP's request is less than 0.1 percent to investigate and audit over $28 billion spent in MHA & HHF (before counting future TARP spending of nearly $6 billion).

SIGTARP investigations of TARP recipients lead to indictments, civil enforcement actions, and the recovery of dollars lost to fraud. SIGTARP audits identify waste and abuse that Treasury can recover, promote efficiency and effectiveness in TARP, and make recommendations to save costs and prevent future fraud, waste, and abuse. In FY 2018, more than $314 million dollars were recovered as a result of SIGTARP's investigations, exceeding a nine times annual return on investment (ROI). Already in FY 2019, actual dollars recovered as a result of SIGTARP's investigations are more than $290 million.

SIGTARP has demonstrated that it is a solid investment for taxpayers, as SIGTARP has provided the Federal government and other victims with cumulative recoveries of more than $10 billion – a 31 times cumulative ROI from our annual budgets. This would rank SIGTARP as having the third highest ROI out of 18 OIGs reviewed by the Brookings Institution Center for Effective Public Management in its analysis of how cutting the budget of positive-revenue OIGs costs the government money and contributes to the Federal deficit.[2]

We appreciate strong Congressional support for our budget each year. Some of the significant completed and ongoing SIGTARP work over the last year includes:

- The Special Inspector General testified before the House Oversight Committee on SIGTARP's audits that identified $11 million in waste and abuse by state agencies on holiday parties, family picnics, celebrations, a Mercedes Benz car allowance, steak and seafood dinners, large catered barbeque dinners with tiki torches, employee gifts, discrimination litigation, employee gym memberships, cash bonuses, expenses unrelated to HHF, and more. SIGTARP continues to audit travel and conference expenses.

[2] Hudak, J. Wallack, G. (2015). *Brookings Institution Center for Effective Public Management,* Website: https://www.brookings.edu/wp-content/uploads/2016/06/CEPMHudakWallackOIG.pdf.

- Our audit report found that most of the $9.6 billion Hardest Hit Fund program (which includes future spending of $1.3 billion) has no Federal competition requirements for contract awards. We reported that Treasury has not applied the Federal procurement standards, and recommended that they apply those standards.
- We warned in an evaluation report (based on findings by the U.S. Army Corps of Engineers) of the risk of asbestos exposure, illegal dumping, and contaminated soil in the HHF blight demolition program given the absence of industry safeguards.
- We increased our investigations into TARP's Hardest Hit Fund blight demolition program. This year, the Department of Justice (DOJ) indicted an official on bribery charges related to awarding TARP-funded demolition-related contracts. DOJ also resolved a false claims act investigation against a multi- million TARP recipient – the primary HHF demolition contractor in Fort Wayne, Indiana – for dumping construction debris in the ground, covering it with clean dirt, and filing false claims for TARP dollars.
- SIGTARP expanded its investigations into TARP's HAMP program. Treasury will continue to pay more than 130 financial institutions up to $3.9 billion to administer the program. Some institutions have enforcement records of violating the law and abusing consumers. The largest recipients of these future TARP funds include Ocwen Financial, Wells Fargo, JP Morgan Chase, Nationstar Mortgage, SPS, CitiMortgage, and CIT/One West Bank.
- SIGTARP continues to support the DOJ in prosecuting defendants we investigated. Courts have convicted 359 defendants investigated by SIGTARP, including 92 bankers. Courts sentenced 71 bankers to prison, including in the last year:
    - A Delaware Federal court sentenced to prison for up to six years, seven bank insiders at $330 Million TARP recipient Wilmington Trust Corp. including the president and CFO for a massive fraud while the bank was in TARP when Treasury was a shareholder. The judge called it, "the worst financial crime in Delaware in at least the last 35 years." The bank collapsed and was acquired by another bank;
    - A California Federal court sentenced to prison for more than 8 years each, the president of TARP recipient Sonoma Valley Bank and the chief lending officer, for a fraud that contributed to the failure of the bank; and
    - A Kansas Federal court sentenced to prison for more than 5 years, the majority shareholder who virtually had complete control of TARP recipient Excel Bank for a crime that threatened the soundness of the bank that later failed.

We continue to deliver investigative and audit results, and maintain extremely high cumulative and annual returns on investment. Investing in SIGTARP is one of the most effective and efficient ways to protect the government. The government will receive far more than our budget in recovered dollars lost to fraud, in addition to cost savings. Our work ensures that TARP dollars are used as Congress intended, and that the government does not pay more for TARP than is necessary.

SIGTARP FY 2020 Budget Highlights

Dollars in Thousands

Special Inspector General for TARP	FTE	Amount
FY 2019 Annualized CR	**125**	**$34,000**
Changes to Base:		
Maintaining Current Levels (MCLs)	0	$190
Non-Pay	0	$190
Subtotal Changes to Base	0	$190
Total FY 2020 Base	**125**	**$34,190**
Program Changes:		
Program Decreases	**(40)**	**($16,832)**
Technical FTE Adjustment (Workforce Management)	(30)	($5,600)
Realignment from Annual to No-Year	(10)	($7,500)
Efficiency Savings	0	($3,732)
Program Increases	**0**	**$142**
Operations and Maintenance (O&M) of Prior-year Enterprise-wide Cybersecurity investments	0	$142
Subtotal Program Changes	**(40)**	**($16,690)**
Total FY 2020 Request	**85**	**$17,500**

FY 2020 Budget Adjustments

Maintaining Current Level (MCL)

Non-Pay +$190,000 / +0 FTE

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

Program Decreases

Staff Reduction -$5,600,000 / -30 FTE

The technical adjustment reduces SIGTARP staff levels to 95 FTE.

Realignment from Annual to No-Year -$7,500,000 / -10 FTE

SIGTARP will fund a portion of its operations from its no-year accounts.

Efficiency Savings -$3,732,000 / -0 FTE

SIGTARP will seek to reduce non-personnel costs.

Program Increases

Operation and Maintenance (O&M) Prior-year Enterprise-wide Cybersecurity Investments +$142,000 / +0 FTE

The FY 2020 request includes funding to support (O&M) for prior year Cybersecurity Enhancement Account investments. O&M will be funded by Treasury Bureaus through Treasury Franchise Fund (TFF) billing. This increase represents SIGTARP’s portion of the O&M total.

Legislative Proposals

PPIP Funds

The Public-Private Investment Program (PPIP) Improvement and Oversight Act of 2009 (12 U.S.C. § 5231a) provided $15 million in no-year appropriations to SIGTARP for the purpose of providing oversight to PPIP and the Term Asset-Backed Securities Loan Facility. SIGTARP does not plan PPIP or TALF activity in FY 2019 and FY 2020. SIGTARP is requesting that these PPIP funds be made available to also support SIGTARP's oversight of ongoing TARP programs. This proposed language is identical to that included in the FY 2018 enacted appropriation.

PROPOSED LANGUAGE

Sec. 128 Notwithstanding paragraph (2) of section 402(c) of the Helping Families Save their Homes Act of 2009, in utilizing funds made available by paragraph (1) of section 402(c) of such Act, the Special Inspector General for the Troubled Asset Relief Program shall prioritize the performance of audits or investigations of any program that is funded in whole or in part by funds appropriated under the Emergency Economic Stabilization Act of 2008, to the extent that such priority is consistent with other aspects of the mission of the Special Inspector General.

SIGTARP Performance Highlights

Budget Activity	Performance Measures	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Target*	FY 2020 Target
Investigations	Percentage of Cases Accepted for Consideration by Civil or Criminal Authorities Resulting in a Positive Final Outcome	77	81	79	70	35
Investigations	Percentage of Cases Presented to Civil or Criminal Authorities within Eight Months of the Case Being Opened	80	80	85	70	25
Investigations	Percentage of Cases That are Joint Agency/Task Force Investigations	71	75	78	70	70
Audit	Number of Completed Audit Products Identifying Waste, Abuse, Mismanagement, Inefficiencies, or Referrals to Investigations Division (Units)	N/A	N/A	6	3	1

*The FY 2019 targets are based on an annualized CR. The FY 2019 Congressional Justification included lower targets based on the PB.

Description of Performance

SIGTARP exceeded all metric targets in FY 2018.

Treasury Inspector General for Tax Administration

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2018 Enacted *	FY 2019 Annualized CR	FY 2020 Request	FY 2019 TO FY 2020 $ Change	FY 2019 TO FY 2020 % Change
Audit	$66,020	$66,020	$64,606	($1,414)	-2.14%
Investigations	$103,614	$103,614	$101,394	($2,220)	-2.14%
Subtotal, TIGTA	**$169,634**	**$169,634**	**$166,000**	**($3,634)**	**-2.14%**
Reimbursables	$414	$600	$600	$0	0.00%
Recovery from Prior Years	$1,831	$0	$0	$0	NA
Unobligated Balances Brought Forward	$4,300	$4,400	$5,000	$600	13.64%
Total Program Operating Level	**$176,179**	**$174,634**	**$171,600**	**($3,034)**	**-1.74%**
Direct FTE	764	800	800	0	0.00%
Reimbursable FTE	2	2	2	0	0.00%
Total FTE	**766**	**802**	**802**	**0**	**0.00%**

* FY 2018 shows actual FTE usage. This column reflects levels appropriated in P.L. 115-141 Consolidated Appropriations Act, 2018. For further details on the execution of these resources see the FY 2020 Appendix chapter for the Department of the Treasury.

Summary

The Treasury Inspector General for Tax Administration's (TIGTA) Fiscal Year (FY) 2020 budget request of $166,000,000 represents a decrease of 2.1 percent below its FY 2019 Annualized Continuing Resolution (CR) budget. These resources will fund critical audit, investigative, and inspection and evaluation services to protect the integrity of the Nation's system of tax administration.

TIGTA's vision is to "maintain a highly skilled, proactive, and diverse Inspector General organization dedicated to working in a collaborative environment with key stakeholders to foster and promote fair tax administration." While there are a number of critical areas in which TIGTA will provide oversight, its FY 2020 priorities include:

- Identifying opportunities to improve the administration of the Nation's tax laws, improve tax compliance, and achieve program efficiencies and cost savings;
- Overseeing the Internal Revenue Service's (IRS) efforts to implement tax law changes;
- Assessing the IRS's efforts to address tax-related identity theft;
- Mitigating security risks affecting taxpayer data, tax systems, and IRS employees;
- Protecting the integrity of the IRS by effectively investigating the international IRS impersonation scam that has impacted more than 2.4 million Americans;
- Conducting criminal investigations of individuals and groups who impersonate the IRS in order to victimize senior citizens and other vulnerable Americans;
- Conducting advanced analytics and innovative approaches to help prevent and detect the flow of dollars fraudulently obtained by criminals and dishonest IRS employees;
- Enhancing taxpayer confidence in electronic Federal tax administration through vigorous investigation and prosecution of cyber criminals engaged in attacks against, and manipulation of, IRS taxpayer service portals as well as the IRS network;
- Improving the integrity of IRS operations by detecting and deterring waste, fraud, abuse, and misconduct, including the unauthorized disclosure of confidential taxpayer information by IRS employees; and

- Conducting comprehensive audits, inspections and evaluations that provide recommendations for achieving monetary benefits, addressing erroneous and improper payments, and enhancing the service the IRS provides to taxpayers.

Congress established TIGTA under the Internal Revenue Service Restructuring and Reform Act of 1998 (RRA 98). TIGTA's audits, investigations, and inspections and evaluations protect and promote the fair administration of the U.S. tax system. TIGTA conducts audits that advise the public, Congress, the Secretary of the Treasury, and IRS management of high-risk issues, problems, and deficiencies related to the administration of IRS programs and operations. TIGTA's audit recommendations improve the administration of the Federal tax system. TIGTA's administrative and criminal investigations ensure the integrity of IRS employees, protect the IRS and its employees, and help the IRS protect and secure taxpayer data. TIGTA's Office of Inspections and Evaluations provides responsive, timely, and cost-effective inspections and evaluations of challenging areas in IRS programs. TIGTA's oversight is essential to the efficiency and fairness of the IRS's tax administration system. TIGTA ensures that taxpayers can have confidence that the IRS collects more than $3.5 trillion in tax revenue in an effective and efficient manner.

TIGTA's primary functions of audit, investigations, inspections, and evaluations align with the following Department of the Treasury FY 2018 – FY 2022 Strategic Plan goals:
- Goal 1: Boost U.S. Economic Growth;
- Goal 4: Transform Government-wide Financial Stewardship; and
- Goal 5: Achieve Operational Excellence.

TIGTA FY 2020 Budget Highlights

Dollars in Thousands

Treasury Inspector General for Tax Administration	FTE	Amount
FY 2019 Annualized CR	**800**	**$169,634**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$558
Non-Pay	0	$558
Subtotal Changes to Base	0	$558
FY 2020 Base	**800**	**$170,192**
Program Changes:		
Program Decreases:	0	($4,697)
Non-Personnel Reductions	0	($4,697)
Program Increases:	0	$505
Operation and Maintenance (O&M) of Prior-year Enterprise-wide Cybersecurity Investments	0	$505
Subtotal FY 2020 Program Changes	**0**	**(4,192)**
Total FY 2020 Request	**800**	**$166,000**

FY 2020 Budget Adjustments

Adjustments to Request
Maintaining Current Level (MCLs)
Non-Pay +$558,000 / +0 FTE

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

Program Decreases
Non-Personnel Reductions -$4,697,000 / -0 FTE
TIGTA will reduce program levels in order to meet its FY 2020 budget request. Reaching this target without impacting the quality of TIGTA's programs will require balancing mission requirements and workload.

TIGTA will continue to look for contract efficiencies by evaluating contracts for strategic sourcing and by negotiating more advantageous contract terms. Additionally, TIGTA will continue to pursue opportunities to reduce its footprint and lower its rent costs.

Program Increases
O&M of Prior-year Enterprise-wide Cybersecurity Investments +$505,000 / +0 FTE
The FY 2020 request includes funding to support O&M for prior year Cybersecurity Enhancement Account investments. O&M will be funded by Treasury Bureaus through Treasury Franchise Fund billing. This increase represents the bureau's portion of the $17.5 million O&M total.

Legislative Proposals

TIGTA has no legislative proposals.

TIGTA Performance Highlights

Budget Activity	Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Target	FY 2020 Target
Audit	Percentage of Audit Products Delivered When Promised to Stakeholders	75	79	81	68	70
Audit	Percentage of Recommendations Made That Have Been Implemented	97	92	85	85	85
Investigations	Percentage of Closed Investigations Resulting in a Criminal, Administrative, or Law Enforcement Action	90	90	89	79	81

Description of Performance

- For FY 2018, OA issued 102 audit reports and other products identifying approximately $9.9 billion in potential financial benefits.
- For FY 2018, the actual Percentage of Audit Products Delivered When Promised to Stakeholders was 81 percent. TIGTA exceeded the full-year target of 68 percent by 13 percentage points.
- For FY 2018, the actual Percentage of Recommendations Made That Have Been Implemented was 85 percent. TIGTA met its full-year target of 85 percent as a result of continuous discussions with the IRS throughout the audit process, both on the findings and on the potential recommended solutions, to ensure that feasible alternatives were identified.

- For FY 2020, OA's performance targets are 70 percent of Audit Products Delivered When Promised to Stakeholders and 85 percent of Recommendations Made That Have Been Implemented.
- During FY 2018, TIGTA initiated 25 proactive investigative initiatives to detect systemic weaknesses or potential IRS program vulnerabilities. TIGTA processed 10,676 complaints, opened 2,588 investigations, and closed 2,573 investigations in FY 2018. During this period, TIGTA referred for IRS action 1,135 cases of employee misconduct, and 151 cases of all types of investigations were accepted for criminal prosecution.
- For FY 2018, the Percentage of Closed Investigations Resulting in a Criminal, Administrative, or Law Enforcement Action was 89 percent, which exceeded the full-year target of 79 percent by 10 percentage points. The Office of Investigations exceeded the FY 2018 performance measure as a result of the hard work of experienced executives, managers, and special agents.
- For FY 2020, OI's performance target is 81 percent. The Office of Investigations will continue to provide the IRS with the investigative coverage and information necessary to improve the integrity of IRS operations and mitigate threats against its employees, facilities, and data systems. In addition, OI will maintain the availability of highly-trained personnel to address the significant vulnerabilities of taxpayer and IRS data and effectively combat the compromising of IRS computer systems in the expanding digital environment of Federal tax administration, which will contribute to maintaining the public's confidence in the safe, fair, and effective administration of the Nation's Federal tax system.

Community Development Financial Institutions Fund

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2018 Enacted *	FY 2019 Annualized CR	FY 2020 Request	FY 2019 TO FY 2020 $ Change	% Change
Community Development Financials Institutions Program	$160,000	$160,000	$0	($160,000)	-100.00%
Bank Enterprise Award Program **	$25,000	$25,000	($25,000)	($50,000)	-200.00%
Native American CDFI Assistance Program	$16,000	$16,000	$0	($16,000)	-100.00%
Administration	$27,000	$27,000	$14,000	($13,000)	-48.15%
Healthy Food Financing Initiative Program	$22,000	$22,000	$0	($22,000)	-100.00%
Subtotal, Bureau Name Abbreviation	**$250,000**	**$250,000**	**($11,000)**	**($261,000)**	**-104%**
Offsetting Collections - Reimbursables	$700	$1,000	$1,200	$200	20.00%
Recovery from Prior Years	$1,015	$1,000	$1,000	$0	0.00%
Unobligated Balances Brought Forward	$32,544	$33,000	$223,000	$190,000	575.76%
Total Program Operating Level	**$284,259**	**$285,000**	**$214,200**	**($70,800)**	**-24.84%**
Direct FTE	66	66	42	(24)	-36.36%
Total FTE	**66**	**66**	**42**	**(24)**	**-36.36%**

* FY 2018 shows actual FTE usage. This column reflects levels appropriated in P.L. 115-141 Consolidated Appropriations Act, 2018. For further details on the execution of these resources see the FY 2020 Appendix chapter for the Department of the Treasury.
** Bank Enterprise Award Program reflects a cancellation of $25m in FY 2020.

Summary

The FY 2020 Budget requests an appropriation of $14,000,000 for the Community Development Financial Institutions (CDFI) Fund to oversee the existing portfolio of loans and grants and to administer the CDFI Fund's other programs. The Budget also proposes to cancel $25 million in anticipated carryover balances for the Bank Enterprise Award (BEA) program. The CDFI Fund supports Treasury's strategic goals of Boosting U.S. Economic Growth and Transforming Government-wide Financial Stewardship.

The Bond Guarantee (BG) Program was originally authorized in the Small Business Jobs Act of 2010 (P.L. 111–240) for a period of four years to provide a source of long-term capital in low-income and underserved communities. The Budget continues to propose reforms such as reducing the minimum bond size to increase participation. The Administration encourages the Congress to adopt these and other necessary reforms to promote further private sector participation in BG Program financing and support the growth of a self-sustaining CDFI industry.

The Budget eliminates funding for the CDFI Fund's four discretionary grant and direct loan programs (i.e. the Community Development Financial Institutions Program, the Bank Enterprise Award Program, the Native American CDFI Assistance Program, and the Healthy Food Financing Initiative) and includes a proposal to eliminate new funding for the Capital Magnet Fund (CMF) effective in 2020. The CDFI industry has matured, and these institutions should have access to private capital needed to build capacity, extend credit, and provide financial services to the communities they serve.

Legislative Proposals

The CDFI Fund's BG Program supports CDFI lending and investment activity by providing a source of long-term capital in low-income and underserved communities. The Budget proposes to extend the program's authorization with an annual guarantee level not to exceed $500 million. The Budget also proposes reforms such as reducing the minimum bond size to increase participation.

The Budget also proposes to eliminate new allocations into the Capital Magnet Fund (CMF) effective in FY 2020. This would eliminate recurrent funding of the CMF through allocations from the Government-Sponsored Enterprises, Fannie Mae and Freddie Mac.

CDFI Fund Performance Highlights

	Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Target	FY 2020 Target
Community Development Financial Institutions Program	CDFI - Percentage of Loans & Investments Originated in Eligible Distressed or Underserved Communities by Dollar Amount of Loans (Annual %)	80.9	81.2	73.7	60	N/A
Administration	All Award Cycle Time (Months)	7.6	6.3	5.8	6.5	6.5
Administration	ALL- Number of Affordable Housing Units Developed or Produced	35,251	27,443	34,083	21,500	21,500
New Markets Tax Credit Program	NMTC - Percentage of Loans and Investments That Went Into Severly Distressed Communities	74.5	77.5	74	75	75

Description of Performance

In FY 2018, the CDFI Program awarded $215 million to 416 organizations, including $165 million in financial and technical assistance awards, $22 million for the Healthy Food Financing Initiative (HFFI) awards, $5 million for the Disability Fund awards, and $80 million for the Persistent Poverty Counties financial assistance. In addition, the CDFI Fund awarded $15.1 million in grants to 38 Native CDFIs for the FY 2018 funding round of the Native American CDFI Assistance (NACA) Program.

In FY 2018, the CDFI Program surpassed the 60.0 percent threshold for the percentage of both the dollar amount (73.7 percent) and the number of CDFI loans (72.1 percent) made to eligible distressed communities and underserved populations. No target is set for the FY 2020 measures because no appropriation is proposed for the CDFI Program for this fiscal year.

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 2018, the number of HFFI Retail outlets created was 26, thereby exceeding the target of 20 new retail outlets for FY 2018.

The All Award Cycle Time metric is an efficiency measure of the average time from the date when applications are received to the date of award announcement (calculated in months as an average across all programs). The Award Cycle Time in FY 2018 was 5.8 months, surpassing the target of 7 months. This achievement reflects improved efficiency in making awards, which is largely a function of the implementation of the Awards Management and Information system (AMIS).

CDFI, New Markets Tax Credit (NMTC), and CMF Program awardees and allocation recipients reported 34,083 affordable housing units developed or produced as a result of CDFI Fund program awards, thereby exceeding the FY 2018 target of 28,000 affordable housing units. The target reflects projected outcomes for program investments from prior-year award recipients' reported eligible affordable housing projects. The FY 2020 target was lowered to 21,500 units to reflect reduced projected outcomes for program investments from prior-year award recipients due to fewer resources for affordable housing projects.

The NMTC allocation authority for Calendar Year 2017 was allocated in February 2018 in which the NMTC Program awarded $3.5 billion in NMTC allocation authority to 73 CDEs, out of a pool of 230 applicants requesting $16.2 billion.

Financial Crimes Enforcement Network

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2018 Enacted *	FY 2019 Annualized CR	FY 2020 Request	FY 2019 TO FY 2020 $ Change	FY 2019 TO FY 2020 % Change
BSA Administration and Analysis	$115,003	$115,003	$124,700	$9,697	8.43%
Subtotal, FinCEN	**$115,003**	**$115,003**	**$124,700**	**$9,697**	**8.43%**
Offsetting Collections - Reimbursables	$3,000	$3,000	$3,000	$0	0.00%
Recovery from Prior Years	$500	$500	$500	$0	0.00%
Total Program Operating Level	**$118,503**	**$118,503**	**$128,200**	**$9,697**	**8.18%**
Direct FTE	280	332	359	27	8.13%
Reimbursable FTE	1	1	1	0	0.00%
Total FTE	**281**	**333**	**360**	**27**	**8.11%**

* FY 2018 shows actual FTE usage. This column reflects levels appropriated in P.L. 115-141 Consolidated Appropriations Act, 2018.
For further details on the execution of these resources see the FY 2020 Budget Appendix chapter for the Department of the Treasury.

Summary

The mission of FinCEN is to safeguard the financial system from illicit use, combat money laundering, and promote national security through the strategic use of financial authorities and the collection, analysis, and dissemination of financial intelligence. The FY 2020 President's Budget requests additional resources totaling $9,697,000—providing $7,411,000 for three critical program areas and $3,318,000 for two program areas previously included in the FY 2019 President's Budget; and program decreases totaling $2,226,000. Specifically, FinCEN will enhance its national security capacity, which includes expanding its efforts to combat cybercrime threats; expanding Special Measures enforcement efforts; maintaining cyber security investments; sustaining contractor support related to national security intelligence analysis; and beginning the development of a non-bank financial institutions profile that targets compliance toward high risk institutions.

FinCEN FY 2020 Budget Highlights

Dollars in Thousands

Financial Crimes Enforcement Network (FinCEN)	FTE	
FY 2019 Annualized CR	**332**	**$115,003**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$1,194
Non-Pay	0	$1,194
Subtotal Changes to Base	0	$1,194
Total FY 2020 Base	**332**	**$116,197**
Program Changes:		
Program Decreases	0	($2,226)
Programmatic Contract and Equipment Reductions	0	($2,226)
Program Increases:	27	$10,729
Enhance National Security Capacity	0	$2,118
Develop NBFI Risk Assessment Model	0	$1,200
Operations and Maintenance (O&M) of Prior-year Enterprise-wide Cybersecurity Investments	0	$511
Expand Efforts to Combat Cybercrime Threats	13	$3,563
Expansion of Special Measures Enforcement Efforts	14	$3,337
Subtotal Program Changes	27	$8,503
Total FY 2020 Request	**359**	**$124,700**

FY 2020 Budget Adjustments

Adjustments to Request
Maintaining Current Level (MCLs)
Non-Pay +$1,194,000 / +0 FTE
Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Program Decreases
Programmatic Contract and Equipment Reductions -$2,226,000 / -0 FTE
This reduction will be taken through evaluation of increases or changes in proposed acquisitions of contractual services and equipment. FinCEN will evaluate contracts during the renewal process to absorb this reduction.

Program Increases
Enhance National Security Capacity +$2,118,000 / +0 FTE
These funds were also included in the FY 2019 President's Budget and are necessary to sustain FinCEN's increased contractor resources needed to adequately support Treasury's Terrorism and Financial Intelligence priorities. FinCEN is increasingly called upon to identify sources of revenue for illicit actors and their attempts to access and exploit the international financial system. These requests stem from the growing threats from rogue nations including the Democratic People's Republic of North Korea (DPRK) and continued efforts to combat international organized crime, terrorism, narcotics, and proliferation. These additional funds will support these activities, as well as the growing analysis of and demand for FinCEN's Bank Secrecy Act (BSA) data to assist in combating the emerging threats to the financial system.

Develop NBFI Risk Assessment Model +$1,200,000 / +0 FTE
These funds were also included in the FY 2019 President's Budget and will allow FinCEN to begin the development of a Non-Bank Financial Institution (NBFI) Risk Assessment Model that will ultimately improve FinCEN's ability to identify, detect, and examine the highest risk NBFIs and foster enhanced BSA compliance within the NBFI sectors.

NBFIs have the potential to create significant vulnerabilities for the financial system that can be exploited by money launderers, terrorist financiers, and other criminal actors. The NBFI sector - encompassing approximately 320,000 financial institutions and over $13 trillion in financial services - presents inherent risks to the U.S. and global financial system ranging from the lack of traditional depository institution relationships for money services businesses; the abuse of casinos and card clubs by criminal organizations; the relative isolation of precious metals, stones, and jewels from the financial services sector; and the rapidly changing technologies and customer identification challenges of virtual currency exchanges and administrators.

This effort is the first step to ensure that these sectors are effectively supervised; and, it is a key Treasury Department priority not only to mitigate these vulnerabilities but also to protect the financial system from criminal abuse. This initiative will also help NBFIs continue to play their important role in financial inclusion and the economy, and to improve the government's oversight and supervision of this industry.

Operations and Maintenance (O&M) of Prior-year Enterprise-wide Cybersecurity Investments +$511,000 / +0 FTE
This funding will support operations and maintenance (O&M) for prior year enterprise-wide Cybersecurity Enhancement Account investments. O&M will be funded by Treasury Bureaus through Treasury Franchise Fund billing. This increase represents FinCEN's portion of the $17,500,000 O&M total.

Expand Efforts to Combat Cybercrime and Cryptocurrency Threats +$3,563,000/+13 FTE
This funding will allow FinCEN to expand efforts to combat cyber threats to financial institutions, cybercrime, and exploitation of emerging payment systems such as cryptocurrency. These efforts follow the money trail of virtual currencies and related financial instruments to identify the malicious cyber actors or networks receiving payment for conducting illicit financial activities or executing online scams. Through the BSA, financial institutions currently report to FinCEN suspicious cyber activity; this information is especially important because in many cases cyber actors have tested their tools on banks before deploying them elsewhere. To understand and utilize this information, FinCEN has developed unique expertise in cybercrime and cryptocurrency that is essential to understanding the evolving nature of financial crimes and their complex financial trails. These resources will allow FinCEN to expand its research and analytical services on the growing volume of BSA data related to cyber threats received from financial institutions. These additional resources are critical to ensuring that Treasury, law enforcement, and the broader U.S. government can take full advantage of the additional Suspicious Activity Report detail regarding cyber threats that affect U.S. financial institutions and their customers. In addition, this request also includes staffing to enhance FinCEN's BSA enforcement responsibilities as the sole U.S. regulator for virtual currency, and support for international efforts to coordinate financial fraud recovery related to business e-mail compromise cyber threats (referred to as "rapid response").

These additional resources will allow FinCEN to meet the expected growing demand for its products and services (e.g., an expected 78 percent increase in cyber cases, enforcement actions, and reports, including a 94 percent expected increase in the number of strategic products disseminated; and a 150 percent expected increase in the number of cyber-related enforcement actions). The additional resources will also provide FinCEN the ability to increase the stolen assets recovered by the rapid response cases by 150 percent (from an anticipated $60M in FY 2019 to a projected $150M in FY 2022).

Expansion of Special Measures Enforcement Efforts +$3,337,000/+14 FTE

These funds will allow FinCEN to meet the growing Special Measures workload. These activities focus on investigating foreign money laundering and terrorist financing threats to the U.S. financial system and taking administrative actions to prevent bad actors from accessing it. Over the past several years, data collected through FinCEN's Special Measures tools and authorities has become one of the key sources of enforcement actions against ongoing money laundering concerns including rogue nation states, terrorists, and other national security threats. FinCEN is in a unique position to utilize the vast amount of information from special collection authorities to identify previously unknown money laundering concerns with the unique data collected under its authorities. Special Measures authorities are a very effective process to identify bad actors within the financial system, but they require a significant infusion of human capital as this process is lengthy and involves extensive legal coordination. In addition, working with foreign partners to address these threats can have a powerful multiplier effect. This funding will allow FinCEN to expand its use of its unique authorities such as Section 311, the Foreign Financial Agency rule, Demand Letters, and Geographic Targeting Orders—all of which were previously underutilized prior to FY 2017—to increase enforcement and data collection efforts. FinCEN's Special Measures authorities have become one of the key sources of information used to disrupt the illicit use of the financial system and obtain special collection information directly from financial institutions. These resources are essential to address the national security threats such as DPRK, Iran, Hezbollah, Venezuela, cybercrime, fraud, and transnational organized crime. FinCEN anticipates an increase of 30 percent in the number of completed 311 actions and Geographic Targeting Order actions by FY 2022. FinCEN will also be able to collect more data, producing over three times the number of records collected by FY 2022 than in FY 2018, thus providing invaluable information for investigative leads. This data will lead to enhanced identification of enforcement and investigative leads as well as strategic trends and patterns.

Legislative Proposals

FinCEN has no legislative proposals.

FinCEN Performance Highlights

Budget Activity	Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Target	FY 2020 Target
BSA Administration and Analysis	Percentage of Domestic Law Enforcement and Regulators Who Assert Queried BSA Data Led to Detection and Deterrence of Illicit Activity	83	86	85	86	87
BSA Administration and Analysis	Percentage of Users Satisfied with FinCEN Information Sharing Systems	80	87	86	84	84

Description of Performance

FinCEN conducts annual surveys of the BSA database and information sharing systems users on the utility and value of FinCEN's information, analysis, and systems. The results provide valuable feedback on FinCEN's performance safeguarding the financial system from illicit use, combatting money laundering, and promoting national security.

FinCEN monitors the Percentage of Domestic Law enforcement and Regulators Who Assert Queried BSA Data Led to Detection and Deterrence of Illicit Activity. This performance measure looks at the value of BSA data, such as whether the data provided unknown information, supplemented or expanded known information, verified information, helped identify new leads, opened a new investigation or examination, supported an existing investigation or examination, or provided information for an investigative or examination report. In FY 2018, FinCEN narrowly missed its target of 86 percent with 85 percent finding value. FinCEN will work toward increasing its FinCEN Portal/FinCEN Query training efforts to provide more users with the knowledge needed in order to better utilize both FinCEN Portal and FinCEN Query. In FY 2019, the target is set at 86 percent and 87 percent in FY 2020.

FinCEN tracks the Percentage of Users Satisfied with FinCEN Information Sharing Systems. This measure is based on survey responses and represents user satisfaction with the BSA E-Filing System, FinCEN Query, and the Egmont Secure Web. This measure is meaningful because the technology allows authorized persons to more readily access BSA information and better enables them to conduct investigations more efficiently and effectively. In FY 2018, FinCEN exceeded its target of 84 percent with 86 percent of the users satisfied with information sharing systems, which far exceeds the federal government benchmark of 70 percent for customer satisfaction. In FY 2019, FinCEN will keep the target at 84 percent because it plans to make modest updates to its information sharing systems. FinCEN does intend to make some more impactful modifications in FY 2020, but will keep the target at 84 percent due to the learning curve associated with the changes being introduced to the user base.

Alcohol and Tobacco Tax and Trade Bureau

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2018 Enacted 1/	FY 2019 Annualized CR	FY 2020 Request	FY 2019 TO FY 2020 $ Change	FY 2019 TO FY 2020 % Change
Collect the Revenue	$53,560	$53,560	$59,956	$6,396	11.94%
Protect the Public	$57,879	$57,879	$55,471	($2,408)	-4.16%
Subtotal, TTB	**$111,439**	**$111,439**	**$115,427**	**$3,988**	**3.58%**
Offsetting Collections - Reimbursables 2/	$6,289	$6,900	$6,900	$0	0.00%
Transfers In 3/	$989	$0	$0	$0	NA
Total Program Operating Level	**$118,717**	**$118,339**	**$122,327**	**$3,988**	**3.37%**
Direct FTE	475	507	507	0	0.00%
Reimbursable FTE	10	10	10	0	0.00%
Total FTE	**485**	**517**	**517**	**0**	**0.00%**

1/ FY 2018 shows actual FTE usage. This column reflects levels appropriated in P.L. 115-141 Consolidated Appropriations Act, 2018. For further details on the execution of these resources see the FY 2020 Appendix chapter for the Department of the Treasury.
2/ Includes reimburusements from the TEOAF Mandatory Fund and CDFI, and offsetting collections from Puerto Rico Cover-Over Program.
3/ Transfer from the TEOAF Strategic Support Fund.

Summary

The Alcohol and Tobacco Tax and Trade Bureau (TTB) serves as the nation's primary Federal authority in the taxation and regulation of the alcohol and tobacco industries. TTB is responsible for the administration and enforcement of the Internal Revenue Code provisions for excise taxes on alcohol, tobacco, firearms, and ammunition, and the Federal Alcohol Administration (FAA) Act, which provides for the regulation of the alcohol beverage industry to protect U.S. consumers and ensure a fair and competitive marketplace for U.S. businesses. TTB supports Treasury Strategic Goal 1: Boost U.S. Economic Growth and Goal 5: Achieve Operational Excellence.

In FY 2020, TTB will continue to focus on enforcing compliance with alcohol, tobacco, firearms, and ammunition laws and regulations in the interest of collecting all appropriate excise taxes and promoting a marketplace for alcohol beverages that complies with Federal production, labeling, advertising, and marketing standards. The FY 2020 President's Budget request enables TTB to improve tax administration and enforcement outcomes through investments in information technology (IT) modernization to simplify and streamline the filing and processing of TTB tax returns and required reports to improve voluntary compliance and support enhanced analytics to detect underreporting and fraud. These modernization efforts are critical to protect Federal revenue and preserve a level playing field for industry as TTB implements the Craft Beverage Modernization and Tax Reform provisions of P.L. 115-97. In the first year, Federal revenues have declined, with the full impact not yet known. Enforcement will continue to pose significant challenges and, with regards to imported products, will require TTB to continue its extensive coordination with U.S. Customs and Border Protection. Further, to improve tax enforcement outcomes and promote a more efficient Federal government, the Administration is proposing the consolidation of Federal alcohol and tobacco tax enforcement authorities within the Department of the Treasury, including transferring jurisdiction for the Contraband Cigarette Trafficking Act (CCTA) from the Department of Justice's (DOJ) Bureau of Alcohol, Tobacco, Firearms, and Explosives to TTB. The FY 2020 request supports an initial investment of $3.3 million in start-up costs for TTB to initiate the transfer, and begin to implement this enforcement program. Upon transfer of CCTA authority, and once fully resourced, TTB expects that its enforcement model will provide positive returns in terms of increased revenues and reduced criminal activity.

Total resources required to support TTB activities for FY 2020 are $122,327,000, including $115,427,000 from direct appropriations, and $6,900,000 from other offsetting collections and reimbursable programs.

TTB FY 2020 Budget Highlights

Dollars in Thousands

Alcohol and Tobacco Tax and Trade Bureau	FTE	Amount
FY 2019 Annualized CR	**507**	**$111,439**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$1,001
Non-Pay	0	$1,001
Subtotal Changes to Base	0	$1,001
Total FY 2020 Base	**507**	**$112,440**
Program Changes:		
Program Decreases:	(13)	($3,013)
Trade Practice Enforcement	(13)	($3,013)
Program Increases:	13	$6,000
Consolidation of Federal Alcohol and Tobacco Tax Jurisdiction 1/	9	$3,330
Tax System Modernization	4	$2,500
Operations and Maintenance (O&M) of Prior-year Enterprise-w ide Cybersecurity Investments	0	$170
Subtotal Changes to Base	0	$2,987
Total FY 2020 Request	**507**	**$115,427**

1/ Pending legislation to effectuate the transfer of federal alcohol and tobacco jurisdiction from the Department of Justice to the Department of the Treasury.

FY 2020 Budget Adjustments

Adjustments to Request
Maintaining Current Level (MCLs)
Non-Pay +$1,001,000 / +0 FTE

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

Program Decreases
Trade Practice Enforcement -$3,013,000 / -13 FTE

TTB will reduce its Trade Practice Enforcement program. TTB enforcement addresses unlawful trade practices in the marketplace and ensures a level playing field for U.S. alcohol manufacturers and distributors. With two-year funding provided in both FY 2017 and FY 2018, TTB added staffing to increase its capacity for trade practice investigations from approximately one each year to up to more than 50 active cases annually. At the FY 2020 funding level, TTB will work to bring most of its active trade practice investigations to closure and continue its process of evaluating and prioritizing the highest risk cases as part of its annual enforcement planning process.

Program Increases
Consolidation of Federal Alcohol and Tobacco Tax Jurisdiction +$3,330,000 /+9 FTE
Start-up funding is requested to support the Administration's proposal to consolidate Federal alcohol and tobacco tax jurisdiction within the Department of the Treasury and TTB. This initial investment will enable TTB to begin hiring the necessary additional enforcement personnel to conduct the complex, multi-state investigations associated with contraband cigarette smuggling. The requested funding level supports 9 FTE, which will allow TTB to hire auditors, investigators, and other program staff. Further, TTB will hire criminal enforcement agents under an expansion of the existing interagency agreement with the IRS. This initial investment would also enable TTB to initiate any needed rulemaking and guidance as well as support initial research into system requirements and data analytics to improve enforcement targeting. During this transition period, and at the proposed staffing level, TTB will also expand its outreach to state law enforcement partners and work closely with DOJ on the transfer and continuation of existing cases.

Tax System Modernization +$2,500,000 / +4 FTE
TTB requests an investment of $2.5 million and 4 FTE for the first year of a multi-year effort to modernize its outdated tax system to support efficient filing and processing as well as facilitate data analytics to timely detect tax evasion, particularly in light of these recent tax reforms that present workload and enforcement challenges. The functionality of TTB's Integrated Revenue Information System (IRIS) is substantially the same as in 2000 while, over the same period, the number of TTB taxpayers has increased nearly 250 percent to approximately 25,000. The IT development plan would transform IRIS incrementally to deliver independent modules to create the full functionality needed. The total cost includes the IT development team; additional tax specialist positions to backfill the experienced staff required to support the development effort; and analytics support to streamline work processes, improve non-compliance detection, and improve workload management.

Operations and Maintenance (O&M) of Prior-year Enterprise-wide Cybersecurity Investments +$170,400 / +0 FTE
The FY 2020 request includes funding to support operations and maintenance (O&M) for prior year Cybersecurity Enhancement Account investments. O&M will be funded by Treasury Bureaus through Treasury Franchise Fund (TFF) billing. This increase represents the bureau's portion of the $17.5 million O&M total.

Legislative Proposals

The Administration proposes to transfer primary jurisdiction over Federal tobacco and alcohol anti-smuggling laws from the Department of Justice and the Bureau of Alcohol, Tobacco, Firearms and Explosives to the Department of the Treasury and TTB. Under the proposal, TTB would be responsible for the administration and enforcement of the Jenkins Act of 1949 (as amended by the Prevent All Cigarette Trafficking Act of 2009), 15 U.S.C. Chapter 10A, the Contraband Cigarette Trafficking Act of 1978, 18 U.S.C. Chapter 114, and the criminal statutes involving Liquor Trafficking, 18 U.S.C. Chapter 59. Specific statutory language to effect the transfer and facilitate Federal enforcement against tobacco smuggling has been developed in consultation with the Secretary of the Treasury and with the Attorney General.

TTB Performance Highlights

Budget Activity	Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Target	FY 2020 Target
Collect the Revenue	Amount of Revenue Collected Per Program Dollar 1/	414	406	369	DISC	DISC
Collect the Revenue	Percent of Voluntary Compliance from Large Taxpayers in Filing Returns/Payments Timely (by filing) 2/	87	85	85	DISC	DISC
Collect the Revenue	Percent of Voluntary Compliance from Large Taxpayers in Filing Tax Returns/Payments Timely (by taxpayer) 2/	N/A	N/A	N/A	B	
Collect the Revenue	Percent of Voluntary Compliance from Large Taxpayers in Filing Operational Reports Timely (by taxpayer) 2/	N/A	N/A	N/A	B	
Collect the Revenue	Percent of Electronically Filed Tax Returns - Pay.gov	34	35	38	50	50
Collect the Revenue	Percent of Electronically Filed Operational Reports - Pay.gov	39	40	42	50	50
Protect the Public	Percentage of Permit Applications Processed within Service Standards (75 days) 3/	32	48	71	85	85
Protect the Public	Initial Error Rate for Permit Applications 4/	81	83	80	25	25
Protect the Public	Percent of Electronically Filed Permit Applications 5/	81	84	86	90	90
Protect the Public	Customer Satisfaction Rate with TTB Permitting Process	71	80	83	DISC	DISC
Protect the Public	Customer Satisfaction Rate with eGov Systems - Permits Online 6/	54	68	77	80	80
Protect the Public	Percentage of Alcohol Beverage Label and Formula Applications Processed within Service Standards 7/	80	62	84	85	85
Protect the Public	Initial Error Rate for Label and Formula Applications	44	43	40	25	25
Protect the Public	Percent of Electronically Filed Label and Formula Applications	97	98	98	95	95
Protect the Public	Customer Satisfaction Rate with eGov Systems - COLAs Online 8/	74	82	81	80	80
Protect the Public	Customer Satisfaction Rate with eGov Systems - Formulas Online 8/	58	70	81	80	80

Key: DISC - Discontinue; B - Baseline

1/ Beginning in FY19, results will be reported as an indicator rather than a performance measure; as such, no target is established for FY19.

2/ TTB is developing new measures to evaluate and monitor taxpayer compliance for FY 2019, which will calculate compliance rates on a taxpayer basis, rather than a per filing basis; TTB will also formally add a measure of the compliance rate for operational reports.

3/ Prior year data subject to additional validations following TTB migration to new reporting platform in FY 2018.

4/ Prior year data revised due to errors in methodology related to wholesaler and importer applications.

5/ Revised actuals for fiscal years 2016 and 2017 due to error in source data.

6/ New measure of user satisfaction with TTB's Permits Online electronic filing system; replaces discontinued measure of satisfaction rates with permitting process.

7/ Service standards are set annually based on TTB analysis of submission volume, error rates, and resource levels. For FY 2018, TTB established new service standards of 15 days for both labels and formulas based on a significant spike in submissions. In FY 2017, the service standard was 10 days for both labels and formulas. Between FY 2014 - 2016, the service standard was 30 days for labels and 45 days for formulas.

8/ New measures of user satisfaction with TTB's COLAs Online and Formulas Online (FONL) electronic filing systems. Results for FONL represent beverage alcohol formula filers; nonbeverage alcohol formula filers are excluded.

Description of Performance

During FY 2018, TTB met or exceeded the performance targets for two of its nine existing performance measures, and added several new indicators related to online system use and customer satisfaction to support data-driven decision making in support of TTB's mission. The bureau will continue to monitor its annual business plan and use performance information to improve the effectiveness of its programs. TTB's strategies to achieve its performance targets in the years ahead include a combination of streamlining internal processes, implementing enhancements to online filing systems, modernizing application requirements, and providing clearer guidance to industry members.

TTB's Collect the Revenue budget activity includes all tax processing, verification, enforcement, and outreach efforts related to administering the Federal excise tax on alcohol, tobacco, firearms, and ammunition products. In ensuring a level playing field for all those engaged in the trade of these regulated commodities, TTB also takes appropriate enforcement action to detect and address diversion activity and ensure all products sold in the marketplace are properly taxpaid. In FY 2018, TTB collected excise taxes totaling nearly $21 billion consisting of $12 billion for tobacco products, $8 billion for alcohol beverage products, and $625 million for firearms and ammunition. This budget activity supports Treasury's Strategic Goal 1 (Boost U.S. Economic Growth) and Strategic Objective 1.1 (Tax Law Implementation) to administer tax laws to better enable all taxpayers to meet their obligations while protecting the integrity of the tax system.

The investments in the Collect the Revenue activity resulted in the following performance highlights and accomplishments during FY 2018:

- TTB collected nearly $21 billion in excise taxes and other revenues from a tax base of more than 29,000 taxpayers in the alcohol, tobacco, firearms, and ammunitions industries. TTB returned $369 for every $1 expended on its revenue collection activities.
- TTB's two new measures of electronically filed tax returns and operational reports indicate that less than half of these required filings are submitted to TTB via Pay.gov, the current online system for electronic submissions. High rates of paper filings make compliance checks and fraud monitoring more difficult and costly. The FY 2020 requested tax system investment will drive increases in electronic filing rates, which should support timelier, complete, and more accurate submissions as well as timely access to the data for TTB tax verification and analysis.
- In FY 2018, TTB achieved a compliance rate of 85 percent from its large taxpayers (i.e., those that pay more than $50,000 in annual taxes), which fell below the performance target of 90 percent. The declining compliance rate in recent years is due, in part, to an increase in the taxpayers paying more than $50,000 in annual taxes due to continued industry growth and expansion, which increasingly includes more recent permittees who may be less familiar with TTB's statutory and regulatory requirements. Non-compliance undermines the level playing field, which is especially critical for small producers who comprise the majority of TTB taxpayers. The FY 2020 requests supports the IT system and analytics enhancements that would enable TTB to more efficiently detect and address these issues.

TTB's Protect the Public 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 90,000 businesses that TTB regulates; facilitate fair and lawful domestic and international trade in the alcohol and tobacco commodities; and provide full and accurate alcohol beverage product information to the public as a means to prevent consumer deception. These activities support Treasury's Strategic Goal 1 (Boost U.S. Economic Growth) and Strategic Objective 1.3 (Trusted Currency and Services) to deliver trusted currency and services that enable citizens and businesses to participate in the economy as well as Strategic Objective 1.4 (Free and Fair Trade) to advance a free and fair trade environment for U.S. businesses.

The investments in the Protect the Public activity resulted in the following performance highlights and accomplishments during FY 2018:

- TTB received approximately 195,000 label applications and 17,000 formula applications, which reflects the ongoing expansion of the alcohol beverage industry. Despite increased submission volume, which increased approximately 15 percent over the prior year for label and formula applications, TTB nearly met its FY 2018 performance target to process 85 percent of label and formula applications within its 15-day service standard. TTB also achieved a 98 percent electronic filing rate for alcohol beverage label and formula applications. Federal law prohibits the import or domestic bottling of an alcohol beverage without an approved COLA, making this TTB service integral to U.S. business operations.

- TTB received approximately 9,000 applications for a Federal permit or registration, and qualified approximately 6,500 new businesses, predominantly small businesses. TTB made significant strides in achieving Treasury's Agency Priority Goal by reducing processing times by 20 percent to an overall average of 61 days since 2017, and achieving its 75-day service standard for 71 percent of applicants. TTB also achieved an 86 percent electronic filing rate for permit applications. A TTB permit or registration is required before a business can lawfully operate in the alcohol and tobacco industries. TTB ensures a fair and lawful marketplace and protects consumers by screening permit applicants to ensure only qualified persons engage in operations in the alcohol and tobacco industries.
- TTB made progress in reducing the error rate on initial permit, label, and formula applications, a critical strategy to maintaining timely service, although performance remains well above the targeted rate of 25 percent, at 80 percent for permit applications and 40 percent for label and formula applications. Improvements in FY 2018 were driven by system enhancements and online guidance. Performance in permitting is expected to continue to improve following the July 2018 release of the redesigned Permits Online system, and once TTB completes planned rulemaking to implement broader changes to the permit application. TTB will also continue to pursue system-based checks and user guidance to reduce label and formula application errors. System enhancements to date have resulted in increased customer satisfaction with TTB's eGov systems, with performance nearing or exceeding the 80 percent target in FY 2018.

Bureau of the Fiscal Service

Program Summary by Budget Activity

Dollars in Thousands

Bureau of the Fiscal Service	FY 2018	FY 2019	FY 2020	FY 2019 TO FY 2020	
Budget Activity	Enacted	Annualized CR	Request	$ Change	% Change
Accounting and Reporting	$95,822	$95,175	$96,979	$1,804	1.90%
Collections	$38,704	$42,166	$38,117	($4,049)	-9.60%
Payments	$121,462	$117,581	$123,355	$5,774	4.91%
Retail Securities Services	$57,356	$59,381	$60,643	$1,262	2.13%
Wholesale Securities Services	$24,936	$23,977	$21,243	($2,734)	-11.40%
Subtotal, Bureau of Fiscal Service	**$338,280**	**$338,280**	**$340,337**	**$2,057**	**0.61%**
Offsetting Collections - Reimbursables	$353,761	$387,568	$391,529	$3,961	1.02%
Total Program Operating Level	**$692,041**	**$725,848**	**$731,866**	**$6,018**	**0.83%**
Direct FTE	1608	1668	1610	(58)	-3.48%
Reimbursable FTE	399	431	431	0	0.00%
Total FTE	**2,007**	**2,099**	**2,041**	**(58)**	**-2.76%**

* FY 2018 shows actual FTE usage. This column reflects levels appropriated in P.L. 115-141 Consolidated Appropriations Act, 2018. For further details on the execution of these resources see the FY 2020 Appendix chapter for the Department of the Treasury.

Summary

The FY 2020 request for the Bureau of the Fiscal Service (Fiscal Service) is $340.3 million, which supports the Federal Government's National Financial Critical Infrastructure (NFCI). Fiscal Service is committed to delivering strong leadership, exceptional operations, and a vision focused on transforming government-wide financial management and acting as the catalyst of change for the Federal financial community by offering increased standardization and automation in Treasury financial services.

Fiscal Service touches the lives of every American taxpayer and plays a critical mission support role in the Federal financial management community. We will continue to optimize federal disbursing by advancing electronic invoicing and increasing electronic payments; transform federal collections through oversight of reducing the use of lockboxes; strengthen public trust in federal government finances by making federal financial data more accessible; and expand services available to agencies by offering data analytic services to reduce improper payments and fraud.

With this funding, Fiscal Service will focus on:

- Maximizing efficiencies, transparency, and accountability with the goal of improving government-wide financial management;
- Revolutionizing the Federal Government's collections and deposit systems by expanding the Electronic Federal Tax Payment System (EFTPS) and other electronic payment options available to Federal agencies and the public;
- Modernizing and enhancing payment services by further centralizing federal payment services to Federal agencies and increasing payment options available to beneficiaries, taxpayers, and other payees;

- Expanding investors' ability to buy and manage Treasury securities online by improving systems and customers' ability to quickly and easily obtain on-line self-service options;
- Borrowing the money needed to operate the Federal Government by conducting auctions; and
- Furthering progress in efforts to prevent, detect, and recover improper payments by increasing partnerships and making additional data sources available.

Fiscal Service continues to work with the Federal financial community, which includes the Office of Management and Budget (OMB) and Federal agency Chief Financial Officers (CFOs), to identify improvements to core programs and streamline operations government-wide. The bureau's vision to "Transform financial management and the delivery of shared services in the Federal Government" and the commitment to deliver strong leadership and exceptional operations align with Treasury's Strategic Goal 4 (Transform Government-wide Financial Stewardship) and Goal 5 (Achieve Operational Excellence). It is also consistent with the President's Management Agenda and Cross Agency Priority (CAP) Goal 5, Sharing Quality Services. As part of the 10-Year Future of Federal Financial Management Vision, Fiscal Service is leading the way in the Federal financial community.

Fiscal Service has critical roles in making sure federal obligations to the public are met, government-wide and agency operations are supported, and the national economy is sustained. Through these roles, Fiscal Service demonstrates high performance and achieves outcomes and results that include:

- Accounting and reporting financial activity for $22.0 trillion in public debt
- Financing federal operations by collecting over $4.0 trillion in annual revenue
- Improving the USAspending.gov website by timely addressing user feedback to enhance the customer experience

Fiscal Service FY 2020 Budget Highlights

Dollars in Thousands

Fiscal Service	FTE	Amount
FY 2019 Annualized CR	**1,668**	**$338,280**
Changes to Base:		
Maintaining Current Levels (MCLs):	**0**	**2,239**
Non-Pay	0	2,239
Subtotal Changes to Base	**0**	**2,239**
Total FY 2020 Base	**1,668**	**$340,519**
Program Changes		
Program Decreases:	**(58)**	**(7,915)**
Streamline Staffing	(58)	(7,915)
Program Increases:	**0**	**7,733**
Operations and Maintenance (O&M) of Prior-year		
Enterprise-wide Cybersecurity Investments	0	2,960
Cybersecurity Enhancements	0	2,367
Enterprise Cloud Strategy	0	2,406
Subtotal Program Changes	**(58)**	**($182)**
Total FY 2020 Request	**1610**	**$340,337**

FY 2020 Budget Adjustments

Adjustments to Request
Maintaining Current Level (MCLs)
Non-Pay +$2,239,000 / +0 FTE

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

Program Decreases
Streamline Staffing -$7,915,000 / -58 FTE

Anticipated savings as a result of disciplined hiring prioritization and governance.

Program Increases
Operations and Maintenance (O&M) Prior-year Enterprise-wide Cybersecurity Investments +$2,960,000 / +0 FTE

This request includes funding to support O&M for prior-year Cybersecurity Enhancement Account investments, primarily related to the Continuous Diagnostics and Mitigation Program (CDM). O&M will be funded by Treasury Bureaus through Treasury Franchise Fund billing. This increase represents the Fiscal Service portion of the $17.5 million O&M total.

Cybersecurity Enhancements +$2,367,000 / +0 FTE

This funding will enable the bureau to continue strengthening the Fiscal Service High Value Assets (HVAs) and National Financial Critical Infrastructure (NFCI) posture. Further delays in implementing cybersecurity enhancements, such as data centric security measures, personally identifiable information (PII) and sensitive financial records encryption, and delays increasing the use of multi-factor authentication, and event monitoring, will significantly increase the risk to Treasury's HVAs. More specifically, this funding will allow Fiscal Service to perform six HVA assessments and begin to remediate identified data encryption gaps.

Enterprise Cloud Strategy +$2,406,000 / +0 FTE

This request will support the start of a phased approach to transition NFCI systems currently hosted and developed with outdated technology that result in increased risk of security incidents and service interruptions to new, more modern, cloud-based solutions that will support the security, resiliency, and agility needed in the 21st century. This strategy aligns with government-wide goals and objectives to increase utilization of cloud-based solutions and micro-service/shared IT functionality, while also furthering efforts to consolidate similar functions and standardize access to systems and financial management functions. This effort is crucial to ensuring the integrity of the Federal Government's financial systems for the future.

Legislative Proposals

1. Give the Do Not Pay Business Center (DNP) the direct authority to expand its user base to include other federally funded government entities, such as federally funded state administered programs. *Estimated savings: $2.1 billion over 1 year*

2. Expand Treasury's authority to access the National Directory of New Hires to include prevention, identification, and recovery of improper payments. Total increase in improper

payments identified by Treasury: *$3.19 billion over 10 years (98.3 percent of the improper payments estimated)*

3. Allow Treasury to access the Death Master File for improper payment purposes. Total increase in improper payments identified by Treasury: *$49.5 million over 10 years (99.4 percent of the improper payments estimated)*

4. Increase delinquent Federal non-tax debt collections by authorizing administrative bank garnishment for non-tax debts of commercial entities. *Estimated collections: $320.0 million in commercial debts over 10 years*

5. Increase and streamline recovery of unclaimed assets owed to the United States by authorizing Treasury to locate and recover assets of the United States and to retain a portion of amounts collected to pay for the costs of recovery. *Estimated recoveries: $62.0 million over 10 years*

Fiscal Service Performance Highlights

Budget Activity	Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Target	FY 2020 Target
Accounting and Reporting	Percentage of Government-wide Accounting Reports Issued Timely (%)	100.0	100.0	100.0	98.0	98.0
Collections	Percentage of Total Federal Government Receipts Settled Electronically (%)	98.2	98.3	98.0	98.0	98.0
Payments	Percentage of Treasury Payments Made Electronically (%)	94.9	95.1	95.4	95.3	95.5
Payments	Count of Improper Payments Identified or Stopped Fiscal Year To Date (# in thousands)	N/A	N/A	20.3	19.5	20.5
Payments	Dollar Amount of Improper Payments Identified or Stopped Fiscal Year To Date ($ Millions)	N/A	N/A	35.53	33.60	35.30
Retail Securities Services	Cost Per Customer Assisted Retail Transaction ($)	N/A	B	116.24	DISC	DISC
Retail Securities Services	Cost Per Electronic Retail Transaction ($)	N/A	B	3.06	DISC	DISC
Retail Securities Services	Percentage of Retail Customer Service Transactions That Are Unassisted (%)	N/A	N/A	N/A	B	TBD
Wholesale Securities Services	Percentage of Auction Results Released Accurately (%)	100.0	98.9	98.9	100.0	100.0
Wholesale Securities Services	Percent of Auctions Successfully Completed by the Scheduled Close Date	N/A	N/A	N/A	B	100.0
Debt Collections	Amount of Delinquent Debt Collected Through All Available Tools ($ billions)	7.41	7.61	7.44	7.67	7.8
Debt Collections	All Delinquent Debt Collected FYTD as a Percentage of all Delinquent Debt Referred FYTD (%)	N/A	N/A	N/A	B	TBD
Debt Collections	Percentage of the active delinquent debt portfolio collected FYTD (%)	N/A	N/A	N/A	B	TBD

Key: Disc - Discontinue; B - Baseline; N/A - Not in use in prior years; TBD - To Be Determined

Description of Performance

Accounting and Reporting: Fiscal Service collects, analyzes, and publishes government-wide financial information, made available to both the public and private sectors, to provide transparency on the government's financial status. In FY 2018, Fiscal Service timely issued Government-wide accounting reports 100 percent of the time.

Fiscal Service will meet its FY 2019 and FY 2020 performance measure targets and transform the quality, effectiveness and transparency of federal financial management data and reports;

delivering value-added business process and system improvements; re-define the federal approach to audits; and expanding/enhancing relationships with stakeholders and customers.

Collections: Fiscal Service met its target of electronically settling 98 percent of all Federal Government receipts through a continued commitment to agency outreach efforts. Fiscal Service expects to maintain an annual electronic collections rate of at least 98 percent through FY 2020 by continuing to promote the use of electronic systems in the collections process, increase the efficiency of the bureau's centralized collections activities, and to assist agencies in converting collections from paper to electronic media.

Payments: Fiscal Service continues to increase the electronic payment rate each year. In FY 2018, the electronic payment rate rose to 95.4 percent, with the number of electronic payments increasing by 17.0 million, and paper check volume decreasing by 2.3 million. Tax refund payments continue to total more than half of the Treasury-disbursed check volume. The processing of electronic invoices also realized a large increase of more than 34,000 over the FY 2017 volume.

Fiscal Service will meet FY 2019 and FY 2020 targets by promoting and increasing electronic funds transfer payments with emphasis on tax refunds, electronic invoicing and vendor payments, and benefit payments; and exploring, developing, and deploying innovative, customer-driven electronic payment and DNP analytic solutions.

In FY 2019, Fiscal Service will establish two performance measures that will provide transparency on progress towards detecting and preventing improper payments. These performance measures align with the President's Management Agenda on getting payments right. Fiscal Service along with other partner Federal agencies will lead the effort on reducing the amount of cash lost to taxpayers through incorrect payments.

Retail Securities Services: In FY 2018, Fiscal Service electronically issued $63.6 billion in marketable securities and $394.4 million in savings bonds; redeemed 22 million paper savings bonds totaling $10.4 billion and $890.0 million in electronic savings bonds; added 190,828 new accounts to TreasuryDirect; and made 2.5 million retail payments worth $19.9 billion.

Cost of Customer Assisted Retail Transaction and Cost per Electronic Retail Transactions performance measures target have been discontinued due to the rigid nature of the associated fixed costs producing skewed results. In FY 2019, Percent of Retail Customer Service Transactions That Are Unassisted is the new performance measure, which encompasses self-directed customer interactions for current and future retail securities.

Wholesale Securities Services: In FY 2018, Fiscal Service awarded $10.0 trillion in Treasury marketable securities to institutions and individual investors by conducting 270 auctions to fund critical daily federal operations and released the results timely. In FY 2019, Fiscal Service will continue to measure its performance as it relates to the accuracy of the auction results and will introduce a new performance measure to track the percentage of auctions held by the scheduled close date. This will measure the operational resiliency of the program and the target is 100 percent performance in FY 2019 and FY 2020.

Debt Collection: FY 2018 was the first time in five years that Fiscal Service did not exceed the amount of delinquent debt collected over the previous year. This decrease was due to declines in tax refund offsets because of the inability to refer debts to Private Collections Agencies (PCAs) for a majority of the fiscal year due to technical difficulties, a decline in collections from child support, and a drop in Unemployment Insurance Compensation collections. Tax refund offsets should increase in FY 2019 as Fiscal Service is referring debt again to PCAs.

Despite these challenges, projections for FY 2019 and FY 2020 show a return to modest growth in overall collections years. These performance targets were developed using debt data and macroeconomic variables as a basis, while considering assumptions related to legislative changes that are difficult to forecast.

To meet FY 2019 and FY 2020 delinquent debt performance targets, Fiscal Service will add new Treasury Offset Program (TOP) payment streams to increase payments eligible for offset and delinquent debt collection.

Internal Revenue Service

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2018 Enacted[1]	FY 2019 Annualized CR[2]	FY 2020 Request[3]	FY 2019 TO FY 2020 $ Change	FY 2019 TO FY 2020 % Change
Taxpayer Services	$2,512,554	$2,571,554	$2,402,000	($169,554)	-6.59%
Pre-filing Taxpayer Assistance and Education	640,379	634,019	634,762	743	0.12%
Filing and Account Services	1,872,175	1,937,535	1,767,238	(170,297)	-8.79%
Enforcement	$4,627,000	$4,672,000	$4,705,368	$33,368	0.71%
Investigations	581,680	597,658	614,046	16,388	2.74%
Exam and Collections	3,875,098	3,894,129	3,923,583	29,454	0.76%
Regulatory	170,222	180,213	167,739	(12,474)	-6.92%
Operations Support	$4,181,000	$3,834,000	$4,075,021	$241,021	6.29%
Infrastructure	870,360	858,932	853,738	(5,194)	-0.60%
Shared Services and Support	920,283	942,568	953,686	11,118	1.18%
Information Services	2,390,357	2,032,500	2,267,597	235,097	11.57%
Business Systems Modernization	$110,000	$110,000	$290,000	$180,000	163.64%
Subtotal Internal Revenue Service	**$11,430,554**	**$11,187,554**	**$11,472,389**	**$284,835**	**2.55%**
Reimbursables	171,140	116,551	122,379	5,828	5.00%
Offsetting Collections - Non Reimbursables	26,069	37,719	39,605	1,886	5.00%
User Fees	283,267	563,053	460,900	36,857	8.69%
Recovery from Prior Years	13,233	17,994	18,905	911	5.06%
Unobligated Balances from Prior Years	360,031	357,637	153,567	(343,080)	-69.08%
Transfers In/Out	(4,188)				
Resources from Other Accounts					
Total Program Operating Level	**$12,280,106**	**$12,280,508**	**$12,267,745**	**($12,763)**	**-0.10%**
Direct FTE	73,268	73,584	71,945	(1,639)	-2.23%
Reimbursable FTE	795	521	521		
Offsetting Collections - Non Reimbursables					
User Fee FTE	14	60	71	11	18.33%
Recovery from Prior Years					
Unobligated Balances from Prior Years	236	289	100	(189)	-65.40%
Resources from Other Accounts					
Total FTE	**74,313**	**74,454**	**72,637**	**(1,817)**	**-2.44%**

[1]FY 2018 Enacted includes $320 million in Section 113 Administrative Provision funding in the following amounts: $19 million in Taxpayer Services, $10 million in Enforcement, and $291 million in Operations Support. FY 2018 Enacted also includes an interappropriation transfer of $256 million to Operations Support ($13 million from Taxpayer Services and $243 million from Enforcement), and budget activity adjustments in accordance with Section 608 of Public Law 115-141. FY 2018 full-time equivalent (FTE) are actuals and reconcile to the final FY 2018 column in the FY 2020 President's Appendix. Other Resources are actuals.

[2]FY 2019 Annualized Continuing Resolution (CR) includes a $200 million interappropriation transfer from Enforcement to Operations Support to cover anticipated operations and maintenance requirements in FY 2019. FY 2019 Annualized CR also includes $77 million ($65 million in Taxpayer Services and $12 million in Enforcement) for the Section 112 Administrative Provision to implement requirements under the Tax Cuts and Jobs Act (Public Law 115-97). $320 million is automatically available in a full year continuing resolution scenario under IRS Administrative Provision Section 113. Of this amount, $243 million is excluded for illustrative purposes consistent with the requirements identified for implementing the Tax Cuts and Jobs Act and the FY 2019 Section 112 / Tax Reform Spending Plan transmitted to Congress on February 28, 2019. Additional information and a full accounting of these funds can be found in the FY 2020 President's Budget Appendix.

[3]FY 2020 Request column here excludes the proposed $362 million discretionary program integrity investment: $200 million for Enforcement and $162 million for Operations Support. More information about the program integrity cap adjustment can be found in Section 4.1 of the IRS FY 2020 Congressional Justification.

Summary

The IRS FY 2020 President's Budget request is $11.472 billion, $285 million or 2.55 percent more than the FY 2019 Annualized Continuing Resolution (CR) level of $11.188 billion (adjusted for tax reform funding). The base request provides funding to carry out the IRS mission and invest in high-priority programs that will allow the IRS to administer tax law more efficient and effectively.

The request includes an increase of $344 million for four high-priority areas: modernization, cybersecurity and identity theft, infrastructure, and data analytics. The investment in modernization provides a down payment on a multi-year plan to modernize IRS systems and operations and deliver a customer experience that is comparable to the best financial institutions. Modernization and the other priority programs will allow the IRS to improve taxpayer service and compliance, protect the trillions of dollars in revenue that taxpayers pay voluntarily each year into the Treasury, and secure taxpayer data and information.

The Budget will allow the IRS to:

- Help all taxpayers meet their tax obligations by simplifying the process of filing and amending returns and submitting payments;
- Protect the integrity of the tax system;
- Partner with key stakeholders in the state and local tax administration, tax preparation, and international communities;
- Cultivate and retain a well-equipped, diverse, flexible, and engaged workforce;
- Improve data access, usability, and analytics to inform decision making; and
- Drive increased agility, efficiency, effectiveness, and security in operations.

The IRS Strategic Plan FY 2018–2022 guides resource decisions, programs, and operations. The Plan aligns with the goals and objectives in Treasury's strategic plan, including increasing U.S. economic growth by administering tax laws to help taxpayers meet their obligations while protecting the integrity of the tax system; transforming government-wide financial stewardship by increasing access to and usage of data; and achieving operational excellence.

In FY 2018, the IRS delivered a successful filing season that opened on January 29, 2018. During the 2018 filing season, the IRS:

- Received about 137 million individual tax returns and issued more than 95 million refunds totaling $265 billion with an average individual refund of $2,780. Almost 91 percent of these individual returns were filed electronically;
- Achieved an 80 percent filing season level of service (LOS), the relative success rate of taxpayers calling the toll-free line for assistance, an increase of about one percent over the 2017 filing season;
- Answered more than 10 million calls and addressed another 17 million calls through automated systems;

- Served nearly five million taxpayers, almost three million face-to-face assistor contacts, and two million taxpayers who had issues resolved over the phone when calling for an appointment;
- Received 387 million visitors to the IRS.gov website with 265 million taxpayers checking the *Where's My Refund?* tool for the status of their refund. This represents a 24 percent increase in the use of IRS.gov and an eight percent increase in *Where's My Refund?* compared to last filing season;
- Received about 31 million business returns, an increase of one percent over the 2017 filing season. Approximately 20.4 million were filed electronically, an increase of six percent from 2017;
- Leveraged filtering capabilities and the *PATH Act* refund hold to automate and expand the selection of potentially fraudulent returns, holding 9.4 million returns with $46.9 billion in refunds and identifying 340,000 returns with possible overstated income or withholding issues; and
- Launched the Field Assistance Scheduling Tool to schedule appointments for taxpayers in all Taxpayer Assistance Centers (TAC) and Virtual Service Delivery sites.

Information Technology Modernization

The Budget includes $300 million for the IRS Integrated Modernization Business Plan ("the plan"), including $290 million from the Business Systems Modernization appropriation and at least $10 million from IRS user fees. The plan – validated by independent assessors – calls for approximately $2.3 to $2.7 billion over six years. Modernizing is necessary to maintain the integrity of the nation's tax system, collect trillions of dollars, and keep up with economic and population growth. Additional information will be included in the forthcoming IRS Integrated Modernization Business Plan.

IRS FY 2020 Budget Highlights

Dollars in Thousands

Bureau: Internal Revenue Service	TAXPAYER SERVICES		ENFORCEMENT		OPERATIONS SUPPORT		BSM		TOTAL	
Summary of FY 2020 Request	$000	FTE	$000	FTE	$000	FTE	$000	FTE	$000	FTE
FY 2019 Annualized CR Level (Pre-IAT and TCJ Adjustments)	$2,506,554	27,947	$4,860,000	35,327	$3,634,000	10,340	$110,000	361	$11,110,554	73,975
Planned Interappropriation Transfer			(200,000)	(1,346)	200,000					(1,346)
Section 112 Administrative Provision	65,000	887	12,000	68					$77,000	955
FY 2019 Annualized CR Level	$2,571,554	28,834	$4,672,000	34,049	$3,834,000	10,340	$110,000	361	$11,187,554	73,584
Changes to Base:										
Other Adjustments	($101,636)	(1,192)			$101,636	163				(1,029)
Offset to O&M for Critical IT Systems	(101,636)	(1,192)			$101,636	163				(1,029)
Maintaining Current Levels (MCLs)	$3,161		$6,249		$41,155				$50,565	
Non-Pay Inflation Adjustment (2.0%)	3,161		6,249		41,155				50,565	
Efficiency/Savings	($71,079)	(1,003)	($13,717)	(68)	($24,804)				($109,600)	(1,071)
Increase e-File Savings	(6,079)	(116)			(104)				(6,183)	(116)
Space Optimization					(24,700)				(24,700)	
Reduce Contractual Services			(1,717)						(1,717)	
Non-Recur for Section 112 Tax Reform Funding	(65,000)	(887)	(12,000)	(68)					(77,000)	(955)
Subtotal FY 2020 Changes to Base	($169,554)	(2,195)	($7,468)	(68)	$117,987	163			($59,035)	(2,100)
New FY 2020 Current Services	$2,402,000	26,639	$4,664,532	33,981	$3,951,987	10,503	$110,000	361	$11,128,519	71,484
Program Changes:										
Program Increases:			$40,836	201	$123,034	180	$180,000	80	$343,870	461
IRS Technology Modernization Plan							180,000	80	180,000	80
Data Analytics to Enhance Compliance			28,470	174	5,363	16			33,833	190
Prevent Identity Theft			12,366	27	10,122	2			22,488	29
O&M of Prior-year Enterprise-wide Cybersecurtiy Investments					6,744				6,744	
O&M of Critical Systems					100,805	162			100,805	162
Subtotal FY 2020 Program Changes			$40,836	201	$123,034	180	$180,000	80	$343,870	461
Total FY 2020 Request[1]	$2,402,000	26,639	$4,705,368	34,182	$4,075,021	10,683	$290,000	441	$11,472,389	71,945

[1]Total FY 2020 Request excludes the proposed $362 million discretionary program integrity investment: $200 million for Enforcement and $162 million for Operations Support. More information about the program integrity cap adjustment can be found in Section 4.1 of the IRS FY 2020 Congressional Justification.

FY 2020 Budget Adjustments

Resource Adjustments

The FY 2019 Annualized CR level of $11.188 billion (adjusted for tax reform) includes a $200 million inter-appropriation transfer from Enforcement to Operations Support to cover operations and maintenance requirements in FY 2019. The IRS will submit a formal notice to Congress this spring. The FY 2019 Annualized CR level includes $77 million of the $320 million appropriated for tax reform implementation.

Adjustments to Request

Other Adjustments

Offset to Support Operations and Maintenance (O&M) of Critical Systems -$101,636,000 / -1,192 FTE

The request realigns $102 million from Taxpayer Services account to the Operations Support account to support mission-critical systems that benefit operational programs.

Maintaining Current Levels (MCLs)

Non-Pay +$50,565,000 / 0 FTE

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

Efficiency/Savings
Increase e-File Savings -$6,183,000 / -116 FTE
The IRS projects that taxpayers will file 1,870,800 fewer paper returns (1,256,100 individual and 614,700 business returns). As a result, the IRS will need 116 fewer FTEs in submission processing, generating a savings of $6.2 million.

Space Optimization -$24,700,000 / 0 FTE
The IRS will reduce expenditures on rent and improve usage of office space across the country. In FY 2020, the IRS is estimating space optimization savings of $24.7 million. Since 2013, the IRS has released 3.2 million square feet, closing 106 buildings and reducing rent costs by more than 10 percent to $578 million projected in FY 2020.

Reduce Contractual Services -$1,717,000 / 0 FTE
The IRS will generate savings by improving the effectiveness of existing acquisitions practices to reduce the cost of contracts.

Non-Recur Administrative Provision Section 112 Tax Reform -$77,000,000 / -955 FTE
This results from the non-recurrence of one-time funding provided by the Section 112 Administrative Provision for tax reform implementation.

Program Increases
IRS Technology Modernization Plan +$180,000,000 / +80 FTE
The Budget includes $300 million for the IRS Integrated Modernization Plan in FY 2020, including $290 million in discretionary appropriations and at least $10 million from IRS user fees.

Data Analytics to Enhance Compliance +$33,833,000 / +190 FTE
This investment in advanced data analytics will improve the IRS's risk identification capabilities and reduce the need for manual or limited risk assessments. The IRS will focus on identifying compliance risks. Recent changes in tax law have reduced the accuracy of traditional "backward looking" risk identification tools, and this investment will help the IRS identify new risks. This investment will result in an additional 1,032 large business return examination closures and increase the examination coverage rate by 0.3 percent by FY 2022.

Prevent Identity Theft +$22,488,000 / +29 FTE
This investment will be used to hire four Attorneys, 11 Special Agents, and 14 Analysts to conduct more criminal investigations related to identity theft. As a result, the IRS should complete about 250 additional criminal investigations between FY 2020 and FY 2025. The investment also funds contractor support to classify fraud cases, facilitate sharing of anonymized data, enhance fraud intelligence, and operate databases critical to identity authentication.

O&M of Prior-year Enterprise-wide Cybersecurity Investments +$6,744,000 / 0 FTE
The request includes an increase of $6.7 million to support the O&M of prior year Cybersecurity Enhancement Account (CEA) investments. This increase represents the IRS's portion of the Departmental O&M cost of $17.5 million.

O&M of Critical Systems +$100,805,000 / +162 FTE
These funds will be used to address the operations and maintenance of critical filing season systems and technology operations across the IRS.

Legislative Proposals

The FY 2020 President's Budget request includes tax administration legislative proposals.

Lower the threshold from 250 to 10 for mandatory electronic reporting of W-2 data by employers: Providing the IRS with timely and accurate *Wage and Tax Statement* (W-2) information reported by employers facilitates pre-refund verification of wage and withholding information, which in turn reduces the issuance of questionable tax refunds through early detection of fraud and other erroneous refund claims. Extra time and resources are needed for the Social Security Administration (SSA) to process paper W-2s submitted by employers before information on paper statements can be transmitted to the IRS. Under current law, employers who file 250 or more Forms W-2 in a year must e-file these information returns, but those filing fewer than 250 Forms W-2 in a year may choose to file on paper. To enhance pre-refund W-2 checks, the Budget proposes increasing the number of employers subject to mandatory electronic reporting of W-2 data. The proposal would reduce the W-2 e-file threshold from 250 to 10 Forms W-2.

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

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

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

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

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

Except Certain Federal Student Aid (FSA) Programs from Section 6103 Restrictions: Section 6103 of the *Internal Revenue Code of 1986* (26 U.S.C. 6103) (IRC) provides that tax returns and tax return information are confidential and cannot be disclosed or used unless permitted under the IRC. The Administration proposes to authorize the IRS to disclose tax return information directly to the U.S. Department of Education for administering programs authorized by Title IV of the *Higher Education Act of 1965*. The section 6103 exception is expected to improve administration of student aid programs, enhance program cost estimation, increase servicing efficiency, and reduce improper payments.

Program Integrity Cap Adjustment: In addition to the base appropriations request, the Budget proposes a $362 million discretionary program integrity cap adjustment in FY 2020 to fund new and continuing investments in the IRS's tax enforcement program. The Budget proposes $200 million for the Enforcement account and $162 million for the Operations Support account. It also proposes additional adjustments in future years to fund new initiatives and inflation. The proposed investments will generate about $47.1 billion in additional revenue over 10 years and would cost about $14.5 billion for a net revenue of $32.6 billion.

Streamlined Critical Pay (SCP): The Budget proposes to reinstate *Streamlined Critical Pay* (SCP) authority through September 30, 2023. The authority to make new SCP appointments expired September 30, 2013. As a result of the expired authority, the IRS continues to face challenges recruiting top-level talent, especially IT professionals who help protect taxpayer data from cyber-attacks and who assist with modernizing the IRS's IT infrastructure. The Office of Personnel Management existing government-wide *Critical Position Pay* (CPP) authority is not a viable alternative to SCP.

IRS Performance Highlights

Budget Activity	Performance Measures	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2018 Target	FY 2019 Target	FY 2020 Target
Filing and Account Services	Customer Service Representative Level of Service (LOS) [1]	53.4%	77.1%	75.9%	75.0%	63.0%	68.0%
Exam and Collections	Examination Coverage - Individual	0.7%	0.6%	0.6%	0.6%	0.5%	0.5%
Investigations	Criminal Investigations Completed	3,721	3,089	3,051	3,000	2,800	2,700
Investigations	Conviction Rate	92.1%	91.5%	91.7%	92.0%	92.0%	92.0%
Information Services	Percentage of Aged Hardware[2]	52.2%	52.3%	45.5%	53.1%	43.8%	39.0%

[1]The FY 2019 level of service target was calculated at the FY 2019 Enacted level.
[2]This is a new budget level metric; the measure definition changed in FY 2018; and, prior-year numbers are reported consistent with the new definition.

Description of Performance

In FY 2018, the IRS continued to provide quality service to taxpayers and to enforce the laws with integrity and fairness. The IRS continued to deliver improvements in key areas, including international, tax exempt, refund fraud, and identity theft.

Taxpayer Services

The IRS strives to deliver high quality and timely service to taxpayers and stakeholders and help them understand and meet their tax obligations. The IRS:

- Achieved an 87.2 percent individual e-file rate and a 55.6 percent business e-file rate;
- Delivered a fiscal year telephone LOS of 75.9 percent;
- Answered about 25.3 million calls and addressed another 17 million calls through automated systems; and
- Answered 96.1 percent of account questions over the telephone correctly.

The IRS continues to improve and expand its outreach and educational services through partnerships with state taxing authorities, volunteer groups, and other organizations. *Volunteer Income Tax Assistance* (VITA) and *Tax Counseling for the Elderly* (TCE) sites provided free tax assistance for the elderly, disabled, and limited English proficient individuals and families.

Enforcement
In FY 2018, the IRS collected $59.4 billion through enforcement programs, a return on investment (ROI) of about $5.3 to $1 for all appropriations. This number is likely understated, since the ROI estimate does not include the revenue effect of the indirect deterrence value of IRS enforcement programs.

The IRS Criminal Investigation (CI) program investigates potential criminal violations of the Internal Revenue Code and related financial crimes, such as money laundering, currency violations, tax-related identity theft fraud, and terrorist financing that adversely affect tax administration. In FY 2018 CI completed 3,051 criminal investigations, achieved 1,879 convictions with a rate of 91.7 percent, and achieved a Department of Justice case acceptance rate of 93.1 percent and a U.S. Attorney case acceptance rate of 90.1 percent, which compares favorably with other federal law enforcement agencies.

The Examination program provides taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness. The performance goals that the IRS uses to gauge the Examination program's performance include *Individual Exam Coverage* which met the 0.6 percent target. There were about 22,000 fewer individual audits completed, a 2.5 percent decrease compared to FY 2017. In FY 2018, *Business Examination Coverage* was 2.2 percent, below the target of 2.4 percent.

The Tax Exempt and Government Entities (TE/GE) program plays a crucial role in compliance. Determination Case Closures includes both applications for tax-exempt status for employee retirement plans and applications from various charitable entities seeking tax-exempt status. The IRS reviews applications to determine eligibility and closes them upon approval or disapproval. In FY 2018, TE/GE closed 98,249 determination cases, exceeding the target of 94,103.

Business Systems Modernization
IRS modernization efforts continued in FY 2018. Some key accomplishments were:

- Web Apps deployed the initial component of the *Taxpayer Protection Program Identity Verification Service* (TPP ID Verify) capability enabling taxpayers to verify/confirm their identity online and establish the return filed under their Taxpayer Identification Number was fraudulent. Prior to the release of this capability, a taxpayer who was the potential victim of identity theft would receive a letter requiring him or her to call the IRS or to make an appointment to authenticate in person at a local TAC before filing a return.
- IRS transformed the look and feel of the IRS.gov website, including new landing pages, a unified design and architecture that provides a consistent user experience, and modern technology standards and practices, including a mobile friendly application.
- IRS added new features to taxpayer *Online Account*, including enabling the *Tax Records Snapshot* for secondary taxpayers, the addition of a Balance Assistance FAQ page, and updates to messaging and business logic.

Office of Financial Stability

Program Summary

Dollars in Billions

	Cumulative Obligated (as of 11/30/2018)	Cumulative Disbursed (as of 11/30/2018)	Cumulative Outstanding (as of 11/30/2018)	Total Cumulative Income (as of 11/30/2017)	Total Cash Back (as of 11/30/2018)	Total Estimated Life Costs (as of 11/30/2018)
Bank Support Programs	250.5	245.1	0.1	35.7	275.5	(24.3)
Credit Market Programs	19.1	19.1	0.0	4.5	23.6	(3.3)
AIG Investment Program (AIG)	67.8	67.8	0.0	1.0	55.3	* 15.2
Automotive Industry Financing Program	79.7	79.7	0.0	7.4	70.5	12.1
Treasury Housing Programs	33.4	28.9	0.0	0.0	0.0	32.8
Total	**450.5**	**440.6**	**0.1**	**48.6**	**425.0**	**32.5**
Additional AIG Common Shares Held by Treasury	0.0	0.0	0.0	17.6	17.6	* (17.6)
Total for Programs and Shares	**450.5**	**440.6**	**0.1**	**66.2**	**442.6**	**14.9**

*If all Treasury AIG Investments are combined, we currently estimate a net gain of nearly $2.4 billion on those shares.

Administrative Account Summary

Dollars in thousands

	FY 2018	FY 2019	FY 2020	FY 2019 to FY 2020	
	Actual	Estimated	Estimated	$ Change	% Change
Obligations	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Tarp Administrative Account	75,057	61,796	53,469	(8,327)	-13.48%
Total Obligations	**$75,057**	**$61,796**	**$53,469**	**($8,327)**	**-13.48%**
FTE	32	24	20	-4	-16.67%

Summary and Explanation of Programs

A central part of the response to the 2008 financial crisis was the implementation of the Troubled Asset Relief Program (TARP), which was established in the fall of 2008 under the Emergency Economic Stabilization Act of 2008 (EESA) (P.L. 110-343) within the Office of Domestic Finance at the U.S. Department of the Treasury (Treasury). TARP was created to restore the liquidity and stability of the financial system, and it is administered by the Office of Financial Stability (OFS). Since late 2010, OFS has made significant progress in winding down TARP investment programs and in recovering OFS's outstanding investments. OFS's continued wind-down efforts align with Treasury's Strategic Goal to transform government-wide financial stewardship.

OFS continues to operate a housing program to help homeowners prevent avoidable foreclosures, but in 2016 began the wind-down of the largest TARP housing program, the Marking Home Affordable Program, pursuant to the Consolidated Appropriations Act, 2016. As of November 30, 2018, OFS has recovered more than 96 percent of the $440.6 billion in total program funds disbursed under TARP, as well as an additional $17.6 billion from Treasury's equity in AIG. When all of Treasury's AIG investments are included, the amount recovered is greater than the funds disbursed by more than $2.0 billion. In FY 2020, OFS plans to obligate no more than $54 million and use no more than 20 Full-Time Equivalent (FTE) employees, a reduction of over 13% and 16% respectively from the current FY 2019 estimates, to fund the management of the TARP housing programs and the continuing disposition of OFS's remaining investments.

Legislative Proposals

Treasury seeks certain legislative changes related to OFS and TARP to reduce the frequency and necessity of several statutory reporting requirements that were established when TARP was created. Although these reporting requirements corresponded to the level of risk associated with a start-up entity in 2009, risk has dramatically decreased as programs have closed. OFS estimates that enacting the following legislative proposals would result in more than $2 million in annual savings in contracting cost and Government Accountability Office (GAO) reimbursements and would reduce OFS's workload by four FTE employees per year. The remaining statutory requirements will continue to provide sufficient transparency during the wind-down of TARP.

Replace OFS's stand-alone financial audit performed by GAO: Since inception, OFS has been required to undertake a stand-alone financial audit requiring significant resources. As the majority of programs have closed, the need for a stand-alone audit has diminished. As such, a stand-alone financial audit could be replaced with an agreed-upon procedure (AUP) performed by GAO, or Treasury's Office of the Inspector General could audit OFS's financial operations under the Treasury-wide audit, similar to most other Treasury programs.

Sunset the Financial Stability Oversight Board (FinSOB): This interagency group meets monthly and reports quarterly. The group has reviewed OFS's program formulation and monitored program performance since the 2008 financial crisis. Because no new OFS programs can be implemented, all major investments have been disposed, and the housing programs are in wind-down, the need for the board's oversight and reporting has diminished.

Change frequency of the Section 105(a) report ("Congressional Monthly"): This performance report remains generally static from month-to-month. With most programs having closed, less frequent (quarterly) reporting is warranted.

Eliminate the Administrative Activity Report ("Obligation Report"): This quarterly report provides data on administrative obligations by OFS office and is required under the annual Treasury appropriations bill. OFS has been prudent in the use of administrative funds and has been reducing obligations by approximately 20 percent per year over the last 5 years.

Description of Performance

Bank Support Programs

Capital Purchase Program (CPP)

OFS created CPP, its largest program, in October 2008. OFS provided a total of $204.9 billion in capital to 707 institutions in 48 states. During FY 2018, OFS continued to wind-down remaining CPP investments through repayments by those institutions that were able to do so and restructuring investments in limited cases. As of November 30, 2018, CPP has generated $226.8

billion in recoveries for taxpayers with three institutions remaining in the program, for a total of $23 million in investments outstanding.

Community Development Capital Initiative (CDCI)

OFS created CDCI on February 3, 2010, to provide investments of capital to certified Community Development Financial Institutions (CDFI) banks, thrifts, and credit unions. OFS invested $570 million in 84 CDFIs, of which 28 institutions converted $363 million (including warrants) from CPP to CDCI. The initial dividend or interest rate was two percent. To encourage repayment, the dividend rate increased to nine percent after eight years, which occurred in August and September, 2018. As of November 30, 2018, CDCI has generated $579 million in recoveries for taxpayers with eight institutions remaining in the program, for a total of $29 million in investments outstanding.

Housing Programs

OFS established several TARP housing programs, assisting millions of homeowners and introducing reforms for the mortgage servicing industry to facilitate mortgage modifications.

Making Home Affordable Program (MHA)

In 2009, OFS launched MHA to help homeowners prevent avoidable foreclosures and strengthen the housing market. The cornerstone of MHA is the Home Affordable Modification Program (HAMP), which provides eligible homeowners the opportunity to reduce their monthly mortgage payments. In accordance with provisions of the Act, MHA terminated on December 31, 2016, except with respect to certain applications made before such date. MHA servicers were required to design policies and procedures to reasonably ensure that all MHA transactions were completed by December 1, 2017. As of November 30, 2018, OFS had disbursed $19.8 billion out of a possible $23.8 billion under MHA.

Housing Finance Agency (HFA) Hardest Hit (HHF) Fund

Established in 2010 to provide aid to homeowners in states hit hardest by the economic and housing market downturn. The $7.6 billion initiative encompassed 18 states and the District of Columbia (D.C.). In December 2015, the Act granted Treasury authority to make an additional $2.0 billion in commitments through the HHF. As of November 30, 2018, OFS had disbursed $9.1 billion out of a possible $9.6 billion under HHF.

Federal Housing Administration (FHA) - Short Refinance Program

OFS continues to support the FHA Short Refinance Program, which was intended to assist borrowers with negative equity. The program has seen limited participation. As such, OFS has incrementally reduced the LOC Facility supporting this program from an initial $8.0 billion to $27 million in FY 2017, which matches OFS's maximum liability for loans covered by the program as of December 31, 2016, when the program ended for new refinances. As of November 30, 2018, the revised lifetime cost estimate for the program was $15 million for outstanding refinanced loans.

<u>Other Programs</u>

Automotive Industry Financing Program (AIFP)

OFS fully wound down AIFP during FY 2015, selling its remaining stake in Ally Financial. OFS disbursed $79.7 billion in loans and equity investments to the automotive industry through the AIFP. As of November 30, 2018, OFS has collected $70.5 billion through sales, repayments, dividends, interest, recoveries, and other income. Recoveries from the bankruptcy liquidation of Old Chrysler and Old GM remain possible.

All other TARP programs closed prior to FY 2016, including the Targeted Investment Program, Asset Guarantee Program, Public-Private Investment Program, Term Asset-Backed Securities Loan Facility, Small Business Administration 7(a) Securities Purchase Program, and American International Group, Inc. Investment Program.

For more details, please see the Budgetary Effects of the TARP chapter in the Analytical Perspectives volume.

Office of Financial Research

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2018 Actual	FY 2019 Estimated	FY 2020 Estimated	FY 2019 to FY 2020 $ Change	FY 2019 to FY 2020 % Change
Data Center	$15,967	$6,010	$6,796	$786	13.08%
Technology Center	$23,530	$34,162	$32,218	($1,944)	-5.69%
Research and Analysis Center	$12,302	$13,180	$14,274	$1,094	8.30%
Operations and Support Services	$24,226	$21,919	$21,983	$64	0.29%
Total Cost of Operations	**$76,025**	**$75,271**	**$75,271**	**$0**	**0.00%**
FTE	185	130	145	15	11.54%

Summary

The Office of Financial Research (OFR or Office) resides within the Department of the Treasury. In carrying out its mission, the OFR seeks to achieve its vision of a transparent, efficient, and stable financial system. The OFR's work contributes to making informed and comprehensive policies and taking actions that will strengthen the financial system. The Office monitors the financial environment for the emergence of new vulnerabilities and migration of financial activity that could threaten financial stability.

To align with the Administration's initiative to improve government efficiency and effectiveness, the OFR implemented an organizational realignment effort to ensure appropriate structure for maximum efficiency. In addition, the Budget reflects continued reductions in OFR non-labor spending commensurate with the renewed fiscal discipline being applied across the Federal Government.

OFR FY 2020 Budget Highlights

Dollars in Thousands

Office of Financial Research	FTE	Amount
FY 2019 President's Budget	**140**	**$75,271**
Changes to Base:		
Program Decrease	(10)	$0
FTE Adjustment	(10)	$0
Revised FY 2019 Estimated	**130**	**$75,271**
Initiative Annualization	15	$1,633
Staff Restructuring	15	$1,633
Efficiency Savings	0	($1,633)
Administrative Cost Savings	0	($1,633)
Subtotal Changes to Base	15	$0
FY 2020 Estimated	**145**	**$75,271**

Legislative Proposals

The Budget proposes to impose appropriate Congressional oversight of OFR functions by subjecting its activities to the annual appropriations process beginning in FY 2021.

OFR Performance by Budget Activity

Budget Activity	Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Target	FY 2020 Target
Data Center	Number of LEIs Issued Cumulatively in the United States and Internationally	395,861	587,941	1,300,832	I	I
Data Center	Number of Times That Financial Data Standards are Incorporated in Rules and Regulations	9	4	1	I	I

Description of Performance

The OFR has begun its next five-year strategic planning effort, targeted for completion in FY 2019 Q4. A key part of the planning process is establishing strategic goals and objectives that are both meaningful and measurable. The OFR is currently reviewing measurement approaches such as more sophisticated website monitoring of product usage and direct outreach to external stakeholders in the financial community. The OFR is targeting FY 2020 to introduce new measures, concurrent with the implementation of its new five-year strategic plan.

Financial Stability Oversight Council

Program Summary by Budget Activity

Dollars in Thousands

	FY 2018	FY 2019	FY 2020	FY 2019 to FY 2020	
Budget Activity	Actual	Estimated	Estimated	$ Change	% Change
FSOC	$4,966	$6,186	$6,186	$0	NA
FDIC	$4,162	$4,301	$4,301	$0	NA
Total Cost of Operations	**$9,128**	**$10,487**	**$10,487**	**$0**	**NA**
FTE	13	18	18	0	NA

Summary

The Financial Stability Oversight Council (Council) is chaired by the Secretary of the Treasury and consists of 10 voting members and five nonvoting members who serve in an advisory capacity. The Council brings together the expertise of the federal financial regulators, an insurance expert appointed by the President, and state regulators. The Council's three statutory purposes are to 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.

Over the next year, the Council will continue to: monitor the financial system for emerging risks; facilitate interagency cooperation to identify and analyze emerging threats; facilitate information sharing and interagency coordination with respect to various regulatory initiatives; and consider comments on its notice of proposed interpretive guidance regarding nonbank financial company determinations.

By law, the Council is required to convene no less than quarterly, but the Council has convened on a more frequent basis to share information on key financial developments, coordinate regulatory implementation, and monitor progress on recommendations from the Council's annual reports. In FY 2018, the Council convened seven times. The Council will remain focused on identifying near-term threats and addressing structural vulnerabilities in the financial system. Transparency into Council work has routinely been provided through an annual report to Congress, periodic Congressional testimony on Council activities and emerging threats to financial stability, and regular communications to the public about Council activities and decisions.

FSOC supports the Department of the Treasury's Strategic Plan for FY 2018-2022 as follows:

- Goal 1: Boost U.S. Economic Growth
  - Objective 1.2 – Strong Economic Fundamental
- Goal 2: Promote Financial Stability
  - Objective 2.4 – Financial Sector Critical Infrastructure & Cybersecurity

FSOC FY 2020 Budget Highlights

Dollars in Thousands

Financial Stability Oversight Council	FTE	Amount
FY 2019 President's Budget	**18**	**$11,054**
Changes to Base:		
Program Decrease:	0	($567)
Labor Adjustment	0	($279)
Non-Labor Adjustment	0	($288)
Revised FY 2019 Estimate	18	$10,487
Total FY 2020 Estimated	**18**	**$10,487**

Legislative Proposals

The Budget proposes to impose appropriate Congressional oversight of Council functions by subjecting its activities to the annual appropriations process beginning in FY 2021.

Description of Performance

There are no measures specified for managing Council performance. The FSOC's annual reports and other public documents, as well as individual Council member agencies' performance documents, provide information to the public relevant to the Council's performance. Information on the Council is provided on www.treasury.gov, www.fsoc.gov, and member agency websites to provide transparency and accountability.

Treasury Forfeiture Fund

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2018 Actual	FY 2019 Estimated [3]	FY 2020 Estimated	FY 2019 to FY 2020 $ Change	FY 2019 to FY 2020 % Change
Mandatory Obligations [1]	$919,464	$527,772	$538,327	$10,555	2.00%
Secretary's Enforcement	$38,383	$22,316	$22,762	$446	2.00%
Strategic Support	$49,579	$601,000	$0	($601,000)	-100%
First Tranche [2]		*$242,000*			
Second Tranche [2]		*$359,000*			
FY 2018 Strategic Support obligated in FY 2019		$2,590			
Total Cost of Operations	**$1,007,426**	**$1,153,678**	**$561,090**	**($592,589)**	**-51.37%**
Rescissions/Cancellations[4]	**($1,215,775)**	**($232,742)**	**$0**	**$232,742**	**-100.00%**
Contingent Liabilities	**$407,460**	**$400,000**	**$400,000**	**$0**	**0.00%**
FTE	**26**	**27**	**27**		**0.00%**

[1] The Treasury Forfeiture Fund is staffed by Departmental Offices employees and positions are funded via reimbursable agreement. The FTE are shown here for clarity, but are also reflected in the Departmental Offices chapter in the reimbursable FTE total.
[2] In February 2019, Treasury submitted a strategic support plan to the committees including two tranches. The first tranche of up to $242 million will be available for obligation 15 days after Treasury's plan was submitted. The second tranche of $359 million will be available for obligation after that date subject to the receipt of additional anticipated forfeitures.
[3] FY 2019 estimated is based on approved financial plan and excludes the additional anticipated forfeitures of $359 million that may come in FY 2019.
[4] The FY 2019 sequestration would increase by $22 million if the additional anticipated forfeitures of $359 million are finalized in FY 2019. Treasury will compute the FY 2020 sequestration reduction once the OMB Report to Congress on the Joint Committee Sequestration for Fiscal Year 2020 is released.

Summary

The Treasury Executive Office for Asset Forfeiture (TEOAF) administers the Treasury Forfeiture Fund (the Fund), which is the receipt account for deposit of non-tax forfeitures made pursuant to laws enforced or administered by participating Treasury and Department of Homeland Security agencies. The Fund was established in 1992 as the successor to what was then the Customs Forfeiture Fund.

The enabling legislation for the Fund (Title 31 U.S.C. 9705) defines the purposes for which Treasury forfeiture revenue may be used.

Explanation of TEOAF Spending Categories

Mandatory Obligations ($538,327,000 from revenue/offsetting collections)

Mandatory Obligations are incurred to meet the operating costs of the Fund, including expenses of storing and maintaining seized and forfeited assets, valid liens and mortgages, investigative expenses incurred in pursuing a seizure, information and inventory systems, remissions, victim restoration, and certain costs of local police agencies incurred in joint law enforcement operations. Following seizure, equitable shares may be paid to state and local law enforcement agencies that contributed to the seizure activity at a level proportionate to their involvement.

Secretary's Enforcement Fund ($22,762,000 from revenue/offsetting collections)
Secretary's Enforcement Fund (SEF) represents revenue from equitable shares received from Department of Justice (DOJ) or U.S. Postal Service (USPS) forfeitures. These shares are proportional 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 law enforcement organization participating in the Fund.

Strategic Support ($0 from revenue/offsetting collections)
Strategic Support authority, established by Congress in 31 U.S.C. 9705(g)(4)(B), allows TEOAF to fund priority federal law enforcement initiatives with remaining unobligated balances at the close of the fiscal year, after an amount is reserved for the next fiscal year's operations. Recently-enacted large rescissions have had a severe negative impact on the participating member agencies' investigations. Insufficient and inconsistent funding support, uncertainty about future funding, investigations disrupted by cash flow problems, and inability to obtain necessary technology/infrastructure in the absence of Strategic Support all undermine both current and future financial investigations and forfeitures.

Contingent Liabilities ($400,000 from revenue/offsetting collections)
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. TEOAF considers the amounts recorded as contingent liabilities as unavailable and believes that consideration of contingent liabilities provides a more accurate representation of the financial position of the Fund.

Legislative Proposals
TEOAF has no legislative proposal.

TEOAF Performance Highlights

Budget Activity	Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Target	FY 2020 Target
Asset Forfeiture Fund	Percent of Forfeited Cash Proceeds Resulting from High-Impact Cases	89.09	81.79	94.19	80.00	80.00

Description of Performance
($561,090,000 in obligations from revenue/offsetting collections):
The TEOAF 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 resulting in a cash forfeiture deposit equal to or greater than $100,000.

Focusing on strategic cases and investigations that result in high impact forfeitures will help to impede criminal organizations while accomplishing the ultimate objective, which is to disrupt and dismantle criminal enterprises. Member law enforcement bureaus participating in the Fund have met or exceeded the performance target since FY 2013. 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.

The member bureaus exceeded the target 80 percent by 14.19 percent for FY 2018. The performance increased to 94.19% in FY 2018 because one major case resulted in $453 million which was used to compensate victims entirely. For FY 2019 and FY 2020, the target will remain at 80 percent.

Bureau of Engraving and Printing

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2018 Actual	FY 2019 Estimated	FY 2020 Estimated	FY 2019 to FY 2020 $ Change	FY 2019 to FY 2020 % Change
Manufacturing	$914,134	$881,201	$886,887	$5,686	0.65%
Total Cost of Operations	**$914,134**	**$881,201**	**$886,887**	**$5,686**	**0.65%**
FTE	**1,748**	**1,836**	**1,863**	**27**	**1.47%**

Summary

The mission of the Bureau of Engraving and Printing (BEP) is to develop and produce United States currency notes trusted worldwide. BEP supports Treasury's Strategic Goal 1 (Boost U.S. Economic Growth) and Strategic Goal 5 (Achieve Operational Excellence).

BEP's FY 2020 budget funds the following projects:

Replacement Production Facility: BEP's current Washington, D.C. facility has an aging and outdated infrastructure which drives up costs and adversely impacts quality of the currency. BEP's FY 2020 Congressional Justification displays expenditures for planning and design services for a new, smaller, more efficient currency production facility. A new facility will save an estimated $579 million over 10 years as compared to the cost of the renovation of the existing facility. In addition, BEP will be able to reduce its space by 28 percent and reduce its annual operating costs by at least $38 million. In 2019 and 2020 these costs will include costs associated with initial planning as well as the cost for the preliminary analysis by the Army Corps of Engineers for compliance with the National Environmental Policy Act (NEPA) and the cost of site surveys.

Western Currency Facility Expansion: Producing the next family of updated notes requires that BEP purchase and install new production equipment to support the new designs. The expansion will provide the space and infrastructure necessary to successfully meet the production requirements of the next family of U.S. currency banknotes that focus on the integration of strong, new security features.

Banknote Design and Development: In FY 2020, BEP will continue working with the Federal Government's Advanced Counterfeit Deterrent (ACD) Steering Committee to research and develop improved security features for the next family of updated notes. The updated notes will focus on innovative banknote security and anti-counterfeit technology that will enhance and ensure the security and integrity of U.S. currency. The ACD Committee is an inter-agency group established to monitor and explore existing and emerging technologies to deter the counterfeiting of U.S. currency. It includes representatives from BEP, the Department of the Treasury, the U.S. Secret Service, and the Federal Reserve Board (FRB). Many factors are taken into consideration when updating currency, however, the primary purpose for updating notes is to improve the security of U.S. banknotes and ensure they maintain their position as being trusted worldwide.

Retooling: BEP is conducting a multi-year effort to retool its manufacturing processes with state-of–the-art intaglio printing presses, electronic inspection systems, and finishing equipment. To ensure that BEP will meet the annual currency order, the FRB and BEP developed and established short, medium, and long-term strategic equipment replacement plans for the U.S. Currency Program. Successful implementation of advanced technology improves productivity, reduces environmental impact, and enhances counterfeit deterrence of U.S. currency notes.

Talent Management: BEP will continue its designated talent management initiatives, while filling personnel gaps in needed STEM and cybersecurity skill sets. Throughout FY 2020, BEP will continue to develop, execute, and communicate the results of Employee Engagement Plans and the annual Federal Employee Viewpoint Survey (FEVS) results.

BEP FY 2020 Budget Highlights

Dollars in Thousands

Bureau of Engraving and Printing	FTE	Materials	Operating & Capital	Total
FY 2019 Estimated	**1,836**	**$279,482**	**$616,948**	**$896,430**
Decreases				
Washington D.C. New Facility	0	$0	($30,820)	($30,820)
Increases				
Mint/BEP OMS II Consolidation Costs	0	$0	$294	$294
Washington D.C. Facility Building Upgrades	0	$0	$15,297	$15,297
Subtotal	0	$0	($15,229)	($15,229)
FY 2019 Revised Estimate	**1,836**	**$279,482**	**$601,719**	**$881,201**
Changes to Base				
Maintaining Current Levels (MCLs)	0	$0	$7,275	$7,275
Non-Pay	0	$0	$7,275	$7,275
Efficiency Savings	0	$0	($3,000)	($3,000)
Overtime Reduction	0	$0	($2,000)	($2,000)
Productivity Improvements	0	$0	($1,000)	($1,000)
Subtotal Changes to Base	0	$0	$4,275	$4,275
Total FY 2020 Base	**1,836**	**$279,482**	**$605,994**	**$885,476**
Program Changes				
Program Decreases				
Washington D.C. Building Renovations	0	$0	($18,960)	($18,960)
Program Increase				
Operations and Maintenance (O&M) of Prior-year Enterprise-wide Cybersecurity Investments	0	$0	$371	$371
Security Feature Equipment	0	$0	$15,000	$15,000
Workforce Planning Hiring Efforts (STEM)	27	$0	$5,000	$5,000
Subtotal Program Changes	27	$0	$1,411	$1,411
Total FY 2020 Estimated	**1,863**	**$279,482**	**$607,405**	**$886,887**

*The 2020 President's Budget continues to include the proposal to give BEP the authority to purchase land and construct a new facility as a legislative proposal, rather than enacted law, due to the timing of the enactment of the final 2019 appropriations bill. This table assumes enactment of the proposal in 2019.

FY 2020 Budget Adjustments

Adjustment to Estimates

Program Decreases

Washington D.C. New Facility -$30,820,000 / -0 FTE

This is an adjustment to the original estimate to reflect when the new facility work will begin.

Program Increases

Mint/BEP OMS II Consolidation Costs +294,000 / +0 FTE

One time consolidation costs to the Mint's E-Commerce infrastructure and services platform.

Washington D.C. Facility Building Upgrades +$15,297,000/ +0 FTE

These building and supporting system upgrades (i.e. HVAC, freight elevators) are necessary to maintain the existing facility until the new production facility is complete.

Maintaining Current Levels (MCLs)

Non-Pay +$7,275,000 / +0 FTE

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

Efficiency Savings

Productivity Improvements & Overtime Reduction -$3,000,000 / -0 FTE

By employing new production technologies, BEP plans for increased operational efficiencies that require less overtime.

Program Decreases

Washington D.C. Building Renovations -$18,960,000 / -0 FTE

This adjustment reflects a transition from renovation costs to new facility costs.

Program Increases

Operations and Maintenance (O&M) of Prior-year Enterprise-wide Cybersecurity Investments +$371,000 / +0 FTE

The request includes funding to support O&M for prior year Cybersecurity Enhancement Account investments. O&M will be funded by Treasury Bureaus through Treasury Franchise Fund (TFF) billing. This increase represents the bureau's portion of the $17.5 million O&M total.

Security Feature Equipment +$15,000,000 / +0 FTE

Funds are needed for the award of a contract for production equipment needed to print new currency features.

Workforce Planning Hiring Efforts (STEM) +$5,000,000 / +27 FTE

Includes personnel costs for BEP's STEM hiring program to meet its critical mission and cyber security requirements.

Legislative Proposals[1]

As in the FY 2019 Budget, BEP requests the authority to print security documents such as birth, marriage, and death certificates for state governments. Many states are unable to find an American printing firm to produce the documents. These states are turning to foreign companies or lowering their security standards.

[1] The 2020 President's Budget continues to include the proposal to give BEP the authority to purchase land and construct a new facility as a legislative proposal, rather than enacted law, due to the timing of the enactment of the final 2019 appropriations bill.

BEP Performance Highlights

Budget Activity	Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Target	FY 2020 Target
Manufacturing	Best Places to Work in Federal Government Ranking	97	38	96	DISC	DISC
Manufacturing	Improved FEVS satisfaction	N/A	N/A	N/A	65%	65%
Manufacturing	Lost Time Accident Rate per 100 Employees	1.77	1.6	0.9	1.8	1.8
Manufacturing	Manufacturing Costs For Currency (Dollar Costs Per Thousand Notes Produced)	44.25	43.58	47.41	50.0	50.0
Manufacturing	Currency notes delivered returned due to defects (parts per million)	N/A	N/A	.0031ppm	<1ppm	<1ppm
Manufacturing	Yearly currency order (percent of order completed versus planned)	N/A	N/A	N/A	100%	100%

Key: DISC – Discontinued; B – Baseline

Description of Performance

($886,887,000 from reimbursable resources):
The BEP has one budget activity: Manufacturing. This budget activity supports all of BEP's strategic goals as well as supporting Treasury's Strategic Goals Boosting U.S. Economic Growth and Achieving Operational Excellence.

Manufacturing Costs for Currency (dollar cost per 1,000 notes produced) is an indicator of manufacturing efficiency and effectiveness of program management. The measure is based on contracted price factors, productivity improvements, and the mix of denominations ordered. Actual performance against standard costs depends on BEP's ability to meet spoilage, efficiency, and capacity utilization goals. In FY 2018, the cost of manufacturing was lower than anticipated due to the success of the $100 Single Note Inspection program, which enables BEP to reclaim notes which previously would have been destroyed. The 2018 actual cost was $47.41 per 1,000 notes produced compared to the target of $48.00. Due to the mix of denominations ordered in FY 2019, BEP's target for this performance metric in FY 2019 and FY 2020 is set at $50.00 per 1,000 notes produced.

Currency Notes Returned Due to Defects (parts per million (ppm)) is an indicator of BEP's ability to provide a quality product. The target for this performance metric is <1 ppm, BEP was able to exceed the established target in FY 2018 with an actual result of 0.0031ppm notes returned due to a defect. BEP's target for this performance metric will be held constant at <1 ppm for FY 2019 and FY 2020.

The Federal Employees Viewpoint Survey (FEVS) allows employees to share their opinion on what matters most to them. Based on the results of the survey, BEP can target areas for improvement or additional employee engagement. The measure uses the Department's standard FEVS engagement index with a target of 65 percent. In FY 2019 and 2020, BEP will continue to strive for improvements in overall employee satisfaction.

The Lost Time Accident Rate per 100 employees measures the BEP's ability to reduce injuries and illnesses in the workplace. BEP's FY 2018 Lost Time Accident rate was at 0.90 cases per 100 employees, 50 percent lower than the target of 1.80 cases per 100 employees. Both plants ended the year below target, which contributed to the best safety performance in a decade. This performance resulted from increased focus on following safe work practices, avoiding hazards, and being a Director's priority. For FY 2020, BEP remains committed to maintaining and improving the safety of its employees. BEP will continue to perform analysis to determine the root causes of any injury and to identify best practices in safety. BEP's target will be held at 1.80 cases per 100 employees for FY 2019 and FY 2020.

United States Mint

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2018 Actual	FY 2019 Estimated	FY 2020 Estimated	FY 2019 to FY 2020 $ Change	FY 2019 to FY 2020 % Change
Manufacturing	$1,424,770	$2,620,570	$2,728,168	$107,598	4.11%
Total Resources	**$1,424,770**	**$2,620,570**	**$2,728,168**	**$107,598**	**4.11%**
FTE	1,545	1,705	1,705	0	0.00%

Summary

The United States Mint (Mint) operations are funded through the Mint Public Enterprise Fund (PEF), 31 U.S.C. § 5136. The Mint generates revenue through the sale of circulating coins to the Federal Reserve Banks (FRB), numismatic products to the public, and bullion coins to authorized purchasers. All circulating and numismatic operating expenses, along with capital investments incurred for the Mint's operations and programs, are paid out of the PEF. By law, all funds in the PEF are available without fiscal year limitation. Revenues determined to be in excess of the amount required by the PEF are transferred to the United States Treasury General Fund. The Mint's key priorities for FY 2020 include:

- Circulating - Efficiently and effectively mint and issue approximately 14.0 billion circulating coins in FY 2020 to meet the needs of commerce.
- Numismatic Program Bullion Products - Mint and issue bullion coins to meet customer demand efficiently and effectively.
- Other Numismatic Products - Produce and distribute numismatic products in sufficient quantities, through appropriate channels, to make them accessible, available, and affordable to people who choose to purchase them. Design, strike, and prepare for presentation Congressional Gold Medals.

FY 2020 United States Mint estimated total revenues are $2.9 billon. Total expenses are $2.73 billion with $40.5 million are for capital investments.

To maintain its reputation as one of the finest mints in the world, the Mint is committed to operating according to the core values of service, quality, and integrity. The Mint has three strategic goals to help fulfill its mission and values: 1) foster a safe, flexible, diverse, and engaged workforce; 2) improve mission critical activities and governance; and 3) integrate technology into operations and support lines. These goals align with Treasury Strategic Goal 1: Boost U.S. Economic Growth and Goal 5: Achieve Operational Excellence.

United States Mint FY 2020 Budget Highlights

Dollars in Thousands

United States Mint	FTE	Materials	Operating & Capital	Total
FY 2019 Original Estimate	**1,705**	**$2,510,000**	**$460,276**	**$2,970,276**
Adjustment to Estimate - Metals Due to Forecasted Increase in Circulating Coin Metal Prices		$40,000	$0	$40,000
Adjustment to Estimate - Metals Due to Forecasted Decrease in Bullion/Numismatic Production		($390,000)	$0	($390,000)
Adjustment to Estimate - Mint/BEP OMS II Consolidation		$0	$294	$294
Revised FY 2019 Estimated Resources	**1,705**	**$2,160,000**	**$460,570**	**$2,620,570**
Changes to Base				
Maintaining Current Levels (MCLs)		$0	$4,571	$4,571
Non-Pay		$0	$4,571	$4,571
Operating Efficiencies		$0	($7,389)	($7,389)
Subtotal Changes to Base		$0	($2,818)	($2,818)
Total FY 2020 Base	**1,705**	**$2,160,000**	**$457,752**	**$2,617,752**
Program Changes				
Program Decreases		($30,000)	$0	($30,000)
Metals Due to Forecasted Decrease in Numismatic Production		($30,000)	$0	($30,000)
Program Increases		$140,000	$416	$140,416
Metals Due to Forecasted Increase in Bullion Production		$140,000	$0	$140,000
Operations and Maintenance (O&M) of Prior-year Enterprise-wide Cybersecurity Investments		$0	$416	$416
Subtotal Program Changes		$110,000	$416	$110,416
Total FY 2020 Estimated	**1,705**	**$2,270,000**	**$458,168**	**$2,728,168**

FY 2020 Budget Adjustments

Adjustments to Estimate

Metals Due to Forecasted Increase in Circulating Coin Metal Prices +$40,000,000 / +0 FTE

FY 2019 forecasted demand for the numismatic and bullion coin programs has decreased by -5 percent and -20 percent, respectively.

Metals Due to Forecasted Decrease in Bullion/Numismatic Production -$390,000,000 / -0 FTE

FY 2019 forecasted circulating coin production has decreased by 4 percent (from 14.5 billion to 14.0 billion); however, metal prices are forecasted to increase from originally- planned levels (zinc +20 percent; copper +16 percent; nickel +5 percent). The net result is an overall increase to the circulating coin program cost.

Mint/BEP OMS II Consolidation +$294,000 / +0 FTE

Mint will streamline its E-Commerce infrastructure and services platform to migrate BEP's online numismatic sales and marketing presence.

Maintaining Current Level (MCLs) +$4,571,000 / +0 FTE

Non-Pay +$4,571,000 / +0 FTE

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

Operating Efficiencies -$7,389,000 / -0 FTE

The Mint will reduce its operating budget by continuing to monitor costs and implement various savings strategies.

Program Decreases -$30,000,000 / -0 FTE

Metal Due to Forecasted Decrease in Numismatic Production -$30,000,000 / -0 FTE

Demand for the numismatic coin program is forecasted to decrease from FY 2019 to FY 2020 (3.6 to 2.7 million units).

Program Increases +$140,416,000 / +0 FTE
Metals Due to Forecasted Increase in Bullion Production +$140,000,000/ +0 FTE
Forecasted demand for the bullion coins will increase slightly from FY 2019 to FY 2020 (29.6 to 31.7 million ounces). This increase, coupled with forecasted increases in metal prices, will result in an increase in overall production costs for the bullion coin program.

Operations and Maintenance (O&M) of Prior-year Enterprise-wide Cybersecurity Investments +$416,000 / +0 FTE
The request includes funding to support O&M for prior year Cybersecurity Enhancement Account investments. O&M will be funded by Treasury Bureaus through Treasury Franchise Fund (TFF) billing. This increase represents the bureau's portion of the $17.5 million O&M total.

Legislative Proposals

Alternative Metal Composition
The Budget includes a repeat legislative proposal from the FY 2019 President's Budget. This proposal would give the Secretary the authority to prescribe the compositions of the 5-cent, dime, and quarter-dollar coins, provided that the new metal compositions do not affect the Electromagnetic Signature (EMS), the color, and weight of the coins. By authorizing the Secretary the flexibility and agility to implement small changes to the copper-nickel circulating coin metal compositions, the Mint could realize incremental material savings with little or no impact to the vending industry and general public.

Mint Performance Highlights

Budget Activity	Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Target	FY 2020 Target
Manufacturing	Customer Satisfaction Index (%)	91	91.7	93.6	90	90
Manufacturing	Numismatic Sales Units (Million Units)	4.2	3.9	3.3	3.9	3
Manufacturing	Safety Incident Recordable Rate	2.53	1.96	1.9	2.39	2.32
Manufacturing	Seigniorage per Dollar Issued ($)	0.52	0.45	0.37	0.36	0.36

Description of 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. In FY 2018, the CSI was 93.6 percent, exceeding its 90.0 percent target. The Mint anticipates that the CSI will remain steady and thus, has set the target at 90.0 percent for both FY 2019 and FY 2020.

Numismatic Sales Units
The numismatic sales unit metric measures public demand for coin products sold from numismatic operations. Numismatics product sales for FY 2018 totaled 3.3 million units, falling short of the 3.5 million target. The greatest contributors to the decline in sales were lower American Eagle

product sales and lower- than- anticipated demand for the Breast Cancer Commemorative Coin. Continuing weakness in core product sales and the loss of the Presidential Coin sets also contributed to the decline in sales, but which were somewhat mitigated by strong demand for special products. The performance target for numismatic sales units is 3.9 for FY 2019 and 3.0 for FY 2020.

Safety Incident Recordable Rate
The safety incident recordable rate is the number of injuries and illnesses meeting the Occupational Safety and Health Administration recording criteria per 100 full-time workers. In FY 2018 the total recordable case rate reached 1.90, well below the Mint's 2.46 FY 2018 target, and significantly below the most recent industry average rate of 5.2 published in 2015 by the U.S. Bureau of Labor Statistics for the Non-Automotive Metal Stamping industry. The performance targets for the safety incident recordable rate are 2.39 for FY 2019 and 2.32 for FY 2020.

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. At the end of FY 2018, Seigniorage per Dollar Issued was $0.37, below the FY 2018 performance target of $0.43. The FY 2018 shortfall resulted from a 2.8 percent decrease in circulating shipment volumes combined with a 24.5 percent increase in the cost of metal. The Seigniorage per Dollar Issued performance targets are set at $0.36 for both FY 2019 and FY 2020.

Office of Comptroller of the Currency

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2018 Actual	FY 2019 Estimated	FY 2020 Estimated	FY 2019 TO FY 2020 $ Change	FY 2019 TO FY 2020 % Change
Supervise	$1,105,022	$975,457	$975,457	$0	0.00%
Regulate	$106,649	$94,144	$94,144	$0	0.00%
Charter	$24,033	$21,215	$21,215	$0	0.00%
Total Cost of Operations	**$1,235,704**	**$1,090,816**	**$1,090,816**	**$0**	**100%**
FTE	**3,840**	**3,788**	**3,788**	**0**	**0.00%**

The FY 2018 increase is attributable to an additional contribution payment to the Pentegra Defined Benefit Plan, a legacy retirement plan that covers staff inherited from the Office of Thrift Supervision.

Summary

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.

As of September 30, 2018, the OCC supervised 891 national bank charters and 57 federal branches of foreign banks in the United States with total assets of approximately $11.8 trillion, and 316 federal savings associations with total assets of approximately $749 billion. In total, the OCC supervises approximately $12.5 trillion in financial institution assets.

The OCC has established three goals to affirm its mission: 1) The OCC fosters a safe, sound, and fair system of national banks, federal savings associations and federal branches of foreign banks and agencies of foreign banks that is a source of economic strength and opportunity that meets the evolving needs of consumers, businesses, and communities; 2) OCC employees are engaged, prepared, and empowered to meet its mission; 3) The OCC operates efficiently and effectively. To achieve its goals and objectives, the OCC organizes its programs under three activities: 1) Supervise, 2) Regulate, and 3) Charter. Effective supervision and a comprehensive regulatory framework are the key tools that the OCC uses to ensure that national banks and federal savings associations operate in a safe and sound manner and that they provide fair access to financial services and fair treatment of their customers. A robust chartering program allows new entrants into the financial services sector while ensuring that they have the necessary capital, managerial, and risk management processes to conduct activities in a safe and sound manner.

As such, the OCC's priorities focus on strengthening the resiliency of the institutions subject to its jurisdiction through its supervisory and regulatory programs and activities. A stronger and more resilient banking system directly supports four out of five Department of the Treasury's (Treasury) FY 2018-2022 strategic goals: Boost U.S. Economic Growth, Promote Financial Stability; Enhance National Security, and Goal 5) Achieve Operational Excellence.

The OCC's nationwide staff of bank examiners conducts on-site reviews of banks and provides sustained supervision of these institutions' operations. Examiners analyze asset quality, capital adequacy, earnings, liquidity, and sensitivity to market risk for all banks, and assess compliance with federal consumer protection laws and regulations. Examiners also evaluate management's ability to identify and control risk, and assess banks' performance in meeting the credit needs of the communities in which they operate, pursuant to the Community Reinvestment Act (CRA).

In supervising banks, the OCC has power to:

- 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 (CMP); and
- Issue rules and regulations, legal interpretations, supervisory guidance, and corporate decisions governing investments, lending, and other practices.

Operations are funded (approximately 97 percent) from semiannual assessments levied on national banks and federal savings associations. Revenue from investments in Treasury securities and other income comprise the remaining three percent of the OCC's funding. The OCC does not receive congressional appropriations to fund any portion of its operations.

Legislative Proposals

OCC has no legislative proposals.

OCC Performance Highlights

Budget Activity	Performance Measures	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Target	FY 2020 Target
Charter	Percentage of Licensing Applications and Notices Completed within Established Timeframes	98.0	96.0	97.0	95.0	95.0
Supervise	Percentage of National Banks and Federal Savings Associations with Composite CAMELS Rating 1 or 2	93.0	94.0	96.0	90.0	90.0
Supervise	Percentage of National Banks and Federal Savings Associations That Are Categorized As Well Capitalized	96.0	97.0	95.0	95.0	97.0
Supervise	Percentage of National Banks and Federal Savings Associations With Consumer Compliance Rating of 1 or 2	98.0	97.0	98.0	94.0	94.0
Supervise	Rehabilitated National Banks And Federal Savings Associations As A Percentage Of Problem National Banks One Year Ago (CAMEL 3,4, or 5)	43.0	40.0	44.0	40.0	40.0
Supervise	Total OCC Costs Relative To Every $100,000 in Bank and Federal Savings Associations Assets Regulated ($)	9.65	9.49	9.12	8.50	8.50

Description of Performance

The OCC charters, regulates and supervises all national banks and federal savings associations, as well as supervises federal branches and agencies of foreign banks. The primary goal of the OCC's Supervise Program is to ensure that these institutions operate in a safe and sound manner and in compliance with laws requiring fair treatment of their customers and fair access to credit and financial products. The OCC also monitors risks and threats to the stability of the federal banking system through its regular examinations of the institutions it supervises and other monitoring.
The overall objective of the OCC's Supervise Program supports facilitating commerce through the goal of ensuring the safety and soundness of the federal banking system. Through its Supervise Program the OCC supports facilitating commerce through the goal of ensuring the safety and soundness of the federal banking system. The OCC has taken a number of steps to improve the cybersecurity of the nation's financial sector critical infrastructure including organizing webinars for community bankers. The agency continues to update examiner handbooks, procedures, and training materials to ensure that, as threats evolve, all national banks and federal savings associations can identify cyber risks and strengthen their risk management and control systems. The OCC is an active member of the Financial Services Information Sharing and Analysis Center, which provides greater real-time insight into a broad range of potential threats to the industry and the ability to assist, when appropriate, in a coordinated response with other government agencies. Finally, the OCC supports protecting the integrity of the financial system through its examinations of compliance with Bank Secrecy Act/Anti-Money Laundering (BSA/AML), in accordance with Federal Financial Institutions Examination Council (FFIEC) procedures and through the initiation of enforcement actions for non-compliance with BSA/AML laws and regulations under bank supervisory authority and delegated authority from Treasury's Financial Crimes Enforcement Network (FinCEN), which has regulatory authority for BSA/AML.

The composite CAMELS (Capital adequacy, Asset quality, Management, Earnings, Liquidity, and Sensitivity to market risk) rating reflects the overall condition of a bank. 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 bank. The rating scale is 1 through 5 of which 1 is the highest rating granted. CAMELS ratings are assigned at the completion of every supervisory cycle or when there is a significant event leading to a change in CAMELS. Through September 30, 2018, 96 percent of national banks and federal savings associations earned composite CAMELS rating of either 1 or 2.

To ensure fair access to financial services and fair treatment of bank customers, the OCC evaluates a bank's compliance with consumer laws and regulations. Bank regulatory agencies use the Uniform Financial Institutions Rating System, Interagency Consumer Compliance Rating, to provide a general framework for assimilating and evaluating significant consumer compliance factors inherent in a bank. Each financial 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 in increasing order of supervisory concern. 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 through September 30, 2018.

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 bank 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. The OCC completed 97 percent of applications and notices within the time standard through September 30, 2018.

The OCC monitors the efficient use of its resources by measuring Total OCC Costs Relative to Every $100,000 in Bank Assets Regulated. This measure reflects the efficiency of its operations while meeting the increasing supervisory demands of a growing and more complex financial system. This measure supports the OCC's strategic goal of efficient use of agency resources. The OCC's ability to control its costs while ensuring the safety and soundness of national banks and federal savings associations benefits all national bank and federal savings association customers. The OCC will continue its efforts to ensure that resources are used prudently and that programs are carried out in a cost effective manner.

Treasury Franchise Fund

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2018 Actual	FY 2019 Estimated	FY 2020 Estimated	FY 2019 to FY 2020 $ Change	FY 2019 to FY 2020 % Change
Treasury Shared Services Programs	$236,221	$232,515	$249,436	$16,921	7.28%
Centralized Treasury Administrative Services	NA	$140,522	$166,591	$26,069	18.55%
Administrative Support Services	$160,743	$155,315	$170,535	$15,220	9.80%
Information Technology Services	$197,335	$185,066	$188,572	$3,506	1.89%
Recoveries from Prior Years	$8,541	$19,196	$22,925	$3,729	19.43%
Unobligated Balances from Prior Years	$182,961	$196,071	$211,837	$15,767	8.04%
Total Program Operating Level	**$785,801**	**$928,684**	**$1,009,896**	**$81,212**	**8.74%**
Total FTE	**1,643**	**1,919**	**2,023**	**104**	**5.42%**

Summary

The Treasury Franchise Fund (TFF) supports effective administrative and information technology services through commitment to service, efficient operations, openness to change, and values-based behavior. The TFF achieves cost savings, promotes economies of scale, and increases productivity and efficiency in the use of resources by shared services providers.

The TFF providers include Departmental Offices' Treasury Shared Services Programs (TSSP), Departmental Offices' Centralized Treasury Administrative Services (CTAS), and the Bureau of the Fiscal Service's Administrative Resource Center (ARC). TFF providers offer financial management, HR, IT, and other administrative services to federal customers on a fully cost recoverable, fee-for-service basis.

TFF FY 2020 Budget Highlights

Dollars in Thousands

Treasury Franchise Fund	FTE	Amount
FY 2019 Estimated	**1,919**	**$716,847**
Changes to Base:		
Maintaining Current Levels (MCLs):		$9,728
Non-Pay		$9,728
Subtotal Changes to Base	0	$9,728
Total FY 2020 Base	**1,919**	**$726,575**
Program Changes:		
Program Increases:	104	$75,604
Operations and Maintenance of Prior-year Enterprise-wide Cybersecurity Investments (TSSP)	8	$8,821
Program changes/realignment to TSSP	0	$22,415
Program changes/realignment to CTAS	7	$28,312
Customer Growth (ARC Admin)	89	$16,056
Program Decreases:	0	($1,065)
Continuous Diagnostics and Mitigation Licenses (TSSP)	0	($1,065)
Subtotal Changes to Base	104	$74,539
Total FY 2020 Estimated	**2,023**	**$801,114**

Note/ Continuous Diagnostics and Mitigation licenses are included in the FY 2019 base budget of TFF and the FY 2020 estimate.

FY 2020 Budget Adjustments

Adjustments to Request

Maintaining Current Level (MCLs)

Non-Pay +$9,728,000 / +0 FTE

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

Program Increases

Operations and Maintenance of Prior-year Enterprise-wide Cybersecurity Investments (TSSP) +$8,821,000, +8 FTE

The TFF requires to increase TSSP by $8,821,000 to transition operations and maintenance costs from the Cybersecurity Enhancement Account (CEA) to the TFF. Funding to pay these bills is included in the individual bureau Congressional Justifications. These bureau funds will support operations and maintenance of the following cybersecurity projects that were initially implemented with CEA funding and per Department of Homeland Security directives:

- Continuous Mitigation and Diagnostics (CDM) Licenses Phase II
- Trusted Internet Connection (TIC) Encrypted Traffic Inspection
- Endpoint Incident Response
- Enhanced Packet Capture
- Government Security Operations Center (GSOC) Analytics and Expansion
- Malware Content Filter

Program Changes/Realignment to TSSP +22,415,000, +0 FTE

The TFF requires changes to TSSP in order to facilitate quality customer service, address the growing needs of agencies, and attain goals set by the Administration. Bureaus will fund changes that increase efficiency and manage costs while also receiving quality services attributed to the TFF. TSSP changes include:

- Increase of program support by $1,187,000 for anticipated shared and customer specific needs across the shared services programs.
- Expend an additional $4,092,000 to Treasury Network (TNET) service changes for the Internal Revenue Service (IRS) toll-free network circuits.
- Expending an estimated $3,000,000 in FY 2019 to transition from the current Networx contract to the General Services Administrative (GSA) Enterprise Infrastructure Support (EIS) contract. For FY 2020, Treasury requests to expend an additional $17,136,000 for the multi-year transition project. The transition of the current contract is dependent on timelines established by GSA and costs may be revised once the contract is awarded.

In FY 2020, the Credit Modeling and Web Solutions programs will be realigned from CTAS to TSSP. The shift of these programs results in a more efficient method of formulating program budgets and executing customer billings by consolidating these programs into TSSP. The transitions of these programs has a net neutral effect on FTEs and budgetary resources for TFF.

Program Changes/Realignment to CTAS +28,312,000, +7 FTE

The transfer of CTAS to the TFF created streamlined services that address rises in technological needs of agencies across government. These increases in CTAS programs will provide bureaus including Departmental Offices, specifically Salaries and Expenses Initiatives and Terrorism Financial Intelligence (TFI), with advanced capabilities in administrative support and information security. With these programmatic changes the TFF can properly and proficiently provide increased support within government. The TFF requires to:

- Expend $23,053,000 and request 4 FTE increase in support of administrative costs contained within in the Departmental Offices (DO) Salaries and Expenses (SE) FY 2020 Congressional Justification. This funding will support the expansion of Treasury’s implementation of the Committee on Foreign Investment in the United States (CFIUS) program in addition to initiatives in support of Critical Infrastructure Protection, Domestic Finance, and Tax Policy. This will include funding for the construction of secure spaces and the development of a case management system associated with the growth of the CFIUS program. Funding would also support new hires required to manage an increased CFIUS caseload as well as program growth in Domestic Finance and Tax Policy.
- Expend $1,631,000 in support of administrative costs associated with the DO Office of Terrorism and Financial Intelligence (TFI) initiatives contained in the DO TFI FY 2020 Congressional Justification
- Increase CTAS by $778,000 to transition operations and maintenance costs to the TFF for Communications Security (COMSEC).
- Increase CTAS by $2,850,000 and 3 FTE to transition operations and maintenance costs from the CEA to the TFF for Treasury Secure Data Network (TSDN).

Customer Growth (ARC Admin) +$16,056,000 +89 FTE

In FY 2018 ARC initiated shared services transitions with the four agencies listed below and anticipates full implementation by FY 2020. These transitions demonstrate the support of ARC and these agencies for the Administration's sharing of quality services CAP goal 5 and a commitment to maximizing resource allocations to mission activities. The program increase reflects operations and maintenance costs, and provides cost sharing and avoidance opportunities for both the new and current agencies supported by ARC.

- National Capital Planning Commission
- U.S. Consumer Product Safety Commission
- Corporation for National and Community Service
- National Records and Archive Administration

Program Decreases

Continuous Diagnostics and Mitigation Licenses (TSSP) -$1,065,000 / -0 FTE

Continuous Diagnostics and Mitigation Licenses (TSSP), -$1,065K, -0 FTE

Treasury expects a decrease in the cost of Continuous Diagnostics and Mitigation (CDM) licenses from the original estimates that were provided by the Department of Homeland Security. Treasury bureaus have requested $5,081K for CDM licenses in their individual bureau FY 2020 Congressional Justifications.

Legislative Proposals

The Treasury Franchise Fund does not have legislative proposals.

TFF Performance Highlights

Budget Activity	Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Target	FY 2020 Target
Treasury Shared Services Programs	Average Cost per FTE	NA	NA	NA	1,383.0	1,460.0
Treasury Shared Services Programs	Annual Effective Spend Rate	NA	NA	NA	96.0	96.0
Treasury Shared Services Programs	Customer Satisfaction	NA	NA	NA	B	TBD
Centralized Treasury Administrative Services	Annual Effective Spend Rate	NA	NA	NA	96.0	96.0
Centralized Treasury Administrative Services	Customer Satisfaction	NA	NA	NA	B	TBD
Administrative Support Services	Customer Unmodified Audit Opinions	NA	NA	100.0	100.0	100.0
Administrative Support Services	Percentage of Shared Services Service Level Agreement Performance Metrics Met Or Exceeded	NA	NA	NA	B	94.0
Administrative Support Services	Customer Satisfaction	NA	NA	NA	B	80.0
Information Technology Services	Fiscal IT Hosting – Percentage of Time Service is Operational (Uptime Excluding Planned Maintenance)	99.8	99.0	99.8	99.0	99.0
Information Technology Services	Number of engagements in strategic sourcing, to include new IT customers, new scope of work for existing customers, or new FITARA compliant contracts available beyond Fiscal Service [#]	1.0	2.0	1.0	2.0	2.0

Key: DISC - Discontinued; B - Baseline

Note: After collaboration with Office of Strategic Planning and Performance Improvement (OSPPI) and Office of Management and Budget (OMB) the TFF reviewed performance metrics to determine best practices resulting in the discontinuing of inefficient measures.

Description of Performance

The TFF has a history of high performance and is considered a leader in delivering high quality, cost effective federal shared services. With services in high demand, the TFF continues to demonstrate success through new federal agency partnerships and operational excellence, meeting or exceeding performance measures, achieving high customer satisfaction results, and cost effective and stable prices. After internal review of existing measures resulted in the discontinuing of inefficient measures, the TFF will implement new performance measures in FY 2020 that provide a high-level overview of the effectiveness and efficiency of the programs within the TFF. The new measures will allow the shared services providers to focus on broader based metrics to gauge customer satisfaction, operations support resources, and the benefit from centralized approaches to program support and administration.

International Programs

Program Summary

Dollars in Thousands

	FY 2018 Enacted	FY 2019 Enacted	FY 2020 Request	FY 2019 to FY 2020	
				$ Change	% Change
Multilateral Development Banks (MDBs)	**$1,348,123**	**$1,348,122**	**$1,522,205**	**$174,083**	**11.44%**
International Development Association (IDA)	$1,097,010	$1,097,010	$1,097,010	$0	0.00%
Int'l Bank for Reconstruction and Development (IBRD)			$206,500	-	NA
African Development Fund (AfDF)	$171,300	$171,300	$171,300	$0	0.00%
African Development Bank (AfDB)	$32,418	$32,417		($32,417)	-100.00%
Asian Development Fund (AsDF)	$47,395	$47,395	$47,395	$0	0.00%
Food Security	**$30,000**	**$30,000**	**$0**	**($30,000)**	**-100.00%**
Int'l Fund for Agricultural Development (IFAD)	$30,000	$30,000		($30,000)	-100.00%
Environmental Trust Funds	**$139,575**	**$139,575**	**$0**	**($139,575)**	**-100.00%**
Global Environment Facility (GEF)	$139,575	$139,575	$0	($139,575)	-100.00%
Treasury Office of Technical Assistance (OTA)	**$30,000**	**$30,000**	**$30,000**	**$0**	**0.00%**
TOTAL	$1,547,698	$1,547,697	$1,552,205	$4,508	0.29%

Summary

The Treasury Department requests $1.55 billion for International Programs in FY 2020. In recognition of the Administration's prioritization on national defense and security as well as a streamlined Federal Government that makes the best possible use of taxpayer dollars, we will support the most critical investments in multilateral development institutions, while ensuring that U.S. contributions are set at an appropriate level relative to our partner countries. These investments by Treasury's International Programs strengthen U.S. national security, economic growth, and influence by advancing a more secure, economically prosperous, and democratic world. In recent years, Treasury has driven shareholder support for the implementation of key reforms at the multilateral development banks (MDBs) aimed at improving governance, development effectiveness, and financial discipline, and Treasury continues to pursue additional major reforms at several of the institutions. These include improved monitoring and evaluation, stronger independent compliance functions, adopting mechanisms to improve financial sustainability, and a larger allocation of lending to the world's poorest countries.

Multilateral Development Banks

Our request includes $1.52 billion for the MDBs. The MDBs play key roles in the effort to increase global economic growth and reduce poverty, which advances U.S. foreign policy objectives of sustaining peace and stability, promoting security, and combatting terrorism.

International Development Association (IDA): $1,097 million in support of IDA programs over the eighteenth replenishment (IDA-18; FY 2018 – FY 2020), including towards the third of three installments to IDA-18.

International Bank for Reconstruction and Development (IBRD): $206.5 million towards the first of up to six installments for the IBRD general and selective capital increases.

International Finance Corporation (IFC): No funding is requested in FY 2020. Treasury is requesting authorization to vote in favor of resolutions to allow other shareholders to contribute additional capital while preserving U.S. veto power over future capital increases.

African Development Fund (AfDF): $171.3 million in support of AfDF programs over the fourteenth replenishment (AfDF-14; FY 2018 – FY 2020), including towards the third of three installments to AfDF-14.

Asian Development Fund (AsDF): $47.4 million in support of AsDF programs over the eleventh replenishment (AsDF-12; FY 2018 – FY 2021), including towards the third of four installments to AsDF-12.

North American Development Bank (NADB): No funding is requested in FY 2020. Treasury is requesting authorization to subscribe to the paid-in capital shares for which funding was appropriated by the Consolidated Appropriations Act of 2016.

Environmental Trust Funds

Global Environment Facility (GEF): While the GEF remains a priority for Treasury, no funding is requested in FY 2020, as the Consolidated Appropriations Act, 2019 provides more than double the amount requested for FY 2019, which keeps the Administration on track to meet its GEF-7 pledge by FY 2022. (GEF-7; FY 2019 – FY 2022).

Technical Assistance

Treasury Office of Technical Assistance (OTA): $30 million to help ensure that OTA is able to respond quickly and in a sustained way to growing demand for technical assistance in areas that are priorities for the United States. Such areas include: supporting our national security agenda by combating terrorist financing and financial crimes, reducing countries' dependence on foreign financial aid through improved domestic resource mobilization, and creating the conditions for private sector-led economic growth. This consists of improving the climate for private sector investment in infrastructure projects in developing and transitional countries.

Summary of FY 2020 Appropriations Language

A full-year 2019 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, 2019 (Division C of P.L. 115–245, as amended). The amounts included for 2019 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 and local entities; and Treasury-wide management policies and programs activities, $235,973,000: Provided, That of the amount appropriated under this heading—(1) not to exceed $350,000 is for official reception and representation expenses;(2) not to exceed $258,000 is for unforeseen emergencies of a confidential nature to be allocated and expended under the direction of the Secretary of the Treasury and to be accounted for solely on the Secretary's certificate; and (3) not to exceed $24,000,000 shall remain available until September 30, 2021, for—(A) the Treasury-wide Financial Statement Audit and Internal Control Program;(B) information technology modernization requirements;(C) the audit, oversight, and administration of the Gulf Coast Restoration Trust Fund; (D) the development and implementation of programs within the Office of Critical Infrastructure Protection and Compliance Policy, including entering into cooperative agreements; (E) operations and maintenance of facilities; and (F) international operations.

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, $166,712,000: Provided, That of the amounts appropriated under this heading, $10,000,000 shall remain available until September 30, 2021.

CYBERSECURITY ENHANCEMENT ACCOUNT

For salaries and expenses for enhanced cybersecurity for systems operated by the Department of the Treasury, $18,000,000, to remain available until September 30, 2022: Provided, That amounts made available under this heading shall be in addition to other amounts available to Treasury offices and bureaus for cybersecurity.

DEPARTMENT-WIDE SYSTEMS AND CAPITAL INVESTMENTS PROGRAMS

(INCLUDING TRANSFER OF FUNDS)

For development and acquisition of automatic data processing equipment, software, and services and for repairs and renovations to buildings owned by the Department of the Treasury, $6,118,000, to remain available until September 30, 2022: Provided, That these funds shall be transferred to accounts and in amounts as necessary to satisfy the requirements of the Department's offices, bureaus, and other organizations: Provided *further, That this transfer authority shall be in addition to any other transfer authority provided in this Act: Provided further, That none of the funds appropriated under this heading shall be used to support or supplement "Internal Revenue Service, Operations Support" or "Internal Revenue Service, Business Systems Modernization."*

OFFICE OF THE INSPECTOR GENERAL

SALARIES AND EXPENSES

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, $37,044,000, including hire of passenger motor vehicles; of which not to exceed $100,000 shall be available for unforeseen emergencies of a confidential nature, to be allocated and expended under the direction of the Inspector General of the Treasury; of which up to $2,800,000 to remain available until September 30, 2021, shall be for audits and investigations conducted pursuant to section 1608 of the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (33 U.S.C. 1321 note); and of which not to exceed $1,000 shall be available for official reception and representation expenses.

COMMITTEE ON FOREIGN INVESTMENT IN THE UNITED STATES

For necessary expenses of the Committee on Foreign Investment in the United States, $20,000,000, to remain available until expended: Provided, That the chair- person of the Committee may transfer funds provided under this heading to any department or agency represented on the Committee (including the Department of the Treasury) upon the advance notification of 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 the Defense Production Act of 1950, as amended, shall be credited to this appropriation as off- setting collections: Provided further, That the total amount appropriated under this heading from the general fund shall be reduced as such offsetting collections are received during fiscal year 2020, so as to result in a total appropriation from the general fund estimated at not more than $10,000,000.

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; $166,000,000, of which $5,000,000 shall remain available until September 30, 2021; 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 Improvements 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-3, $14,000,000, to be used for administrative expenses, including administration of CDFI fund programs and the New Markets Tax Credit Program: Provided, That during fiscal year 2020, none of the funds available under this heading are available for the cost, as defined in section 502 of the Congressional Budget Act of 1974, of commitments to guarantee bonds and notes under section 114A of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4713a): Provided further, That commitments to guarantee bonds and notes under such section 114A shall not exceed $500,000,000 through December 31, 2020: Provided further, That such section 114A shall remain in effect until December 31, 2020: Provided further, That of the unobligated balances from prior year appropriations available for the Community Development Financial Institutions Fund for the Bank Enterprise Award program under this heading, $25,000,000 is hereby permanently cancelled: Provided further, That no amounts may be cancelled from amounts that were designated by the Congress as an emergency or disaster relief requirement pursuant to the concurrent resolution on the budget or the Balanced Budget and Emergency Deficit Control Act of 1985.*

SPECIAL INSPECTOR GENERAL FOR THE TROUBLED ASSET RELIEF PROGRAM

SALARIES AND EXPENSES

For necessary expenses of the Office of the Special Inspector General in carrying out the provisions of the Emergency Economic Stabilization Act of 2008 (Public Law 110–343), $17,500,000.

FINANCIAL CRIMES ENFORCEMENT NETWORK

SALARIES AND EXPENSES

For necessary expenses of the Financial Crimes Enforcement Network, including hire of passenger motor vehicles; travel and training expenses of non-Federal and foreign government personnel to attend meetings and training concerned with domestic and foreign financial intelligence activities, law enforcement, and financial regulation; services authorized by 5 U.S.C. 3109; not to exceed $12,000 for official reception and representation expenses; and for assistance to Federal law enforcement agencies, with or without reimbursement, $124,700,000 , of which not to exceed $34,335,000 shall remain available until September 30, 2022.

BUREAU OF THE FISCAL SERVICE

SALARIES AND EXPENSES

For necessary expenses of operations of the Bureau of the Fiscal Service, $340,337,000; of which not to exceed $8,000,000, to remain available until September 30, 2022, is for information systems modernization initiatives; and of which $5,000 shall be available for official reception and representation expenses. In addition, $165,000, to be derived from the Oil Spill Liability Trust Fund to reimburse administrative and personnel expenses for financial management of the Fund, as authorized by section 1012 of Public Law 101–380.

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

SALARIES AND EXPENSES

For necessary expenses of carrying out section 1111 of the Homeland Security Act of 2002, including hire of passenger motor vehicles, 115,427,000, of which $5,000,000 shall remain available until September 30, 2021; 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.*

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 2020 under such section 5136 for circulating coinage and protective service capital investments of the United States Mint shall not exceed $30,000,000.

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, $2,402,000,000; of which not less than $8,890,000 shall be for the Tax Counseling for the Elderly Program; of which not less than $12,000,000 shall be available for low-income taxpayer clinic grants; of which not less than $15,000,000, to remain available until September 30, 2021, shall be available for a Community Volunteer Income Tax Assistance matching grants program for tax return preparation assistance; and of which not less than $206,000,000 shall be available for operating expenses of the Taxpayer Advocate Service: Provided, That of the amounts made available for the Taxpayer Advocate Service, not less than $5,000,000 shall be for identity theft 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, $4,705,368,000, of which not to exceed $50,000,000 shall remain available until September 30, 2021, and of which not less than $60,257,000 shall be for the Inter-agency Crime and Drug Enforcement program: Provided, That of the funds provided under this paragraph, $4,705,368,000 is provided to meet the terms of section 251(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. In addition, not less than $199,886,000 for tax activities under this heading, including tax compliance to address the Federal tax gap: Provided, That such amount is additional new budget authority for tax activities, including tax compliance to address the Federal tax gap, as specified for purposes of section 251(b) (2) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

OPERATIONS SUPPORT

For necessary expenses of the Internal Revenue Service to support taxpayer services and enforcement programs, including rent payments; facilities services; printing; postage; physical security; headquarters and other IRS-wide administration activities; research and statistics of income; telecommunications; information technology development, enhancement, operations, maintenance, and security; the hire of *passenger motor vehicles (31 U.S.C. 1343(b)); the operations of the Internal Revenue Service Oversight Board; and other services as authorized by 5 U.S.C. 3109, at such rates as may be determined by the Commissioner; $4,075,021,000, of which not to exceed $250,000,000 shall remain available until September 30, 2021; of which not to exceed $10,000,000 shall remain available until expended for acquisition of equipment and construction, repair and renovation of facilities; of which not to exceed $1,000,000 shall remain available until September 30, 2022, for research; of which not to exceed $20,000 shall be for official reception and representation expenses: Provided, That not later than 30 days after the end of each quarter, the Internal Revenue Service shall submit a report to the Committees on Appropriations of the House of Representatives and the Senate and the Comptroller General of the United States detailing the cost and schedule performance for its major information technology investments, including the purpose and life-cycle stages of the investments; the reasons for any cost and schedule variances; the risks of such investments and strategies the Internal Revenue Service is using to mitigate such risks; and the expected developmental milestones to be achieved and costs to be incurred in the next quarter: Provided further, That the Internal Revenue Service shall include, in its budget justification for fiscal year 2020, a summary of cost and schedule performance information for its major information technology systems: Provided further, That the Internal Revenue Service shall of the funds provided under this paragraph, $4,075,021,000 is provided to meet the terms of section 251(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. In addition, not less than $161,685,000 for tax activities under this heading, including tax compliance to address the Federal tax gap: Provided, That such amount is additional new budget authority for tax activities, including tax compliance to address the Federal tax gap, as specified for purposes of section 251(b) (2) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.*

BUSINESS SYSTEMS MODERNIZATION

For necessary expenses of the Internal Revenue Service's business systems modernization program, $290,000,000, to remain available until September 30, 2022, for the capital asset acquisition of information technology systems, including management and related contractual costs of said acquisitions, including related Internal Revenue Service labor costs, and contractual costs associated with operations authorized by 5 U.S.C. 3109: Provided, That not later than 30 days after the end of each quarter, the Internal Revenue Service shall submit a report to the Committees on Appropriations of the House of Representatives and the Senate and the Comptroller General of the United States detailing the cost and schedule performance for major information technology investments, including the purposes and life-cycle stages of the investments; the reasons for any cost and schedule variances; the risks of such investments and the strategies the Internal Revenue Service is using to mitigate such risks; and the expected developmental milestones to be achieved and costs to be incurred in the next quarter.

ADMINISTRATIVE PROVISIONS—INTERNAL REVENUE SERVICE

(INCLUDING TRANSFER OF FUNDS)

SEC. 101. *Not to exceed 5 percent of any appropriation made available in this Act to the Internal Revenue Service may be transferred to any other Internal Revenue Service appropriation upon the advance notification of the Committees on Appropriations.*

SEC. 102. *The Internal Revenue Service shall maintain an employee training pro- gram, 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*. Section 9503(a) of title 5, United States Code, is amended by striking the clause "Before September 30, 2013" and inserting "before September 30, 2023".*

SEC. 109*. Section 9503(a) (5) of title 5, United States Code, is amended by inserting before the semicolon the following: ", but are renewable for an additional two years, based on a critical organizational need".*

SEC. 110. *Notwithstanding any Congressional notification requirements for a re-programming of funds in this Act, funds provided in this Act for the Internal Revenue Service shall be available for obligation and expenditure through a reprogramming of funds that augments or reduces existing programs, projects, or activities up to $10,000,000 without prior Congressional notification of such action.*

ADMINISTRATIVE PROVISIONS— DEPARTMENT OF THE TREASURY

SEC. 114*. 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. 115*. Not to exceed 2 percent of any appropriations in this title made available under the headings "Departmental Offices—Salaries and Expenses", "Community Development Financial Institutions Fund", "Office of Terrorism and Financial Intelligence", "Office of Inspector General", "Special Inspector General for the Troubled Asset Relief Program", "Financial Crimes Enforcement Network", "Bureau of the Fiscal Service", and "Alcohol and Tobacco Tax and Trade Bureau" may be transferred between such appropriations upon the advance notification of the Committees on Appropriations of the House of Representatives and the Senate: Provided, That no transfer* *under this section may increase or decrease any such appropriation by more than 2 percent.*

SEC. 116. *Not to exceed 2 percent of any appropriation made available in this Act to the Internal Revenue Service may be transferred to the Treasury Inspector General for Tax Administration's appropriation upon the advance 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. 117. *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. 118. *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. 119. *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. 120. *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 advance 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. 121. *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 2020 until the enactment of the Intelligence Authorization Act for Fiscal Year 2020.*

SEC. 122. *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. 123. *The Secretary of the Treasury shall submit a Capital Investment Plan to the Committees on Appropriations of the Senate and the House of Representatives not later than 30 days following the submission of the annual budget submitted by the President: Provided, That such Capital Investment Plan shall include capital investment spending from all accounts within the Department of the Treasury, including but not limited to the Department-wide Systems and Capital Investment Programs account, Treasury Franchise Fund account, and the Treasury Forfeiture Fund account: Provided further, That such Capital Investment Plan shall include expenditures occurring in previous fiscal years for each capital investment project that has not been fully completed.*

SEC. 124. *(a) Not later than 60 days after the end of each quarter, the Office of Financial Research shall submit reports on its 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*. 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. 126. *During fiscal year 2020— (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. 127*. Amendments to Community Development Financial Institutions Bond Program. Section 114A of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4713a) is amended—*

(a) in subsection (c)(2) by striking ", multiplied by an amount equal to the out-standing principal balance of issued notes or bonds"; and

(b) in subsection (e)(2)(B) by striking "$100,000,000" and inserting "$50,000,000".

SEC. 128. *Notwithstanding paragraph (2) of section 402(c) of the Helping Families Save their Homes Act of 2009, in utilizing funds made available by paragraph (1) of section 402(c) of such Act, the Special Inspector General for the Troubled Asset Relief Program shall prioritize the performance of audits or investigations of any program that is funded in whole or in part by funds appropriated under the Emergency Economic Stabilization Act of 2008, to the extent that such priority is consistent with other aspects of the mission of the Special Inspector General.*

Mandatory Funding Levels for the FY 2020 President's Budget – Treasury Chapter

(Dollars in Millions, Includes Legislative Proposals)

Appropriations (Dollars in Millions)	FY 2018 Actual	FY 2019 Estimated	FY 2020 Estimated	FY 2020 $ Change	FY 2020 % Change
Payment to the Resolution Funding Corporation	2,628	2,628	2,445	(183)	-7.0%
Interest on Uninvested Funds	21	31	32	1	3.2%
Restitution of Forgone Interest	1,464	0	0	0	0.0%
Federal Interest Liabilities to States	0	1	1	0	0.0%
Interest Paid to Credit Financing Accounts	7,894	11,566	12,455	889	7.7%
Refunding Internal Revenue Collections, Interest	1,551	1,329	1,419	90	6.8%
Interest on Public Debt	521,553	593,100	679,707	86,607	14.6%
Other Interest	(44,881)	(52,027)	(54,534)	(2,507)	4.8%
INTEREST PAYMENTS	$490,230	$556,628	$641,525	$84,897	15.3%
MANDATORY ACCOUNTS					
Build America Bond Payments, Recovery Act	3,539	3,539	3,773	234	6.6%
Capital Magnet Fund, Community Development Financial Institutions	143	134	8	(126)	-94.0%
Check Forgery Insurance Fund	5	5	5	0	0.0%
Cheyenne River Sioux Tribe Terrestrial Wildlife Habitat Restoration Trust Fund	1	1	1	0	0.0%
Claims, Judgments, and Relief Acts	1,627	2,255	2,252	(3)	-0.1%
Community Development Financial Institutions Fund Program Account	3	7	1	(6)	-85.7%
Comptroller of the Currency	1,255	1,192	1,195	3	0.3%
Continued Dumping and Subsidy Offset	27	21	19	(2)	-9.5%
Exchange Stabilization Fund	338	483	600	117	24.2%
Federal Financing Bank	2,318	2,321	1,973	(348)	-15.0%
Federal Reserve Bank Reimbursement Fund	518	615	623	8	1.3%
Financial Agent Services	801	831	847	16	1.9%
Financial Research Fund	59	72	74	2	2.8%
Grants for Specified Energy Property in Lieu of Tax Credits, Recovery Act	48	0	0	0	0.0%
GSE Mortgage-backed Securities Purchase Program Account	2	2	2	0	0.0%
Gulf Coast Restoration Trust Fund	179	322	361	39	12.1%
Hope Reserve Fund	8	0	0	0	0.0%
Informant Payments	215	228	225	(3)	-1.3%
Internal Revenue Collections for Puerto Rico	446	413	423	10	2.4%
IRS Miscellaneous Retained Fees	389	336	334	(2)	-0.6%
Office of Financial Stability	79	62	53	(9)	-14.5%
Payment of Government Losses in Shipment	2	3	3	0	0.0%
Payment to Issuer of New Clean Renewable Energy Bonds	46	46	49	3	6.5%
Payment to Issuer of Qualified Energy Conservation Bonds	40	40	43	3	7.5%
Payment to Issuer of Qualified School Construction Bonds	680	688	733	45	6.5%
Payment to Issuer of Qualified Zone Academy Bonds	57	57	61	4	7.0%
Payment to United States Virgin Islands and Puerto Rico for Disaster Tax Relief	250	200	0	(200)	-100.0%
Payment Where American Opportunity Credit Exceeds Liability for Tax	3,102	3,480	3,600	120	3.4%
Payment Where Certain Tax Credits Exceed Liability for Corporate Tax	1,120	8,525	6,231	(2,294)	-26.9%
Payment Where Child Tax Credit Exceeds Liability for Tax	18,597	35,506	35,595	89	0.3%
Payment Where Earned Income Credit Exceeds Liability for Tax	58,640	60,666	62,551	1,885	3.1%
Payment Where Health Coverage Tax Credit Exceeds Liability for Tax	27	31	8	(23)	-74.2%
Payment Where Small Business Health Insurance Tax Credit Exceeds Liability for Tax	2	5	4	(1)	-20.0%
Presidential Election Campaign Fund	26	25	25	0	0.0%
Private Collection Agent Program	36	51	55	4	7.8%
Refundable Premium Tax Credit	54,351	48,639	41,854	(6,785)	-13.9%
Reimbursements to Federal Reserve Banks	128	167	171	4	2.4%
Salaries and Expenses	173	217	201	(16)	-7.4%
Small Business Lending Fund Program Account	52	4	6	2	50.0%
Social Impact Demonstration Projects	100	0	0	0	0.0%
Terrorism Insurance Program	2	37	104	67	181.1%
Travel Promotion Fund	93	94	0	(94)	-100.0%
Treasury Forfeiture Fund	1,147	645	571	(74)	-11.5%
Troubled Asset Relief Program Equity Purchase Program	0	2	0	(2)	-100.0%
Subtotal, MANDATORY ACCOUNTS	$150,671	$171,967	$164,634	($7,333)	-4.3%
Offsets:					
Treasury Mandatory Offsetting Receipts	(16,243)	(27,693)	(25,894)	1,799	-6.5%
Treasury Offsetting Collections	(3,917)	(4,002)	(3,773)	229	-5.7%
TOTAL, DEPARTMENT OF THE TREASURY	**$620,741**	**$696,900**	**$776,492**	**$79,592**	**11.4%**

Total Treasury Department Mandatory Budget

The Treasury Department Mandatory Budget includes $776 billion dollars in interest payments, mandatory accounts, and offsetting receipts and collections (offsets). These accounts and the estimated budget authority are summarized above. Account totals include the effects of FY 2020 policy proposals. For more detailed descriptions of each account, please see the Department of the Treasury chapter in the FY 2020 Appendix, Budget of the U.S. Government at:
http://www.whitehouse.gov/omb/budget.

Interest Payments - $642 billion

These are permanent, indefinite funds for interest payments. This includes Interest on the Public Debt, which consists of all interest paid on Treasury securities and sold to the public and to Federal Government trust Funds, revolving funds and deposit funds. Treasury interest payment accounts also consist of Refunds on Internal Revenue Collections interest, Interest on Uninvested Funds, Interest paid to Credit Financing Accounts, Federal Interest Liabilities to the States, and Payments to the Resolution Funding Corporation.

Mandatory Accounts - $165 billion

These are accounts for which the Congress has given the Department of Treasury permanent authority to expend funds as appropriations. These include appropriations that fund a number of programs under Treasury jurisdiction such as the Terrorism Risk Insurance Program and the Treasury Forfeiture Fund. Other accounts that fall under mandatory programs include all Internal Revenue Service refundable tax credit accounts, certain user fees, and informant payments. The Department is also a custodian for a number of government accounts and funds listed in this section and further detailed in the FY 2020 Appendix, Budget of the U.S. Government.

Offsets - $30 billion

Offsets include payments to the Government that are not credited directly to expenditure accounts (offsetting receipts) and payments credited directly to accounts from which they will be spent (offsetting collections). The receipts offset gross budget authority and outlays at the agency or bureau level. The collections offset gross budget authority and outlays at the account level.

Treasury's mandatory offsetting receipts primarily include the non-budgetary accounts that record all cash flows to and from the Government resulting from direct loans obligated in 2008 and beyond (including modifications of direct loans that resulted from obligations in any year). Treasury's mandatory offsetting collections include the payments made to accounts such as the Office of Comptroller of the Currency, Federal Financing Bank, and the Exchange Stabilization Fund.