U.S. Department of the Treasury

The Budget in Brief

FY 2015



Message from the Secretary of the Treasury

Dear Member:

Over the past five years, the Department of the Treasury has supported President Obama's efforts to rebuild and grow the nation's economy in the wake of one of the worst recessions in our nation's history. During this time, Treasury has also continued efforts to deliver core services efficiently at a lower cost to the taxpayer.

The President's FY 2015 Budget requests $13.8 billion to fund the Department's operating bureaus and $2.6 billion to fund our International Programs. This proposal includes substantial savings across the Department, as well as targeted investments in key areas that will help strengthen our nation's long-term economic and fiscal position.

Our request makes strategic investments for the Internal Revenue Service (IRS) to improve service to tens of millions of taxpayers and reduce the deficit through more effective enforcement of tax laws. A reduction of nearly $1 billion since FY 2010 in funding for the IRS has major implications for taxpayers and the tax system. As a result, taxpayers face longer wait times on the phone; it takes longer to respond to taxpayer correspondence, and results in reduced revenue collection.

Our Budget also includes funding for select priorities such as investments to improve our cybersecurity, an increased commitment to the Healthy Food Financing Initiative, and improving financial management and transparency through USAspending.gov.

The Department's International Programs Budget request will continue to strengthen our national security, support the next generation of export markets, and address key global challenges like environmental degradation and food security, while fostering private sector development and entrepreneurship. The request also proposes legislation to increase the U.S. quota in the International Monetary Fund (IMF) and simultaneously reduce by an equal amount U.S. participation in the IMF's New Arrangements to Borrow, representing no new financial commitment to the IMF while preserving the U.S.'s veto at the IMF and influence in the global economy.

The FY 2015 Congressional Budget Justification includes the information required in the Annual Performance Report. I have validated the accuracy, completeness, and reliability of the performance data in this report.

Sincerely,

Jacob J. Lew
March 4, 2014

U.S. Department of the Treasury
FY 2015 Budget in Brief

Summary of FY 2015 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 2015 Budget in Brief is accurate and complete as of March 4th 2014. Any updated information will be reflected in the budget available on the Treasury Department website, Treasury.gov.

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.

Executive Summary

FY 2015 President's Budget by Function

Dollars in thousands

	FY 2013 Operating Level[1,2]	FY 2014 Enacted	FY 2015 Request	FY 2014 to FY 2015 Increase/ Decrease	FY 2014 to FY 2015 Percent Change
Management & Financial	$1,285,929	$1,338,388	$1,316,208	($22,180)	-1.66%
Departmental Offices Salaries and Expenses	$292,257	$312,400	$308,734	($3,666)	-1.17%
Department-wide Systems and Capital Investments Program	$0	$2,725	$2,725	$0	0.00%
Office of Inspector General	$28,091	$34,800	$35,351	$551	1.58%
Treasury IG for Tax Administration	$143,761	$156,375	$157,419	$1,044	0.67%
Special Inspector General for TARP	$41,716	$34,923	$34,234	($689)	-1.97%
Community Development Financial Institutions Fund	$209,440	$226,000	$224,900	($1,100)	-0.49%
Financial Crimes Enforcement Network	$104,993	$112,000	$108,661	($3,339)	-2.98%
Alcohol and Tobacco Tax and Trade Bureau	$94,654	$99,000	$101,000	$2,000	2.02%
Program Cap Adjustment Included in IRS	$0	$0	($5,000)	($5,000)	0.00%
Net, Alcohol and Tobacco Tax and Trade Bureau	**$94,654**	**$99,000**	**$96,000**	**($3,000)**	**-3.03%**
Bureau of the Fiscal Service[3]	$370,017	$360,165	$348,184	($11,981)	-3.33%
Tax Administration	$11,197,612	$11,290,612	$12,476,527	$1,185,915	10.50%
IRS Taxpayer Services	$2,122,553	$2,156,554	$2,317,633	$161,079	7.47%
IRS Enforcement	$5,022,178	$5,051,178	$5,371,826	$320,648	6.35%
IRS Operations Support	$3,740,943	$3,769,942	$4,456,858	$686,916	18.22%
IRS Business Systems Modernization	$312,938	$312,938	$330,210	$17,272	5.52%
Subtotal, Treasury Appropriations Committee	**$12,483,541**	**$12,629,000**	**$13,792,735**	**$1,163,735**	**9.21%**
Treasury Forfeiture Fund	($950,000)	($836,000)	($950,000)	($114,000)	13.64%
Total, Treasury Appropriations Committee	**$11,533,541**	**$11,793,000**	**$12,842,735**	**$1,049,735**	**8.90%**
Treasury International Programs	**$2,585,579**	**$2,690,229**	**$2,610,005**	**($80,224)**	**-2.98%**
Economic Growth, National Security and Poverty Reduction (MDBs)	$2,044,409	$2,075,449	$2,042,105	($33,344)	-1.61%
Food Security	$156,647	$163,000	$30,000	($133,000)	-81.60%
World Bank Enviornmental Trust Funds	$347,497	$428,280	$401,000	($27,280)	-6.37%
Debt Relief	$11,392	$0	$92,400	$92,400	0.00%
Office of Technical Assistance (OTA)	$25,634	$23,500	$23,500	$0	0.00%
Middle East Transition Fund	$0	$0	$5,000	$5,000	0.00%
International Monetary Fund	$0	$0	$16,000	$16,000	0.00%
Total	**$14,119,120**	**$14,483,229**	**$15,452,740**	**$969,511**	**6.69%**

[1] FY 2013 Operating Level reflects the full-year continuing resolution, reduced by the .2% rescission and sequestration.

[2] IRS FY 2013 Operating Level includes an interappropriation transfer of $73M from the Enforcement appropriation to Taxpayer Services ($13M) and Operations Support ($60M) appropriations. FY 2014 Enacted includes $92 million in funding ($34 million to Taxpayer Services and $58 million to Operations Support).

[3] The FY 2013 Operating Level does not include the $1 million in Legacy Treasury Direct User Fee collections.

Summary

The Department of the Treasury's FY 2015 request includes resources to strengthen the U.S. economy and job creation, help struggling homeowners, monitor risks to the financial system, encourage small business lending, protect taxpayers, promote fair and effective revenue collection, fight financial crimes, reinforce the international competitiveness of the United States, manufacture currency, and responsibly manage the U.S. government's financial resources, among other duties.

The FY 2015 President's Budget request proposes $13.8 billion for the Department's operating accounts. Of this amount, $480 million is provided via a program integrity cap adjustment intended to improve the integrity of the tax system. Within the total level of funding, Treasury continues to identify operational savings while making key investments in support of the Administration's goals. In addition, the Budget proposes $2.6 billion for Treasury's International Assistance programs in order to promote our national security, open new markets for U.S. exporters, and address key global challenges such as food security and the environment.

The FY 2015 Budget request for Treasury's operating bureaus is 1.7 percent below the FY 2014 enacted level, excluding the IRS. The Budget identifies $154.2 million in efficiency savings and program reductions.

The Budget aligns with the Department's *FY 2014 to 2017 Strategic Plan*, Agency Priority Goals, and Federal Priority Goals.[1] The Congressional Justification also serves as the Department's Annual Performance Report and Plan.

[1] Per the GPRA Modernization Act, P.L. 111-352, requirement to address Federal Goals in the agency Strategic Plan and Annual Performance Plan, please refer to Performance.gov for information on Federal Priority Goals and the agency's contributions to those goals, where applicable.

Treasury Strategic Goal: Promote domestic economic growth and stability while continuing reforms of the financial system

Treasury is committed to promoting economic growth that allows citizens and businesses to have more confidence in the safety and soundness of the financial system.

Supporting Small Businesses

The Small Business Jobs Act of 2010 created the Small Business Lending Fund (SBLF) and the State Small Business Credit Initiative (SSBCI). The SBLF helps increase the availability of credit to small businesses by providing capital to community banks and community development loan funds with assets under $10 billion. In its first round of funding, SSBCI allocated $1.5 billion to strengthen state programs that leverage private capital and support lending to small businesses and small manufacturers that are creditworthy but unable to access the credit needed to grow and create jobs in their communities. The first $271 million in program expenditures supported lending and investments of $1.9 billion to more than 4,600 small businesses across the country—creating or saving more than 53,000 American jobs. The $1.5 billion original investment is expected to result in up to $15 billion in new lending to small businesses in participating states. The Budget proposes a new authorization of $1.5 billion for SSBCI to build on the momentum of the program's first round and strengthen the federal government's relationships with state economic development agencies which are highly responsive to capital needs in local markets. This additional $1.5 billion would be awarded in two allocations, $1 billion awarded on a competitive basis to states best able to target underserved groups, leverage federal funding, and evaluate results and $500 million awarded according to a need-based formula based on economic factors such as job losses and pace of economic recovery.

Supporting Economic Growth and Opportunity

In FY 2013, Treasury continued to focus on economic growth for local communities and small businesses through funding for projects that would encourage job creation and further investment in distressed communities. The FY 2015 Budget proposes $224.9 million for the Community Development Financial Institutions (CDFI) Fund to promote economic development investments in low-income and underserved communities. Of the total request, $35 million – an increase of $13 million from FY 2014 – for the Administration's Healthy Food Financing Initiative will support increased availability of affordable, healthy food options for the food desert communities. The Budget also proposes legislation to extend the CDFI Bond Guarantee program by one year to provide a source of long-term capital to CDFIs that support lending in underserved communities.

Treasury proposes to implement a fund to support Pay for Success projects. A growing number of state and local governments are using the Pay for Success model to finance preventive social programs that can post savings to the federal government while improving outcomes for families and communities. Emerging Pay for Success projects are hampered by an inability to leverage savings across levels of government and a lack of rigorous data that could help investors evaluate the risk associated with these ventures. A Pay for Success Fund will be designed to ensure that taxpayers get the best possible returns for funds expended and government assets are protected by exclusively paying for projects that show measurable outcomes resulting in greater federal savings and programmatic efficiency. The Budget proposes $300 million in new mandatory funding for this program.

Implementing Financial Reform

The FY 2015 Budget continues implementation of the comprehensive financial reforms included in the Dodd-Frank Wall Street Reform and Consumer Protection Act. These reforms place tougher limits on risk-taking by financial institutions in order to promote financial stability and protect American people.

The Financial Stability Oversight Council (FSOC), chaired by the Secretary of the Treasury, monitors threats to financial stability and facilitates coordination across the financial regulatory community. The Secretary is actively engaged in activities to identify risks, promote market discipline, and respond to emerging threats to U.S. financial stability. The Secretary also coordinates several rulemaking processes, including the risk retention rule, which aims to provide the economic incentive to securitize well underwritten mortgages and other assets, and the Volcker Rule, which changes behavior and practices in financial markets to help safeguard taxpayers.

Treasury is represented at the international Financial Stability Board (FSB) by the Under Secretary for International Affairs. At the FSB, Treasury supports coordination to improve global financial stability. This will decrease the risk of regulatory arbitrage to the global financial system, avoid an undue regulatory burden for U.S. firms, and protect our economy from risks emanating from beyond our shores.

The Federal Insurance Office (FIO) monitors all aspects of the insurance industry and advises the Secretary on insurance matters of national and international importance, as well as representing the United States on prudential aspects of international insurance matters, where previously, the United States had not been represented by any specifically designated individual, office, or agency. Among other projects, FIO is actively engaged in the FSOC and at the International Association of Insurance Supervisors.

The Office of Financial Research was created to serve the needs of FSOC and its member agencies, to collect and standardize financial data, to perform essential research and to develop new tools for measuring and monitoring risk in the financial system. The OFR is supporting the data needs for the FSOC's nonbank designations process, continues to enhance its Financial Stability Monitor—a dashboard of financial stability metrics and indicators—and has played a central role in the international initiative to establish a global Legal Entity Identifier (LEI).

Winding Down the Troubled Asset Relief Program

The actions taken under Troubled Asset Relief Program (TARP), along with other emergency measures put in place by the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation (FDIC) helped prevent the collapse of the U.S. financial system and stabilize the economy. As Treasury continues winding down the investment programs in TARP, it continues operation of housing programs to help struggling homeowners avoid foreclosure.

The true cost of the financial crisis will always be measured in the human suffering and economic damage it caused – the jobs that were lost, the businesses that were closed, and the college educations or retirements that were deferred. However the fiscal cost of TARP is also important. Of the $412 billion in support that TARP provided to the financial and automotive sectors, only $12.4 billion remains outstanding. Taxpayers have realized a significant positive return on TARP's investments in banks. By the end of FY 2013, taxpayers had recovered a total of $273.4 billion in repayments and other income - more than $27.9 billion above the total funds that were invested under TARP's bank programs. The FY 2015 Budget estimates that excluding assistance to distressed homeowners, taxpayers will realize a positive net return of $15 billion from TARP investments and additional Treasury AIG support.

Stabilizing the Housing Market

Using authority granted under the Emergency Economic Stabilization Act (EESA), Treasury established two central housing programs under TARP, the Making Home Affordable (MHA) program and the Hardest Hit Fund (HHF). Treasury also used its authority to support the Federal Housing Administration's (FHA) Short Refinance Program. Combined, Treasury committed $38.5 billion to fund these housing programs under TARP. MHA and HHF have disbursed over $9.5 billion from inception through the end of FY 2013. More funds are expected to be disbursed over time as incentive payments are made for current participants and new homeowners entering into the programs.

Terrorism Risk Insurance Program

In order to preserve the long-term availability and affordability of property and casualty insurance for terrorism risk, the Budget proposes to extend the Terrorism Risk Insurance Program and to implement programmatic reforms to limit taxpayer exposure and achieve cost neutrality.

Treasury Strategic Goal: Enhance U.S. Competitiveness and Job Creation, and Promote International Financial Stability and More Balanced Global Growth

Encouraging International Economic Growth and Stability

Treasury works bilaterally and multilaterally to foster strong, sustainable, and balanced global growth; to support free trade and open markets; to promote a level playing field for U.S. financial institutions; to maintain stable international financial markets; to encourage foreign investment in the United States while protecting national security; and to use our leadership positions in the International Financial Institutions in pursuit of U.S. policy goals. The Department's operating account request includes funding for Treasury to continue advancing these economic and national security policy priorities around the world.

The Department's $2.6 billion FY 2015 International Programs budget request provides a cost-effective way to promote our national security, support the next generation of export markets, and address key global challenges like environmental degradation and food security, while fostering private sector development and entrepreneurship. The FY 2015 request includes funding for capital increases and replenishments at the MDBs as well as contributions to several targeted trust funds and funding for Treasury's Office of Technical Assistance.

Finally, the request seeks to implement the 2010 International Monetary Fund (IMF) agreement. In 2010, G-20 Leaders and the IMF membership decided on a set of quota and governance reforms designed to enhance IMF effectiveness. The United States successfully achieved its negotiating priorities in this process, (1) a U.S. quota increase with a simultaneous and equivalent roll back in our participation in the IMF's New Arrangements to Borrow, representing no new financial commitment to the IMF; and, (2) preservation of the unique U.S. veto in the IMF. Implementation of the 2010 reforms is necessary to prevent a loss of U.S. influence in the IMF.

Treasury Strategic Goal: Fairly and Effectively Reform and Modernize Federal Financial Management, Accounting, and Tax Systems

The Fiscal Service

Treasury continues to invest in ways to improve the government's ability to collect delinquent debt across all agencies, enhance program integrity, and return greater resources to taxpayers. Given its financial management expertise and leadership, the Fiscal Service will work with other agencies to improve USAspending.gov, the government's website designed to share data on Federal spending. The Budget also requests support from the new Opportunity, Growth, and Security Initiative to improve USAspending.gov's appearance and functionality for policy makers and the public.

Internal Revenue Service

The IRS plays a unique role in government, and resources invested in the agency represent a smart investment for the nation's taxpayers, returning many times their cost in the form of increased revenue. In recent years, the lack of sufficient funding for the IRS continues to have major implications for taxpayers and the tax system. As a result, taxpayers face longer wait times on the phone, and it takes longer to respond to taxpayer correspondence. A sustained deterioration in taxpayer service combined with reduced enforcement activity could create serious long-term risk for the U.S. tax system, which is based on voluntary compliance. The IRS supports voluntary compliance by addressing millions of taxpayers' questions in their efforts to comply with the law and is an integral component of IRS's compliance activities. For example, during the 2013 tax season, IRS taxpayer service representatives answered over 30.1 million phone calls in addition to 54 million calls answered through automation. Approximately 98 percent of IRS tax collections in FY 2012 resulted from voluntary payments made by taxpayers. Because the IRS collects more than 90 percent of all federal tax receipts each year, even a small decline in voluntary compliance could have a noticeable impact on revenue.

The FY 2015 Budget provides the IRS with $12 billion in base discretionary resources to invest in improving service to tens of millions of taxpayers, reducing the deficit through more effective enforcement of tax laws, including IT systems ready to meet the challenges of the 21st Century tax system, and fully funding the implementation of the Affordable Care Act. The Budget also proposes a $480 million cap adjustment to support program integrity efforts aimed at improving enforcement of current tax laws and reducing the tax gap. This multi-year effort is expected generate $52 billion in additional revenue over the next 10 years at a cost of just over $17 billion, thereby reducing the deficit by $35 billion. The targeted investments made in FY 2015 will generate over $2 billion in annual revenue once fully operationalized in FY 2017, returning nearly $6 to the Treasury for every dollar invested.

The Budget also provides $330.2 million for the Business Systems Modernization Program to invest strategically in state-of-the art capabilities, such as online taxpayer services, that utilize and leverage the database infrastructure that is now in place.

In addition to the Taxpayer Service request within the discretionary caps, the Budget requests resources from the new Opportunity, Growth, and Security Initiative to support additional IRS customer service improvements, including increasing toll-free telephone level of service by 11 percentage points to over 80 percent, driving responsiveness to taxpayers through correspondence inventory reduction, and bolstering resources to help tackle more highly burdensome identity theft and refund fraud cases.

Restoring Gulf Coast Communities

The Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act) established the Gulf Coast Restoration Trust Fund (Trust Fund) to maintain the civil and administrative penalties arising from the *Deepwater Horizon* oil spill. Treasury serves oversight, administrative, compliance, and audit roles to help ensure that funds are expended as required by the RESTORE Act, and will work with the newly established Gulf Coast Restoration Council to administer these funds in supporting economic and environmental restoration in the Gulf Coast region. The Budget proposes legislation that will allow Departmental Offices to draw resources from the Trust Fund to carry out its responsibilities.

Treasury Strategic Goal: Safeguard the Financial System and Use Financial Measures to Counter National Security Threats

The Office of Terrorism and Financial Intelligence (TFI), within the Departmental Offices, oversees and marshals Treasury's intelligence, enforcement, and economic sanctions functions in support of U.S. national security policies and interests and with the twin aims of safeguarding financial systems against illicit use and combating rogue nations, terrorist facilitators, money launderers, drug kingpins, proliferators of weapons of mass destruction, and other national security threats. The Budget provides $105.9 million, an increase of $3.9 million from FY 2014, to support TFI's efforts.

Successful Implementation of International Sanctions
In FY 2013, the Office of Foreign Assets Control (OFAC) tallied over 500 actions under its sanctions authorities in its efforts to disrupt and dismantle the financial networks that support weapons of mass destruction proliferators, terrorists, narcotics traffickers, and transnational organized crime, and target certain foreign regimes in support of U.S. national security, foreign policy, and economic interests. In particular, OFAC conducted a sustained sanctions campaign against Iran, its agents, and its front companies in response to Iran's continued defiance of various United Nations Security Council resolutions related to its nuclear program. As a result, banks around the world have continued cutting off Iran from the international financial sector; this isolation has played an essential role in bringing Iran to the negotiating table.

Collection of Major Asset Forfeitures Supports Deficit Reduction
The Treasury Forfeiture Fund received over $1.7 billion in forfeitures and recoveries in FY 2013. The success of Treasury's asset forfeiture program allows the Department to make priority investments in law enforcement and national security, without requesting additional resources from taxpayers. Further, it enables Treasury to contribute to deficit reduction with a proposed permanent cancellation of $950 million from the Forfeiture Fund's unobligated balances.

Improving the Cybersecurity of Our Nation's Financial Sector
Cyber risks to financial institutions and markets are growing in both frequency and sophistication. Working with a combination of government, non-government, and private sector partners, both international and domestic, Treasury seeks to improve the protection and resilience of financial sector from cyber and physical attacks. In addition, the Budget proposes an increase of $10.9 million for investments in enhancing Treasury's cyber-preparedness.

Treasury Strategic Goal: Create a 21st-Century Approach to Government by Improving Efficiency, Effectiveness, and Customer Interaction

Treasury will continue to manage Treasury's resources as effectively and efficiently as possible, creating the best value for all constituents.

Treasury has implemented a multi-pronged effort to expand the use of electronic transactions in conducting the business of government, including through electronic payroll savings bonds, electronic benefit payments, and electronic tax collection. These efforts have resulted in reduced costs, improved customer service, and decreased susceptibility to fraud. The Department's "Paperless Treasury" initiative has saved the government hundreds of millions of dollars through electronic payment of benefits and increases in the electronic filing (e-file) rate for tax returns. The IRS's e-file program has been highly successful, saving the Department millions of dollars every year.

A current IRS focus is on efforts to expand web based services to introduce self-service and electronic-service taxpayer options to enable taxpayers to securely authenticate, view and print tax records online, pay outstanding debts and enter into installment agreements, establish a power of attorney, get tax law information, and easily access all parts of IRS.gov. This effort will deliver the enabling infrastructure and next wave of digital services to allow taxpayers to navigate the tax system, understand and meet their tax obligations, and conduct their business in the most efficient and effective manner.

Increase Shared Services

Treasury will continue to focus on achieving cost savings for American taxpayers, modernizing operations, and increasing productivity by governing strategically, working smarter, and leveraging technology. Increasing the use of shared services and better leveraging strategic sourcing for federal procurement will help achieve these goals.

Assesses the Future of Currency, including the Penny

The production and circulation of currency in the United States have been largely unchanged for decades, despite the growth in electronic financial transactions. Treasury is undertaking a comprehensive review of U.S. currency, including a review of both the production and use of coins, in order to efficiently promote commerce in the 21st century. These studies will analyze alternative metals, Mint facilities, and consumer behavior and preferences, and will result in the development of alternative options for the penny and the nickel.

Savings Proposals

As a result of Treasury's ongoing efforts to improve efficiency, reduce costs and streamline operations; the Department has been able to propose over $1.1 billion in savings in its budget submissions over the past four years. For example, the IRS implemented administrative cost savings by limiting employee travel and training to mission-critical projects. Training costs have been reduced by 83 percent and training-related travel costs by 87 percent between 2010 and 2013.

Treasury's FY 2015 request includes efficiency savings and program reductions of $154.2 million. Treasury's bureaus have found savings from, the Paperless Treasury initiative at the Fiscal Service, increased e-filing savings at the IRS, and administrative efficiencies across multiple bureaus.

FY 2015 President's Budget by Strategic Goal

(Dollars in Thousands)

Treasury Goal/Objective	Promote domestic economic growth and stability while continuing reforms of the financial system		Enhance U.S. competitiveness and job creation, and promote international financial stability and more balanced global growth		Fairly and effectively reform and modernize federal financial management, accounting, and tax systems		Safeguard the financial system and use financial measures to counter national security threats		Create a 21st-century approach to government by improving efficiency, effectiveness and customer interaction		Total	
	Direct $	Reimb. $	Direct $	Reimb. $	Direct $	Reimb. $	Direct $	Reimb. $	Direct $	Reimb. $	Direct $	Reimb. $
Management & Financial	482,094	33,490	81,049	13,326	496,723	239,328	238,305	45,429	18,037	3,641	1,316,208	335,213
Departmental Offices Salaries and Expenses	62,654	10,881	81,049	13,326	41,075	10,226	108,644	31,429	15,312	3,641	308,734	69,502
Department-wide Systems and Capital Investments Program									2,725		2,725	0
Office of Inspector General					14,351	2,000	21,000	11,000			35,351	13,000
Treasury Inspector General for Tax Administration					157,419	1,500					157,419	1,500
Special Inspector General for TARP	34,234										34,234	0
Community Development Financial Institutions Fund	224,900	112									224,900	112
Financial Crimes Enforcement Network							108,661	3,000			108,661	3,000
Alcohol and Tobacco Tax and Trade Bureau	46,060	3,061			49,940	3,451					96,000	6,512
Bureau of the Fiscal Service	114,246	19,436			233,938	222,151					348,184	241,587
Tax Administration	0	0	0	0	12,476,527	101,419	0	0	0	0	12,476,527	101,419
IRS Taxpayer Services					2,317,633	40,212					2,317,633	40,212
IRS Enforcement					5,371,826	32,446					5,371,826	32,446
IRS Operations Support					4,456,858	28,761					4,456,858	28,761
Business Systems Modernization					330,210						330,210	0
Total, Treasury Appropriations Committee	**482,094**	**33,490**	**81,049**	**13,326**	**12,973,250**	**340,747**	**238,305**	**45,429**	**18,037**	**3,641**	**13,792,735**	**436,632**
Treasury International Programs			2,610,005								2,610,005	0
Total, Appropriated Level	**482,094**	**33,490**	**2,691,054**	**13,326**	**12,973,250**	**340,747**	**238,305**	**45,429**	**18,037**	**3,641**	**16,402,740**	**436,632**
Non-Appropriated Bureaus	**207,753**	**5,502,795**	**0**	**0**	**0**	**0**	**0**	**33,112**	**0**	**0**	**207,753**	**5,535,907**
Office of Financial Stability (Administrative Account)	183,640										183,640	0
Small Business Lending Fund Program (Administrative)	17,361										17,361	0
State Small Business Credit Initiative (Administrative)	6,752										6,752	0
Financial Stability Oversight Council		20,372									0	20,372
Office of Financial Research		91,749									0	91,749
Bureau of Engraving and Printing		748,592									0	748,592
United States Mint		3,571,451									0	3,571,451
Office of the Comptroller of the Currency		1,070,631						33,112			0	1,103,743
Subtotal, Direct $	**689,847**		**2,691,054**		**12,973,250**		**238,305**		**18,037**		**16,610,493**	
Subtotal, Reimbursable $		**5,536,285**		**13,326**		**340,747**		**78,541**		**3,641**		**5,972,539**
Total, Treasury Level	**6,226,131**		**2,704,380**		**13,313,997**		**316,846**		**21,677**		**22,583,032**	

1/ Total does not include the proposed $950 million Forfeiture Fund permanent cancellation.

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

(Direct and Reimbursable)

Appropriation	2013 Actual Direct	2013 Actual Reimb.	2013 Actual Total	2014 Enacted Direct	2014 Enacted Reimb.	2014 Enacted Total	2015 President's Budget Direct	2015 President's Budget Reimb.	2015 President's Budget Total
Departmental Offices Salaries and Expenses	1,189	125	1,314	1,171	132	1,303	1,188	132	1,320
Office of Inspector General	164	14	178	194	19	213	194	19	213
Treasury Inspector General for Tax Administration	772	2	774	835	2	837	835	2	837
Special Inspector General for TARP	168	0	168	192	0	192	192	0	192
Community Development Financial Institutions Fund	76	0	76	76	0	76	73	0	73
Financial Crimes Enforcement Network	300	2	302	345	1	346	345	1	346
Alcohol and Tobacco Tax and Trade Bureau	466	10	476	473	9	482	508	9	517
Bureau of the Fiscal Service	1,660	523	2,183	1,676	714	2,390	1,636	714	2,350
Internal Revenue Service	85,881	786	86,667	84,189	822	85,011	91,187	822	92,009
Subtotal, Treasury Appropriated Level	**90,676**	**1,462**	**92,138**	**89,151**	**1,699**	**90,850**	**96,158**	**1,699**	**97,857**
Office of Financial Stability (Administrative Account)	116	25	141	103	0	103	86	0	86
Small Business Lending Fund Program	24	0	24	19	6	25	19	6	25
State Small Business Credit Initiative	11	0	11	14	0	14	12	0	12
Financial Stability Oversight Council	0	23	23	0	25	25	0	26	26
Office of Financial Research	0	109	109	0	215	215	0	249	249
Treasury Franchise Fund	0	1,384	1,384	0	1,618	1,618	0	1,836	1,836
Bureau of Engraving and Printing	0	1,890	1,890	0	1,925	1,925	0	1,944	1,944
United States Mint	0	1,705	1,705	0	1,874	1,874	0	1,874	1,874
Office of the Comptroller of the Currency	0	3,822	3,822	0	3,953	3,953	0	3,997	3,997
Terrorism Insurance Program	6	0	6	10	0	10	10	0	10
Total	**90,833**	**10,420**	**101,253**	**89,297**	**11,315**	**100,612**	**96,285**	**11,631**	**107,916**

1/ In a few cases FTE numbers have been updated since data entry was completed in the OMB database. The numbers presented in this table are the most current estimates.
2/ 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.
3/ IRS FY 2013 Actuals do not include 676 FTE funded from User Fees and 5 FTE from the Federal Highway Transportation Authority Account; IRS FY 2014 Enacted and FY 2015 Request do not include 676 FTE funded from User Fees and 5 FTE from the Federal Highway Transportation Authority Account.

Summary of FY 2015 Increases and Decreases

	DO	DSCIP	OIG	TIGTA	SIGTARP	CDFI	FinCEN	TTB	Fiscal Service	IRS	Total	Total, Treasury Appropriations Committee
FY 2014 Enacted	**$312,400**	**$2,725**	**$34,800**	**$156,375**	**$34,923**	**$226,000**	**$112,000**	**$99,000**	**$360,165**	**$11,290,612**	**$12,629,000**	**$11,793,000**
Adjustment to Request	$0	$0	$0	$0	$0	$0	$0	($2,000)	$0	$0	($2,000)	($2,000)
Maintaing Current Levels (MCLs)	$5,812	$0	$551	$2,898	$823	$462	$1,987	$1,824	$7,469	$223,177	$245,003	$245,003
Non-Recurring Costs	($16,975)	($2,725)	$0	$0	$0	$0	($4,146)	$0	($11,064)	($92,000)	($126,910)	($126,910)
Efficiency Savings	($2,960)	$0	$0	($1,854)	($1,512)	$0	$0	($2,824)	($8,386)	($95,200)	($112,736)	($112,736)
Transfers	$3,340	$0	$0	$0	$0	$0	$0	$0	$0	$0	$3,340	$3,340
Adjustments to Base	**($10,783)**	**($2,725)**	**$551**	**$1,044**	**($689)**	**$462**	**($2,159)**	**($3,000)**	**($11,981)**	**$35,977**	**$6,697**	**$6,697**
FY 2015 Base	**$301,617**	**$0**	**$35,351**	**$157,419**	**$34,234**	**$226,462**	**$109,841**	**$96,000**	**$348,184**	**$11,326,589**	**$12,635,697**	**$11,799,697**
Program Decreases	$0	$0	$0	$0	$0	($19,498)	($1,180)	($5,000)	$0	$0	($25,678)	($25,678)
Program Reinvestments	$0	$0	$0	$0	$0	$0	$0	$0	$0	$16,025	$16,025	$16,025
Program Increases	$7,117	$2,725	$0	$0	$0	$17,936	$0	$5,000	$0	$1,133,913	$1,166,691	$1,166,691
Subtotal, Program Changes	**$7,117**	**$2,725**	**$0**	**$0**	**$0**	**($1,562)**	**($1,180)**	**$0**	**$0**	**$1,149,938**	**$1,157,038**	**$1,157,038**
Change to Offsetting Fees/Cancellations/Rescissions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	($114,000)
FY 2015 President's Budget	**$308,734**	**$2,725**	**$35,351**	**$157,419**	**$34,234**	**$224,900**	**$108,661**	**$96,000**	**$348,184**	**$12,476,527**	**$13,792,735**	**$12,842,735**

1/ Total resources for FY 2015 includes a $950 million Forfeiture Fund cancellation.
2/ Total Efficiency Savings for Treasury is $129 million. BEP and Mint savings of $15.750 million is not reflected in the chart above.

Departmental Offices

Program Summary by Budget Activity

Dollars in thousands

Budget Activity	FY 2013 Operating Level	FY 2014 Enacted	FY 2015 Request	FY 2014 TO FY 2015 $ Change	FY 2014 TO FY 2015 % Change
Executive Direction	$35,763	$36,738	$37,934	$1,196	3.26%
International Affairs and Economic Policy	$56,804	$56,113	$57,542	$1,429	2.55%
Domestic Finance and Tax Policy	$68,351	$80,956	$68,703	($12,253)	-15.14%
Terrorism and Financial Intelligence	$96,116	$102,000	$105,930	$3,930	3.85%
Treasury-wide Management and Programs	$35,223	$36,593	$38,625	$2,032	5.55%
Subtotal, Departmental Offices - S & E	**$292,257**	**$312,400**	**$308,734**	**($3,666)**	**-1.17%**
Offsetting Collections - Reimbursables	$69,502	$69,502	$69,502	$0	0.00%
Total Program Operating Level	**$361,759**	**$381,902**	**$378,236**	**($3,666)**	**-0.96%**
Direct FTE	1,187	1,171	1,188	17	1.45%
Reimbursable FTE	132	132	132	0	0.00%
Total FTE	**1,319**	**1,303**	**1,320**	**17**	**1.30%**

Summary

Departmental Offices (DO) is the headquarters bureau for the Department of the Treasury. It provides leadership in economic and financial policy, financial intelligence and enforcement, and general management. Treasury utilizes effective management, policies, and leadership to protect our national security through targeted financial actions, by promoting the stability of the nation's financial markets, and by ensuring the Government's ability to collect revenue and fund its operations.

The FY 2015 budget request supports DO's leading role in accomplishing the Treasury strategic goals:

- *Promote domestic economic growth and stability while continuing reforms of the financial system*
- *Enhance U.S. competitiveness and job creation, and promote international financial stability and more balanced global growth*
- *Fairly and effectively reform and modernize Federal financial management, accounting, and tax systems*
- *Safeguard the financial system and use financial measures to counter national security threats*
- *Create a 21st-century approach to Government by improving efficiency, effectiveness, and customer interaction*

Total resources requested to support DO activities for FY 2015 are $378,236,000, including $308,734,000 from direct appropriations and $69,502,000 from offsetting collections and reimbursable programs.

DO FY 2015 Budget Highlights

Dollars in Thousands

Departmental Offices - S & E	FTE	Amount
FY 2014 Enacted	**1,171**	**$312,400**
Changes to Base:		
Maintaining Current Levels (MCLs):	-	$5,812
Pay-Raise	-	$2,192
FERS Contribution Increase	-	$1,703
Non-Pay	-	$1,917
Non-Recurring Costs:	-	($16,975)
RESTORE Act	-	($7,400)
Financial Capability Innovation Fund	-	($5,000)
State Small Business Credit Initiative	-	($2,000)
Treasury Evidence and Evaluation (incl. Intl Affairs Evaluator)	-	($1,500)
Recovery Act Program	-	($1,075)
Efficiency Savings:	-	($2,960)
Management and Administrative Savings and Reductions	-	($1,573)
TFI Contracts and Background Investigations	-	($714)
Policy Office Savings and Reductions	-	($486)
Policy Office Workforce Optimization	-	($187)
Transfers:	7	$3,340
Insider Threat Monitoring	7	$3,340
Subtotal Changes to Base	7	($10,783)
Total FY 2015 Base	**1,178**	**$301,617**
Program Changes:		
Program Increases:	10	$7,117
Treasury Attaché increasing ICASS Fees	-	$1,017
Government Security Operations Center	4	$3,500
DO LAN Cybersecurity Improvements	6	$2,600
Total FY 2015 Request	**1,188**	**$308,734**

FY 2015 Budget Adjustments

Maintaining Current Levels (MCLs)

Pay-Raise +$2,192,000 / +0 FTE

Funds are requested for the January 2015 pay-raise and the annualization of the 2014 pay-raise.

FERS Increase +$1,703,000 / +0 FTE

Funds are requested for increases in agency contributions to the Federal Employee Retirement System based on updated actuarial estimates.

Non-Pay +$1,917,000 / +0 FTE

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

Non-Recurring Costs

RESTORE Act -$7,400,000 / +0 FTE

In FY 2015, the Department proposes legislative language to allow Treasury to draw $9.5 million from the Gulf Coast Restoration Trust Fund, for management of the fund, including administering the civil and administrative penalties arising from the *Deep Water Horizon* oil spill, supporting environmental and economic restoration of the Gulf Coast region and standing up grants, compliance, and audit programs.

Financial Capability Innovation Fund -$5,000,000 / +0 FTE

Non-recurrence of a one-time FY 2014 investment in financial access and financial capabilities tool development targeted to low- and moderate-income persons.

State Small Business Credit Initiative -$2,000,000 / +0 FTE

Non-recurrence of funds for the State Small Business Credit Initiative that were reprogrammed in FY 2014 in order to fund TFI at the appropriated level.

Treasury Evidence and Evaluation (incl. Intl Affairs Evaluator) -$1,500,000 / +0 FTE

Non-recurrence of a one-time investment in research, evidence, and evaluation in the areas of financial education, financial access, and performance improvement.

Recovery Act Program -$1,075,000 / +0 FTE

Non-recurrence of contract costs for processing applications associated with Section 1603 of the Recovery Act. This program provides grants in lieu of tax credits for qualified energy properties. The application window closed in FY 2013, but applicants have until December 2016 to finish construction and claim a payment. Starting in FY 2015, Treasury will incrementally wind down this program resulting in funding reductions.

Efficiency Savings

Management and Administrative Savings and Reductions -$1,573,000 / +0 FTE

DO Management has streamlined contracts in its emergency preparedness program, resulting in $456,000 in savings. Management also expects an $828,000 reduction in building support services, largely from savings realized as a result of proactive infrastructure investments. These include utility savings from installing energy efficient heating and ventilation equipment in the Main Treasury and Treasury Annex buildings and building-related maintenance contract savings. Management will also save $133,000 from a reduced Federal Employees' Compensation Act payment to the Department of Labor, and a $156,000 reduction to training, subscriptions, and other contractual efficiencies.

TFI Contracts -$714,000 / +0 FTE

DO will achieve cost savings and efficiencies in TFI 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.

Policy Office Savings and Reductions -$486,000 / +0 FTE

The Office of Terrorism and Financial Intelligence and the Office of Domestic Finance will achieve efficiencies through adjustments to travel and operational costs. This reduction can be taken with no significant mission impact.

Policy Office Workforce Optimization -$187,000 / +0 FTE

The Office of International Affairs and the Office of Domestic Finance will achieve savings through re-structuring to include filling positions at lower grade levels and expanding use of term appointments. These reductions can be taken with no significant mission impact.

Transfers

Insider Threat Monitoring +$3,340,000 /+7 FTE

Funds will be transferred from the Office of the Director of National Intelligence to the Office of Terrorism and Financial Intelligence to support an Insider Threat Monitoring program. Executive Order 13587 and the President's Insider Threat Policy and Minimum Standards, signed in November 2012, requires that agencies establish a program for deterring, detecting, and mitigating insider threats by leveraging counterintelligence, security, information assurance, and other relevant functions and resources to identify and counter the insider threat.

Program Increases

Treasury Attaché increasing ICASS Fees +$1,017,000 / +0 FTE

This investment will fund the increase in fees for International Cooperative Administrative Support Services (ICASS) program, including new mandatory participation in the ICASS furniture and appliance pools, beginning in FY 2015. Treasury currently has several locations that will be required to subscribe to this ICASS service at the projected cost of $513,000. In addition, the cost of maintaining a Treasury Financial Attaché in Iraq will increase by an estimated $504,000 from FY 2014, as ICASS will be fully established at the U.S. Embassy in Baghdad. Funding this request in full will allow Treasury to retain its Financial Attaché presence overseas.

Government Security Operations Center +$3,500,000 / +4 FTE

Government Security Operations Center (GSOC) currently serves as the Department wide cyber incident response organization, responsible for monitoring, detection, and incident response and has the responsibility for monitoring the Department's Trusted Internet Connections and Managed Trusted Internet Protocol Service gateways. It works in coordination with Bureau security organizations to defend against traditional and advanced cyber-attacks directed at the Department's systems and users; most notably advanced phishing-type attacks. GSOC serves as the coordination point for threat data sharing with other Federal agency Security Operations Centers. Funds will be used, in part, to recruit technical analysts focused on data mining to analyze the technical aspects of Treasury-specific cyber-attacks in order to formulate detection, actionable defense, and mitigation strategies, which are generally outside the scope of the analytical work performed elsewhere in the Department. Funds will also support security intelligence analysis and advance cyber threat detection.

DO LAN Cybersecurity Improvements +$2,600,000 / +6 FTE
Provides comprehensive network access control to mitigate cybersecurity risks against the DO Local Area Network (LAN). The DO LAN is the primary computing network used by DO. It does not contain classified information, but it does contain a high volume of sensitive information. The DO LAN is also connected to the Internet, which makes it a susceptible target for cyber-criminals. Its current cybersecurity features are robust but require continuous strengthening to address the ever-increasing worldwide cyber threat. Funds will support hardware, system audit, and monitoring software, password management software, and FTEs.

Explanation of Budget Activities

Executive Direction ($37,934,000 from direct appropriations, $4,530,000 from reimbursable resources)
Provides direction and policy guidance to the Department, and interacts with Congress and the public on departmental policy matters.

International Affairs and Economic Policy ($57,542,000 from direct appropriations, $1,747,000 from reimbursable resources)
Monitors domestic and international economic conditions and collects and analyzes financial data.

Domestic Finance and Tax Policy ($68,703,000 from direct appropriations, $17,560,000 from reimbursable resources)
Monitors and provides economic and financial policy expertise in the areas of domestic finance and tax policy.

Terrorism and Financial Intelligence ($105,930,000 from direct appropriations, $31,992,000 from reimbursable resources)
Develops and implements strategies to counter terrorist financing and money laundering.

Treasury-wide Management and Programs ($38,625,000 from direct appropriations, $13,673,000 from reimbursable resources)
Provides strategic plans and policy direction in the fields of human resources, information technology security, and financial administration that include the formulation and management of the budget.

Legislative Proposals

Departmental Offices has no legislative proposals.

New Mandatory Program Proposals

Pay for Success

Treasury proposes $300 million in one-time funding for a mandatory Pay for Success Incentive Fund, which non-profit intermediaries and state and local governments will be able to leverage to provide credit enhancements and success-based payments to investors in public programs. Pay for Success leverages philanthropic and private dollars to fund services up front, with the Government paying after they generate results. The Fund is designed to encourage innovation and evidence-based approaches to improve outcomes and reduce Government costs across a range of program areas.

Terrorism Risk Insurance Program

In order to preserve the long-term availability and affordability of property and casualty insurance for terrorism risk, the Budget proposes to extend the Terrorism Risk Insurance Program and to implement programmatic reforms to limit taxpayer exposure and achieve cost neutrality.

DO Performance by Budget Activity

Budget Activity	Performance Measure	FY 2011 Actual	FY 2012 Actual	FY 2013 Target	FY 2013 Actual	FY 2014 Target	FY 2015 Target
International Affairs and Economic Policy	Monitor Quality and Enhance Effectiveness of International Monetary Fund (IMF) Lending Through Review of IMF Country Programs	100	100	100	100	100	100
Domestic Finance and Tax Policy	Variance Between Estimated and Actual Receipts (Annual Forecast)	4.4	3.8	4.5	2.5	4.25	4.25
Terrorism and Financial Intelligence	Impact of TFI Programs and Activities	7.6	8.1	8.3	8.3	8.5	8.5
Treasury-wide Management and Programs	Percent of Procurement Dollars Spent On Small Business	34.51	38.52	32.00	39.15	35.07	N/A

Key: DISC - Discontinued and B – Baseline

Description of Performance

The following performance measures provide a snapshot of the FY 2015 DO performance plan:

<u>Monitor Quality and Enhance Effectiveness of International Monetary Fund (IMF) Lending through Review of IMF Country Programs:</u> This measure tracks efforts by IA staff to monitor the quality of IMF country programs and ensure the application of appropriately high standards for the use of IMF resources. The target (100.0) was met in FY 2013. In FY 2014 and 2015, IA's target for this measure will remain at 100 percent.

<u>Variance Between Estimated and Actual Receipts (Annual Forecast)</u>: As part of managing the Government's central operating account and cash position, the Office of Fiscal Projections (OFP) forecasts net cash flows (e.g., federal receipts, outlays, and other miscellaneous flows) 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. The actual variance for FY 2013 was 2.5 percent, significantly lower than the 4.5 percent target for FY 2013 and a 1.3 percentage point improvement over FY 2012. The target for FY 2014 and FY 2015 is 4.25 percent.

<u>Impact of TFI Programs and Activities</u>: In order to gauge its performance, TFI created a composite measure consisting of three program office focus areas related to its

mission and strategic goals, including customer outreach, increasing budget production of intelligence products, and implementing IT modernization projects. TFI exceeded its performance target on this composite measure. The FY 2015 goal for this metric is 8.5.

Treasury-wide Percentage of Procurement Dollars Spent On Small Business: This goal measures the percentage of procurement dollars obligated toward small businesses (or Treasury's overall small business goal) and highlights Treasury's efforts to ensure that small businesses have the maximum practicable opportunity to provide goods and services to the Federal Government. Based on preliminary data, Treasury achieved 39.15 percent on its overall small business goal, exceeding its FY 2013 target. Treasury will continue to employ the successful strategies of targeted outreach, enhanced leadership accountability, new policies, new tools and resources, and increased intra-agency communication to achieve its overall small business goal in FY 2014 of 35.07 percent. The FY 2015 goal has not yet been set.

Department-wide Systems and Capital Investments Program

Program Summary by Budget Activity

Dollars in Thousands

	FY 2013	FY 2014	FY 2015	FY 2014 TO FY 2015	
Budget Activity	Operating Level	Enacted	Request	$ Change	% Change
Department-wide Systems and Capital Investments Program	$0	$2,725	$2,725	$0	0.00%
Total Program Operating Level	**$0**	**$2,725**	**$2,725**	**$0**	**0.00%**
Total FTE	**0**	**0**	**0**	**0**	**NA**

Summary

The Department-wide Systems and Capital Investments Program (DSCIP) is authorized to be used by or on behalf of the Treasury Department's bureaus, at the Secretary's discretion, to improve infrastructure, modernize business processes, and increase efficiency through technology investments.

DSCIP FY 2015 Budget Highlights

Dollars in Thousands

Department-wide Systems and Capital Investments Program	FTE	Amount
FY 2014 Enacted	**-**	**$2,725**
Changes to Base:		
Non-Recurring Costs:	-	($2,725)
Zero-Base Budget	-	($2,725)
Subtotal Changes to Base	-	($2,725)
Total FY 2015 Base	**-**	**-**
Program Changes:		
Program Increases:	-	$2,725
Data Leakage Protection System	-	$1,500
Rain Leader Repair and Window Repair and Replacement	-	$1,225
Total FY 2015 Request	**-**	**$2,725**

FY 2015 Budget Adjustments

Non-Recurring Costs

Zero Base Budget -$2,725,000 / +0 FTE

DSCIP appropriations are one-time funding and do not recur.

Program Increases

Data Leakage Protection System +$1,500,000/ +0 FTE

Funds in the amount of $1,500,000 are requested for specialized technical services to implement a Data Leakage Protection (DLP) tool at non-IRS internet perimeter points. The DLP will examine data, including e-mail being sent from the Department, to identify whether any sensitive data, such as personally identifiable or classified information, are being inadvertently transmitted. It will then alert users and/or prohibits the transmission. DLP will support Treasury's implementation of the Administration's Controlled Unclassified Information (CUI) directive (See E.O. 13556) by examining data for CUI that should not leave the Treasury's networks or that should be encrypted prior to sending. DLP will also support the Administration's efforts to improve insider threat detection by more closely monitoring the types of data being sent out of Treasury's networks. Treasury will be able to implement a DLP at a low cost by leveraging an existing IRS commercial product license, which was procured for Department-wide use and is already being implemented on the Trusted Internet Connections (TICs) at IRS. This investment will allow implementation at both of Treasury's non-IRS TICs and the configuration of the system to accommodate all other Treasury Bureaus. There are no expected out-year costs.

Rain Leader Repair and Window Repair and Replacement +$1,225,000 / +0 FTE

Funding is requested to line the interior rain leaders of the Main Treasury Building with a neoprene compound, and to repair and replace damaged windows, some of which are original to the building, to prevent water damage to other structural components. Rain leaders are vertical sections of cast iron pipe within the exterior walls of the Main Treasury Building designed to carry rainwater off the roof and into storm drains. The rain leaders in Main Treasury are estimated to be 150 years old. The cast iron composition has failed over time by rusting from the inside out. The deteriorated state of the rain leaders causes regular leaks from water penetrating the building shell and being absorbed by the plaster walls and the substrate below. The continued water intrusion results in routine and lengthy repairs to the tenant spaces. Lining the rain leaders with a neoprene compound will minimize existing leaks and possibly abate them in totality, thereby reducing maintenance problems. In addition to rain leader repairs, the windows in the Main Treasury building have exceeded their life cycle. There are over 600 wooden frame windows in the Main Treasury building, some of which are also estimated to be over 150 years old. The window frames are experiencing paint failure and varying degrees of damage to the wood from weather exposure. Funding is requested to address the cyclical painting and repair of the frames. These investments are critical for the basic maintenance and preservation of the historic Main Treasury Building.

Explanation of Budget Activities

Department-wide Systems and Capital Investments Program ($2,725,000 from direct appropriations)

The purpose of DSCIP funds is to modernize business processes and increase efficiencies within Treasury and across the Government through capital investment. The following section discusses both past investments and proposed plans.

Legislative Proposals

DSCIP has no legislative proposals.

Office of Inspector General

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2013 Operating Level	FY 2014 Enacted	FY 2015 Request	FY 2014 TO FY 2015 $ Change	FY 2014 TO FY 2015 % Change
Audit	$21,630	$27,050	$28,275	$1,225	4.53%
Investigations	$6,461	$7,750	$7,076	($674)	-8.70%
Subtotal, Office of Inspector General	**$28,091**	**$34,800**	**$35,351**	**$551**	**1.58%**
Offsetting Collections - Reimbursables	$13,200	$12,000	$13,000	$1,000	8.33%
Total Program Operating Level	**$41,291**	**$46,800**	**$48,351**	**$1,551**	**3.31%**
Direct FTE	172	194	194	0	0.00%
Reimbursable FTE	19	19	21	0	0.00%
Total FTE	**191**	**213**	**213**	**0**	**0.00%**

Some reimbursable amounts and FTEs have been updated here compared to the President's Budget Appendix.

Summary

The Inspector General Act of 1978 gives the Treasury Office of Inspector General (OIG) the authority and responsibility to (1) audit and investigate the Department of the Treasury's programs and operations; (2) promote economy and efficiency and to detect and prevent fraud and waste in those programs and operations; and (3) keep the Secretary and Congress aware of problems and solutions.

The OIG provides independent oversight of Treasury and all of its bureaus except the Internal Revenue Service (IRS) and the Troubled Asset Relief Program (TARP). The OIG has five components, including three mission offices – the Office of Audit, the Office of Investigations, and the Office of Small Business Lending Fund (SBLF) Program Oversight (separately funded through 2017).

OIG supports Treasury's strategic goals, but primarily supports Treasury's Strategic Goal 1, Promote domestic economic growth and stability while continuing reforms of the financial system; Goal 3, Fairly and effectively reform and modernize federal financial management, accounting, and tax systems: Goal 4, Safeguard the financial system and use financial measures to counter national security threats; and Goal 5, Create a 21st-century approach to government by improving efficiency, effectiveness and customer interaction. OIG also supports Treasury's strategic objectives 3.1: Improve the efficiency and transparency of federal financial management and government-wide accounting, 4.3: Improve the cyber security of our nation's financial sector critical infrastructure and 5.3: Promote efficient use of resources through shared services, strategic sourcing, streamlined business processes, and accountability.

In support of Treasury's strategic goals, the OIG established the following strategic goals: promote the integrity and effectiveness of Treasury programs and operations through audits and investigations; proactively support and strengthen the Department's ability to identify and manage challenges, both today and in the future; fully and currently inform stakeholders of Treasury OIG findings, recommendations, investigative results, and priorities related to Treasury programs and operations; and enhance, support, and sustain a workforce and strengthen internal operations to achieve the Treasury OIG mission, vision and strategic goals.

The FY 2015 budget request will be used to fund critical audit, investigative, and support activities to meet the requirements of the Inspector General Act of 1978, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), the Federal Information Security Management Act (FISMA), the Government Management Reform Act, the Federal Deposit Insurance Act , the Small Business Jobs Act of 2010, the Improper Payments Elimination and Recovery Act (IPERA), and the American Recovery and Reinvestment Act of 2009 (Recovery Act), among others. Specific mandates require that OIG audit the Department's financial statements, the Department's implementation of FISMA, the Department's implementation of IPERA, and failures of Treasury-regulated banks. Recently, with passage of the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act), the OIG is authorized to conduct, supervise, and coordinate audits and investigations of projects, programs, and activities of the Gulf Coast Restoration Trust Fund (Trust Fund).

With the resources available after mandated requirements are met, the OIG will conduct audits and investigations of the Department's highest risk programs and operations. These include:

- Programs that support the continued implementation of Dodd-Frank. The Act established the Council of Inspectors General on Financial Oversight (CIGFO) and designated the Treasury Inspector General as Chair. The Council has statutory requirements to provide oversight of the Financial Stability Oversight Council (FSOC), which is chaired by the Treasury Secretary.
- Management of Treasury's authorities to support and improve the economy. The Recovery Act provided Treasury with approximately $22 billion in non-IRS funding for low-income housing projects and specified energy properties for which the OIG must provide oversight. Funds for the Recovery Act are available through FY 2013 and beyond for the specified energy properties program. The OIG will continue this work at Departmental Offices to determine whether the funds were spent as intended. While not an ideal situation, the Treasury OIG is providing the only monitoring presence in the field by Treasury for this program. The OIG will also continue its oversight of the low-income housing program as funded projects are being brought on line. In addition, the OIG anticipates an increase of related criminal investigations as Treasury continues to disburse these funds.

- Programs to Combat Money Laundering and Terrorist Financing/Bank Secrecy Act Enforcement - Ensuring criminals and terrorists do not use our financial networks to sustain their operations and/or launch attacks against the U.S. continues to be a challenge. Given the criticality of this challenge to the Department's mission, the OIG continues to consider anti-money laundering and combating terrorist financing as inherently high-risk, and an area that demands a major focus of its self-directed resources.

- Gulf Coast Restoration Trust Fund Administration - In response to the Deepwater

Horizon oil spill, Congress established within Treasury the Gulf Coast Restoration Trust Fund and requires Treasury to deposit in the Trust Fund 80 percent of administrative and civil penalties paid by responsible parties, which will be distributed for eligible activities affecting the Gulf Coast states (Alabama, Florida, Louisiana, Mississippi, and Texas).

OIG investigative priorities for FY 2015 include: Investigating complaints of alleged criminal and serious misconduct by Department employees and contract employees; Investigating allegations of fraud and other crimes involving Treasury contracts, procurements, grants, guarantees (fictitious instruments), and federal funds; Investigating complaints related to financial programs and operations involving issuing licenses, providing benefits and exercising oversight of U.S. financial institutions; Conducting investigations into threats against treasury employees and facilities; and proactive efforts in detecting, investigating, and deterring electronic crimes and other threats to the Department's physical and cyber critical infrastructure.

In addition to audit and investigative responsibilities cited above, the OIG will continue to provide audit and investigative oversight over two additional Treasury programs—the Small Business Lending Fund (SBLF) and State Small Business Credit Initiative (SSBCI). The SBLF is a $30 billion fund that is used by Treasury to inject capital into small and medium banks with incentives to encourage them to increase their lending. The SSBCI provides Treasury with $1.5 billion to support state programs designed to increase access to credit for small businesses. To ensure proper oversight of the SBLF, in 2010 OIG established the SBLF Program Oversight Office headed by a Special Deputy Inspector General with responsibility for all audit and investigative activities relating to the program and for recommending program improvements. Congress also directed the OIG to audit the use of SSBCI funds by participating states and required Treasury to recoup any misused funds identified by such audits. To comply with its mandates, the OIG will continue to assess Treasury's implementation of these two programs, continually monitor recipient compliance with program requirements and use of funds, and evaluate the impact of these programs on small business lending.

In FY 2015, Treasury OIG will work with the GSA to consolidate three expiring office space leases into one new lease, so that all Washington, DC employees are together in a single location. The current estimate for this one-time cost is $4 million.

Total resources required to support OIG operations in FY 2015 are $48,351,000, consisting of (1) $35,351,000 from direct appropriations and (2) $13,000,000 from reimbursable funding agreements to support the financial statement audit requirements of the Department and for OIG oversight of the SBLF and SSBCI programs.

OIG FY 2015 Budget Highlights

Dollars in Thousands

Office of Inspector General	FTE	Amount
FY 2014 Enacted	**194**	**$34,800**
Changes to Base:		
Maintaining Current Levels (MCLs):	-	$551
Pay-Raise	-	$247
FERS Contribution Increase	-	$211
Non-Pay	-	$93
Subtotal Changes to Base	-	$551
Total FY 2015 Base	**194**	**$35,351**
Total FY 2015 Request	**194**	**$35,351**

FY 2015 Budget Adjustments

Maintaining Current Level (MCLs)

Pay-Raise +$247,000 / +0 FTE

Funds are requested for the proposed January 2015 pay-raise and the annualization of the 2014 pay-raise.

FERS Contribution Increase +$211,000 / +0 FTE
Funds are requested for increases in agency contributions to the Federal Employee Retirement System based on updated actuarial estimates.

Non-Pay +$93,000 / +0 FTE
Funds are requested for inflation adjustments in non-labor expenses such as GSA rent adjustments postage, supplies, and equipment.

Explanation of Budget Activities

Audit ($27,575,000 from direct appropriations, $13,000,000 from reimbursable resources)
The Office of Audit conducts audits aimed to ensure the accountability of resources, protect information, and provide recommendations for improving the economy, efficiency, effectiveness, and integrity of Treasury programs and operations under its jurisdiction. The requested funding for FY 2015 is necessary to perform mandated work and maintain an appropriate level of oversight of Treasury programs and operations consistent with its responsibilities under the Inspector General Act. The OIG also responds to requests by Treasury officials and the Congress for specific work. As a newer responsibility, in FY 2015, the OIG must also provide oversight of Gulf Coast Restoration Trust Fund programs, projects, and activities. Reimbursable funding supports agreements for contract audits of other Treasury bureaus, as well as oversight of the Small Business Lending Fund (SBLF) and the State Small Business Credit Initiative (SSBCI) programs. SBLF/SSBCI program oversight and expected performance is detailed in the SBLF/SSBCI Program Office budget submission.

Investigations ($7,776,000 from direct appropriations)
The Office of Investigations (OI) prevents, detects, and investigates complaints of fraud, waste, and abuse. This includes the detection and prevention or deterrence of employee misconduct and fraud, or related financial crimes within or directed against Treasury. The Office refers its cases to the Department of Justice, or state or local prosecutors for criminal prosecution or civil litigation, or to agency officials for corrective administrative action.

With the increased risk of the Recovery Act grant programs for low-income housing and specific energy properties, the Office of Investigations faces greater challenges and anticipated increases in grant fraud. Investigative efforts are being directed towards those that subvert bank examination processes, subsequently defrauding the system and eroding the public’s trust.

Legislative Proposals

OIG has no legislative proposals.

OIG Performance by Budget Activity

Budget Activity	Performance Measure	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Target	FY 2015 Target
Audit	Number of Completed Audit Products	126	91	72	70	75
Audit	Percent of Statutory Audits Completed by the Required Date	100.0	100.0	100.0	100.0	100.0
Investigations	Percentage (%) of All Cases Closed During Fiscal Year that were Referred for Criminal/Civil Prosecution or Treasury Administrative Action	85.0	91.0	84.0	80.0	80.0

Key: DISC - Discontinued and B - Baseline

Description of Performance

The Office plans to complete 75 audit products annually in FYs 2014 and 2015. In FY 2013, the Office of Audit completed 72 audit products, exceeding the planned target of 70 audit products. In FY 2013, the Office met its mandated audit requirements and identified $32.6 million in monetary benefits. Audit products include audit reports, evaluation reports, the Inspector General's Semi-Annual Report to the Congress, and the Inspector General's Annual Memorandum to the Secretary on the most significant management and performance challenges facing the department. Audit products can also include responses to specific information requests by the Congress on a variety of subjects. By completing independent and timely assessments of Treasury's programs and operations under jurisdiction, OIG supports its mission of promoting economy, efficiency, effectiveness, and integrity of Treasury programs and operations. The recommendations for improvement in Treasury programs and operations, noted through OIG's assessments, directly support the Treasury Department in achieving four of its five strategic goals (the OIG also incidentally supports Treasury's strategic goal of "Enhance U.S. competitiveness and job creation, and promote international financial stability and more balanced global growth"). It should be noted that a number of these assessments are mandated in law with specific reporting deadlines so that decision makers have timely information. The OIG has a mature audit operation that can well estimate, based on historical performance. That said OIG has, over time, demonstrated agility at redirecting resources as necessary to address new challenges and mandates of its stakeholders.

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 and effectiveness of Treasury programs and operations while looking for opportunities to improve them.

In FY 2013, the OIG exceeded the Investigative Performance Measure target, opened 103 new investigations, and closed 101 investigations. The OIG also referred 146 investigations that substantiated administrative violations against a Treasury employee to the appropriate regulated bureau for action. In addition, the OIG referred 109 investigations for criminal prosecution. 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 and the OIG Office of Audit regarding potential prosecution of acts which may have contributed to the bank failures.

The Investigative performance measure is the percentage of all cases closed by OI during the fiscal year referred for administrative action or for criminal or civil prosecution by Federal or local prosecutors. The goal for OIG is that at least 80 percent of closed cases meet the aforementioned criteria of closed cases in a fiscal year. Meeting or exceeding this goal demonstrates that OI is responsive to allegations and complaints referred to OI and that when these referrals require investigation, the cases are timely, thoroughly and accurately reported to assist the Department in maintaining the integrity of its programs and operations, subsequently ferreting out fraud, waste, and abuse. This goal was developed for use beginning in FY 2012 to achieve OIG's goal of positively impacting Treasury's strategic goals and providing a more meaningful measurement of investigative performance.

Special Inspector General for TARP

Program Summary by Budget Activity

Dollars in Thousands

	FY 2013 Operating Level	FY 2014 Enacted	FY 2015 Request	FY 2014 TO FY 2015 $ Change	FY 2014 TO FY 2015 % Change
SIGTARP Annual Appropriation	**$41,716**	**$34,923**	**$34,234**	**($689)**	**-1.97%**
Unobligated balances from Prior Years	$10	$6,683	$10,957	$4,274	63.95%
Available PPIP Funds	$1,644	$1,536	$965	($571)	-37.17%
Total Budgetary Resources	**$43,370**	**$43,142**	**$46,156**	**$3,014**	**6.99%**
Budget Activity					
Audit	$15,083	$15,296	$12,201	($3,095)	-20.23%
Investigations	$28,287	$27,846	$33,955	$6,109	21.94%
Total SIGTARP by Budget Activity	**$43,370**	**$43,142**	**$46,156**	**$3,014**	**6.99%**
Total FTE	**192**	**192**	**192**	**0**	**0.00%**

Summary

The FY 2015 President's Budget request for the Special Inspector General for Troubled Asset Relief Program (SIGTARP) includes funding to support and complement one of Treasury's five enumerated strategic goals: (1) to promote domestic economic growth and stability while continuing reforms of the financial system. In particular, SIGTARP supports strategic objectives (1.1) promoting savings and access to credit and affordable housing options; (1.2) wind down emergency financial crisis response programs; and (1.3) complete implementation of financial regulatory reform initiatives and continue monitoring the markets for threats to stability.

SIGTARP promotes the efficiency and effectiveness of TARP management, through transparency, coordinated oversight, and robust enforcement against those persons and entities, whether inside or outside of Government, who waste, steal or abuse TARP funds. SIGTARP has been responsible for many of the significant financial crisis cases, but these complex cases take time to investigate. Considering most complex financial fraud investigations can take several years to complete, SIGTARP's high arrest and conviction rates are particularly notable.

Of the four primary oversight bodies referenced in the Emergency Economic Stabilization Act of 2008 ("EESA"), (i.e., SIGTARP, the Financial Stability Oversight Board, the Congressional Oversight Panel, and the Government Accountability Office), SIGTARP stands as the sole TARP oversight body responsible for criminal law enforcement. Also, SIGTARP is the only agency solely charged with the mission of:

- **Transparency** – Promote transparency in the Government's response to financial crisis including TARP programs;
- **Oversight** – Advise and provide recommendations to Treasury and the Federal banking regulators to facilitate effective oversight and to prevent fraud, waste and abuse;
- **Robust Enforcement** – Prevent, detect, investigate, and refer for prosecution cases of fraud, waste, and abuse related to TARP.

SIGTARP's FY 2015 budget request will provide resources to (1) quickly detect, stop and investigate fraud related to TARP; (2) provide significant oversight and transparency over the largest remaining TARP investments, including Ally Financial Inc. (ALLY) and other financial institutions remaining in TARP; (3) protect taxpayer investments in the Term Asset-Backed Securities Loan Facility (TALF); and (4) provide oversight and transparency over TARP-funded housing programs which are scheduled to last until 2021 - or as long as the government has contracts or guarantees.

Under EESA, SIGTARP is to carry out its duties until the Government has sold or transferred all assets and terminated all insurance contracts acquired under TARP. In other words, SIGTARP will remain "on watch" as long as TARP assets remain outstanding.

SIGTARP FY 2015 Budget Highlights

Dollars in Thousands

Special Inspector General for TARP	FTE	Amount
FY 2014 Enacted	**192**	**$34,923**
Changes to Base:		
Maintaining Current Levels (MCLs):	-	$823
Pay-Raise	-	$300
FERS Contribution Increase	-	$260
Non-Pay	-	$263
Efficiency Savings:	-	($1,512)
Operations Partially Funded from No-Year Resources	-	($1,512)
Subtotal Changes to Base	-	($689)
Total FY 2015 Base	**192**	**$34,234**
Total FY 2015 Request	**192**	**$34,234**

FY 2015 Budget Adjustments

Adjustments to Request

Maintaining Current Levels (MCLs)

Pay-Raise +$300,000 / +0 FTE

Funds are requested for the proposed January 2015 pay-raise and the annualization of the 2014 pay-raise.

FERS Contribution Increase +$260,000 / +0 FTE

Funds are requested for increases in agency contributions to the Federal Employee Retirement System based on updated actuarial estimates.

Non-Pay +$263,000 / +0 FTE

Funds are requested for inflation adjustments in non-labor costs such as travel, contracts, rent, supplies, and equipment.

Efficiency Savings

Operations Partially Funded from No-Year Resources -$1,512,000 / +0 FTE

Reduction in general operating costs to occur from the annual account. SIGTARP will instead continue to use its mandatory funding.

Explanation of Budget Activities

Audit ($9,243,000 from direct appropriations, $0 from reimbursable resources)

The Audit Division (AD) conducts, supervises, and coordinates programmatic audits with respect to Treasury's operation of TARP and the recipients' compliance with their obligations under relevant law and contracts; evaluates TARP policies and procedures; and provides recommendations to Treasury.

A particular focus of AD is ensuring that appropriate internal controls are in place and followed by Treasury in its management of TARP and by the recipients of TARP funds, including vendors and the entities in which money is invested. Where controls or compliance are found to be lacking, or where particular aspects or policies are found ineffective at reaching TARP's goals, AD assists the Special Inspector General to fashion recommendations to resolve such issues.

Investigations ($24,991,000 from direct appropriations)

Investigations Division (ID) supervises and conducts criminal and civil investigations into those persons and entities, whether inside or outside of government, who waste, steal, or abuse TARP funds. One of SIGTARP's primary investigative priorities is to operate the SIGTARP Hotline, providing a simple, accessible way for the American public to report concerns, allegations, information, and evidence of violations of criminal and civil laws in connection with TARP. From its inception in February 2009 through October 29, 2013, the SIGTARP Hotline has received and analyzed more than 33,052 Hotline contacts. A substantial number of SIGTARP's investigations were generated in connection with Hotline tips. The SIGTARP Hotline can receive information anonymously, and the confidentiality of whistleblowers is protected to the fullest extent possible.

Legislative Proposals

SIGTARP has no legislative proposals.

SIGTARP Performance by Budget Activity

Budget Activity	Performance Measure	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Target	FY 2015 Target
Audit	Number of Completed Audit Products (Units)	13	13	10	8	8
Investigations	Percentage of Investigations Accepted for Consideration by Prosecutors (%)	94.0	95.0	94.0	70.0	70.0

Key: DISC - Discontinued and B - Baseline

Description of Performance

In FY 2013 SIGTARP exceeded its performance goal, "Congressional Requests for Testimony" by completing five testimonies. SIGTARP anticipates that Congress will continue to have interest in SIGTARP's work. The performance goal, "Number of Completed Audit Products," includes audit reports and memoranda that promote the efficiency and effectiveness of the Troubled Asset Relief Program (TARP). In FY 2013 SIGTARP completed 10 audit products meeting the goal of 10 for this reporting period. In order to more accurately measure the impact of reports, SIGTARP implemented a new measure in FY 2013 – "Percent of Recommendations Agreed to by the Office of Financial Stability". Since SIGTARP does not have control over Treasury's decision to implement SIGTARP recommendations it is not productive to continue to measure this component for program effectiveness. This measure has been discontinued for FY 2014 and FY 2015.

In FY 2013 SIGTARP referred 83 percent of "Hotline Complaints Responded to or Referred for Investigation or further action within 14 days of Receipt", exceeding the goal of 70 for this period. In FY 2013, the "Percentage of Preliminary Investigations Converted to Full Investigations within 180 Days" was 82 percent, exceeding the goal of 50 percent. This success is attributed to SIGTARP's ability to respond quickly to allegations and devote the necessary resources. SIGTARP has involved the prosecutors in the early stages of the Preliminary Investigations to ensure that allegations, if proven, will be prosecuted. The "Percentage of Investigations Accepted for Consideration by Prosecutors" was 94 in FY 2013, exceeding the target of 60. SIGTARP ID coordinates closely with other law enforcement agencies with the goal of forming law enforcement partnerships across the Federal government to leverage SIGTARP's expertise and unique position. The overall "Percentage of cases that are joint agency/task force Investigations" with other law enforcement agencies was 79 percent, exceeding the target of 45 percent. This was primarily due the significant number of high profile cases opened in FY 2013.

It is expected that SIGTARP will continue to meet or exceed performance measures in FY 2014 and FY 2015.

The Treasury Inspector General for Tax Administration

Program Summary by Budget Activity

Budget Activity	FY 2013 Operating Plan	FY 2014 Enacted	FY 2015 Request	FY 2014 TO FY 2015 $ Change	FY 2014 TO FY 2015 % Change
Audit	$54,309	$60,850	$61,264	$414	0.68%
Investigations	$89,452	$95,525	$96,155	$630	0.66%
Subtotal, Treasury Inspector General for Tax Administration	**$143,761**	**$156,375**	**$157,419**	**$1,044**	**0.67%**
Offsetting Collections - Reimbursables	$1,247	$1,700	$1,500	($200)	-11.76%
Total Program Operating Level	**$145,008**	**$158,075**	**$158,919**	**$844**	**0.53%**
Direct FTE	821	835	835	0	0.00%
Reimbursable FTE	2	2	2	0	0.00%
Total FTE	**823**	**837**	**837**	**0**	**0.00%**

Summary

The FY 2015 President's Budget request for the Treasury Inspector General for Tax Administration (TIGTA) will be used to provide high quality professional audit, investigative, and inspections and evaluations services that promote integrity, economy, and efficiency in the administration of the Nation's tax system. While there are a number of critical areas where TIGTA will provide oversight, FY 2015 priorities include:

- Mitigating risks associated with security over taxpayer data and employees, information systems modernization, identity theft, oversight of tax-exempt organizations, procurement fraud, tax compliance, achieving program efficiencies and cost savings, implementation of tax law changes, and human capital challenges facing the IRS in domestic and/or international operations;
- Providing the IRS with the investigative coverage and the information necessary to mitigate threats against its employees, facilities, and systems;
- Responding to domestic and foreign threats to and attacks against IRS employees, property, data infrastructure, and sensitive information;
- Improving the integrity of IRS operations by detecting and deterring waste, fraud, abuse, and misconduct by IRS employees;
- Conducting comprehensive and real-time audits, inspections, and evaluations that include recommendations for monetary benefits, addressing erroneous and improper payments, and enhancing the services the IRS provides to taxpayers;
- Informing the American people, Congress, and the Secretary of the Treasury of problems on a timely basis once all facts are known;
- Overseeing the IRS's efforts to administer tax provisions of the *Patient Protection and Affordable Care Act* (ACA), as amended by the *Health Care and Education Reconciliation Act of 2010;* and
- Overseeing the IRS's efforts to implement the *Foreign Account Tax Compliance Act (FATCA)* to help prevent U.S. taxpayers from hiding assets offshore.

TIGTA was created by Congress as a part of the *Internal Revenue Service Restructuring and Reform Act of 1998* (RRA 98). TIGTA's audits, investigations, inspections, and evaluations protect and promote the fair administration of the American tax system.

TIGTA conducts audits that advise the American people, 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 help to protect the IRS and its employees and to ensure that the IRS protects and secures taxpayer's data. TIGTA's inspections and evaluations services provide responsive, timely, and cost-effective inspections and evaluations of IRS challenge areas. TIGTA's oversight is essential to the efficiency and equity of the IRS's tax administration system. TIGTA ensures that taxpayers can have confidence that the IRS collects more than $2 trillion in tax revenue in an effective and efficient manner.

Total resources required to support TIGTA activities for FY 2015 are $158,919,000, including $157,419,000 from direct appropriation and $1,500,000 from offsetting collections and reimbursable programs.

TIGTA FY 2015 Budget Highlights

Treasury Inspector General for Tax Administration	FTE	Amount
FY 2014 Enacted	**835**	**$156,375**
Changes to Base:		
Maintaining Current Levels (MCLs):	-	**$2,898**
Pay-Raise	-	$1,433
FERS Contribution Increase	-	$1,039
Non-Pay	-	$426
Efficiency Savings:	-	**($1,854)**
Space Optimization	-	($240)
Implementation of Administrative Efficiencies	-	($1,614)
Subtotal Changes to Base	-	**$1,044**
Total FY 2015 Base	**835**	**$157,419**
Total FY 2015 Request	**835**	**$157,419**

FY 2015 Budget Adjustments

Maintaining Current Levels (MCLs)

Pay-Raise +$1,433,000 / +0 FTE

Funds are requested for the proposed January 2015 pay-raise and the annualization of the 2014 pay-raise.

Federal Employee Retirement System (FERS) Contribution Increase +$1,039,000 / +0 FTE

Funds are requested for increases in agency contributions to the Federal Employee Retirement System based on updated actuarial estimates.

Non-Pay +$426,000 / +0 FTE

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

Efficiency Savings

Space Optimization -$240,000 / +0 FTE

TIGTA will continue to reduce costs by consolidating and reducing space in leased buildings. TIGTA also is committed to achieving real property cost savings through the reduction of space usage, non-renewal of lease agreements, and/or the consolidation of existing space. TIGTA continues to aggressively implement telework and office right-sizing measures in order to reduce its footprint.

Implementation of Administrative Efficiencies -$1,614,000 / +0 FTE

TIGTA continues to maintain a savings culture and is committed to being efficient by identifying savings while investing in strategic priorities. TIGTA has closely scrutinized its budget and has identified cost savings in travel, training, contracts, and rent.

Explanation of Budget Activities

Audit $61,264,000 from direct appropriations, $600,000 from reimbursable resources

TIGTA's audit work is concentrated on high-risk areas and the IRS's progress in achieving its strategic goals. TIGTA strategically evaluates IRS programs, activities, and functions so that resources are expended in the areas of highest vulnerability to the Nation's system of tax administration. TIGTA's audit program includes both statutory audit requirements and specific audits identified through TIGTA's risk-assessment process. By focusing on the most critical areas, TIGTA identifies and recommends improvements that add value while addressing high-risk tax administration issues. TIGTA's audits and recommendations help promote the economy, efficiency, and effectiveness of IRS programs; ensure the fair and equitable treatment of taxpayers; and detect and deter waste, fraud, and abuse.

During FY 2013, TIGTA issued 115 audit reports that included potential financial benefits of approximately $16.6 billion and affected approximately 3.9 million taxpayer accounts. In FY 2013 and FY 2014, several key ACA provisions will have become effective. As such, FY 2015 will be a significant year for oversight of ACA provisions. TIGTA's independent oversight plays a key role in ensuring that these provisions are implemented and administered in accordance with the law and the intent of Congress.

Investigations $96,155,000 from direct appropriations, $900,000 from reimbursable resources

TIGTA has a statutory responsibility to protect the integrity of tax administration and to protect the ability of the IRS to collect revenue for the Federal Government. To accomplish this, TIGTA investigates allegations of administrative and criminal activities and serious misconduct committed by IRS employees. TIGTA investigations protect the IRS against external attempts to corrupt tax administration and ensure IRS employee safety and IRS data and infrastructure security. The following summaries highlight TIGTA's investigative efforts in these three core areas:

Employee Integrity: IRS employee misconduct, real or perceived, can erode public trust and impede the IRS's ability to effectively enforce tax laws. This misconduct manifests itself in a variety of ways, including: misuse of IRS resources or authority; theft; fraud; extortion; taxpayer abuses; and unauthorized access (UNAX) to, and disclosure of, tax return information. During FY 2013, 50 percent of TIGTA's investigative body of work involved alleged employee misconduct. TIGTA's special agents possess the knowledge, skills, and expertise to investigate such matters. It also conveys a message to IRS employees that these types of activities will not go unchecked. TIGTA promotes employee integrity by conducting proactive investigative initiatives to detect criminal and other serious misconduct in the administration of IRS programs.

Employee and Infrastructure Security: Physical violence, harassment, and intimidation of IRS employees pose some of the most significant challenges to the implementation of a fair and effective system of tax administration. TIGTA's investigative efforts place high priority on its oversight of IRS employee safety and physical security, protecting approximately 100,000 employees and more than 600 facilities throughout the country. TIGTA maintains IRS employee and infrastructure security by conducting investigations into incidents that threaten IRS employees, facilities, and infrastructure. TIGTA works aggressively and takes swift action to protect IRS employees, including the providing of armed escorts. In October 2008, the *Inspector General Reform Act of 2008* was signed into law, which allows TIGTA to provide physical security to protect IRS employees against external threats. TIGTA also operates the Electronic Crimes and Intelligence Division which facilitates gathering of pertinent information regarding potential threats to IRS employees and operations. This division participates with the Federal Bureau of Investigation sponsored National Joint Terrorism Task Force and the Domestic Terrorism Operations Units nationwide.

External Attempts to Corrupt Tax Administration: TIGTA is statutorily mandated to investigate external attempts to corrupt tax administration, which includes criminal misconduct by non-employees such as attempted bribery of IRS employees and the impersonation of the IRS. A large portion of IRS employees are in direct contact with taxpayers and often encounter situations where a taxpayer may challenge the employee's integrity by offering a bribe. Bribery, or attempted bribery, of a public official is a criminal offense and an attack on the integrity of the entire IRS organization and the Nation's system of tax administration. TIGTA is currently investigating a nationwide IRS impersonation scheme in which criminals are pretending to be IRS employees and are attempting to collect phantom tax liabilities from innocent taxpayers. TIGTA has received thousands of reports of this type of contact over the last three months of Calendar Year 2013.

Legislative Proposals

TIGTA has no legislative proposals.

TIGTA Performance by Budget Activity

Budget Activity	Performance Measure	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Target	FY 2015 Target
Audit	Percentage of Audit Products Delivered when Promised to Stakeholders	68.0	71.0	84.0	65.0	68.0
Audit	Percentage of Recommendations Made that Have Been Implemented	93.0	94.0	87.0	85.0	85.0
Investigations	Percentage of Results from Investigative Activities	82.0	89.0	90.0	77.0	81.0

Key: DISC - Discontinued and B – Baseline

Description of Performance

- For FY 2013, TIGTA issued 115 audit reports identifying approximately $16.6 billion in potential financial benefits (i.e., costs savings, increased or protected revenue, taxpayer rights and entitlements, and inefficient use of resources).
- For FY 2013, the actual percentage of audit products delivered when promised to stakeholders was 84 percent. TIGTA exceeded this target by 14 percent as a result of monitoring the execution of its audit programs. The FY 2013 actual percentage of recommendations made that have been implemented was 87 percent. TIGTA exceeded its target by two percent as a result of continued discussions with the IRS throughout the audit process, both on the findings and on the potential recommended solutions, to better ensure that feasible alternatives were identified.

For FY 2015, the Office of Audit targets for percentage of audit products delivered when promised to stakeholders is 68 percent and of recommendations made that have been implemented is 85 percent.

- During FY 2013, TIGTA initiated 77 proactive investigative initiatives to detect systemic weaknesses or potential IRS program vulnerabilities. TIGTA received 9,339 complaints and opened 3,326 investigations in FY 2013. During this time period, TIGTA also closed 3,266 investigations, which included 1,368 cases of employee misconduct referred for IRS action and 152 cases accepted for criminal prosecution.
- For FY 2015, the Office of Investigations' performance target is 81 percent, a four percent increase from the FY 2014 target of 77 percent.

Community Development Financial Institutions Fund

Program Summary by Budget Activity

Dollars in thousands

	FY 2013	FY 2014	FY 2015	FY 2014 TO FY 2015	
Budget Activity	Operating Level	Enacted	Request	$ Change	% Change
Community Development Financial Institutions Program	$138,397	$146,364	$151,300	$4,936	3.37%
Bank Enterprise Award Program	$17,058	$18,000	$0	($18,000)	NA
Native American CDFI Assistance Program	$11,372	$15,000	$15,000	$0	NA
Administration	$21,764	$24,636	$23,600	($1,036)	-4.21%
Healthy Food Financing Initiative	$20,849	$22,000	$35,000	$13,000	59.09%
Subtotal, Community Development Financial Institutions Fund	**$209,440**	**$226,000**	**$224,900**	**($1,100)**	**-0.49%**
Offsetting Collections - Reimbursables	$106	$106	$112	$6	5.66%
User Fees	$0	$0	$1,129	$1,129	NA
Recovery from Prior Years	$6,604	$5,200	$5,200	$0	NA
Unobligated Balances from Prior Years	$31,650	$24,411	$25,352	$941	3.85%
Total Program Operating Level	**$247,800**	**$255,717**	**$256,693**	**$976**	**0.38%**
Direct FTE	76	76	73	(3)	-3.95%
Reimbursable FTE	0	0	0	0	NA
Total FTE	**76**	**76**	**73**	**(3)**	**-3.95%**

Summary

The FY 2015 budget requests an appropriation of $224,900,000 for the Community Development Financial Institutions Fund (CDFI Fund) to support its mission of promoting economic opportunity and community development.

The CDFI Fund expands the availability of credit, investment capital, and financial services in distressed urban and rural communities and for underserved populations. The CDFI Fund carries out the Community Development Banking and Financial Institutions Act of 1994, as well as certain programmatic provisions of the Community Renewal Tax Relief Act of 2000, the Housing and Economic Recovery Act of 2008, and the Small Business Jobs Act of 2010.

The CDFI Fund supports the creation and expansion of diverse Community Development Financial Institutions (CDFIs), which provide loans, investments, business counseling, basic banking services, and financial literacy training to underserved communities. Working primarily through CDFIs, the Fund facilitates business development, commercial real estate, housing development and home ownership. The CDFI Fund's activities leverage billions of private sector investment dollars from banks, foundations, and other funding sources on a cumulative basis.

The FY 2015 budget proposes funding for the CDFI Program and Native American CDFI Assistance (NACA) Program, as well as the Healthy Food Financing Initiative (HFFI). The CDFI Fund request also includes funding to administer the New Markets Tax Credit (NMTC) Program and the CDFI Bond Guarantee Program.

CDFI FY 2015 Budget Highlights

Dollars in Thousands

Community Development Financial Institutions Fund	FTE	Amount
FY 2014 Enacted	**76**	**$226,000**
Changes to Base:		
Maintaining Current Levels (MCLs):	-	$462
Pay-Raise	-	$111
FERS Contribution Increase	-	$99
Non-Pay	-	$252
Subtotal Changes to Base	-	$462
Total FY 2015 Base	**76**	**$226,462**
Program Changes:		
Program Decreases:	(3)	($19,498)
Bank Enterprise Award Program	-	($18,000)
Administration	(3)	($1,498)
Program Increases:	-	$17,936
CDFI Core Program	-	$4,936
Healthy Food Financing Initiative	-	$13,000
Total FY 2015 Request	**73**	**$224,900**

FY 2015 Budget Adjustments

Maintaining Current Levels (MCLs)

Pay-Raise +$111,000 / +0 FTE

Funds are requested for the proposed January 2015 pay-raise and the annualization of the 2014 pay-raise.

FERS Contribution Increase +$99,000 / +0 FTE

Funds are requested for increases in agency contributions to the Federal Employee Retirement System based on updated actuarial estimates.

Non-Pay +$252,000 / +0 FTE

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

Program Decreases

Bank Enterprise Award Program -$18,000,000 / +0 FTE

The President's Budget proposes not to fund the Bank Enterprise Award Program in FY 2015.

Administration -$1,498,000 / -3 FTE

The President's Budget proposes to reduce Administration by $1.498 million by achieving savings in contractual services and administrative staffing costs.

Program Increases

Healthy Food Financing Initiative +$13,000,000 / +0 FTE

The CDFI Fund will increase the amount and number of financial assistance (FA) awards for the HFFI. An increase of $13 million will result in 6-7 more HFFI awards, expanding the offering of affordable financing for healthy food retail options in distressed communities.

CDFI Program +$4,936,000 / +0 FTE

The CDFI Fund will increase the amount and number of FA and technical assistance (TA) awards. An increase of $4.936 million to the CDFI Program will result in 4-5 more FA awards made to CDFIs. More awards will increase the number of business and microenterprise loans, home improvement and purchase loans, residential real estate transactions, and other consumer loans and products offered by CDFI awardees.

Explanation of Budget Activities

Community Development Financial Institutions Program ($151,300,000 from direct appropriations)

The CDFI Program uses federal resources to invest in and build the capacity of CDFIs to serve low-income and underserved individuals and communities lacking adequate access to affordable financial products and services. The CDFI Program provides monetary awards for financial assistance to further economic development (job creation, business financing, and commercial real estate development); affordable housing (housing development and homeownership); and community development financial services (provision of basic banking services to underserved communities and financial literacy training).

The CDFI Program also provides technical assistance awards to help CDFIs build their capacity to serve their target markets through the acquisition of consulting services, technology purchases, and training.

New Markets Tax Credit Program ($0 from direct appropriations)

The NMTC Program attracts private sector capital into low-income communities. Community Development Entities (CDEs) apply to the CDFI Fund for allocations of tax credit investment authority in annual competitive rounds. Private investors receive tax credits for equity investments in these CDEs, which in turn finance qualified businesses. In addition to awarding tax credits, the CDFI Fund monitors CDE compliance through the terms of their allocation agreements.

The FY 2015 President's Budget proposes to permanently extend the NMTC, allowing up to $5 billion in qualifying investment in each year beginning in 2014. The proposal would also permit the NMTC to permanently offset Alternative Minimum Tax (AMT) liability. Within the FY 2015 allocation request, the Budget also proposes to provide a new allocated tax credit, the Manufacturing Communities Tax Credit Program, which would support qualified investments in communities affected by military base closures or mass layoffs, such as those arising from plant closures. This would provide about $2 billion in credits for qualified investments approved in each of three years, 2015 through 2017.

Native American CDFI Assistance Program ($15,000,000 from direct appropriations)

The Native Initiatives includes two components: (i) the NACA Program through which financial assistance and technical assistance awards are provided to build the capacity of new or existing Native CDFIs serving Native Communities; and (ii) complementary capacity-building initiatives that foster the development of Native CDFIs through training and technical assistance, strengthen their operational capacity, and guide them in the creation of important financial education and asset-building programs for their communities.

Healthy Food Financing Initiative ($35,000,000 from direct appropriations)

Through the Administration's Healthy Food Financing Initiative, the CDFI Fund will build on program achievements in FYs 2011, 2012 2013, and 2014, and continue to support and finance healthy food alternatives in low-income communities. To date, all 12 of the first-round HFFI awardees have reported their first year of investments on 43 projects totaling $29,035,079 in HFFI eligible activities. Of these projects 30 were retail HFFI projects with 339,226 square feet of new retail space developed from small green grocers to large supermarkets serving low-income, low-access census tracts. Another 13 non-retail projects, such as production and distribution, developed 5,073 square feet of space for eligible healthy food activities.

Bond Guarantee Program ($0 from direct appropriations)

The Small Business Jobs Act of 2010 (Public Law 111-240) created the CDFI Bond Guarantee Program. Bonds issued under the program support CDFI lending activity in underserved communities by providing a source of long-term capital. Qualified Issuers (CDFIs or their designees) issue bonds that are guaranteed by the Secretary of the Treasury and use the bond proceeds to make loans to Eligible CDFIs for eligible community and economic development purposes. In 2013, the program approved term sheets for $325 million in bonds that, when issued, will be guaranteed by Treasury for community and economic development financing for affordable multi-family rental housing, healthcare facilities, charter schools, and commercial real estate in low-income or underserved rural areas.

Administration ($23,600,000 from direct appropriations)

Administration encompasses the CDFI Fund's operational support and management activities for each of the monetary awards, bond guarantee, and tax credit programs that it administers. This includes finalizing the terms of assistance agreements with awardees, making disbursements, and monitoring awardee compliance with the terms of their multi-year assistance and allocation agreements. In addition, resources will be utilized for a business application enhancement upgrade and external program research evaluations. Administration funds will also support the non-monetary award programs and activities (the NMTC Program, CDFI and CDE certification, and recertification) and the administration of the CDFI Bond Guarantee Program.

Legislative Proposals

Treasury proposes to extend the CDFI Bond Guarantee Program through FY 2015, one year beyond its existing sunset date at the end of FY 2014.

CDFI Performance by Budget Activity

Budget Activity	Performance Measure	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Target	FY 2015 Target
Community Development Financial Institutions Program	CDFI - Amount of Loans/Investments Originated (Annual) $ millions	1,228.0	1,298.0	1,978.0	1,690.0	1,700.0
Administration	ALL - Award Cycle Time	7.4	6.5	6.8	7.0	7.0
Administration	ALL - Jobs Created/Maintained	55,274	57,023	50,353	55,000	55,000
New Markets Tax Credit Program	Community Development Entities' Annual Qualified Equity Investments In Low-Income Communities ($ billions)	4.7	5.5	4.5	5.0	5.0

Key: DISC - Discontinued and B - Baseline

Description of Performance

In the FY 2013 funding round of the CDFI Program, the CDFI Fund received applications from 400 organizations, requesting $403 million in financial and technical assistance awards and the Healthy Food Financing Initiative (HFFI). The CDFI Fund awarded more than $172 million in grants to 191 CDFIs serving distressed communities in 37 states and the District of Columbia, including $22.3 million for HFFI. This activity shows that the demand for CDFI Fund financing continues to be robust.

As detailed in the CDFI Fund Performance by Budget Activity Table, in FY 2013, CDFI awardees reported originating loans totaling more than $1.9 billion, exceeding the target. The target was exceeded largely due to the considerable growth in assets of CDFI awardees which is reflected by the increase in the amount and number of loans. The targets for FYs 2014 and 2015 have been adjusted upward to reflect the projected increase in lending by CDFIs in the next year.

In FY 2013, the CDFI Fund completed its program application-award cycle time in 6.8 months, within the target of 7 months. The target is well calibrated and remains set at 7 months in FYs 2014 and 2015.

In FY 2013, the CDFI Fund reported for its *All-jobs created and maintained* measure a total of 50,353 which slightly exceeded the target. The increase in the target for FY 2014 reflects the anticipated increase in tax credit authority.

In FY 2013, NMTC allocatees reported making annual qualified investments of nearly $4.9 billion in low-income communities. Of these new investments, more than $2.6 billion went into non-real estate businesses, and more than $2.2 billion went into real estate activities. Allocatees reported attracting $4.8 billion in Qualified Equity Investments, slightly exceeding the annual target of $4.5 billion. The FY 2014 target increase to $5.0 billion reflects the total available tax credit authority to make additional qualified equity investments.

Financial Crimes Enforcement Network

Program Summary by Budget Activity

Dollars in thousands

Budget Activity	FY 2013 Operating Level	FY 2014 Enacted	FY 2015 Request	FY 2014 TO FY 2015 $ Change	% Change
BSA Administration and Analysis	$104,993	$112,000	$108,661	($3,339)	-2.98%
Subtotal, Financial Crimes Enforcement Network	**$104,993**	**$112,000**	**$108,661**	**($3,339)**	**-2.98%**
Offsetting Collections - Reimbursables	$3,000	$3,000	$3,000	$0	0.00%
Recovery from Prior Years	$500	$500	$500	$0	0.00%
Unobligated Balances from Prior Years	$31,000	$40,000	$40,000	$0	0.00%
Total Program Operating Level	**$139,493**	**$155,500**	**$152,161**	**($3,339)**	**-2.15%**
Direct FTE	342	345	345	0	0.00%
Reimbursable FTE	1	1	1	0	0.00%
Total FTE	**343**	**346**	**346**	**0**	**0.00%**

Summary

The mission of Financial Crimes Enforcement Network (FinCEN) is to safeguard the financial system from illicit use and combat money laundering and promote national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial authorities. FinCEN directly supports the Department of the Treasury's (the Department) strategic goal to "Safeguard the financial system and use financial measures to counter national security threats."

In carrying out its mission, FinCEN has numerous statutory areas of responsibility: developing and issuing regulations under the Bank Secrecy Act (BSA); enforcing compliance with the BSA in partnership with regulatory partners; serving as the U.S. Financial Intelligence Unit (FIU) along with a network of FIUs in more than 130 partner countries; receiving millions of new BSA reports each year and maintaining a database of over 170 million reports; analyzing and disseminating financial intelligence to law enforcement, regulators, and other foreign FIUs; and bringing together the disparate interests of law enforcement, FIU, regulatory partners, and industry.

FinCEN's priorities include:

- Target examination and enforcement efforts to high priority areas;
- Expand understanding and analysis of illicit networks, institutions, jurisdictions, and schemes;
- Ensure the BSA regulatory structure effectively and efficiently targets illicit financing risks;
- Manage the efficient collection, processing, and retrieval of BSA data; and
- Foster strong public-and private partnerships with the financial industry.

FinCEN FY 2015 Budget Highlights

Dollars in Thousands

Financial Crimes Enforcement Network	FTE	Amount
FY 2014 Enacted	**345**	**$112,000**
Changes to Base:		
Maintaining Current Levels (MCLs):	-	$1,987
Pay-Raise	-	$588
FERS Contribution Increase	-	$488
Non-Pay	-	$911
Non-Recurring Costs:	-	($4,146)
One-Time Information Technology Investment	-	($2,146)
Enhanced Advanced Analytics SAS Support	-	($2,000)
Subtotal Changes to Base	-	($2,159)
Total FY 2015 Base	**345**	**$109,841**
Program Changes:		
Program Decreases:	-	($1,180)
Contract Efficiencies	-	($1,180)
Total FY 2015 Request	**345**	**$108,661**

FY 2015 Budget Adjustments

Maintaining Current Level (MCLs)

Pay-Raise +$588,000 / +0 FTE

Funds are requested for the January 2015 pay-raise and the annualization of the 2014 pay-raise.

FERS Contribution Increase +$488,000 / +0 FTE

Funds are requested for increases in agency contributions to Federal Employees Retirement System based on updated actuarial estimates.

Non-Pay +$911,000 / +0 FTE

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

Non-Recurring Costs

One-Time Information Technology Investment -$2,146,000 / +0 FTE

Funding that was used in FY 2014 to upgrade information technology and evaluate new technology innovations is non-recurred. For example, FinCEN invested in new technology during FY 2014 to evaluate a proof of concept for a new storage technology to meet increasing storage demands.

Enhanced Advanced Analytics SAS Support -$2,000,000 / +0 FTE

Funding that was used to expand SAS advanced analytical contractor support is non-recurred. This one-time investment allowed FinCEN to strengthen the organization's use of new BSA IT Modernization analytical capabilities. This support allowed FinCEN to exploit financial intelligence data and proactively identify targets through the development and refinement of text mining or data extracts.

Program Decreases

Contract Efficiencies -$1,180,000 / +0 FTE

Savings are expected to result from continued evaluation of contracts for strategic sourcing and negotiation of more advantageous contract terms. FinCEN will also reduce commercial database contracts and contract case support. The commercial databases are used as one of the components in the intelligence analysis reports and include sources such as Lexis/Nexis, Clear, and Dun/Bradstreet. The contract case support provides research of persons/businesses and other related information using BSA data for FIU partners who are not permitted direct access to the BSA data. To achieve these efficiency savings, FinCEN will examine all contracts and ensure reductions minimize impact to its mission.

Explanation of Budget Activities

BSA Administration and Analysis ($108,661,000 from direct appropriations, $3,000,000 from reimbursable resources)

The programs funded by this budget activity support the Treasury strategic goal to safeguard the financial system and use financial measures to counter national security threats. This activity comprises FinCEN's efforts to develop and issue regulations under the Bank Secrecy Act (BSA); enforce compliance with the BSA in partnership with regulatory partners and as the sole BSA regulator across numerous industries; receive BSA reports and maintain a database; analyze and disseminate financial intelligence to Federal, state, and local law enforcement, Federal and state regulators, foreign financial intelligence units, and industry; and serve as the United States FIU, maintaining network of information sharing with FIUs in partner countries. As administrator of the BSA, FinCEN must ensure the effective management, accessibility, dissemination, and use of the highly sensitive confidential information collected under the Act. FinCEN provides authorized law enforcement, regulatory, and intelligence agencies direct access to BSA information.

The goal owner for this budget activity is the Director of FinCEN.

Legislative Proposals

FinCEN has no legislative proposals.

FinCEN Performance by Budget Activity

Budget Activity	Performance Measure	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Target	FY 2015 Target
BSA Administration and Analysis	Percentage of customers finding FinCEN's research, analysis, and advanced analytics contribute to the safeguarding of the financial system, combating money laundering, and counter terrorist financing	86.0	83.0	81.0	83.0	85.0
BSA Administration and Analysis	Percentage of users finding that the financial intelligence collected by FinCEN pursuant its regulations provides valuable information to safeguard the financial system, combat money laundering, and counter terrorist financing	89.0	90.0	80.0	85.0	90.0

Description of Performance

FinCEN supports the following Treasury strategic objectives:

- Identify priority threats to the financial system using intelligence analysis and outreach to the financial sector;
- Develop, implement, and enforce sanctions and other targeted financial measures; and
- Protect the integrity of the financial system by implementing, promoting, and enforcing anti-money laundering and counterterrorism financing standards.

To support FinCEN's objective to adopt strong anti-money laundering and counterterrorism financing regulatory authorities, FinCEN tracks the percentage of users finding that financial intelligence collected by FinCEN pursuant its regulations provides valuable information to safeguard the financial system, combat money laundering, and counter terrorist financing. In FY 2013, 80 percent of customers found the FinCEN data provides valuable information. FinCEN did not to meet its target of 90 percent. We believe that the decrease in percentage of customers finding FinCEN's BSA data provides valuable information was impacted by the limited experience that users had with FinCEN's new BSA query tool. Most users had access to the new FinCEN Query tool for only a few months prior to completion of this survey. It is understandable that our users would need more time to transition to our new system and, unfortunately, the transition period coincided with our performance survey schedule.

To support the objective to use research, analysis, and advanced analytics to identify and explain priority threats to the financial system, FinCEN tracks the percentage of customers finding FinCEN's research, analysis, and advanced analytics contribute to the safeguarding of the financial system, combating money laundering, and counter terrorist financing. In FY 2013, FinCEN scored 81 percent, narrowly missing its target of 83 percent finding the domestic analytic reports valuable. FinCEN attributes this lower score to declines in satisfaction with proactive products resulting from its focus on other mission related priorities and types of products. FinCEN created an analyst working group to review its customers/product types and make recommendations for enhancements and broader dissemination for greater impact. FinCEN has also increased its emphasis on production of proactive products, and believes it will be able to achieve a higher percentage of customers, who find the analytical products valuable with more focused products and targeted dissemination in the future.

Alcohol and Tobacco Tax and Trade Bureau

Program Summary by Budget Activity

Dollars in thousands

	FY 2013	FY 2014	FY 2015	FY 2014 TO FY 2015	
Budget Activity	Operating Level	Enacted	Request	$ Change	% Change
Collect the Revenue	$48,927	$52,470	$49,940	($2,530)	-4.82%
Protect the Public	$45,727	$46,530	$46,060	($470)	-1.01%
Subtotal, Alcohol and Tobacco Tax and Trade Bureau	**$94,654**	**$99,000**	**$96,000**	**($3,000)**	**-3.03%**
Offsetting Collections - Reimbursables	$5,947	$6,512	$6,512	$0	0.00%
Appropriations Transferred from IRS Program Integrity Cap Adjustment	$0	$0	$5,000	$5,000	NA
Total Program Operating Level	**$100,601**	**$105,512**	**$107,512**	**$2,000**	**1.90%**
Direct FTE	465	473	473	0	0.00%
Reimbursable FTE	15	9	9	0	0.00%
Appropriations Transferred from IRS Program Integrity Cap Adjustment FTE	0	0	35	35	NA
Total FTE	**480**	**482**	**517**	**35**	**7.26%**

Summary

The Alcohol and Tobacco Tax and Trade Bureau (TTB) serves as the nation's primary Federal authority in the regulation and excise tax administration of the alcohol and tobacco industries. TTB is responsible for the administration and enforcement of the Internal Revenue Code associated with the collection of excise taxes on alcohol, tobacco, firearms, and ammunition, and the Federal Alcohol Administration Act, which provides for the regulation of those engaged in the alcohol beverage industry and the protection of U.S. consumers by ensuring the integrity of alcohol beverage labels and products.

In FY 2015, TTB will continue to focus its efforts 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 fully with Federal production, labeling, advertising, and marketing standards. The FY 2015 President's Budget request enables TTB to continue its programs and activities necessary to meet the performance measures that support TTB's strategic goals of collecting revenue and protecting the public.

Total resources required to support TTB activities for FY 2015 are $107,512,000, including $96,000,000 from direct appropriations, $6,512,000 from other offsetting collections and reimbursable programs, and $5,000,000 in appropriations transferred from other accounts.

TTB FY 2015 Budget Highlights

Dollars in Thousands

Alcohol and Tobacco Tax and Trade Bureau	FTE	Amount
FY 2014 Enacted	**473**	**$99,000**
Changes to Base:		
Adjustment to Request	-	($2,000)
Funding for Special Agents Provided in Cap Adjustment Transfer	-	($2,000)
Maintaining Current Levels (MCLs):	-	$1,824
Pay-Raise	-	$677
FERS Contribution Increase	-	$514
Non-Pay	-	$633
Efficiency Savings:	-	($2,824)
Contract Reduction Savings	-	($1,900)
Infrastructure Cost Reduction	-	($156)
Other Efficiency Savings from Operations	-	($768)
Subtotal Changes to Base	-	($3,000)
Total FY 2015 Base	**473**	**$96,000**
Program Changes:		
Program Increases:	35	$5,000
Alcohol and Tobacco Enforcement Program	35	$5,000
Total FY 2015 Operating Level	**508**	**$101,000**
Program Integrity Cap Adjustment Included in IRS Budget Request	**-**	**($5,000)**
Total FY 2015 Net Appropriation Request	**508**	**$96,000**

FY 2015 Budget Adjustments

Adjustment to Request

Funding for Special Agents Provided in Cap Adjustment Transfer -$2,000,000 / +0 FTE

In FY 2015, the Administration proposes to fund criminal enforcement activities and agents by including a request in the Internal Revenue Services (IRS) budget for a program integrity cap adjustment for both TTB and IRS to cover tax enforcement and compliance, with a transfer of funds to be made from the IRS to TTB to cover these activities. TTB will reimburse the IRS for the use of its special law enforcement agents to target tobacco smuggling and other criminal diversion activities.

Maintaining Current Level (MCLs)

Pay-Raise +$677,000 / +0 FTE

Funds are requested for the January 2015 pay-raise and the annualization of the 2014 pay-raise.

FERS Contribution Increase +$514,000 / +0 FTE

Funds are requested for increases in agency contributions to the Federal Employee Retirement System based on updated actuarial estimates.

Non-Pay +$633,000 / +0 FTE

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

Efficiency Savings

Contract Reduction Savings -$1,900,000 / +0 FTE

TTB will reduce costs related to its information technology commercial contracts and shared services contracts, and by re-scoping other commercial contract services.

Infrastructure Cost Reduction -$156,000 / +0 FTE

During the past few years, TTB has launched an aggressive telework program. This has enabled TTB to close half of its field offices, with the remaining field offices being vital to TTB's mission. TTB is now reconfiguring and reducing its headquarters office space in Washington, D.C. TTB expects to achieve cumulative savings of $506,000 over fiscal years 2014 and 2015, of which $156,000 will be realized in FY 2015 from reduced rent, utilities and security costs.

Other Efficiency Savings from Operations -$768,000 / +0 FTE

TTB will further reduce its operational costs through savings in administrative overhead and its program operations.

Program Increases

Alcohol and Tobacco Enforcement Program +$5,000,000 / +35 FTE

The FY 2015 President's Budget includes a proposal to amend section 251 of the Balanced Budget and Emergency Deficit Control Act of

1985, as amended, to provide a program integrity cap adjustment of $5 million (of which $2 million will be used for agent support) for TTB's tax enforcement and compliance program to narrow the tax gap in the tobacco and alcohol industries and reduce the deficit through increased revenue collections. This specific funding request has been included under the IRS budget, which will include the tax enforcement and compliance program integrity cap adjustment for both the IRS and TTB. Under the TTB budget, this item is being reported as "Appropriations Transferred from IRS Program Integrity Cap Adjustment."

The proposed cap adjustment for TTB tax enforcement and compliance activities includes $5 million to support the existing program and new revenue-producing tax compliance initiatives and $5 million in additional new initiatives each year from 2016 through 2019. TTB will target known points in the supply chain that are susceptible to diversion activity and prioritize forensic audits and investigations of high-risk activity and entities in the alcohol and tobacco trade. Because these enforcement initiatives must be sustained over time in order to maximize their potential taxpayer returns, the total above-base adjustment funding is $193 million over the 10-year period. Over this same time period, these additional investments will generate an estimated $285 million in additional tax revenue over the 10-year period. The net savings from these investments is $92 million.

Program Integrity Cap Adjustment Included in IRS Budget Request -$5,000,000 / +0 FTE
This adjustment ensures that the program increase for TTB's Alcohol and Tobacco Enforcement Program is reflected only once in the 2015 President's Budget as part of the IRS's program integrity cap adjustment

Explanation of Budget Activities

Collect the Revenue ($49,940,000 from direct appropriations, $3,451,000 from reimbursable resources, and a transfer of $5,000,000)
This 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. TTB regulates and collects taxes from distilleries, breweries, bonded wineries, bonded wine cellars, manufacturers of cigarette papers and tubes, manufacturers of tobacco products, and manufacturers and importers of firearms and ammunition. In ensuring a level playing field for all those engaged in the trade of these strictly 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 2013, excise tax collections reached $14.3 billion for tobacco products, $7.9 billion for alcohol beverage products, and $763 million for firearms and ammunition. This budget activity supports the TTB strategic goal of ensuring that industry remits the proper Federal tax on these products and the Treasury strategic objective to improve the execution of the tax code.

Protect the Public ($46,060,000 from direct appropriations, $3,061,000 from reimbursable resources)
This budget activity funds the programs that ensure the integrity of the products and industry members in the marketplace by promoting compliance with Federal alcohol and tobacco laws and regulations by the 66,600 businesses that hold a TTB permit or registration. This budget activity also supports the TTB and Treasury objectives to facilitate fair and lawful commercial trade in the alcohol and tobacco commodities. This budget activity supports the TTB strategic goal of assuring that alcohol and tobacco industry

operators meet permit qualifications, and alcohol beverage products comply with Federal production, labeling, and marketing requirements.

Legislative Proposals

TTB has no legislative proposals.

TTB Performance by Budget Activity

Budget Activity	Performance Measure	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Target	FY 2015 Target
Collect the Revenue	Amount of Revenue Collected Per Program Dollar	468.0	449.0	457.0	400.0	400.0
Collect the Revenue	Percent of Voluntary Compliance from Large Taxpayers in Filing Tax Payments Timely and Accurately (In Terms of Revenue)	95.0	92.0	92.0	91.0	92.0
Protect the Public	Average Number of Days to Process an Original Permit Application for a New Alcohol or Tobacco Business	77.0	69.0	81.0	75.0	62.0
Protect the Public	Percent of Electronically Filed Certificate of Label Approval Applications	88.0	91.0	92.0	93.0	94.0
Protect the Public	Percentage of Importers Identified by TTB as Illegally Operating without a Federal Permit (%)	14.0	13.0	11.0	12.0	11.0

Key: DISC - Discontinued and B - Baseline

Description of Performance

The bureau continues to collect the Federal excise taxes due on its regulated commodities in a highly efficient manner, and continues to enforce compliance with alcohol and tobacco laws and regulations. During FY 2013, TTB met four out of five of its targeted performance goals, while showing continued improvements in all other performance metrics. The bureau plans to continue to monitor its performance, and will use performance information to both measure and improve the effectiveness of its programs.

The investments in the Collect the Revenue activity resulted in the following performance highlights and accomplishments during FY 2013:

- TTB collected $23 billion in excise taxes and other revenues from 9,300 taxpayers in the alcohol, tobacco, firearms, and ammunition industries. The return on investment for the Collect the Revenue program was $457 for every $1 expended on collection activities.
- TTB opened 17 new criminal cases involving the diversion of alcohol and tobacco products, bringing the total number of cases opened during three years of operations to 64. These cases represent nearly $350 million in tax evasion and, in FY 2013, the total amount of tax loss at issue in prosecuted cases exceeded $57 million. TTB's enforcement efforts also resulted in an additional $117 million in seizures and forfeitures.
- TTB completed 520 audits, examinations, and revenue investigations, which contributed to the identification of additional tax revenue of nearly $40 million.

- TTB processed $358 million in cover-over payments to Puerto Rico and the U.S. Virgin Islands. Federal excise taxes collected on rum produced in Puerto Rico and the Virgin Islands that are subsequently imported into the United States are "covered-over," or paid into the treasuries of Puerto Rico and the U.S. Virgin Islands.
- TTB processed $345 million in drawback claims. Under current law, persons who use nonbeverage alcohol in the manufacture of medicines, food products, flavors, extracts, or perfume and other non-potable products may be eligible to claim drawback of excise taxes paid on distilled spirits used in their products.

The investments in Protect the Public activity resulted in the following performance highlights and accomplishments during FY 2013:

- TTB issued 119,000 Certificates of Label Approval (COLA) to ensure compliance with the FAA Act provisions that prevent consumer deception. TTB also achieved a 92 percent electronic filing rate for alcohol beverage label 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 issued approximately 5,900 Federal permits. 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 completed more than 275 field investigations of industry members in the areas of permit qualification, consumer complaints, trade practice violations, and product integrity verifications, all of which serve the bureau's dual mission of revenue collection and consumer protection.

Fiscal Service

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2013 Operating Level	FY 2014 Enacted	FY 2015 Request	FY 2014 TO FY 2015 $ Change	% Change
Collections	$20,851	$21,531	$24,293	$2,762	12.83%
Do Not Pay Business Center	$5,000	$5,000	$5,064	$64	1.28%
Government Agency Investment Services	$14,728	$13,704	$13,055	($649)	-4.74%
Government-wide Accounting and Reporting	$63,457	$65,486	$65,486	$0	0.00%
Payments	$125,570	$126,636	$121,715	($4,921)	-3.89%
Retail Securities Services	$110,876	$100,789	$95,237	($5,552)	-5.51%
Summary Debt Accounting	$8,443	$4,737	$4,325	($412)	-8.70%
Wholesale Securities Services	$22,092	$22,282	$19,009	($3,273)	-14.69%
Subtotal, Fiscal Service	**$371,017**	**$360,165**	**$348,184**	**($11,981)**	**-3.33%**
Offsetting Collections - Reimbursables	$247,551	$239,342	$241,587	$2,245	0.94%
Unobligated Balances from Prior Years	$2,000	$0	$0	$0	NA
Total Program Operating Level	**$620,568**	**$599,507**	**$589,771**	**($9,736)**	**-1.62%**
Direct FTE	1,900	1,676	1,636	(40)	-2.39%
Reimbursable FTE	619	714	714	0	0.00%
Total FTE	**2,519**	**2,390**	**2,350**	**(40)**	**-1.67%**

* In FY 2013 FMS and BPD resources were managed separately. FMS direct programs included: Collections, Payments, and Government-wide Accounting and Reporting. BPD programs included: Do Not Pay Business Center, Government Agency Investment Services, Retail Securities Services, Summary Debt Accounting, and Wholesale Securities Services.
* Total Appropriated Resources in FY 2013 included $1 million in Legacy Treasury Direct User Fee collections.
* A portion of the Reimbursable/Fee FTE is funded by fee revenue as authorized by the Debt Collection Improvement Act of 1996 (DCIA)

Summary

The Bureau of the Fiscal Service (Fiscal Service) plays a key role in supporting three of the Department of the Treasury's strategic goals, which are: ***Promote domestic economic growth and stability while continuing reforms of the financial system; Fairly and effectively reform and modernize federal financial management, accounting, and tax systems; and Create a 21st century approach to government by improving efficiency, effectiveness and customer interaction.*** The Fiscal Service is committed to delivering strong leadership, exceptional operational services, and a clear vision focused on positive transformational change of government-wide financial management and shared services. Operationally, the Fiscal Service provides central payment services to Federal program agencies (FPAs); operates the Federal Government's collections and deposit systems; provides government-wide accounting and reporting services; borrows the money needed to operate the Federal Government; handles all Treasury debt financing operations; issues, services, and accounts for all Treasury marketable securities and non-marketable securities; provides reimbursable support services to Federal agencies; and manages the collection of delinquent debt.

The mission and vision of the Fiscal Service are reinforced through our strategic goals, which promote leadership and innovation, an engaged and highly effective workforce, delivery of exceptional programs and services, data transparency and usefulness, and expansion of shared services. Finally, the Fiscal Service is playing an increasingly growing role in advancing improvements in government-wide financial management.

Fiscal Service FY 2015 Budget Highlights

Dollars in Thousands

Fiscal Service	FTE	Amount
FY 2014 Enacted	**1,676**	**$360,165**
Changes to Base:		
Maintaining Current Levels (MCLs):	-	$7,469
Pay-Raise	-	$2,804
FERS Contribution Increase	-	$1,943
Non-Pay	-	$2,722
Non-Recurring Costs:	-	($11,064)
Consolidation in Support of the Fiscal Service	-	($8,740)
Treasury Retail Investment Manager	-	($2,324)
Efficiency Savings:	(40)	($8,386)
Across the Board Program Reduction	-	($2,843)
Paperless Treasury	(40)	($5,543)
Subtotal Changes to Base	(40)	($11,981)
Total FY 2015 Base	**1,636**	**$348,184**
Total FY 2015 Request	**1,636**	**$348,184**

FY 2014 Budget Adjustments

Maintaining Current Level (MCLs)

Pay-Raise +$2,804,000 / +0 FTE

Funds are requested for the proposed January 2015 pay-raise and annualization of the 2014 pay raise.

FERS Contribution Increase +$1,943,000 / +0 FTE

Funds are requested for increases in agency contributions to the Federal Employee Retirement System based on updated actuarial estimates.

Non-Pay +$2,722,000 / +0 FTE

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

Non-Recurring Costs

Consolidation in Support of the Fiscal Service -$8,740,000 / +0 FTE

This funding was requested to support the consolidation of administrative, IT and accounting functions including outplacement and training services; voluntary employee relocations; and space reconfiguration in FY 2014 and will no longer be needed in FY 2015.

Treasury Retail Investment Manager -$2,324,000 / +0 FTE

The proposed new sales/service platform will no longer require these resources in FY 2015, and therefore the funding can be non-recurred.

Efficiency Savings

Across the Board Program Reduction -$2,843,000 / +0 FTE

The Fiscal Service will focus on improving the efficiency of its operations through a disciplined process of productivity improvement.

Paperless Treasury -$5,543,000 / -40 FTE

Savings of agent fees, postage and printing by eliminating new issues of over-the-counter paper savings bonds. In addition, converting checks to electronic funds transfer has allowed the Fiscal Service to decrease its payments centers from four to two, generating efficiencies and savings.

Opportunity, Security, and Growth Initiative

As the Federal Government's financial manager, Treasury is uniquely positioned to improve the transparency and accountability of Federal financial transactions. Treasury's ultimate vision is to provide reliable, timely, secure, and consumable financial management data for the purpose of promoting transparency, facilitating better decision making, and improving operational efficiency. The Budget also requests support, above the request presented here, from the new Opportunity, Growth, and Security Initiative to improve USAspending.gov's appearance and functionality for policy makers and the public.

Explanation of Budget Activities

Collections ($24,293,000 from direct appropriations, $0 from reimbursable resources)

The Collections Program supports Treasury's strategic objective "to improve the disbursement and collection of Federal funds and reduce improper payments made by the U.S. government." The Fiscal Service manages the collection of Federal revenues such as individual and corporate income tax deposits, customs duties, loan repayments, fines, and proceeds from leases. In addition, the Fiscal Service establishes and implements collection policies, regulations, standards, and procedures for the Federal Government.

Debt Collection ($0 from direct appropriations, $154,818,000 from reimbursable resources)

The Fiscal Service's Debt Collection Program supports Treasury's strategic objective "to improve the disbursement and collection of federal funds and reduce improper payments made by the U.S. government." The Fiscal Service collects delinquent government and child support debt by providing centralized debt collection, oversight, and operational services to FPAs and states pursuant to the Debt Collection Improvement Act of 1996 (DCIA) and related legislation. The Fiscal Service uses two debt collection programs: Treasury Offset Program (TOP) and Cross-Servicing.

Do Not Pay Business Center ($5,064,000 from direct appropriations, $790,000 from reimbursable resources)

The Fiscal Service's Do Not Pay Business Center Program supports Treasury's strategic objective "to improve the efficiency and transparency of Federal financial management and government-wide accounting." Following the June 2010 Presidential Memorandum on Enhancement of Payment Accuracy Through a "Do Not Pay List," the Do Not Pay Business Center was established for use by federally-funded programs at all departments and agencies in order to achieve the goal of preventing ineligible recipients from receiving payments or awards from the Federal Government. The Do Not Pay Business Center is a significant step toward meeting the President's directive to establish a single-entry point that departments and agencies can access to determine eligibility information prior to making an award or payment.

Government Agency Investment Services ($13,055,000 from direct appropriations, $2,164,000 from reimbursable resources)

The Government Agency Investment Services (GAIS) Program assists in fulfilling Treasury's strategic objective "to improve the efficiency and transparency of federal financial management and government-wide accounting." This program consists of three distinct components: Federal Investments, which includes issuing, servicing and redeeming Government Account Series securities for federal agencies that have legislative authority to invest; Special Purpose Securities that administers State and Local Government Series securities; and Federal Borrowings, which represents Treasury's role in the federal loan program.

Government-wide Accounting and Reporting ($65,486,000 from direct appropriations, $879,000 from reimbursable resources)

The Government-wide Accounting (GWA) Program supports Treasury's strategic objective "to improve the efficiency and transparency of Federal financial management and government-wide accounting." The GWA cash reporting function supports the national financial infrastructure and continues to obtain a clean opinion on the Audit of Non-entity Schedules of Government-wide Cash. The government-wide financial information is used within the Federal Government to support decision-making, and establish fiscal and debt management policies; and by the public and private sectors to monitor the Government's financial position.

Payments ($121,715,000 from direct appropriations, $62,752,000 from reimbursable resources)
The Payments Program supports the Treasury's strategic objective "to improve the disbursement and collection of federal funds and reduce improper payments made by the U.S. government." The Fiscal Service is responsible for managing and operating Federal payment systems and disbursing approximately 85 percent of all Federal payments. Major payments include: Social Security Benefits, Supplemental Security Income, Federal Pension Benefits, Veterans' Compensation and Pension, Railroad Retirement Pensions, and tax refunds.

The Payments Program is also responsible for controlling and providing financial integrity to the payments process through reconciliation, accounting, and claims activities. The claims activity settles claims against the United States resulting from Federal Government checks that have been forged, lost, stolen, or destroyed as well as claims and reclamations for Electronic Funds Transfer payments. The Fiscal Service also collects monies from those parties liable for fraudulent or otherwise improper negotiation of government checks.

Retail Securities Services ($95,237,000 from direct appropriations, $15,917,000 from reimbursable resources)
The Retail Securities Services (RSS) Program supports Treasury's strategic objective "to promote savings and increased access to credit and affordable housing options, and job creation" by offering simple, safe, and affordable securities that enable Americans to save for their future. Products are targeted toward small investors looking to securely build savings. The program serves more than 50 million investors by processing more than 15 million transactions annually.

Summary Debt Accounting ($4,325,000 from direct appropriations, $748,000 from reimbursable resources)
The Summary Debt Accounting (SDA) Program supports Treasury's strategic objective of "improving the efficiency and transparency of Federal financial management and government-wide accounting." SDA is vital to meeting the Fiscal Service's responsibility to account for over $17 trillion of public debt and over $415 billion in related interest expenses incurred to finance the operations of the Federal Government. SDA coordinates with the Office of Fiscal Projections and GAIS during periods of a delay in raising the debt limit to ensure that the outstanding public debt subject to limit does not exceed the statutory limit.

SDA reports daily on the balances and composition of the public debt, publishes the Monthly Statement of the Public Debt, and issues the annual, audited Schedules of Federal Debt (Schedules). The Schedules reports on the single largest liability in Treasury's Agency Financial Report (AFR) and have received a clean opinion for the past 17 years.

Wholesale Securities Services ($19,009,000 from direct appropriations, $3,519,000 from reimbursable resources)
The Wholesale Securities Services (WSS) Program supports Treasury's strategic objective "to promote savings and increased access to credit and affordable housing options, and job creation." WSS is responsible for the announcement, auction, issuance, and settlement of marketable Treasury bills, notes, bonds, and Treasury Inflation Protected Securities. The program also oversees that portion of the Federal infrastructure that provides for the transfer, custody, and redemption of all Treasury marketable

securities, which are purchased mostly by commercial market participants.

Legislative Proposals

1. Increase delinquent State income tax debt collections. Allow offset of Federal income tax refunds to collect delinquent State income taxes for out-of-state residents. *Estimated collections: $1.2 billion in State taxes over 10 years (no Federal revenue)*
Under current law, the Fiscal Service may offset Federal tax refunds to collect delinquent State income tax obligations but only if the delinquent taxpayer resides in the State collecting the tax. This proposal would allow the Fiscal Service to offset Federal income tax refunds to collect delinquent State tax obligations regardless of where the debtor resides. For further details on this proposal, please see the Treasury Green Book.

2. Reduce costs for states collecting delinquent income tax obligations. *Estimated savings: $142.9 million over 10 years (no Federal revenue)*
Under current law, the Fiscal Service may offset Federal tax refunds to collect delinquent State income tax obligations only after the State sends the delinquent debtor a notice by certified mail with return receipt. With respect to other types of debts that can be collected via Federal tax refund offset, for example, Federal nontax, child support, and State unemployment insurance compensation debts, the statute is silent as to the notice delivery method. However, the regulations require that, for all debts other than State income tax obligations, Federal and State creditor agencies send notices by regular first class mail. Similarly, notice requirements for other debt collection actions, including administrative wage garnishment, do not require delivery by certified mail. This proposal would remove the statutory requirement to use certified mail, thereby allowing the Fiscal Service to amend its regulations to permit states to send notices for delinquent State income tax obligations by first class mail, saving states certified mail costs and standardizing notice procedures across debt types. For further details on this proposal, please see the Treasury Green Book.

3. Increase delinquent federal tax debt collections. Increase levy authority for payments to Medicare providers with delinquent tax debt. *Estimated collections: $743 million over 10 years*
The Budget proposes a change to the Department of the Treasury's debt collection procedures that will increase the amount of delinquent taxes collected from Medicare providers. Through the Federal Payment Levy Program, the Treasury deducts (levies) a portion of a government payment to an individual or business in order to collect unpaid taxes. Pursuant to the Medicare Improvements for Patients and Providers Act of 2008, Treasury is authorized to continuously levy up to 15 percent of a payment to a Medicare provider in order to collect delinquent tax debt. The Budget proposal will allow Treasury to levy up to 100 percent of a payment to a Medicare provider to collect unpaid taxes. For further details on this proposal, please see the Treasury Green Book.

4. Increase delinquent federal non-tax debt collections. Authorize administrative bank garnishment of commercial accounts to collect non-tax debts. *Estimated Collections: $320 million over 10 years*
To reach income of commercial entities and other non-wage income and funds available to debtors owing delinquent non-tax obligations to the United States, this proposal would authorize agencies to issue garnishment orders to financial institutions without a court order. Agencies would be required to provide debtors with appropriate due process and other administrative protections to ensure that debtors have had the full opportunity to

contest the debts and/or enter into repayment agreements to avoid issuance of a court order as the last resort. The proposed authority would be available only to garnish commercial accounts of debtors that owe delinquent nontax debts, and would not be available to garnish consumer accounts. The legislation proposal would direct the Secretary of the Treasury to issue government-wide regulations implementing this authority.

5. Increase and streamline recovery of unclaimed assets owed to the United States. Authorize 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: $25 million over ten years*

States and other entities hold assets in the name of the United States or in the name of departments, agencies, and other subdivisions of the Federal Government. Many agencies are not recovering these assets due to lack of expertise and funding. Under current authority, Treasury collects delinquent debts owed to the United States and retains a portion of collections, which is the sole source of funding for its debt collection operations. While unclaimed Federal assets are generally not considered to be delinquent debts, Treasury's debt collection operations personnel have the skills and training to recover these assets. This legislation would authorize Treasury to use its resources to recover assets of the United States.

Fiscal Service Performance by Budget Activity

Budget Activity	Performance Measure	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Target	FY 2015 Target
Collections	Percentage Collected Electronically of Total Dollar Amount of Federal Government Receipts	96.0	97.0	97.0	97.0	98.0
Debt Collection	Amount of Delinquent Debt Collected Through All Available Tools ($ billions)	6.17	6.17	7.02	7.2	7.5
Government Agency Investment Services	Percent of Respondents Selecting the Highest Rating of Customer Satisfaction with Government Agency Investment Services (%)	60.0	60.0	61.0	62.0	62.0
Government-wide Accounting and Reporting	Percentage of Government-Wide Accounting Reports Issued Timely	100.0	99.86	100.0	100.0	100.0
Payments	Percentage of Treasury Payments and Associated Information Made Electronically	84.3	88.0	92.5	95.0	95.0
Retail Securities Services	Percentage of Retail Customer Service Transactions Completed within 5 Business Days (%)	73.1	75.7	74.5	88.0	88.0
Summary Debt Accounting	Cost Per Summary Debt Accounting Transaction ($)	14.8	22.47	19.86	17.68	17.73
Wholesale Securities Services	Percent of Auction Results Released in Two Minutes +/- 30 Seconds (%)	100.0	100.0	99.6	100.0	100.0

Description of Performance

Collections: The measure, *Percentage Collected Electronically of Total Dollar Amount of Federal Government Receipts*, refers to the dollar value of collections received (settled) electronically. In FY 2013, 97 percent of revenue collections were settled electronically. The Fiscal Service expects to maintain an electronic collections rate of at least 97 percent in FY 2014, with an increased target of 98 percent in FY 2015.

Debt Collection: In FY 2013, the Fiscal Service exceeded the debt collection performance target, collecting $7.02 billion in delinquent debt. When completed in FY 2015, the TOP Next Generation will: handle increasingly larger volumes of debt and payment types; process new payment types; increase payment processing throughout to meet future needs; and meet all essential stakeholder needs. Additionally, the Fiscal Service anticipates several new legislative proposals to increase debt collection will be enacted in FY 2014 and be fully realized in FY 2015.

The Fiscal Service's goal for FY 2014 and FY 2015 is to collect $7.2 billion and $7.5 billion, respectively, in delinquent debts by increasing the volume and timeliness of delinquent debt referrals, enhancing and expanding existing debt collection tools, and increasing the use of analytics to drive improved efficiency and effectiveness.

Do Not Pay Business Center: Since the Do Not Pay Business Center was launched in FY 2012, significant progress has been made towards providing agencies a one-stop-shop to verify eligibility prior to issuing a payment. With the enactment of the Improper Payments Elimination & Recovery Improvement Act of 2012 (IPERIA), the Do Not Pay Business Center began supporting Executive Branch agencies in meeting the IPERIA requirement to verify all payments prior to issuance. The Do Not Pay program offers three options geared towards reducing improper payments: The Do Not Pay Portal, The Do Not Pay Data Analytics Service, and Payment Integration.

Government Agency Investment Services: The GAIS Program strives to provide high-quality customer service, reliable transaction processing, and accurate and timely payment distribution. To aid in measuring performance, the organization conducts an annual customer survey that focuses on both program and system satisfaction. Based on survey responses, the Fiscal Service plans to target areas of improvement with the intent to increase the percentage of customers rating GAIS as "Excellent." The Fiscal Service's target percentage for customers rating GAIS as "Excellent" is 62 percent in FY 2014 and FY 2015.

Government-wide Accounting and Reporting: In FY 2014, the Fiscal Service anticipates achieving its target of 100 percent timely provision of GWA reports. These reports include the Daily Treasury Statement, Monthly Treasury Statement, and Combined Statement. The Fiscal Service continues to achieve its targets by maintaining the established process of validating and reconciling data with reporting sources such as the Regional Finance Centers, FPAs, and various electronic deposit and payment applications. The bureau will continue modernization efforts to ensure the continued timeliness of these reports and anticipates it will achieve the 100 percent target for FY 2015.

Payments: The measure *Percentage of Treasury Payments and Associated Information Made Electronically* supports the Paperless Treasury agency priority goal. Due to the continued success of the Go Direct and Direct Express® programs and implementation of the Paperless Treasury initiative, in FY 2013, the Fiscal Service has issued over 97 percent of its benefit payments and over 95 percent of its total payments via EFT. The Fiscal Service expects to achieve its targets in FY 2014 and FY 2015 by expanding electronic conversion efforts to additional benefit agencies and payment types, such as other vendor miscellaneous payments and IRS refunds.

Retail Securities Services: Several significant changes planned for the RSS program include: implementing a new financial services system, eliminating the majority of remaining paper savings bond issues, decommissioning several legacy systems, and deploying virtual case files and a customer self-service portal. These changes will significantly impact the future direction of the program; therefore, RSS is currently working to establish new performance measures.

Summary Debt Accounting: All financial activity related to the public debt of the United States is reported by the SDA Program. This is accomplished by collecting and reporting securities-related issue, redemption, and interest payment information on a daily basis.

To improve operational effectiveness, the Fiscal Service completed several efforts to modernize the SDA business and system environment. This effort allowed SDA to more quickly respond to changes in reporting requirements, responsibilities, and financial information needs. A major component in the modernization effort was accomplished on November 18, 2013, with the implementation of the Summary Debt Accounting System (SDAS) to replace the Public Debt Accounting and Reporting System.

Finally, SDA relies on cost per transaction to help manage the efficiency of the program. In response, the program estimates the cost per SDA transaction to be $17.68 in FY 2014 and $17.73 in FY 2015, which is a decrease from the FY 2013 actual cost of $19.86. The decrease beginning in FY 2014 is a direct result of reduced development costs related to the SDAS modernization project.

Wholesale Securities Services: The Fiscal Service strives to efficiently deliver its debt financing operations, including auctions and buybacks, at the lowest possible cost. The Fiscal Service missed its FY 2013 target of 100 percent for the measure *Percent of Auction Results Released in Two Minutes +/- 30 Seconds* at 99.6 percent. Circumstances for one of the year's 268 auctions required issuing a special clarification announcement. It is essential that WSS releases auction results accurately and consistently to support Treasury's mission to manage the Government's finances effectively by issuing debt in a regular and predictable pattern. Ultimately, the accurate and timely release of the auction results contributes to the preservation of public confidence in Treasury securities and the stability of the financial market. WSS expects to achieve its target in the future.

Internal Revenue Service

Program Summary by Appropriations Account and Budget Activity

Dollars in Thousands

Budget Activity	FY 2013 Operating Level[1]	FY 2014 Enacted[2]	FY 2015 Request	FY 2014 TO FY 2015 $ Change	FY 2014 TO FY 2015 % Change
Taxpayer Services	$2,135,553	$2,156,554	$2,317,633	$161,079	7.47%
Pre-filing Taxpayer Assistance & Education	605,761	604,638	639,249	34,611	5.72%
Filing & Account Services	1,529,792	1,551,916	1,678,384	126,468	8.15%
Enforcement	$4,949,178	$5,022,178	$5,371,826	$349,648	6.96%
Investigation	589,751	613,417	662,606	49,189	8.02%
Exam & Collections	4,210,108	4,257,836	4,538,881	281,045	6.60%
Regulatory	149,319	150,925	170,339	19,414	12.86%
Operations Support	$3,800,943	$3,798,942	$4,456,858	$657,916	17.32%
Infrastructure	886,535	842,064	913,677	71,613	8.50%
Shared Services & Support	1,111,317	1,154,960	1,269,176	114,216	9.89%
Information Services	1,803,091	1,801,918	2,274,005	472,087	26.20%
Business Systems Modernization	$312,938	$312,938	$330,210	$17,272	5.52%
Subtotal, Internal Revenue Service	$11,198,612	$11,290,612	$12,476,527	$1,185,915	**10.50%**
Offsetting Collections - Reimbursables	94,278	100,197	101,419	1,222	1.22%
Offsetting Collections - Non Reimbursables	16,589	27,408	27,408	0	0.00%
User Fees	395,684	395,684	395,684	0	0.00%
Recovery From Prior Years	13,629	0	0	0	NA
Unobligated Balances from Prior Years	335,648	291,657	265,301	(26,356)	-9.04%
Transfers In/Out[3]	(1,204)	0	(5,000)	(5,000)	NA
Total Program Operating Level	$12,053,236	$12,105,558	$13,261,339	$1,155,781	**9.55%**
Direct FTE	86,381	84,189	91,187	6,998	8.31%
Resources from Other Accounts[4]	5	5	5	0	0.00%
Reimbursable FTE	786	822	822	0	0.00%
User Fees FTE	676	676	676	0	0.00%
Total FTE	87,848	85,692	92,690	6,998	**8.17%**

[1]FY 2013 Enacted represents the operating level after applying across-the-board rescission and reductions required by sequestration and an interappropriation transfer of $73M transferred from the Enforcement appropriation to the Taxpayer Services ($13M) and Operations Support ($60M) appropriations.
[2]FY 2014 Enacted includes $92M in funding ($34 million in Taxpayer Services and $58 million in Operations Support).
[3]Resources from Transfers In/Out include FY 2013 transfers between IRS and the Office of National Drug Control Policy (ONDCP) High Intensity Drug Trafficking Area (HIDTA) Program (net transfer $152K) and prior year user fees from the Operations Support and Business Systems Modernization (BSM) appropriations returned to the User Fees account (-$1.356M), and a FY 2015 transfer out to the Alcohol and Tobacco Tax and Trade Bureau (TTB) ($5M).
[4]Resources from Other Accounts include Direct FTE from the Federal Highway Administration (5 FTE projected for FY 2013, FY 2014, and FY 2015).

Summary

The Internal Revenue Service (IRS) administers the nation's tax laws and collects the revenue that funds the Government. During FY 2013, the IRS processed more than 241 million tax returns and collected

$2.9 trillion in taxes (gross receipts before tax refunds), 91 percent of Federal Government receipts. The IRS continues to focus on strengthening the public's confidence in its effective administration of the nation's tax system.

Through both taxpayer service and enforcement programs that protect the flow of revenue to the Government, the IRS remains committed to making the tax law easier to access and understand and to improving voluntary compliance and reducing the tax gap, the difference between taxes owed and taxes paid on time. Taxpayer service supports and protects the trillions of dollars in revenue that come into the Treasury each year voluntarily from taxpayers by helping them understand their obligations under the tax law. Enforcement pursues those who evade or misrepresent their tax responsibility.

Total resources to support IRS activities for FY 2015 are $12,973,630,000. This includes $12,476,527,000 from direct appropriations, of which $480 million is provided via a program integrity cap adjustment intended to improve the integrity of the tax system, an estimated $101,419,000 from reimbursable programs, and an estimated $395,684,000 from user fees. The direct appropriation is $1,185,915,000 more than the FY 2014 enacted level of $11,290,612,000.

The *IRS Strategic Plan* guides program and budget decisions and supports the Department of the Treasury *FY 2014 to 2017 Strategic Plan,* and Agency Priority Goal, which focuses on expanding the availability and improving the quality of customer service options.

The *IRS Strategic Plan* goals are:

> *Deliver high quality and timely service to reduce taxpayer burden and encourage voluntary compliance*

> *Effectively enforce the law to ensure compliance with tax responsibilities and combat fraud*

The strategic objectives to deliver high quality and timely service to reduce taxpayer burden and encourage voluntary compliance are:

- Design tailored service approaches with a focus on digital customer service to meet taxpayer needs, preferences, and compliance behaviors in order to facilitate voluntary compliance;
- Deliver clear and focused outreach, communications, and education programs to assist taxpayer understanding of tax responsibilities and awareness of emerging tax laws;
- Provide timely assistance through a seamless, multi-channel service environment to encourage taxpayers to meet their tax obligations and accurately resolve their issues;
- Strengthen refund fraud prevention and provide prompt assistance to support victims of identity theft;
- Reduce taxpayer burden and increase return accuracy at filing through timely and efficient tax administration processing;
- Improve service delivery and support effective tax administration by fostering strong relationships with our tax community and government partners; and
- Enhance the quality of tax services by strengthening the outreach, education, and tools provided to the tax professional community.

The strategic objectives to effectively enforce the law and to ensure compliance with tax responsibilities and combat fraud are:

- Enforce domestic and international compliance by strengthening expertise, adopting innovative approaches, and streamlining procedures;

- Deter and promptly resolve noncompliance by protecting revenue from refund fraud and ensuring appropriate revenue collection;
- Build and maintain public trust by anticipating and addressing the tax-exempt sector's need for a clear understanding of its tax law responsibilities;
- Identify trends, detect high-risk areas of noncompliance, and prioritize enforcement approaches by applying research and advanced analytics;
- Address noncompliance by improving data, information, and knowledge sharing with tax community and government partners; and
- Improve compliance and reduce the risk of fraud through strong partnerships with the tax professional community.

To achieve the service and enforcement goals, the IRS builds on a strategic foundation consisting of the following objectives:

- Be the best place to work in government by building a highly talented, diverse workforce and cultivating an inclusive and collaborative environment;
- Ensure a secure environment that protects the safety of our people and security of our facilities;
- Implement and maintain a robust enterprise risk management program that identifies emerging risks and mitigates them before they impact performance;
- Realize operational efficiencies and effectively manage costs by improving enterprise-wide resource allocation and streamlining processes;
- Invest in innovative, secure technology needed to protect taxpayer data and support taxpayer, partner, and business needs; and
- Implement enterprise-wide analytics and research capabilities to make timely, informed decisions.

Enforcement Program: The FY 2015 request provides funding to implement enacted legislation; protect revenue by identifying fraud and preventing issuance of questionable refunds, including tax-related identity theft; address offshore noncompliance; enforce return preparer compliance; expand criminal investigation capabilities; address compliance issues in the tax-exempt sector, including employee retirement plans, exempt organizations, and direct pay bonds; and provide appropriate and balanced coverage by improving examination audit and collection coverage rates.

Increased resources for the IRS compliance programs yield direct, measurable results through high return on investment (ROI) activities. This request includes a $480 million program integrity cap adjustment that will reduce the deficit through above-base funding for high-ROI tax enforcement and compliance programs, of which $5 million will be transferred to the Alcohol and Tobacco Tax and Trade Bureau (TTB). The $475 million requested for the IRS FY 2015 enforcement initiatives funded through this program integrity cap adjustment will generate nearly $2.1 billion in additional annual enforcement revenue once the new hires reach full potential in FY 2017. At full performance, these resources requested for enforcement initiatives are expected to generate an ROI of nearly $6-to-$1, not including indirect deterrence effects estimated to be at least three times the direct revenue impact.

In addition to the new enforcement initiatives for FY 2015, the President's Budget also proposes new tax enforcement and compliance initiatives for the IRS and TTB funded via cap adjustments through 2019 and sustained with additional adjustments through 2024. In total, the proposal entails 10 years of cap adjustments costing $17 billion while saving $52 billion, for a net savings of $35 billion.

Taxpayer Service Program: The FY 2015 President's Budget request will allow the IRS to further improve customer service to meet taxpayer demand and continue delivering services to taxpayers using a variety of in-person, telephone, and web-based methods to help taxpayers understand their tax obligations, correctly file their returns, and pay taxes due in a timely manner.

Providing quality taxpayer service is especially important to help taxpayers avoid making unintentional errors. Assisting taxpayers with their questions before they file their returns prevents inadvertent noncompliance and reduces burdensome post-filing notices and other correspondence from the IRS. Taxpayer demand for self-service and electronic service options at the IRS has dramatically increased in recent years. The IRS is committed to increasing the service options available through the IRS website and mobile application, allowing more taxpayers to reach the IRS through the internet.

In 2013, there were more than 450 million visits to www.IRS.gov, and more than 200 million taxpayers checked their refund status by accessing the *Where's My Refund?* web application in English or in Spanish on the IRS website. Taxpayers also used the automated features found at 1-800-829-1040.

Business Systems Modernization: IRS modernization efforts focus on building and deploying advanced information technology systems, processes, and tools to improve efficiency and enhance productivity. Since 2012, the IRS has processed individual taxpayer returns on a daily processing cycle that has enhanced IRS tax administration and improved customer service by allowing faster refunds for more taxpayers, more timely account updates, and faster issuance of taxpayer notices. The FY 2015 Business Systems Modernization (BSM) request will allow the IRS to expand the capabilities of the CADE 2 relational database and address financial material weaknesses, and to complete the design, development, and testing of the Form 1040X, *Amended U.S. Individual Income Tax Return,* so IRS processing systems can accept the form electronically. Beginning in 2014 and continuing in 2015, the Return Review Program (RRP) and the development of Online Services projects will be part of the BSM program. Using leading-edge technologies that promote speed and enhanced data analytics, RRP will advance IRS effectiveness in detecting, addressing, and preventing tax refund fraud and protecting government revenue. The Office of Online Services (OLS) will lead the IRS's transition to the future digital customer service. OLS will build on existing service delivery capabilities to simplify the taxpayer's online experience, provide secure digital communications, and add more interactive capabilities to existing web self-service products.

Opportunity, Growth, and Security Initiative: The FY 2015 Budget requests resources from the new Opportunity, Growth, and Security Initiative to support additional IRS customer service improvements, including increasing toll-free telephone level of service by 11 percentage points to over 80 percent, driving responsiveness to taxpayers through correspondence inventory reduction, and bolstering resources to help tackle more highly burdensome identity theft and refund fraud cases.

IRS FY 2015 Budget Highlights

Dollars in Thousands

Appropriation	Taxpayer Services		Enforcement		Operations Support		Business Systems Modernization		Total	
	$000	FTE	$000	FTE	$000	FTE	$000	FTE	$000	FTE
FY 2013 Operating Level[1]	**$2,135,553**	**29,700**	**$4,949,178**	**44,325**	**$3,800,943**	**11,885**	**$312,938**	**471**	**$11,198,612**	**86,381**
FY 2014 Enacted[2]	**$2,156,554**	**28,996**	**$5,022,178**	**42,805**	**$3,798,942**	**11,860**	**$312,938**	**528**	**$11,290,612**	**84,189**
FY 2015 Changes to Base:										
Non-Recur FY 2014 Additional Appropriation	**($34,000)**				**($58,000)**				**($92,000)**	
Maintaining Current Levels (MCLs):	**$46,483**		**$105,719**		**$69,382**		**$1,593**		**$223,177**	
Pay-Raise	24,564		57,260		19,399		859		102,082	
FERS Contribution Increase	18,724		41,857		14,014		734		75,329	
Non-Pay	3,195		6,602		35,969				45,766	
Other Adjustment:			**($29,221)**	**329**	**$29,221**	**244**				**573**
Base Adjustments			(29,221)	329	29,221	244				573
Efficiencies/Savings:	**($18,786)**	**(70)**	**($18,233)**		**($58,181)**				**($95,200)**	**(70)**
Increase e-File Savings	(2,761)	(55)			(39)				(2,800)	(55)
Adjustment for FERS Increase			(18,233)		(58,142)				(76,375)	
HCTC Program Termination	(16,025)	(15)							(16,025)	(15)
Reinvestment:					**$16,025**				**$16,025**	
Expand Telecom Infrastructure to Handle Increased Demand					16,025				16,025	
Subtotal FY 2015 Changes to the Base	**($6,303)**	**(70)**	**$58,265**	**329**	**($1,553)**	**244**	**$1,593**		**$52,002**	**503**
FY 2015 Current Services (Base)	**$2,150,251**	**28,926**	**$5,080,443**	**43,134**	**$3,797,389**	**12,104**	**$314,531**	**528**	**$11,342,614**	**84,692**
Program Changes:										
Program Increases Before Cap Adjustment:	**$167,382**	**2,555**	**$53,545**	**540**	**$417,780**	**970**	**$15,679**	**41**	**654,386**	**4,106**
Improve Taxpayer Service and Return Processing	153,482	2,355			57,776	36			211,258	2,391
Prevent Identity Theft and Refund Fraud	13,900	200	16,971	191	34,005	66			64,876	457
Continue Migration from Aging Tax Administration Systems-Enhance Online Services					829		15,679	41	16,508	41
Address Impact of Affordable Care Act (ACA) Statutory Requirements			36,574	349	19,525	50			56,099	399
Implement Information Technology (IT) Changes to Deliver Tax Credits and Other Requirements					305,645	818			305,645	818
Total Request Before Cap Adjustment	**$2,317,633**	**31,481**	**$5,133,988**	**43,674**	**$4,215,169**	**13,074**	**$330,210**	**569**	**$11,997,000**	**88,798**
Cap Adjustment Program Increases:										
Enforcement Initiatives:			**$232,838**	**2,083**	**$170,841**	**266**			**$403,679**	**2,349**
Address International and Offshore Compliance Issues			49,037	332	7,773				56,810	332
Expand Coverage of High Wealth Individuals and Enterprises			17,684	141	3,273				20,957	141
Expand Audit Coverage			53,581	541	44,198	45			97,779	586
Enhance Collection Coverage			41,692	540	25,070	37			66,762	577
Improve Coverage of Partnerships and Flow-Through Entities			28,690	240	7,849	4			36,539	244
Expand Compliance Coverage in the Tax-Exempt Sector			13,364	119	2,731				16,095	119
Pursue Fraud Referrals, Employment Tax, and Abusive Tax Schemes			9,275	52	8,537				17,812	52
Build Out Tax Return Preparer Compliance and Professional Responsibility Activities			14,765	106	2,772				17,537	106
Implement Information Technology (IT) Changes to Deliver the Foreign Account Tax Compliance Act (FATCA)					32,223	140			32,223	140
Leverage Digital Evidence for Criminal Investigation (CI)			698	5	3,674	1			4,372	6
Leverage Data to Improve Case Selection			4,052	7	32,741	39			36,793	46
Infrastructure Initiatives:					**$70,848**	**40**			**$70,848**	**40**
Implement Information Technology (IT) Services					10,000				10,000	
Implement Campus Consolidation and Revitalization Strategy					10,000				10,000	
Implement e-Government and Other Administration Priorities					31,011	19			31,011	19
Maintain Integrity of Revenue Financial Systems					12,136	8			12,136	8
Expand Virtual Service Delivery (VSD)					7,701	13			7,701	13
Alcohol and Tobacco Tax and Trade Bureau (TTB) Program Integrity Transfer:			**$5,000**						**$5,000**	
Transfer to TTB for High-Return on Investment (ROI) Tax Enforcement Activities			5,000						5,000	
Subtotal FY 2015 Cap Adjustment			**$237,838**	**2,083**	**$241,689**	**306**			**$479,527**	**2,389**
Total FY 2015 Budget Request	**$2,317,633**	**31,481**	**$5,371,826**	**45,757**	**$4,456,858**	**13,380**	**$330,210**	**569**	**$12,476,527**	**91,187**

[1]FY 2013 Operating Level represents the operating level after applying the across-the-board rescission and reductions required by sequestration and an interappropriation transfer of $73M transferred from the Enforcement appropriation to the Taxpayer Services ($13M) and Operations Support ($60M) appropriations.

[2]FY 2014 Enacted includes $92M in funding ($34 million in Taxpayer Services and $58 million in Operations Support).

FY 2015 Budget Adjustments

Non-Recurring Costs

Non-Recur FY 2014 Additional Appropriation -$92,000,000 / +0 FTE

The $92 million additional appropriation increase in the Consolidated Appropriations Act, 2014, to improve the delivery of services to taxpayers, improve the identification and prevention of refund fraud and identity theft, and address international and offshore compliance issues, is non-recurred.

Maintaining Current Level (MCLs)

Pay-Raise +$102,082,000 / +0 FTE

Funds are requested for the proposed January 2015 pay-raise and annualization of the 2014 pay raise.

FERS Contribution Increase +$75,329,000 / +0 FTE

Funds are requested for increases in agency contributions to the Federal Employee Retirement System based on updated actuarial estimates.

Non-Pay +$45,766,000 / +0 FTE

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

Other Adjustments

Base Adjustments +$0 / +573 FTE

This base adjustment transfers $29.2 million and 244 FTE from the Enforcement appropriation to the Operations Support appropriation to reclassify Government Liaison & Disclosure (GLD) to better align with its role as a security function. The GLD program is part of Privacy, Governmental Liaison, and Disclosure (PGLD). The PGLD function is to protect the sensitive information and privacy of taxpayers and employees and to ensure only authorized disclosures and data sharing, and therefore, more appropriately belongs in the Operations Support appropriation.

The exception only hiring freeze implemented by the IRS over the last several years has generated $57.9 million in uncommitted enforcement resources. Starting in FY 2015, the IRS will use these base resources to provide the enforcement staff needed to implement changes required by enactment of the Foreign Account Tax Compliance Act (FATCA); take advantage of the reporting provisions for merchant payment card, third party reimbursements, and basis reporting on security sales; and partially fund the expansion of the Criminal Investigation Identity Theft Clearinghouse, which processes all identity theft leads from field special agents and other external sources.

Efficiency Savings

Increase e-File Savings -$2,800,000 / -55 FTE

These savings are a result of reduced paper returns. The IRS projects taxpayers will file 1,277,800 fewer paper returns (807,900 individual and 469,900 business returns) and instead choose to e-file. As a result, the IRS would need 55 fewer FTE in submission processing, generating a savings of $2.8 million.

Adjustment for FERS Increase -$76,375,000 / +0 FTE

By continuing to closely manage personnel costs in FY 2014, the IRS will achieve the reductions needed in FY 2015 to absorb the cost of the FERS contribution increase.

HCTC Program Termination -$16,025,000 / -15 FTE

The Health Coverage Tax Credit (HCTC) program was enacted by the Trade Adjustment Assistance (TAA) Act of 2002 (Public Law 107-210), and became effective August 2003. This program assisted dislocated workers with their health insurance premiums and the IRS was provided resources to administer the advance payment feature. This program was terminated January 1, 2014, as provided by the Trade Adjustment Assistance Extension Act of 2011 (TAA Reauthorization) (Public Law 112-40). Termination of this program will result in a savings of $16.0 million and 15 FTE.

Reinvestments

Expand Telecom Infrastructure to Handle Increased Demand +$16,025,000 / +0 FTE

This reinvestment expands the Customer Service Representative (CSR) toll-free call center telecommunication infrastructure to allow the IRS to answer the additional telephone calls related to implementation of the Affordable Care Act (ACA) (Public Law 111-148). The requested funding covers expanded telecommunications infrastructure and equipment, hardware costs for high-speed internet connections, and encryption technology.

Program Increases

Improve Taxpayer Service and Return Processing +$211,258,000 / +2,391 FTE

This initiative will provide resources for the IRS to help meet the expected demand increases for taxpayer services in FY 2015. The additional resources requested in FY 2015 will allow the IRS to increase the Customer Service Representative (CSR) Level of Service (LOS) from the actual FY 2013 level of 60.5 percent to 71 percent. Resources are needed to address the projected growth in demand for traditional taxpayer services such as answering tax law questions and resolving accounts as well as providing taxpayer telephone assistance, correspondence services, and outreach to individuals, businesses, and third parties affected by implementation of the Affordable Care Act (ACA) (Public Law 111-148). Without the additional resources the IRS expects the CSR LOS would be 53 percent. It also provides advanced technology to improve telephone customer service and allows the IRS to begin the initial phase of enhancing the Account Management System (AMS) to electronically receive amended returns (Form 1040X, *Amended U.S. Individual Tax Return*) from the Modernized e-File (MeF).

Address International and Offshore Compliance Issues +$56,810,000 / +332 FTE

This initiative will increase coverage of entities with undisclosed offshore accounts to comply with required U.S. tax reporting. It will promote voluntary compliance with U.S. laws through strategic enforcement actions directed at identifying U.S. taxpayers involved in abusive offshore tax schemes through banks, other financial institutions, and third party structures; allow the IRS to expand information gathering and data analysis to identify promoters or facilitators of abusive offshore schemes; and expand offshore criminal investigations in pursuit of international tax and financial crimes as well as grow the IRS Attaché presence. This request will produce additional annual enforcement revenue of $292.8 million, once the new hires reach full potential in FY 2017, an ROI of $4.8 to $1.

Expand Coverage of High Wealth Individuals and Enterprises +$20,957,000 / +141 FTE

This initiative will continue the IRS's efforts to focus on high wealth taxpayers by increasing risk identification, case building, and examination capabilities. High wealth individuals frequently operate complex enterprises consisting of multiple, interrelated businesses and flow-through entities that often have international components. The IRS takes a unified look at the entire web of business entities controlled by high wealth individuals to better assess the risks of noncompliance. This initiative will produce additional annual enforcement revenue of $243.9 million, once the new hires reach full potential in FY 2017, an ROI of $11.3 to $1.

Prevent Identity Theft and Refund Fraud +$64,876,000 / +457 FTE

This initiative supports the IRS's continued efforts to handle the increased workload associated with identity theft and refund fraud. This request will help the IRS to answer telephone calls and adjust accounts for taxpayers who have been victims of identity theft; reduce the number of identity theft returns posted; protect additional revenue; address some of the identity theft case backlog; continue the expansion of the specialized Criminal Investigation Identity Theft Clearinghouse that processes identity theft leads; and invest in information technology that will protect taxpayer information, help verify potentially fraudulent identity theft tax returns, and reduce erroneous payments.

While this initiative is not included in the IRS's traditional ROI calculations, investment in these activities is projected to protect nearly $1.5 billion in revenue, once the new hires reach full potential in FY 2017, a protected revenue ROI of more than $22 to $1.

Address Impact of ACA Statutory Requirements +$56,099,000 / +399 FTE

As the tax law changes, the IRS must implement programs to ensure that taxpayers understand the new laws, and that the IRS can address noncompliance. The new ACA tax provisions include new requirements for tax-exempt hospitals, a new fee on manufacturers and importers of branded prescription drugs, an excise tax on indoor tanning, and new compliance responsibilities from the non-exchange related tax law changes. This initiative also expands the compliance coverage of tax-exempt hospital organizations by refining the community benefit reviews and by leveraging this data to conduct examinations; expands coverage of new provisions related to the premium tax credit, individual responsibility requirement, and large employer insurance; and addresses new audit requirements related to the shared employer responsibility payment.

This initiative will annually produce additional enforcement revenue of $129.2 million, once the new hires reach full potential in FY 2017, an ROI of $2.3 to $1, and protect revenue of $71.5 million, a protected ROI of $14 to $1.

Expand Audit Coverage +$97,779,000 / +586 FTE

This initiative will allow IRS to improve individual examination coverage and effectively address critical noncompliance issues over a broad range of compliance priorities. Apart from detecting noncompliance directly, examination coverage promotes voluntary compliance both by increasing the likelihood that intentional noncompliance will be detected and reassuring compliant taxpayers of the fairness of the tax administration system. This initiative also will expand correspondence examinations on individual taxpayers; increase the coverage of the document matching program to reduce the number of taxpayers who misreport their income; address increasing Appeals workload; and provide investments in technology to increase data capture and improve examination efficiency.

This initiative will annually produce additional enforcement revenue of $674.3 million, once the new hires reach full potential in FY 2017, an ROI of $7.1 to $1, and protect revenue of $106.6 million, a protected ROI of nearly $21 to $1.

Enhance Collection Coverage +$66,762,000 / +577 FTE

This initiative will ensure that the IRS has sufficient resources to work the collection inventory to bring taxpayers who fail to pay their tax debt into compliance. This initiative provides resources for Campus Collection to take a more proactive role in reaching out to taxpayers earlier in the collection process and includes staffing to address the increased number and value of employment tax cases in Field Collection; growing collection case inventories and incoming call volumes in the Automated Collection System (ACS); balance due correspondence and phone work and installment agreement calls in the Compliance Services Collection Operation (CSCO) Program; and increased workload in the Offers in Compromise (OIC) Program, which helps taxpayers experiencing economic hardship resolve their tax liabilities.

This initiative will produce additional annual enforcement revenue of $616.8 million, once new hires reach full potential in FY 2017, an ROI of $8.5 to $1.

Improve Coverage of Partnerships and Flow-Through Entities +$36,539,000 / +244 FTE

Partnership businesses continue to be the fastest growing segment of all tax returns filed. This initiative will increase identification and audit of partnerships and flow-through entities; increase the number of auditors with specialized knowledge in partnership law; and strengthen enforcement activities relating to flow-through entities and improve compliance by enhancing Tax Equity and Fiscal Responsibility (TEFRA) procedures. This initiative will produce additional annual enforcement revenue of $267.8 million, once the new hires reach full potential in FY 2017, an ROI of $6.8 to $1.

Expand Compliance Coverage in the Tax-Exempt Sector +$16,095,000 / +119 FTE

This initiative will help the IRS to continue focused oversight of the tax-exempt sector and improve service to make voluntary compliance easier. It will enhance enforcement coverage of employee retirement plans, specifically those sponsored by small business, exempt organizations, and governments, which make up almost half of all retirement plans in the United States and control more than $1.1 trillion in assets; collect unrelated business income and employment taxes from exempt organizations, which GAO has estimated to be almost $1 billion in unpaid Federal taxes; improve service in the determination process to address the compliance of new exempt organizations with applicable tax laws; detect potentially fraudulent claims for direct Federal credit payments from direct pay bonds, the payments of which are estimated to reach more than $120 billion over the life of the bonds; and provide voluntary correction opportunities for tax issues related to employment taxes and retirement plan failures.

Pursue Fraud Referrals, Employment Tax, and Abusive Tax Schemes +$17,812,000 / +52 FTE

This initiative will enhance overall enforcement efforts in the core tax enforcement areas of corporate fraud, employment tax, and abusive tax schemes by increasing the number of convictions and assessments. In addition, this initiative includes resources that will allow the IRS to apply social network analysis (SNA) to the investigation of fraud and abusive schemes. By establishing and implementing a financial and criminal intelligence database, SNA software will proactively identify potentially noncompliant taxpayers in multiple program areas. These resources will improve the sharing of information among IRS operating divisions, expand the IRS's capability to identify significant tax cases, increase cost savings, and standardize the fraud referral process.

Build Out Tax Return Preparer Compliance and Professional Responsibility Activities +$17,537,000 / +106 FTE

This initiative will improve taxpayer compliance and the accuracy of returns filed by tax professionals and foster a stakeholder-driven culture that encourages voluntary compliance. The IRS will ensure tax preparers meet both uniform and high ethical standards of conduct by enforcing preparer compliance with IRS rules, increasing preparer examinations, and monitoring and pursuing preparers engaged in fraudulent activities, including noncompliant Earned Income Tax Credit (EITC) return preparers. This initiative also provides resources for the IRS's Office of Professional Responsibility (OPR) to meet the demand of the expanded population of tax preparers subject to Circular 230, *Regulations Governing Practice Before the Internal Revenue Service*.

Implement Information Technology (IT) Changes to Deliver the Foreign Account Tax Compliance Act (FATCA) +$32,223,000 / +140 FTE

This initiative will allow IRS to address foreign withholding compliance and expand coverage of international tax return filings by providing the resources to implement the information technology (IT) changes required by enactment of FATCA included in the Hiring Incentives to Restore Employment (HIRE) Act of 2010 (Public Law 111-147). FATCA improves offshore compliance by imposing new information reporting requirements on foreign financial institutions (FFIs) with respect to U.S. accounts and new withholding, documentation, and reporting requirements for payments made to certain foreign entities. These new reporting requirements will require new technology systems or modifications to existing systems.

Leverage Digital Evidence for Criminal Investigation (CI) +$4,372,000 / +6 FTE

This initiative will automate current CI processes by implementing a virtual digital evidence processing environment. This will allow the IRS to expedite and enhance the analysis of electronic data by special agents, computer investigative specialists, and other investigative staff assigned to an investigation.

Leverage Data to Improve Case Selection +$36,793,000 / +46 FTE

This initiative will provide the resources to leverage technology to improve data accessibility and usability for better case selection, issue identification, and treatment assignment. Taxpayer behavior, including noncompliant behavior, is constantly changing. The IRS must adapt quickly to changing taxpayer behavior to prevent fraud and tax code misuse. This initiative will significantly increase the digital availability of tax return information. The IRS will then leverage this data through an analytical computing and data testing environment to identify taxpayer behavioral changes and test compliance responses promptly; and to optimize compliance case identification and treatment assignment to increase effectiveness while reducing risks costs.

Improved use of analytics will increase revenue collection and, while this is not included in the IRS's traditional ROI calculations, this initiative is projected to increase revenue by $75.4 million in FY 2017, achieving an ROI of $2 to $1.

Implement Information Technology (IT) Changes to Deliver Tax Credits and Other Requirements +$305,645,000 / +818 FTE

This initiative will allow the IRS to continue to implement the new tax law provisions contained in the Affordable Care Act (ACA). While the Department of Health and Human Services is responsible for the health care policy and insurance provisions in the legislation, the IRS administers more than 45 specific tax provisions and numerous cross-agency sections related to tax administration. This investment supports the administration of one of the largest refundable tax credits the IRS has administered. The investment touches all submission, fraud, and compliance tax administration processes to receive, validate, and handle individual and business tax returns. The investment also will provide enhanced technology infrastructure and applications support and allow necessary, major modifications to existing IRS tax administration systems.

Implement Information Technology (IT) Services +$10,000,000 / +0 FTE

This initiative will allow the IRS to continue to implement industry best practices to shape the future of IT development and ongoing operational support to provide a more robust foundation for expanding IT capabilities in the future. It will provide resources for the IRS to implement two industry best practices for managing change and monitoring its complex computer environment and to convert its operating system to a less complex standard that decreases the need for hardware. These investments will result in a more stable computing environment and reduce downtime to taxpayers.

Implement Campus Consolidation and Revitalization Strategy
+$10,000,000 / +0 FTE

This initiative provides resources to fund lease consolidation in Atlanta, Georgia, and complete a preliminary design of a new, modernized submission processing facility at the IRS campus in Covington, Kentucky. In addition, this initiative provides resources to fund the Graphic Data Interface (GDI) system to enhance the IRS facilities management decision support.

Implement eGovernment and Other Administration Priorities
+$31,011,000 / +19 FTE

This initiative will allow the IRS to maximize the effectiveness and efficiency of the procurement consolidation of the IRS Office of Procurement, Treasury Departmental Offices, and the Bureau of Engraving and Printing by investing in an external interface for the IRS Integrated Procurement System (IPS); protect IRS employees, facilities, operations, and information by replacing and standardizing the IRS aging inventory of Physical Access Control Systems (PACS) with the modern access control and surveillance system, Enterprise Physical Access Control System (ePACs); and mitigate the vulnerabilities identified in the FY 2010 Facility Risk Assessment by implementing the security recommendations.

Maintain Integrity of Revenue Financial Systems +$12,136,000 / +8 FTE

This initiative will support and improve the IRS's revenue financial accounting systems to ensure timely and accurate reporting of tax data. The revenue financial and accounting systems include the general ledger, which was required to reconcile and report to the Department of the Treasury on $2.9 trillion in revenue before refunds and $364 billion in individual and business tax refunds in FY 2013; produce the annual audited financial statements; and perform other operational and financial reporting on unpaid tax assessments currently identified by GAO as a material weakness. Resources from this initiative also will allow the IRS to make the necessary system and programming changes to comply with OMB and Treasury mandates, and to stay current with internal changes made to IRS's tax processing systems for tax administration that also affect financial reporting.

Expand Virtual Service Delivery (VSD) +$7,701,000 / +13 FTE

The resources requested in this initiative will develop a unified communication platform through the internet to facilitate contact between IRS employees and taxpayers. VSD technology provides an alternative to face-to-face for taxpayers who are: undergoing an examination audit; interacting with Appeals to resolve their tax issues without litigation; needing assistance from Taxpayer Advocate to solve their tax problems; victims of identity theft; or living outside of the United States.

Continue Migration from Aging Tax Administration Systems-Enhance Online Services +$16,508,000 / +41 FTE

This initiative will provide additional resources for the new Business Systems Modernization (BSM) project, Enhance Online Services (OLS), and will allow the IRS to advance its transition to the future in digital government. The OLS project will build on existing service delivery capabilities and simplify the taxpayer's online experience, provide secure digital communications, and add more interactive capabilities to existing web self-service and mobile products. The OLS project further enhances IRS's data-centric vision, with robust user data and cross-channel analytics, which are invaluable sources for insight and continuous improvement to the taxpayer experience.

Transfer to TTB for High-Return on Investment (ROI) Tax Enforcement Activities +$5,000,000 / +0 FTE

The IRS will transfer $5 million to TTB for those high-ROI tax enforcement activities that produce additional revenue through program activities designated to narrow the Federal excise tax gap on alcohol and tobacco commodities. More detailed information can be found in the TTB FY 2015 Budget in Brief.

Return on Investment for FY 2015 Enforcement Initiatives to Implement Enacted Legislation

Dollars in Millions	First Year (FY 2015)			Full Performance (FY 2017)		
	Cost	Revenue	ROI	Cost	Revenue	ROI
Revenue-Producing Enforcement Initiative Before the Cap Adjustment	**$51.7**	**$50.2**	**1.0**	**$55.9**	**$129.2**	**2.3**
Address Impact of Affordable Care Act (ACA) Statutory Requirements	51.7	50.2	1.0	55.9	129.2	2.3

Return on Investment for FY 2015 Cap Adjustment Enforcement Initiatives

Dollars in Millions	First Year (FY 2015)			Full Performance (FY 2017)		
	Cost	Revenue	ROI	Cost	Revenue	ROI
Cap Adjustment Enforcement Initiatives	**$362.4**	**$635.3**	**1.8**	**$377.0**	**$2,095.6**	**5.6**
Immediate and Directly Measurable Revenue-Producing Initiatives	**$274.4**	**$635.3**	**2.3**	**$289.5**	**$2,095.6**	**7.2**
Address International and Offshore Compliance Issues	56.8	87.5	1.5	60.9	292.8	4.8
Expand Coverage of High Wealth Individuals and Enterprises	21.0	78.5	3.7	21.6	243.9	11.3
Expand Audit Coverage	93.3	210.3	2.3	94.8	674.3	7.1
Enhance Collection Coverage	66.8	174.6	2.6	72.6	616.8	8.5
Improve Coverage of Controlled Partnerships and Flow-Through Entities	36.5	84.4	2.3	39.6	267.8	6.8
Strategic Revenue-Producing Initiative *(which does not have immediately measurable ROI, but clear long-term revenue effects)*	**$88.0**	**$0.0**	**0.0**	**$87.5**	**$0.0**	**0.0**
Expand Compliance Coverage in the Tax-Exempt Sector	16.0	0.0	0.0	16.8	0.0	0.0
Pursue Fraud Referrals, Employment Tax, and Abusive Tax Schemes	17.8	0.0	0.0	16.0	0.0	0.0
Build Out Tax Return Preparer Compliance and Professional Responsibility Activities	17.6	0.0	0.0	17.9	0.0	0.0
Implement IT Changes to Deliver the Foreign Account Tax compliance Act (FATCA)	32.2	0.0	0.0	32.2	0.0	0.0
Leverage Digital Evidence for Criminal Investigation (CI)	4.4	0.0	0.0	4.6	0.0	0.0

Explanation of Budget Activities

Taxpayer Services

The FY 2015 President's Budget request is $2,317,633,000 in direct appropriations, an estimated $40,212,000 from reimbursable programs, and an estimated $190,999,000 from user fees, for a total operating level of $2,548,844,000. This appropriation funds the following budget activities.

Pre-filing Taxpayer Assistance & Education ($639,249,000 from direct appropriations, and an estimated $6,400,000 from user fees)

This budget activity funds services to assist with tax return preparation, including tax law interpretation, publication, production, and advocate services. In addition, funding for these programs continues to emphasize taxpayer education, outreach, increased volunteer support time and locations, and enhancing pre-filing taxpayer support through electronic media.

Filing & Account Services ($1,678,384,000 from direct appropriations, an estimated $40,212,000 from reimbursable resources, and an estimated $184,599,000 from user fees)

This budget activity funds programs that provide filing and account services to taxpayers, process paper and electronically submitted tax returns, issue refunds, and maintain taxpayer accounts.

Enforcement

The FY 2015 President's Budget request is $5,371,826,000 in direct appropriations, an estimated $32,446,000 from reimbursable programs, and an estimated $20,409,000 from user fees, for a total operating level of $5,424,681,000. To reduce future deficits, a portion of this appropriation, $237,838,000, is requested as part of the $479,527,000 total program integrity cap adjustment for the IRS, which includes an above-base investment in tax enforcement and compliance programs, including a $5,000,000 transfer to TTB for high return on investment enforcement activities. In conjunction with specified funds provided in the IRS Operations Support account, this increment will support tax compliance initiatives expected to generate high returns on investment in the form of increased tax revenues. This appropriation funds the following budget activities.

Investigations ($662,606,000 from direct appropriations, an estimated $30,903,000 from reimbursable resources, and an estimated $4,709,000 from user fees)

This budget activity funds the Criminal Investigation (CI) programs that explore potential criminal and civil violations of tax laws; enforce criminal statutes relating to violations of tax laws and other financial crimes; and recommend prosecution as warranted. These programs identify and document the movement of both legal and illegal sources of income to identify and document cases of suspected intent to defraud. This budget activity also provides resources for international investigations involving U.S. citizens residing abroad, non-resident aliens, and expatriates, and includes investigation and prosecution of tax and money laundering violations associated with narcotics organizations.

Exam & Collections ($4,538,881,000 from direct appropriations, an estimated $864,000 from reimbursable resources)

This budget activity funds programs that enforce the tax laws and increase compliance through examination and collection programs that ensure proper payment and tax reporting. It also includes programs such as specialty tax examinations (employment tax, excise tax, and estate and gift tax exams), international collections, and international examinations. The budget activity also provides for campus support of the Questionable Refund program and appeals and litigation activities associated with exam and collection.

Regulatory ($170,339,000 from direct appropriations, an estimated $679,000 from reimbursable resources, and an estimated $15,700,000 from user fees)
This budget activity funds the development and printing of published IRS guidance materials; interpretation of tax laws; internal advice to the IRS on general non-tax legal issues such as procurement, personnel, and labor relations; enforcement of regulatory rules, laws, and approved business practices; and support of taxpayers in the areas of pre-filing agreements, determination letters, and advance pricing agreements. The Return Preparer Program is funded within this activity in addition to the Office of Professional Responsibility, which is responsible for identifying, communicating, and enforcing the Treasury Circular 230 standards of competence, integrity, and conduct of professionals representing taxpayers before the IRS.

Operations Support

The FY 2015 President's Budget request is $4,456,858,000 in direct appropriations, an estimated $28,761,000 from reimbursable programs, and an estimated $184,276,000 from user fees, for a total operating level of $4,669,895,000. A portion of this appropriation, $241,689,000, is requested as part of the $479,527,000 program integrity cap adjustment for the IRS tax enforcement and compliance programs, which provides an above-base investment in these programs to reduce future deficits. In conjunction with specified funds provided to the IRS Enforcement account, this increment will support new tax compliance initiatives that are expected to generate high returns on investment in the form of increased tax revenues. This appropriation funds the following budget activities.

Infrastructure ($913,677,000 from direct appropriations, an estimated $760,000 from reimbursable resources, and an estimated $5,414,000 from user fees)
This budget activity funds administrative services related to space and housing, rent and space alterations, building services, maintenance, guard services, and non-IT equipment.

Shared Services & Support ($1,269,176,000 from direct appropriations, an estimated $18,504,000 from reimbursable resources, and an estimated $33,826,000 from user fees)
This budget activity funds policy management, IRS-wide support for research, strategic planning, communications and liaison, protection of sensitive information and the privacy of taxpayers and employees, finance, human resources, and equity, diversity, and inclusion programs. It also funds printing and postage, business systems planning, security, corporate training, legal services, procurement, and specific employee benefits programs.

Information Services ($2,274,005,000 from direct appropriations, an estimated $9,497,000 from reimbursable resources, and an estimated $145,036,000 from user fees)
This budget activity funds staffing, equipment, and related costs to manage, maintain, and operate the information systems critical to the support of tax administration programs. This includes the design and operation of security controls and disaster recovery planning. This budget activity funds the development and maintenance of the millions of lines of programming code that support all aspects and phases of tax processing and the operation and administration of the mainframes, servers, personal computers, networks, and a variety of management information systems.

Business Systems Modernization

The FY 2015 President's Budget request is $330,210,000 in direct appropriations. This appropriation funds the following budget activity.

Business Systems Modernization
($330,210,000 from direct appropriations)
This budget activity funds the planning and capital asset acquisition of information technology (IT) to continue the modernization of IT systems, including labor and related contractual costs. This activity also includes the Return Review Program (RRP) that will take fraud detection and prevention for the IRS into the next generation and the development of Online Services projects that will build on existing service delivery capabilities to simplify the taxpayer's online experience, provide secure digital communications, and add more interactive capabilities to existing self-service products.

Legislative Proposals

The FY 2015 President's Budget request includes a number of legislative proposals intended to reduce the tax gap and improve tax compliance with minimal taxpayer burden. The Treasury Office of Tax Analysis (OTA) estimates these new tax gap proposals will increase revenue by $74.5 billion over the next ten years, which includes $52 billion generated by program integrity cap adjustments. The IRS estimates the implementation costs for the FY 2015 President's Budget tax gap proposals to be $132.2 million (excluding the program integrity cap adjustments ten-year cost) over three years, including the initial startup, processing, and compliance operational costs. Note that in a few cases estimates are not yet available due to timing. The Administration proposes to expand information reporting and sharing, improve compliance by businesses, strengthen tax administration, and expand penalties. The Budget also proposes to amend the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), as amended, to provide 10-years (FYs 2015-2024) of discretionary caps to permit program integrity cap adjustments costing $17 billion while saving $52 billion, thereby generating $35 billion in net savings over the 10-year budget window.

IRS Performance by Program

Program	Performance Measure	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Target	FY 2015 Target
Taxpayer Services	Customer Contacts Resolved Per Staff Year	12,419	16,320	20,767	22,750	25,000
Taxpayer Services	Customer Service Representative (CSR) Level of Service (%)	70.1	67.6	60.5	61.0	71.0
Taxpayer Services	Percent Individual Returns Processed Electronically (%)	76.9	80.5	82.5	84.1	84.6
Enforcement	Automated Collection System (ACS) Accuracy (%)	94.9	94.7	94.4	94.0	94.0
Enforcement	Conviction Rate (%)	92.7	93.0	93.1	92.0	92.0
Enforcement	Examination Coverage - Individual (%)	1.1	1.0	1.0	0.8	0.8

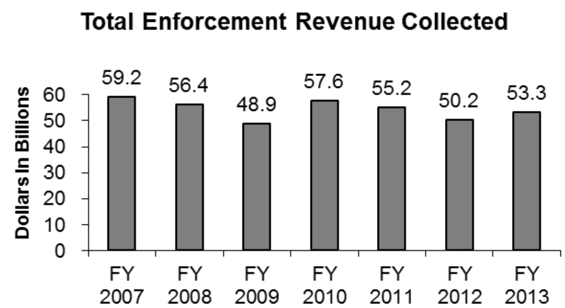
Description of Performance

In FY 2013, the IRS was unable to maintain many of its taxpayer service and enforcement performance levels due to the impact of sequestration on program resources. Nevertheless, IRS continued to deliver in key areas, including international, return preparer compliance and refund fraud, including identity theft.

Enforcement

As a result of the impacts of sequestration and furloughs, the IRS delivered key enforcement programs below 2012 levels. Total individual audits fell 5 percent from 1.48 million to 1.40 million, while audits of high income individuals declined from 179,000 to 172,000. Business return audits dropped 13 percent from 70,000 to 61,000.

In FY 2013, collections related to all enforcement activities totaled $53.3 billion, the fourth consecutive year the IRS exceeded $50 billion for a total IRS-wide ROI of $4.8 to $1.



Total Enforcement Revenue collected increased $3.1 billion over FY 2012. Most of the increase came from $2.6 billion rise in revenue from Appeals which, due to the timing of the Appeals process, generally relates to examinations for much earlier years. Revenue from the Collection function, the levels of which also frequently rise and fall in tandem with the overall health of the economy, increased by nearly $1 billion in FY 2013. While the overall receipts from enforcement increased in 2013 compared to the prior year, the total is still down by more than $4.3 billion from four years ago. The reason for this decline is primarily due to a decline in revenue from audits, which dropped nearly $400 million in FY 2013 to $9.83 billion, the lowest level in a decade. This decline in audit revenue is attributable to a decline in the number of returns audited.

The IRS strategic enforcement efforts and parallel Offshore Voluntary Disclosure Program (OVDP) gave U.S. taxpayers with undisclosed offshore assets or income an opportunity to become compliant with the U.S. tax system and avoid potential criminal charges. The OVDP program has resulted in the collection of more than $6 billion in back taxes, interest, and penalties from more than 43,000 participants since the program was first established in 2009.

International compliance programs have provided the IRS with a wealth of information on various banks and advisors assisting people with offshore tax evasion. In FY 2013, the IRS continued to implement strategies to address international issues by improving intra-governmental coordination, expanding IRS presence in U.S. territories, and enhancing compliance measures using customer-tailored strategies. The following actions were completed in FY 2013:

- The IRS continued to lead the design and implementation of the Foreign Financial Institution registration and intergovernmental data exchange processes by working with foreign governments to develop a network of Intergovernmental Agreements; and
- The IRS required taxpayers with foreign financial accounts exceeding $10,000 to file electronically through the Bank Secrecy Act E-File System.

In addition to recognizing the tax administration challenges presented by cross-border transactions, the IRS continued to focus on providing service to return preparers. Return preparers play a key role in increasing taxpayer compliance and strengthening the integrity of the U.S. tax system.

The IRS required anyone who prepared or assisted in preparing federal tax returns for compensation to have a valid Preparer Tax Identification Number (PTIN). In FY 2013, the IRS held a successful PTIN renewal season offering enhanced PTIN system usability, troubleshooting tips, and other tools, resulting in over 76,000 fewer telephone inquiries answered during the peak season. As of September 30, 2013, there were 689,865 valid PTINs.

In FY 2013, the IRS continued to educate and inform paid return preparers on tax law compliance by:

- Conducting educational visits with return preparers to assist them in completing and filing tax returns;
- Visiting over 3,000 return preparers nationally, including 300 real-time EITC compliance visits; and
- Addressing egregious preparers through a variety of methods to ensure appropriate penalties and/or sanctions were pursued.

The IRS takes appropriate enforcement action against taxpayers who file fraudulently. The IRS criminal investigation program examines 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 2013, the IRS:

- Completed 5,557 investigations;
- Achieved a conviction rate of 93.1 percent;
- Maintained a Department of Justice acceptance rate of 95.5 percent, which compares favorably with other federal law enforcement agencies; and
- Obtained 3,311 convictions.

Identity theft continues to grow and touches nearly every part of the IRS. In FY 2013, the

IRS continued to focus on a comprehensive and aggressive strategy to identify and combat tax-related identity theft. For FY 2013, the IRS:

- Deployed the Identity Protection Personal Identification Number (IP PIN) to over 770,000 taxpayers for the 2013 filing season.
- Conducted 191 Identity Theft outreach events with tax and accounting practitioners, the general public, and the media.
- Launched the Law Enforcement Assistance Program (LEAP) nationwide to facilitate sharing of information to support the investigation and prosecution of cases of identity theft. In FY 2013, 314 state/local law enforcement agencies from 35 states participated in the program.
- Trained 35,000 employees to work with taxpayers and help them tackle their identity theft incidents and worked with victims to resolve and close more than 565,000 identity theft cases, more than three times the number of cases resolved in the previous year.

Taxpayer Service

Providing taxpayers top-quality service and helping them understand and meet their tax obligations remained top priorities for the IRS in FY 2013.

During FY 2013, the IRS updated forms to help taxpayers comply with filing requirements, converting forms for visually impaired taxpayers and translated more tax products into multiple languages. In addition, the IRS continued its effort to redesign taxpayer correspondence in plain language and in a consistent format to make it easier for taxpayers to understand their obligations. The IRS released 56 redesigned notices; bringing the total in production to 181.

The IRS delivered another successful filing season in 2013, rising to the challenges posed by tax legislation enacted on January 2, 2013. Despite the late legislation, the IRS took the necessary steps to minimize disruptions for taxpayers. The filing season began on January 30, 2013, less than one month after the passage the legislation that affected more than 600 tax products.

The IRS achieved the following results in 2013:

- Processing more than 147.6 million individual returns and issuing 118.7 million refunds totaling almost $314 billion compared to 121.6 million refunds totaling $333 billion in 2012.
- Achieving a 60.5 percent telephone level of service.
- Answering 30.1 million assistor calls, a 2.2 percent increase from 2012.
- Answering 54.0 million automated calls.
- Responding correctly to 95.7 percent of tax law questions and 96.0 percent of account questions received via the telephone.
- Processing 49,202 Savings Bond requests, totaling $21.8 million.

The IRS continued to provide alternative service options by increasing the amount of tax information and services available to taxpayers through *www.IRS.gov*. In FY 2013, taxpayers viewed *www.IRS.gov* web pages more than 1.87 billion times as they used the website and mobile application to:

- **Get forms and publications**. More than 217.5 million tax products were downloaded.

- **Link to the Electronic Federal Tax Payment System (EFTPS)**. EFTPS processed nearly 145 million electronic tax payments totaling more than $2.3 trillion.
- **Get answers**. Taxpayers made more than 2.4 million visits to the Interactive Tax Assistant introduction page where taxpayers can receive answers to tax law questions.
- **Check refund status.** Taxpayers used *Where's My Refund?* more than 200.5 million times to check on the status of their tax refunds, an increase of 51.6 percent from 2012.

In FY 2013, the IRS enhanced the "Where's My Refund?" web tool to allow taxpayers to find out when their tax return was received, when the refund was approved, and when the refund was sent. The IRS also deployed a new telephone and web tool called "*Where's My Amended Return?"* in both English and Spanish that allowed taxpayers to check the status of their Form 1040X amended tax returns for the current year and up to three prior years. The tool also provided taxpayers with information such as when their amended return was received, adjusted, and completed, as well as specific information regarding offset conditions such as a previous IRS tax liability or a past due obligation.

The IRS continues to improve and expand on 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 provide free tax assistance for the elderly, disabled, and limited English proficient individuals and families**.**

In FY 2013, over 91,800 volunteers prepared 3.4 million federal returns, 95.3 percent of which were filed electronically, and over 2.5 million state returns. The IRS also teamed up with its national partners to offer a remote filing method – Facilitated Self-Assistance (FSA) at VITA sites. More than 82,000 FSA returns were filed at the 330 VITA sites offering the FSA remote filing model.

The Earned Income Tax Credit (EITC) is one of the federal government's largest benefit programs for low-income working families and individuals. In FY 2013, the IRS held its seventh annual Awareness Day, promoting EITC awareness and free return preparation options. Through outreach activities, including news conferences, newsletters, e-mails, partnerships with community-based organizations, and an increased use of social media tools, the IRS achieved nationwide coverage in both English and Spanish markets, including over 15,000 hits on IRS.gov.

Business Systems Modernization

IRS modernization efforts continued to focus on building and deploying advanced information technology (IT) systems, processes, and tools to improve efficiency and productivity. FY 2013 modernization successes included:

- Customer Account Data Engine 2 (CADE 2) posted over 139 million returns and issued over 111 million refunds totaling $281 billion during the filing season. Daily processing and posting of individual taxpayer accounts enabled faster refunds.

- Modernized e-File (MeF) Release 8 deployed for the filing season and was the sole e-file platform used as the IRS processed 224.7 million individual Federal and State returns, and 16.8 million Business Master File returns.
- New Electronic Fraud Detection System (EFDS)/MeF interface was deployed, ensuring EFDS completed fraud detection before further processing. In FY 2013, EFDS processed over 138 million returns

and stopped over $10 billion in fraudulent refunds.

- Information Return Document Matching System's full Case Management functionality became available for casework in January 2013. Case management matches new information returns (e.g., 1099-K) with both individual and business tax returns to identify potential income underreporting.
- New portal improves access to IRS.gov. The Integrated Enterprise Portal (IEP) has accommodated a 22 percent increase in visits and a 6 percent increase in page views compared to FY 2012.

Summary of Proposed FY 2015 ACA Budget Request

Dollars in Thousands

	TAXPAYER SERVICES		ENFORCEMENT		OPERATIONS SUPPORT		TOTAL	
FY 2015 Affordable Care Act (ACA)	$000	FTE	$000	FTE	$000	FTE	$000	FTE
FY 2014 Enacted								
Reinvestment:								
Expand Telecom Infrastructure to Handle Increased Demand					16,025		16,025	
Subtotal FY 2015 Changes to Base					**$16,025**		**$16,025**	
FY 2015 ACA Program Increases:								
Improve Taxpayer Service and Return Processing	58,248	822			15,699	7	73,947	829
Address Impact of Affordable Care Act (ACA) Statutory Requirements			36,574	349	19,525	50	56,099	399
Implement IT Changes to Deliver Tax Credits and Other Requirements					305,645	818	305,645	818
Subtotal FY 2015 ACA Program Increases	**$58,248**	**822**	**$36,574**	**349**	**$340,869**	**875**	**$435,691**	**2,046**
Total FY 2015 ACA Budget Request	**$58,248**	**822**	**$36,574**	**349**	**$356,894**	**875**	**$451,716**	**2,046**

Office of Financial Stability

Program Disbursement, Repayments, and Cost/Savings

Dollars in Billions (As of 12/31/13)

	Cumulative Obligated	Cumulative Disbursed	Cumulative Outstanding (Includes Realized Losses)	Total Cumulative Income	Total Cumulative Repayments	Total Estimated Lifetime Costs (as of 11/30/13)
Bank Support Programs	250	245	2	35	273	(24)
Credit Market Programs	20	19	0	4	24	(3)
AIG Investment Program (AIG)	68	68	0	1	55	15 *
Automotive Industry Financing Program	80	80	10	7	63	14
Treasury Housing Programs	38	10				38
Total	**$457**	**$422**	**$12**	**$47**	**$415**	**$39**
Additional AIG Common Shares Held by Treasury	0	0	0	18	18	(18) *
Total for Programs and Shares	**$457**	**$422**	**$12**	**$65**	**$433**	**$21**

*If all Treasury AIG Investments are combined, we currently estimate a net gain of $2.3 billion on those shares.

Summary and Explanation of Programs

The Emergency Economic Stabilization Act (EESA) was enacted in October 2008 in response to one of the worst financial crises in United States history. To address the crisis, EESA established the Office of Financial Stability (OFS) within the Treasury Department to implement the Troubled Asset Relief Program (TARP). EESA vested authority in the Secretary of the Treasury to "purchase, and to make and fund commitments to purchase, troubled assets from any financial institution, on such terms and conditions as are determined by the Secretary."

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) enacted on July 21, 2010, reduced the TARP authority to purchase troubled assets to $475 billion from an original $700 billion; required that repayments of amounts invested under TARP cannot be used to increase the purchase authority and are dedicated to reducing the federal debt; and prohibited new obligations for any program or initiative that was not already initiated prior to June 25, 2010.

As a result of improved financial conditions and careful stewardship of the program, the ultimate cost to the taxpayers of TARP investments has dropped from the FY 2009 estimate of $341 billion to $39.0 billion as of December 31, 2013 ($21.5 billion when Treasury's additional AIG receipts are included).

In FY 2015, OFS plans to obligate $184 million and use 86 FTEs, a decrease of $36 million and 17 FTEs from the current FY 2014 estimates, to fund the management of the TARP housing programs and the continuing disposition of OFS's remaining investments. The decrease in FTEs and outside contracts reflects the continued wind down of TARP.

Legislative Proposals

OFS has no legislative proposals for FY 2015.

Description of Performance

Bank Support Programs

Capital Purchase Program (CPP)

The CPP - OFS's largest program - was launched to stabilize and build confidence in the financial system by bolstering the capital position of viable institutions. Treasury ultimately provided a total of $205 billion in capital to 707 institutions in 48 states, including more than 450 small and community banks and 22 Community Development Financial Institutions (CDFIs).

As of December 31, 2013, the CPP has generated $224.9 billion in proceeds for taxpayers with 86 institutions remaining in the program for a total of $2.1 billion in investments outstanding.

Targeted Investment Program (TIP)
OFS established the TIP in December 2008 to prevent a loss of confidence in critical financial institutions, which could impair broader financial markets, and undermine the overall economy. Treasury invested $20 billion each in Bank of America and Citigroup under the TIP. As of December 31, 2009, the TIP was closed. Both Citigroup and Bank of America fully redeemed the Government's TIP investments of $40 billion plus $3 billion in dividends and $1.4 billion in warrants during 2010, which generated $4.4 billion in net proceeds for taxpayers.

Asset Guarantee Program (AGP)
OFS established the AGP which was used in conjunction with the TIP to support the value of certain assets held by Bank of America and Citigroup by agreeing to absorb a portion of the losses on those assets. The AGP closed in December 2009 without paying any claims and has generated $4.1 billion in net proceeds for taxpayers.

Community Development Capital Initiative (CDCI)
To help mitigate the adverse impact that the financial crisis had on communities underserved by traditional banks, Treasury launched CDCI to provide capital to banks, thrifts, and credit unions that qualified as Community Development Financial Institutions (CDFIs) in February 2010. Under this program, CDFI banks and thrifts received investments of capital with an initial dividend or interest rate of two percent, compared to the five percent rate offered under the CPP. Treasury invested a total of $570 million in 84 CDFIs. As of December 31, 2013, 14 institutions have fully repaid their investment and one has been taken into receivership, and the program has approximately $468 million in investments outstanding.

<u>Credit Market Programs</u>
Public-Private Investment Program (PPIP)
Treasury launched PPIP to support credit market functioning and facilitate price discovery in the markets for commercial and residential mortgage financing. Using TARP funds alongside equity capital raised from private investors, PPIP was designed to generate a significant purchasing power and demand for RMBS and CMBS. Treasury originally committed approximately $22.1 billion of equity and loans to the nine Public-Private Investment Funds (PPIFs). As of December 31, 2013, all of the PPIFs have been effectively wound down and OFS has recovered all of its debt and equity investments plus an additional $3.8 billion.

Term Asset-Backed Securities Loan Facility (TALF)
The TALF was a joint Federal Reserve-Treasury program that was designed to restart the asset-backed securities (ABS) markets that provide credit to consumers and small businesses, which had ground to a virtual standstill during the early months of the financial crisis.

Treasury originally committed to provide $20 billion in the form of subordinated debt to TALF, LLC to support a $200 billion loan portfolio. This commitment was reduced twice to $4.3 billion in June 2010 and $1.4 billion in June 2012 as the outstanding loan portfolio decreased. On January 15, 2013, the commitment was eliminated. During fiscal year 2013, OFS's original disbursed investment through the program was fully repaid with interest.

As of December 31, 2013, accumulated income earned from investments in the TALF, LLC totaled $587 million, all of which occurred during fiscal years 2013 and 2014.

Small Business Administration (SBA) 7(a) Securities Purchase Program

In March 2010, OFS announced the SBA 7(a) Securities Purchase Program to encourage financial institutions to increase small business lending and to ensure that credit flows to entrepreneurs and small business owners. Treasury invested in a total of 31 SBA 7(a) securities with a value of approximately $367 million (excluding purchased accrued interest) between March and September 2010. In January 2012, Treasury concluded winding down the program in total, collecting $376 million through sales, principal payments, interest payments over the life of the program, representing cash collections of approximately $9 million more than its original investment of $367 million.

American International Group, Inc. (AIG) Investment Program

During the financial crisis, the federal government provided assistance to prevent the collapse of AIG. This assistance came from the Federal Reserve Bank of New York (FRBNY) and Treasury. The consequences of AIG failing at that time and in those circumstances would have been catastrophic to American families, businesses, and the larger economy. Therefore, the government took action to protect the U.S. financial system.

The government's overall support for AIG peaked at approximately $182 billion. That amount included $70 billion that Treasury committed through TARP, and $112 billion committed by the FRBNY. As a result of the combined efforts of AIG, Treasury, and the FRBNY, the government's support for AIG was substantially reduced during 2012 and taxpayers began to see a positive return on their overall investment in the company. As of December 31, 2012, the $182 billion committed to stabilize the company had been fully recovered – plus an additional positive return of $22.7 billion. Treasury continued to hold warrants to purchase approximately 2.7 million shares of AIG common stock. On March 1, 2013, AIG purchased the remaining warrants and Treasury has fully exited its investment in AIG.

Automotive Industry Financing Program (AIFP)

OFS established the AIFP on December 19, 2008, to help prevent a significant disruption to the American automotive industry, which would have caused a substantial disruption to financial markets and had a negative effect on the economy. Under the AIFP, OFS invested a total of $79.8 billion in General Motors (GM), Chrysler, and their financing affiliates.

In December 2012, OFS announced its intent to fully exit its investment in GM within the next 12-15 months. Concurrently with that announcement, GM purchased 200 million shares of GM common stock, for proceeds of $5.5 billion. OFS completed the disposition of all remaining shares as of December 2013.

Treasury committed a total of $12.4 billion to Chrysler and Chrysler Financial under TARP. In July 2011, Treasury fully exited its investment in Chrysler, six years ahead of schedule. Of the $12.4 billion disbursed to Chrysler under TARP, Treasury recovered more than $11.1 billion for taxpayers through principal repayments, interest, and cancelled commitments.

OFS invested $17.2 billion in Ally Financial (Ally) under TARP (includes $884 million invested through GM). As of December 31, 2013 OFS's outstanding investment in Ally stood at $9.0 billion. Ally repurchased all of its MCP stock from OFS for $5.2 billion in

November 2013 and OFS received an additional $725 million for the elimination of the Share Adjustment Right (SAR). OFS sold approximately 410,000 common shares in a private placement for $3.0 billion in January 2014. OFS' remaining AIFP holdings consist of approximately 572,000 shares of Ally common. OFS is actively seeking to wind down the remaining investment in Ally.

Treasury Housing Programs Under TARP

OFS established two central programs under TARP – the Making Home Affordable (MHA) program and the Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets (HHF) – to help prevent avoidable foreclosures and preserve homeownership. OFS has also provided support for the Federal Housing Administration's Short Refinance Program to assist borrowers who are current on their mortgage but owe more than their home is worth, in refinancing into an FHA-insured loan.

Making Home Affordable Program (MHA)

MHA includes sub programs that assist borrowers in modifying first and second mortgages, including benefits for unemployed homeowners, as well as modification alternatives. Through December 31, 2013, there were nearly 1.9 million homeowner assistance actions granted through MHA. Funds are paid out over the length of the modifications, and as of December 31, 2013, Treasury disbursed $7.2 billion out of a possible $29.9 billion of incentive fees under MHA.

Housing Finance Agency (HFA) Hardest-Hit Fund

The HFA Hardest-Hit Fund was implemented in FY 2010 and provides targeted aid to homeowners in the states hit hardest by the housing market downturn and unemployment. Eighteen states and the District of Columbia have developed custom programs targeted to address the specific needs and economic conditions of their area. As of December 31, 2013, Treasury disbursed $3.2 billion out of a possible $7.6 billion under the HFA Hardest-Hit Fund.

State Small Business Credit Initiative

Program Summary

Dollars in Thousands

	FY 2013 Actual	FY 2014 Estimated	FY 2015 Estimated	FY 2014 to FY 2015 $ Change	FY 2014 to FY 2015 % Change
Budgetary Resources:					
Recovery from Prior Years	2,155	2,310	1,000	(1,310)	-56.71%
Unobligated Balances from Prior Years	42,696	25,777	19,788	(5,989)	-23.23%
Subtotal Budgetary Resources	**$44,851**	**$28,087**	**$20,788**	**(7,299)**	**-25.99%**
Other Resources:					
SSBCI Program	13,198	0	0	0	0.00%
SSBCI Administration	6,431	8,299	6,752	(1,547)	-18.64%
Subtotal Other Resources	**$19,629**	**$8,299**	**$6,752**	**(1,547)**	**-18.64%**
Total FTE	**11**	**14**	**12**	**(2)**	**-14.29%**

*Amounts may differ from those printed in the FY 2015 President's Budget Appendix due to rounding.

Summary

The SSBCI funds new and existing state programs that support lending to and investment in small businesses in order to stimulate economic growth and new jobs. Under the SSBCI, participating states use the federal funds for programs that leverage private lending to help finance small businesses and manufacturers that are creditworthy, but are not getting the loans they need to expand and create jobs. The Small Business Jobs Act of 2010 authorized and appropriated $1.5 billion for a program that sunsets in 2017. Due to the success of the first round of SSBCI, the President's Budget proposes a second round of $1.5 billion for a program to run from 2015 through 2021. The second round expands on the success of the first round and capitalizes on new working relationships between states and small business lenders and investors.

Priorities:

- To provide direct funding support to states for use in programs designed to increase access to credit for small businesses.
- To support state CAPs and other credit support programs (OCSP) that support lending to and investment in small businesses and small manufacturers.
- To monitor the deployment of SSBCI funds among approved state programs and to ensure adherence to all Treasury compliance standards.
- To promote best practices in program design, operations, and marketing among state-run programs.
- To provide dedicated technical assistance to states as they implement these programs and deploy funds to eligible small businesses.

SSBCI FY 2015 Budget Highlights

Dollars in Thousands

State Small Business Credit Initiative	FTE	Amount
FY 2014 Estimated	**14**	**$8,299**
Changes to Base:		
Maintaining Current Levels (MCLs):	-	$99
Pay-Raise	-	$26
Non-Pay	-	$73
Subtotal Changes to Base	-	$99
Total FY 2015 Base	**-**	**$8,398**
Program Changes:		
Program Decreases:	(2)	($1,646)
Program Reduction	(2)	($1,646)
Total FY 2015 Estimated	**12**	**$6,752**

FY 2015 Budget Adjustments

Maintaining Current Level (MCLs)

Pay-Raise +$26,000 / +0 FTE

Funds are requested for the proposed January 2015 pay-raise and the annualization of the 2014 pay-raise.

Non-Pay +$73,000 / +0 FTE

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

Program Decreases

Program Reduction -$1,646,000 / -2 FTE

Contract and personnel support related to state technical assistance will decrease as the funding allocated to the states and municipalities becomes fully expended.

Legislative Proposals

Treasury recommends new legislation authorizing a $1.5 billion extension of the SSBCI. Of the total amount proposed, $1 billion will be competitively awarded to states best able to target underserved groups, leverage Federal funding, and evaluate results. An additional $500 million will be allocated to states according to a need-based formula.

Description of Performance

By the end of FY 2013, states reported expending, obligating, or transferring over $677 million in SSBCI funds more than double the total at the end of FY 2012. As of February 2014, in less than three years of program activity, Treasury has disbursed over $1 billion, or 70 percent of allocations to states. SSBCI estimates disbursing cumulative totals of approximately $1.3 billion by the end of FY 2014 and $1.44 billion by the end of FY 2015, as states request disbursement of their approved allocations under the program.

In FY 2015, Treasury will continue to monitor the performance of state programs, tracking loans and investments made with SSBCI funds, and disbursing obligated funds to states. In addition, Treasury will process requests from states to modify their programs in order to improve performance. Treasury plans to approve or deny 90 percent of all state requests for modifications and subsequent disbursements within 90 calendar days of final receipt. Additionally, Treasury plans to collect 90 percent of all quarterly reports within five days of the deadline to report. Treasury will also provide on-going technical support to recipients, including the dissemination of practices among recipients on such elements as program design, operations, and marketing.

SSBCI Performance

Performance Measure	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Target	FY 2015 Target
Cumulative Value of SSBCI Funds Transferred to States (thousands)	$366,000	$553,000	$917,000	$1,300,000	$1,440,000
State Subsequent Disbursement Requests Approved or Denied within 90 days (%)	NA	100	100	90	90
State Requests to Modify Allocation Agreements Approved or Denied within 90 days (%)	NA	100	90	90	90
Receive State Quarterly Reports within five business days of reporting deadline (%)	NA	100	93	90	90

Office of Financial Research

Program Summary by Budget Activity

Dollars in thousands

Budget Activities	FY 2013 Actual	FY 2014 Estimated	FY 2015 Estimated	FY 2014 to FY 2015 Change	FY 2014 to FY 2015 % Change
Data Center	37,619	46,489	49,315	2,826	6.08%
Research Center	4,733	7,712	9,948	2,236	28.99%
Operations and Support Services	22,953	31,774	32,486	712	2.24%
Total Cost of Operations	**$65,305**	**$85,975**	**$91,749**	**$5,774**	**6.72%**
FTE	**109**	**215**	**249**	**34**	**15.81%**

Summary

The *Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010* (the Dodd-Frank Act) established the Office of Financial Research (OFR or Office) within the Department of the Treasury (Treasury) to serve the Financial Stability Oversight Council (Council), its member agencies, and the public by improving the quality, transparency, and accessibility of financial data and information; conducting and sponsoring research related to financial stability; and promoting best practices in risk management.

The OFR, as an office within the Treasury Department, is aligned with the Treasury strategic goal of "Promoting domestic economic growth and stability while continuing reforms of the financial system," and the associated objective of "Complete implementation of financial regulatory reform initiatives and continue monitoring the markets for threats to stability." The OFR also is aligned with the Treasury objective of "Support effective, data-driven decision making and encourage transparency through intelligent gathering, analysis, sharing, use and dissemination of information" to help create a 21st century approach to government. Aligning to these Treasury goals and objectives, and consistent with the Dodd-Frank Act, the OFR has established five strategic goals to help achieve its mission, as described below.[1]

Support the Council through the secure provision of high-quality financial data and analysis needed to monitor threats to financial stability.

Key objectives of this goal include:

- providing research and analytical support to the Council on developments in the financial system and potential threats to financial stability;
- collecting and securely providing data to the Council and its member agencies if such data are essential to monitoring threats to financial stability and not otherwise available;
- seeking to reduce reporting burdens for financial companies by coordinating data requests; and
- enhancing the quality and consistency of financial data available to Council member agencies through direct data services, including shared procurement, data validation, and data management.

[1] See the OFR's strategic plan for FY 2012-2014 at http://www.treasury.gov/initiatives/wsr/ofr/Documents/OFRStrategicFramework.pdf and Treasury's strategic plan at http://www.treasury.gov/about/budget-performance/strategic-plan/Pages/index.aspx

Develop and promote data-related standards and best practices.

Key objectives underlying this goal include:

- help establish global data-related standards to improve the quality and scope of data related to financial stability, while also reducing the cost of reporting for financial market participants, and
- assist Council members in defining standards and best practices for data collection and management to increase efficiencies.

Establish a center of excellence for research on financial stability and promote best practices for financial risk management.

Key objectives underlying this goal include:

- conducting and sponsoring research (including collaborating with outside researchers) to identify, monitor, and evaluate threats to financial stability and to analyze disruptions when and after they occur;
- evaluating and reporting on stress tests or other stability-related evaluations;
- providing advice on the effects of policies related to systemic risk; and
- promoting best practices in financial risk management.

Provide the public with key data and analysis, while protecting sensitive information.

Key objectives underlying this goal include:

- The key objective of this goal is to increase the transparency and distribution of research on the financial system by publishing financial analysis, data, and information, while safeguarding sensitive information. The OFR's primary publications include its Annual Report, which highlights the agency's analysis and information about its activities; working papers that highlight OFR research; and reference databases of nonbank financial companies.

Establish the OFR as an efficient organization and world-class workplace.

Key objectives underlying this goal include:

- Key objectives of this goal are to recruit, retain, and develop talented people and to fully engage them in the effort to accomplish the organization's mission. These employees will manage Office information securely and efficiently; produce products and services useful to the Council and other key stakeholders; and administer the OFR's finances in a cost-effective, transparent, and accountable manner.

OFR FY 2015 Budget Highlights

Dollars in Thousands

Office of Financial Research	FTE	Amount
FY 2014 Estimated Budget	**215**	**85,975**
Total FY 2015 Base	**215**	**85,975**
Program Changes:		
Program Adjustment	34	5,774
Personnel Steady State	*34*	*6,400*
Non-Personnel Steady State		*(626)*
Total FY 2015 Estimated Budget	**249**	**91,749**

The OFR is financed through assessments on certain financial companies.

Explanation of Budget Activities

The Dodd-Frank Act provided that the Data Center, on behalf of the Council, collect, validate, and maintain all data necessary to carry out the duties of the Office. As part of this mandate, the Data Center provides data services to federal financial regulators to increase efficiency in data acquisition and management, to promote the reduction of redundant reporting requirements across the regulatory system (including through more effective data sharing arrangements), and to ensure the security of sensitive data. The promotion of standards for financial data is expected to provide benefits to regulators and financial market participants by making data aggregation easier, improving analysis, and reducing costs associated with data collection. To support transparency in its operations and better public understanding of risks to financial stability, the Data Center also publishes data and data-related information, as well as information on its activities.

The Dodd-Frank Act provided that the Research and Analysis Center, on behalf of the Council, develop and maintain independent analytical capabilities and computing resources:

- To develop and maintain metrics and reporting systems for risks to the financial stability of the United States;
- To monitor, investigate, and report on changes in system-wide risk levels and patterns to the Council and to Congress;
- To conduct, coordinate, and sponsor research to support and improve regulation of financial entities and markets;
- To evaluate and report on stress tests or other stability-related evaluations of financial entities overseen by Council member agencies;
- To maintain the expertise necessary to support specific requests for advice and assistance from financial regulators;
- To investigate disruptions and failures in the financial markets, report findings, and make recommendations to the Council based on those findings;
- To conduct studies and provide advice on the impact of policies related to systemic risk; and,
- To promote best practices for financial risk management.

To support effective achievement of these objectives, the OFR is also establishing forums and networks to bring together experts from within and outside the regulatory system. In addition, the OFR is publishing key results of its analyses to support transparency in its operations and promote public understanding of threats to financial stability.

These activities cover all operational, legal, and administrative functions that support the effective, transparent, and well-monitored delivery of the OFR's core outputs related to data, research, and analysis. This includes support provided through reimbursable arrangements with other activities in Treasury Departmental Offices, as well as outside service providers.

Legislative Proposals

OFR has no legislative proposals.

Description of Performance

In early FY 2013, the OFR established performance measures tied to its strategic goals and collected data on those measures through the fourth quarter. The OFR met 88 percent of its performance measure targets in FY 2013. The OFR is continuing to review its performance measures in FY 2014 and may revise them based on its strategic planning process. The OFR removed the measure, "Percent of OFR implementation priorities completed" from the budget measures in FY 2013 because results lagged a year behind the budget submission. The OFR now measures its progress by quarter. The OFR will continue to review all measures as the organization matures, and revise them as necessary.

OFR Performance by Budget Activity

Budget Activity	Performance Measure	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Target	FY 2015 Target
Data Center	Percent of responses to Council data and research requests that meet delivery targets				94	85	85
Data Center	Percent of project milestones met for establishment of an interagency data inventory program				88	DISC	DISC
Data Center	Percent of milestones met in information standards strategy				100	100	DISC
Research and Analysis	Number of R&A products published				10	15	18
Research and Analysis	Number of R&A products co-authored or pursued in collaboration with outside researchers, government agencies, or others				8	10	12
External Affairs	Percent increase in the number of OFR web page visits				1	15	5
Operations and Support Services	Cost of the OFR relative to total assessed assets, per $billion assessed				$3,230	$7,700 (to be based on a 4-year rolling average)	$7,700 (to be based on a 4-year rolling average)
Operations and Support Services	Total staff hired compared to targets				85%	95%	95%

Key: DISC - Discontinued; B – Baseline

Financial Stability Oversight Council

Program Summary by Budget Activity

Dollars in Thousands

Financial Stability Oversight Council	FY 2013 Actual	FY 2014 Estimated	FY 2015 Estimated	FY 2014 to FY 2015 Change	FY 2014 to FY 2015 % Change
FSOC Secretariat	$5,679	$7,673	$7,872	$200	3%
FDIC Payment	$6,327	$11,600	$12,500	$900	8%
Total Cost of Operations	**$12,006**	**$19,273**	**$20,372**	**$1,100**	**6%**
FTE	**23**	**25**	**26**	**1**	**4%**

Summary

Prior to the 2008 financial crisis, the existing financial regulatory framework focused narrowly on individual institutions and markets, which allowed supervisory gaps to grow and regulatory inconsistencies to emerge – in turn, allowing arbitrage and weakened standards. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) established the Financial Stability Oversight Council (Council) with a clear statutory mandate that created for the first time collective accountability for identifying and responding to emerging threats to financial stability. The Council is chaired by the Secretary of the Treasury and consists of ten voting members and five nonvoting members. 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 primary purposes under the Act are:

1. To identify risks to the financial stability of the United States that could arise from the material financial distress or failure, or ongoing activities, of large, interconnected bank holding companies or nonbank financial companies, or that could arise outside the financial services marketplace.
2. To promote market discipline, by eliminating expectations on the part of shareholders, creditors, and counterparties of such companies that the U.S. government will shield them from losses in the event of failure.
3. To respond to emerging threats to the stability of the U.S. financial system.

Over the last year, the Council has made final determinations that three nonbank financial companies will be subject to Federal Reserve supervision and enhanced prudential standards. The Council continued to monitor the eight financial market utilities (FMUs) that were designated as systemically important by the Council in 2012. The Council also continued to identify and monitor potential risks to U.S. financial stability; fulfilled explicit statutory requirements, including the completion of its third annual report to Congress; and served as a forum for discussion and coordination among the member agencies implementing the Dodd-Frank Act.

Over the next year, the Council will continue to evaluate nonbank financial companies for potential designation for Federal Reserve supervision and enhanced prudential standards; consider whether to designate additional FMUs as systemically important; monitor the financial system for risks to U.S. financial stability; and facilitate interagency cooperation to identify and analyze potential emerging threats. The Council will also continue to facilitate interagency coordination and information sharing with respect to various regulatory initiatives.

The Council is required by the Dodd-Frank Act to convene no less than quarterly, but the Council has convened on a more frequent basis to share information on key financial developments, coordinate on regulatory implementation, and monitor progress on recommendations from the Council's annual reports. In 2013, the Council convened 10 times. The Council will continue to remain focused on both identifying near-term threats and addressing structural vulnerabilities in the financial system. Transparency on 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 FY 2015 Budget Highlights

Dollars in Thousands

Financial Stability Oversight Council[1]	FTE	Amount
FY 2014 Estimated Budget	**25**	**$19,273**
Changes to Base:		
Other Adjustments	1	$1,100
Hiring Plan Adjustment	1	$200
FDIC Payment Adjustment		$900
Total FY 2015 Base	**26**	**$20,372**
FY 2015 Estimated	**26**	**$20,372**

[1]Includes FDIC reimbursements and the impacts of inflation and the proposed one percent pay increase

Explanation of Budget Activities

FSOC Secretariat ($7,872,000 from assessments):

The Council has a clear statutory mandate to facilitate coordination among financial regulators and identify risks and respond to emerging threats to U.S. financial stability. The Council is not a bureau or office of the Department of the Treasury. However, under the Dodd-Frank Act, the Council's expenses are considered expenses of the Office of Financial Research, an office within the Department of the Treasury.

FDIC Payments ($12,500,000 from assessments):

Section 210(n)(10) of the Dodd-Frank Act provides that certain reasonable implementation expenses of the FDIC incurred after the enactment of the Dodd-Frank Act shall be treated as expenses of the Council. The FDIC must periodically submit requests for reimbursement for implementation expenses to the Chairperson of the Council, who shall arrange for prompt reimbursement to the FDIC of reasonable implementation expenses. The expenses estimated are for rule writing and resolution planning consistent with the FDIC's implementation of its responsibilities under Title II of the Dodd-Frank Act.

Legislative Proposals

FSOC has no legislative proposals.

Description of Performance

There are no measures specified for managing Council performance at this time. Information on the Council is provided on www.treasury.gov, www.fsoc.gov, and member agency websites to provide transparency and accountability.

Bureau of Engraving and Printing

Program Summary by Budget Activity

Dollars in Thousands

	FY 2013	FY 2014	FY 2015	FY 2014 TO FY 2015	
Budget Activity	Actual	Estimated	Estimated	$ Change	% Change
Manufacturing	$656,000	$733,208	$748,592	$15,384	2.10%
Total Cost of Operations	**$656,000**	**$733,208**	**$748,592**	**$15,384**	**2.10%**
FTE	**1,890**	**1,925**	**1,944**	**19**	**0.99%**

Summary

In support of Treasury's strategic goal of "Enhance U.S. Competitiveness and Promote International Financial Stability and Balanced Global Growth", the mission of the Bureau of Engraving and Printing (BEP) is to develop and produce United States currency notes, trusted worldwide.

FY 2015 Priorities

- Achieve BEP's strategic goals.
- Product quality - Produce and deliver currency notes ordered by the Federal Reserve Board that consistently meet the customer's high quality standards.
- Counterfeit Deterrence – Conduct research and development, collaborate with key stakeholders, in order to deter counterfeiting and maintain public trust in the security and reliability of U.S. currency notes.
- Meaningful Access – Assist users of U.S. currency, including the blind and visually impaired, with the use and denomination of currency.

In FY 2015, BEP, along with the U.S. Mint, will work to assess the future of currency. Driven in part by international demand, the number of currency notes in circulation has increased significantly over the past decade. However, improvements in Federal Reserve Bank processing and a longer note life have kept production relatively stable. The production and circulation of currency in the United States have been largely unchanged for decades, despite the growth in electronic financial transactions. Treasury is undertaking a comprehensive review of U.S. currency in order to efficiently promote commerce in the 21st century.

The BEP operates on the basis of authority conferred upon the Secretary of the Treasury by 31 U.S.C. 321(a) (4) to engrave and print currency and other security documents. Operations are financed through a revolving fund established in 1950 in accordance with Public Law 81-656. The fund is reimbursed for direct and indirect costs of operations, including administrative expenses, through product sales. In 1977, Public Law 95-81 authorized the Bureau to include an amount sufficient to fund capital investment and to meet working capital requirements in the prices charged for products, eliminating the need for annual appropriations from Congress.

BEP's strategic goals are to produce U.S. currency that function flawlessly in commerce by creating innovative currency designs that provide effective counterfeit deterrence and meaningful access to currency note usage for all; achieve organizational excellence and customer satisfaction through balanced investment in people, processes, facilities, and technology. The Bureau also provides technical assistance and advice to other Federal agencies in the design and production of documents which require counterfeit deterrent features, due to their innate value or other characteristics.

The Bureau produces the paper currency notes ordered by the Federal Reserve Board (FRB). During FY 2015, BEP expects to produce and deliver 8.3 billion notes to the FRB to meet currency demand. This represents no increase in the number of notes produced from the 8.3 billion note program expected to be delivered in the FY 2014 program. In order to meet continued international demand, the anticipated denominations ordered will be the more costly higher denominated notes.

BEP supports a comprehensive anti-counterfeiting program built around effective note design, public education, and aggressive law enforcement. The Bureau will continue its work in 2015 with the Advanced Counterfeit Deterrent (ACD) Steering Committee to research and develop future currency designs that will enhance and protect U.S. currency notes. The ACD Committee includes representatives from BEP, the Department of the Treasury, the U.S. Secret Service, and the FRB.

Over the last decade, research and development of new technologies for use in currency note production has become a priority at the Bureau as more sophisticated counterfeit deterrent features are needed to protect future generations of currency notes. Via its website www.bep.gov, BEP seeks information about obtaining, testing, and evaluating technologies or materials that may have potential application in the development of new counterfeit deterrent features in currency notes.

The importance of producing and delivering currency of consistently high quality, note after note, cannot be overstated, especially for the redesigned $100 note. It is estimated by the Federal Reserve that as many as two-thirds of all $100 notes circulate outside the United States.

Work will continue in FY 2015 on the goal of enabling the Nation’s currency to better serve domestic and international users, including the blind and visually impaired. The Bureau will be incorporating features into the next redesign of currency that will assist every American to better use and denominate currency. BEP will continue its efforts to research and develop tactile features that will enhance future note designs. Testing and refinement of features will continue to determine which processes and features work best at the production volumes needed for U.S. currency. While no timetable has been set for the introduction of this currency, the next redesign will incorporate changes to make U.S. currency more accessible to those who are blind and visually impaired.

The FY 2015 Budget request continues to fund a BEP Currency reader distribution program. Under this program, United States citizens and legal residents who are blind or visually impaired are provided a currency reader to aid in the denomination of US currency. The
FY 2015 request is based on providing an estimated 300,000 reader to the blind or visually impaired.

BEP FY 2015 Budget Highlights

Dollars in Thousands

Bureau of Engraving and Printing	FTE	Materials	Operating & Capital	Total
FY 2014 Estimated	**1,925**	**$304,500**	**$428,708**	**$733,208**
Changes to Base:				
Maintaining Current Levels (MCLs):	-	-	$7,584	$7,584
Pay-Raise	-	-	$2,849	$2,849
FERS Contribution Increase	-	-	$2,172	$2,172
Non-Pay	-	-	$2,563	$2,563
Efficiency Savings:	(8)	($750)	($10,200)	($10,950)
CQA Efficiencies/Reduced Spoilage	-	($750)	($250)	($1,000)
Contract Savings/Discontinue Contract for Historic Resource Ctr	-	-	($500)	($500)
Contract Savings/Discontinue Fitness Center Contractor Support	-	-	($250)	($250)
Defer Targeted Facilities Investments/Currency Sheet Accountability Sys	-	-	($6,200)	($6,200)
Offer Separation Incentives (VISP/VERA)	-	-	($400)	($400)
Reduced Leased Parking Spaces by 50 Percent	-	-	($250)	($250)
Release Non-Production TEMP Hires	(8)	-	($800)	($800)
Water Usage Reduction/Recycling	-	-	($300)	($300)
Reduced Custodial Contract	-	-	($1,000)	($1,000)
Offer Voluntary LWOP Thanksgiving Week	-	-	($250)	($250)
Subtotal Changes to Base	(8)	($750)	($2,616)	($3,366)
Total FY 2015 Base	**1,917**	**$303,750**	**$426,092**	**$729,842**
Program Changes:				
Program Decreases:	-	($11,500)	-	($11,500)
Estimated Changes in Currency Manufacturing Program in FY 2015	-	($11,500)	-	($11,500)
Program Increases:	27	-	$30,250	$30,250
Warehouse Center for Excellence	-	-	$2,000	$2,000
Currency Reader Loaner Program	-	-	$26,125	$26,125
Direct Labor for Additional Production Processes	27	-	$2,125	$2,125
Total FY 2015 Estimated	**1,944**	**$292,250**	**$456,342**	**$748,592**

FY 2015 Budget Adjustments

Maintaining Current Level (MCLs)

Pay-Raise +$2,849,000 / +0 FTE

Funds are required for the proposed January 2015 pay-raise and for the annualization of the 2014 pay-raise.

FERS Contribution Increase +$2,172,000 / +0 FTE

Funds are required for increases in agency contributions to the Federal Employee Retirement System based on updated actuarial estimates.

Non-Pay +$2,563,000 / +0 FTE

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

Efficiency Savings

CQA Efficiencies/Reduced Spoilage -$1,000,000 / +0 FTE

As a result of CQA efficiencies and spoilage reduction efforts, BEP anticipates better production yields.

Contract Savings/Discontinue Contract for Historic Resource Ctr -$500,000 / +0 FTE

By discontinuing the contractor support for BEP's Historic Resource Center, BEP will decrease contract costs while having no impact on BEP's primary mission. The restoration/preservation of historic pieces will resume when funding becomes available.

Contract Savings/Discontinue Fitness Center Contractor Support -$250,000 / +0 FTE

By discontinuing the contractor support for the BEP Fitness Center, BEP will decrease contract costs while having no impact on BEP's primary mission.

Defer Targeted Facilities Investments/Currency Sheet Accountability Sys -$6,200,000 / +0 FTE

Delay implementing Currency Sheet Accountability System on the other production lines at both facilities. In addition, BEP continues to defer needed facility improvements to control cost.

Offer Separation Incentives (VISP/VERA) -$400,000 / +0 FTE

BEP plans to continue current right-sizing efforts by offering separation incentives (VERA/VSIP).

Reduced Leased Parking Spaces by 50 Percent -$250,000 / +0 FTE

BEP will reduce leased parking space costs by 50 percent in FY 2015; evening and midnight shift employees will have priority for available spaces.

Release Non-Production TEMP Hires -$800,000 / -8 FTE

Releasing non-production TEMP hires will allow BEP to fill gaps in production related positions.

Water Usage Reduction/Recycling -$300,000 / +0 FTE

Efficiency savings from reduced chemical usage for manufacturing wiping solution as well as recycling waste water.

Reduced Custodial Contract -$1,000,000 / +0 FTE

BEP will reduce custodial service from 5 to 3 days a week at both facilities.

Offer Voluntary LWOP Thanksgiving Week -$250,000 / +0 FTE

Leave without pay will be offered during this timeframe which normally has a high demand for annual leave.

Program Decreases

Estimated Changes in Currency Manufacturing Program in FY 2015 -$11,500,000 / +0 FTE

BEP formulates its budget request based on an estimated order. BEP receives a finalized Federal Reserve note print order which may differ from the estimated order due to the uncertainty of international markets. BEP's original FY 2014 budget request was based on an 8 billion note program, however, the Federal Reserve Board currency order for 2014 increased from the original 8 billion note volume to a revised 8.3 billion note program due to an increase in the demand for U.S. currency.

Program Increases

Warehouse Center for Excellence +$2,000,000 / +0 FTE

BEP requests funding for loading dock improvements and purchase of equipment to support its core mission. The Warehouse Center for Excellence program subleases BEP warehouse storage space to DO, IRS, FS and OCC to create Treasury-wide savings; tenants will also benefit from proposed facility improvements.

Currency Reader Loaner Program +$26,125,000 / +0 FTE

During 2015 BEP will continue to work with the Library of Congress to distribute electronic readers to the blind and visually impaired. It is estimated that 300,000 readers will be distributed in FY 2015.

Direct Labor for Additional Production Processes +$2,125,000 / +27 FTE

The Advanced Counterfeit Deterrence Steering Committee (Treasury, BEP, Federal Reserve, and US Secret Service) has decided that new overt and covert security features are required for the next redesigned note to maintain the security of US currency. In addition, it must be designed to provide meaningful access to US currency for the blind and visually impaired to comply with a District Court ruling. The Secretary of the Treasury has approved the addition of a tactile feature, as well as other actions to provide meaningful access. The application of a tactile feature will require an additional production step.

Explanation of Budget Activities

Manufacturing ($748,592,000 from revenue/offsetting collections)

The BEP has one budget activity: Manufacturing. This budget activity supports all of BEP's strategic goals. The goal owner for the Manufacturing budget activity is BEP's Deputy Director Leonard Olijar.

Legislative Proposals

BEP has no legislative proposals.

BEP Performance by Budget Activity

Budget Activity	Performance Measure	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Target	FY 2015 Target
Manufacturing	Manufacturing Costs For Currency (Dollar Costs Per Thousand Notes Produced) ($)	34.6	43.34	50.45	55.0	54.0

Key: DISC - Discontinued and B - Baseline

Description of Performance

Manufacturing Costs for Currency (dollar cost per 1,000 notes produced) is an indicator of manufacturing efficiency and effectiveness of program management. This measure is based on contracted price factors and anticipated productivity improvements, as well as the mix of denominations ordered year to year. As more sophisticated counterfeit deterrent design features are produced, paper and ink costs increase, resulting in increased total manufacturing costs. Actual performance against standard cost depends on BEP's ability to meet annual spoilage, efficiency, and capacity utilization goals. In order to meet this measure, costs and other standard manufacturing performance metrics are tracked at each stage of production and corrections are made on the shop floor. In addition, production and quality metrics are discussed on a monthly basis at the executive level and corrective action plans are developed. The manufacturing cost of currency metric has performed at or better than its annual targets for the past eight years. In FY 2013 the cost of manufacturing was lower than anticipated, as the actual result realized for this measure was $50.45 per 1,000 notes produced against a target of $55.00. The performance goals for both FY 2014 and FY 2015 reflect the continued increased production of high cost redesigned $100 notes as a proportion of the total annual order, and are set at $55.00 in both 2014 and 2015.

Percent of currency notes returned due to defects is an indicator of the Bureau's ability to provide a quality product. All notes delivered to the Federal Reserve go through rigorous quality inspections during the manufacturing process. In addition, notes are inspected a final time using the same inspection systems used at the Federal Reserve Banks. These inspections ensure that all counterfeit deterrent features, both overt and covert, are functioning as designed. BEP's FY

2013 target for this performance metric was .0001 percent; however, BEP was unable to meet the target in FY 2013 as a production error in the NexGen $100 note caused greater than $30 million of these notes to be returned by the Federal Reserve. For FY 2014 and FY 2015 BEP's target for this performance metric will be held constant at .0001 percent.

BEP's Best Places to Work in Federal Government Ranking is a based on the results of the Partnership for Public Service data on three questions in the Federal Employee Viewpoint Survey. This survey is sent annually to all Federal employees seeking their opinion on their organization's leadership and programs relating to fairness, employee empowerment and recognition. In 2013 BEP's ranking improved to 47 out of 300. The Bureau continues to sponsor activities and encourage employee engagement by contributing ideas and participation in events which are aimed at improving and maintaining the work environment for all employees. The Bureau will continue these efforts and is confident that this positive direction will continue. BEP will continue to target improvement in rank and maintaining our spot in the top 100.

Reduction in Regulated Waste (Millions of pounds of regulated air emissions, wastewater, and solid waste combined) is a quantitative indicator of the effectiveness of BEP environmental programs, which are assessed through the BEP ISO 14001 certified Environmental Management System (EMS). This reflects the maturation of the EMS as well as the Bureau's commitment to continually improve its Environmental Health and Safety (EHS) performance, as both of the Bureau's two manufacturing facilities received unconditional recertification to the ISO 14001 standard in FY 2012. BEP's FY 2013 performance of 31.2 million pounds of regulated waste for this metric was against a target of 32 pounds per 1000 notes delivered.

Lost Time Accident Rate per 100 Employees measures the Bureau's ability to reduce injuries and illnesses in the workplace. BEP's key performance indicator is the annual Occupational Safety and Health Administration's (OSHA) reportable lost time case rate and number of lost workdays. In 2013 BEP's lost time case rate during the fiscal year was 1.63 against a target of 1.6 cases per 100 employees The Bureau remains committed to improving the safety of its employees and has undertaken analysis to determine the root causes of injury and to identify best practices in safety. BEP will continue to allocate resources to have the greatest impact on preventing future injuries. BEP's target for this performance metric will be held constant at 1.6 per 100 employees for FY 2014 and FY 2015.

United States Mint

Program Summary by Budget Activity

Dollars in Thousands

	FY 2013	FY 2014	FY 2015	FY 2014 TO FY 2015	
Budget Activity	Actual	Estimated	Estimated	$ Change	% Change
Manufacturing	$4,158,603	$3,891,773	$3,571,451	($320,322)	-8.23%
Total Cost of Operations	**$4,158,603**	**$3,891,773**	**$3,571,451**	**($320,322)**	**-8.23%**
FTE	**1,705**	**1,874**	**1,874**	**0**	**0.00%**

Summary

The Mint supports the Department of the Treasury's strategic goals to promote domestic economic growth and stability and create a 21st century approach to government by improving efficiency, effectiveness, and customer interaction.

Since FY 1996, the United States Mint has been operating under the United States Mint's Public Enterprise Fund (PEF). As authorized by Public Law 104-52 (31 U.S.C. § 5136), the PEF eliminates the need for annual appropriations. Proceeds from the sales of circulating coins to the Federal Reserve Banks and numismatic items to the public are the source of funding for operations. Both operating expenses and capital investments are associated with the production of circulating and numismatic coins and coin-related products. Collections in excess of amounts required by the PEF are transferred to the United States Treasury General Fund.

The United States Mint's key priorities for FY 2015 include:

- Circulating - Efficiently and effectively mint and issue approximately 10.6 billion circulating coins in FY 2015 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.

- Protection - Secure the Nation's gold reserves, silver reserves and other assets.

In FY 2015, the US Mint will assess the future of currency as it relates to coinage, including the penny. The production and circulation of currency in the United States have been largely unchanged for decades, despite the growth in electronic financial transactions. Treasury is undertaking a comprehensive review of U.S. currency, including a review of both the production and use of coins, in order to efficiently promote commerce in the 21st century. These studies will analyze alternative metals, Mint facilities, and consumer behavior and preferences, and will result in the development of alternative options for the penny and the nickel.

FY 2015 United States Mint estimated total revenues are $3,787,513,000, total expenses are $3,571,451,000, of which $30,468,000 are for capital investments, and net results are $216,062,000 in earnings.

US Mint FY 2015 Budget Highlights

Dollars in Thousands

United States Mint	FTE	Materials	Operating & Capital	Total
FY 2014 Estimated	**1,874**	**$3,414,900**	**$476,873**	**$3,891,773**
Changes to Base:				
Maintaining Current Levels (MCLs):	-	-	$8,078	$8,078
Pay-Raise	-	-	$2,343	$2,343
FERS Contribution Increase	-	-	$2,220	$2,220
Non-Pay	-	-	$3,515	$3,515
Non-Recurring Costs:	-	-	($63,000)	($63,000)
Mint Organizational Facilities Study	-	-	($1,000)	($1,000)
OMS II Investment (Prior Year Element)	-	-	($60,000)	($60,000)
Public Coin Usage Study	-	-	($1,000)	($1,000)
R&D Reduced Requirements	-	-	($1,000)	($1,000)
Efficiency Savings:	-	-	($4,800)	($4,800)
OMS II Savings	-	-	($4,800)	($4,800)
Subtotal Changes to Base	-	-	($59,722)	($59,722)
Total FY 2015 Base	**1,874**	**$3,414,900**	**$417,151**	**$3,832,051**
Program Changes:				
Program Decreases:	-	($264,100)	-	($264,100)
Forecast Reduction in Required Purchase of Metal Raw Materials	-	($264,100)	-	($264,100)
Program Increases:	-	$3,500	-	$3,500
Metal Due to Forecast Increase in Circulating Coin Production	-	$3,500	-	$3,500
Total FY 2015 Estimated	**1,874**	**$3,154,300**	**$417,151**	**$3,571,451**

FY 2015 Budget Adjustments

Maintaining Current Level (MCLs)

Pay-Raise +$2,343,000 / +0 FTE

Funds are required for the proposed January 2015 pay- raise and one quarter of the 2014 pay-raise.

FERS Contribution Increase +$2,220,000 / +0 FTE

Funds are required for increases in agency contributions to the Federal Employee Retirement System based on actuarial estimates.

Non-Pay +$3,515,000 / +0 FTE

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

Non-Recurring Costs

Mint Organizational Facilities Study -$1,000,000 / +0 FTE

The Mint will execute an independent study to evaluate its optimal organization and facility structure. The study will be completed in FY 2014. No FY 2015 funding is required for the non-recurring item.

OMS II Investment (Prior Year Element) -$60,000,000 / +0 FTE

The Mint is replacing an obsolete, at-risk order management system with an improved order management system that has increased functionality, efficiency, and customer service capabilities. Investment in the order management system is accomplished in FY 2014 and is a one-time cost with only operating and maintenance costs in the out-years, which are absorbed in the Mint's annual budgets. As a result, the investment amount is reduced from the Mint's budget base in FY 2015.

Public Coin Usage Study -$1,000,000 / +0 FTE

The Mint will perform a study on the public's use of coins and its impact on the Mint's long-term strategy. The study will be concluded in

FY 2014. As such, there will not be a need to renew the funding for studies in FY 2015.

R&D Reduced Requirements -$1,000,000 / +0 FTE

The Mint anticipates reduced R&D expenditures in FY 2015. The R&D center will be established and recommendations for the next generation of circulating coinage will have been developed.

Efficiency Savings

OMS II Savings -$4,800,000 / +0 FTE

Implementation of the new order management system is projected to reduce costs for the Mint and provide customers with an experience that keeps pace with advancements in both technology and functionality in the retail industry. Lower operational and maintenance costs are expected to result in savings from this system implementation.

Program Decrease

Forecast Reduction in Required Purchase of Metal Raw Materials -$264,100,000 / +0 FTE

The overall numismatic program, including bullion coin programs, experienced increases in sales in FYs 2013 and FY 2014. Sales projections for the bullion program are expected to decline slightly in FY 2015. As a result, metal purchases for bullion coinage production are projected to be lower in FY 2015 compared to FY 2014.

Program Increases

Metal labor overhead from increased forecast in circulating coin in 2014 +$3,500,000 / +0 FTE

The Mint forecasts that demand for circulating coins will continue to increase in FY 2015. In FY 2014 and 2015, the Mint forecasts coin demand to increase to 10.6 billion coins annually. To meet the growth in demand, the Mint will need a $3.5 million increase for metal purchases.

Explanation of Budget Activities

Manufacturing ($3,571,451,000 from revenue/offsetting collections)

The Mint has one budget activity: manufacturing. This budget activity encompasses the bureau's two major programs: circulating coinage and numismatic coin products including bullion coins and national medals. The owner of the manufacturing budget activity is the Mint's Deputy Director, Richard A. Peterson.

Circulating Coinage Program

Circulating coinage includes the penny, nickel, dime, and quarter-dollar coins.

The United States Mint delivers circulating coinage to the Federal Reserve Banks at face value for subsequent distribution to the commercial banking system as required to transact commerce.

The Mint will continue to mint and issue quarter-dollar coins honoring America's national parks and other national sites in accordance with the America's Beautiful National Parks Quarter Dollar Coin Act of 2008 (Public Law 110-456). In 2014, the Mint will release quarters honoring Great Smoky Mountains National Park (Tennessee), Shenandoah National Park (Virginia), Arches National Park (Utah), Great Sand Dunes National Park (Colorado), and Everglades National Park (Florida). In 2015, the Mint will release quarters honoring Homestead National Monument of America (Nebraska), Kisatchie National Forest (Louisiana), Blue Ridge Parkway (North Carolina), Bombay Hook National Wildlife Refuge (Delaware), and Saratoga National Historical Park (New York).

Numismatic Program

Bullion Coin Program

The United States Mint produces bullion coins under American Eagle, American Buffalo, and America the Beautiful Silver Bullion Coin

Programs to fulfill investor demand. Bullion coins are largely bought by precious metal dealers and sold to consumers who desire precious metals as part of an investment portfolio. The demand for bullion coins is greatly influenced by the performance of other investment options, such as equities markets or currency markets, and therefore is highly unpredictable. The content and purity of the precious metal in the bullion coins are backed by the United States Government.

Other Numismatic Products

The United States Mint produces and distributes numismatic products, including proof and uncirculated versions of coins, directly to the public. For some numismatic products, authorizing legislation specifies program requirements, such as design theme, mintage level and duration of product availability. Other programs are structured by law to grant the Secretary of the Treasury discretion in determining product specifications. The Numismatic Program includes the American Eagle Program, the American Buffalo Program, the America the Beautiful Quarters Program, the Presidential and Native American $1 Coin Programs, recurring programs, and commemorative coins and medals.

The Mint will continue to mint and issue numismatic versions of $1 coins honoring the Nation's past Presidents in accordance with the Presidential $1 Coin Act of 2005 (Public Law 109-145). In 2014, the Mint will release Presidential $1 Coins honoring Presidents Warren G. Harding, Calvin Coolidge, Herbert Hoover, and Franklin D. Roosevelt. The Mint will release in 2015 Presidential $1 Coins honoring Presidents Harry S. Truman, Dwight D. Eisenhower, John F. Kennedy, and Lyndon B. Johnson. The Mint will also continue to mint and issue $1 coins celebrating the important contributions made by Indian tribes and individual Native Americans to the development and history of the United States in accordance with the Native American $1 Coin Act (Public Law 110-82).

Commemorative coins are authorized by law to recognize and honor people, places, events, institutions, and other subjects of historic or national significance. Each coin is minted and issued by the Mint in a limited quantity and is available only for a limited time. Included in the price is a surcharge that is authorized to be paid to the designated recipient organizations, assuming all legal requirements have been met. Recipient organizations must use the proceeds for the purposes specified in the enabling legislation

In FY 2015, the United States Mint's total estimated budgetary requirements for operating, metal, and capital investments are $3,571 million.

Legislative Proposals

Silver Proof Set Coin Composition

As previously included in the Mint's FY 2014 President's Budget, the bureau recommends pursuing a change to the law such that the coins in silver proof sets would be required to be no less than 90 percent silver. Under current law, the half-dollar, quarter-dollar, and dime coins in silver proof sets "shall be made of an alloy of 90 percent silver and 10 percent copper." Allowing the Mint to have flexibility in this composition improves efficiency in the process of manufacturing silver proof sets and lowers the Mint's production costs for these products. This translates into savings that would be passed on to the customer.

Eliminate the 20 percent requirement in the Native American $1 Coin Act

This legislative proposal seeks to limit the requirement that the number of $1 coins minted and issued in a year with the Sacagawea design on the obverse be not less than 20 percent of the total number of $1 coins minted and issued for circulation. Approval of this proposal would allow the Mint to mint and issue all $1 coins in amounts necessary to meet public demand for coins of each particular design. In December 2011, to address the excessive $1 coin inventories at the FRBs, the Secretary of the Treasury suspended the minting of Presidential $1 Coins for circulation. As a result, until the FRBs have drawn down these inventories, the only demand for new Presidential $1 Coins that the Mint receives is through its numismatic sales channels. Numismatic demand for new Native American $1 Coins, however, is significantly lower than numismatic demand for Presidential $1 Coins, making it impracticable for the Mint to comply with the 20-percent requirement. As a consequence, limiting the 20 percent requirement to circulating coins is sensible at this time because it avoids the need to mint and issue Native American $1 Coins in excess of the amounts that numismatic customers demand. Applying the 20 percent requirement to numismatic sales will require the Mint to manufacture and store an excess supply of Native American $1 Coins, ultimately increasing costs to numismatic customers.

US Mint Performance by Budget Activity

Budget Activity	Performance Measure	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Target	FY 2015 Target
Manufacturing	Customer Satisfaction Index (%)	91.7	90.0	92.6	90.0	90.0
Manufacturing	Numismatic Sales Units (Million Units)	N/A	5.6	5.51	5.4	5.6
Manufacturing	Seigniorage per Dollar Issued ($)	.45	.21	.24	.24	.24

Key: DISC - Discontinued and B – Baseline

Description of Performance

Seigniorage per Dollar Issued

Seigniorage is the financial return on circulated coinage shipped to the FRB and the public. It measures the cost-effectiveness of the United States' circulating coinage. Seigniorage per dollar issued was $0.24 in FY 2013, above the performance target of $0.17. Results exceeded the target mainly due to increased FRB demand; lower costs than forecast for metals and reduced general and administrative expenses.

Customer Satisfaction Index (CSI)

The Mint conducts a quarterly Customer Satisfaction Measure Tracking Survey among a random sample of active numismatic customers. The survey is intended to capture customer satisfaction with the United States Mint's service and product quality. The CSI is a quantitative score of survey results. The United States Mint's CSI reached 92.6 percent in FY 2013, above the target of 90.0 percent.

Numismatic Sales Units

The numismatic sales units metric indicates the number of coin products sold to the public from numismatic operations. It quantifies the demand for the Nation's official numismatic products. Numismatic sales units totaled 5.5 million in FY 2013, exceeding the target of 5.2 million units. The increase mainly resulted from strong Presidential $1 Coin product sales above forecast by 23 percent; silver coin product sales, above forecast by 26 percent; and gold and platinum coin product sales, which were 78 percent above forecast.

Safety Incident Recordable Rate

Safety incident recordable rate is the number of injuries and illnesses meeting the Occupational Health and Safety Administration recording criteria per 100 full-time workers. The safety incident recordable rate was 2.9 recordable injuries and illnesses per 100 full-time workers in FY 2013, more than satisfying the 3.14 target and well below the industry average rate of 7.8 for forging and stamping manufacturers.

Office of Comptroller of the Currency

Program Summary by Budget Activity

Dollars in Thousands

	FY 2013	FY 2014	FY 2015	FY 2014 TO FY 2015	
Budget Activity	Actual	Estimated	Estimated	$ Change	% Change
Supervise	$873,942	$903,770	$949,219	$45,449	5.03%
Regulate	$111,783	$115,598	$121,412	$5,814	5.03%
Charter	$30,486	$31,527	$33,112	$1,585	5.03%
Total Cost of Operations	**$1,016,211**	**$1,050,895**	**$1,103,743**	**$52,848**	**5.03%**
FTE	**3,822**	**3,953**	**3,997**	**44**	**1.11%**

Summary

The OCC was created by Congress 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. Pursuant to Title III of the Dodd-Frank Act, on July 21, 2011 the OCC assumed the responsibility for the supervision of federal savings associations and rulemaking authority for all federal savings associations.

As of December 31, 2013 the OCC supervised 1,212 national bank charters, 48 federal branches of foreign banks, in the United States with total assets of approximately $9.7 trillion, and 497 federal savings associations (which include 186 mutual institutions) with total assets of approximately $702 billion. The average size and complexity of financial institutions continue to grow. This creates increasing and diverse challenges for the OCC.

The OCC has established four goals outlined in its strategic plan that help support a strong economy for the American public: 1) A safe and sound system of national banks and federal savings associations; 2) Fair access to financial services and fair treatment of national bank and federal savings association customers; 3) A flexible legal and regulatory framework that enables national banks and federal savings associations to provide a full, competitive array of financial services consistent with statutory and prudential safety and soundness constraints; and 4) A competent, highly motivated, and diverse workforce that makes effective use of OCC resources. To achieve its goals and objectives, the OCC organizes its activities under three programs: 1) Supervise, 2) Regulate, and 3) Charter. Effective supervision and a comprehensive regulatory framework are the key tools that the OCC uses to ensure that national banks and federal savings associations operate in a safe and sound manner and that they provide fair access to financial services and fair treatment of their customers. A robust chartering program allows new entrants into the financial services sector while ensuring that they have the necessary capital, managerial, and risk management processes to conduct activities in a safe and sound manner.

The OCC's priorities focus on strengthening the resiliency of the institutions subject to its jurisdiction through its supervisory and regulatory programs and activities. A stronger and more resilient banking system directly supports three out of five of the Department of the Treasury's (Treasury) strategic goals: 1) Promote Domestic Economic Growth and Stability; and 4) Safeguard the Financial System and Use Financial Measures to Counter National Security Threats.

Through on-site examinations, the OCC assesses whether national banks and federal savings associations appropriately identify, account for, and follow prudent strategies for problem assets; and maintain a strong corporate governance culture that fosters sound loan underwriting standards, properly aligned incentive compensation structures, and strong internal controls, risk management, and compliance functions.

The OCC continues to encourage lenders to work with creditworthy borrowers who may be facing financial difficulties. The OCC continues to be actively involved in the residential foreclosure oversight process to ensure that all foreclosures are handled consistent with regulatory requirements. While assessing credit quality, adequacy of loan loss reserves, interest rate risk and capital adequacy, risk management practices have been and continue to be areas of focus. Operational risk issues – the risk of loss due to failures of people, processes, systems, and external events – have become an area of heightened risk and supervisory attention. Strong enterprise risk management processes have been and will continue to be a point of emphasis, particularly at larger institutions. In addition, the OCC continues to assess and address supervisory issues in the areas of fair lending, consumer protection, Bank Secrecy Act/Anti-Money Laundering, and information security.

Operations are funded primarily (approximately 97 percent) from semiannual assessments levied on national banks and federal savings associations. Revenue from investments in Treasury securities and other income comprise the remaining three percent of the OCC's funding.

The OCC does not receive congressional appropriations to fund any portion of its operations.

Explanation of Budget Activities

Supervise ($903,770,000 from revenue/offsetting collections)

The Supervise program consists of ongoing supervision and enforcement activities undertaken to ensure that each national bank and federal savings institution is operating in a safe and sound manner and is complying with applicable laws, rules, and regulations relative to the financial institution and the customers and communities it serves. Included are examinations and enforcement activities; resolution of disputes through a formal appeals process; ongoing monitoring of national banks and federal savings associations; and analysis of systemic risks and market trends in the national banking system or groups of national banks, the financial services industry, and the economic and regulatory environment.

Regulate ($115,598,000 from revenue/offsetting collections)

The Regulate program consists of ongoing activities that result in the establishment of regulations, policies, operating guidance, and interpretations of general applicability to national banks and federal savings institutions. These regulations, policies, and interpretations may establish system-wide standards, define acceptable banking practices, provide guidance on risks and responsibilities facing national banks and federal savings institutions, or prohibit (or restrict) banking practices deemed to be imprudent or unsafe.

This includes the establishment of examination policies, handbooks, and interpretations for examiners as well as representation of the OCC's regulatory authorities and interpretations in administrative, judicial, and congressional hearings.

Charter ($31,527,000 from revenue/offsetting collections)

The Charter program consists of ongoing activities that result in the chartering of national banks and federal savings institutions as well as the evaluation of the permissibility of structures and activities of banks, thrifts, and their subsidiaries. This includes the review and approval of new national bank and thrift charters, federal branches and agencies, mergers, acquisitions, conversions, business combinations, corporate reorganizations, changes in control, operating subsidiaries, branches, relocations, and subordinated debt issues.

Legislative Proposals

OCC has no legislative proposals.

OCC Performance by Budget Activity

Budget Activity	Performance Measure	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Target	FY 2015 Target
Supervise	Percent of National Banks and Federal Savings Associations with Composite CAMELS Rating 1 or 2	N/A	76.0	80.0	90.0	90.0
Supervise	Percentage of National Banks and Federal Savings Associations That Are Categorized As Well Capitalized	N/A	92.0	94.0	95.0	95.0
Supervise	Percentage of National Banks and Federal Savings Associations With Consumer Compliance Rating of 1 or 2	N/A	93.0	94.0	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)	22.0	27.0	34.0	40.0	40.0
Supervise	Total OCC Costs Relative To Every $100,000 in Bank And Federal Savings Associations Assets Regulated ($)	N/A	10.51	9.99	10.22	9.22
Charter	Percentage of Licensing Applications and Notices Completed within Established Timeframes	97.0	98.0	97.0	95.0	95.0

Key: DISC - Discontinued and B - Baseline

Description of Performance

The OCC's Supervision Program specifically supports the following Treasury Objectives:
1.3: Complete implementation of financial regulatory reform initiatives and continue monitoring the markets for threats to stability;
1.4: Facilitate commerce by providing trusted U.S. currency, services, and products for the American public and enterprises;
4.3: Improve the cybersecurity of our Nation's financial sector critical infrastructure; and
4.4: Protect the integrity of the financial system by implementing, promoting, and enforcing anti-money laundering and counterterrorism financing standards.

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 Supervision 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's Supervision Program supports the implementation of the financial regulatory reform initiatives including those in the Dodd-Frank Wall Street Reform and Consumer Protection Act as well as other regulatory initiatives designed to strengthen the nation's federal banking system. 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 programs such as its Semi-annual Risk Perspectives Report, participation in the Shared National Credit Program, and its Credit Underwriting Survey.

The overall objective of the OCC's Supervision Program supports facilitating commerce through the goal of ensuring the safety and soundness of the federal banking system. Through its Supervision Program the OCC has taken a number of steps to improve the cybersecurity of the nation's financial sector critical infrastructure including organizing a Web conference, "The Evolving Cyber Landscape: Awareness, Preparedness, and Strategy for Community Banks," for more than 1,000 community bankers and holding a series of confidential briefings for banks, third-party service providers and bank examiners. The agency also created and filled a new position, Senior Infrastructure Officer whose focus is cybersecurity policy for the federal banking system. Actions taken to improve the cybersecurity of the federal banking system include the issuance of an alert on denial-of-service attacks, and reviews of 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. In addition, the OCC became a member of the Financial Services Information Sharing and Analysis Center in 2013. Membership gives the OCC 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 BSA/AML and through the initiation of enforcement actions for non-compliance with BSA/AML laws and regulations.

The Federal Deposit Insurance Act established a system that classifies insured depository institutions into five categories (well-capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized) based on their capital levels relative to their risks. Through September 30, 2013, 94 percent of national banks and federal savings associations were classified as well capitalized. 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, 2013, 80 percent of national banks and federal savings associations earned composite CAMELS rating of either 1 or 2.

Problem banks ultimately can reach a point at which rehabilitation is no longer feasible. The OCC's early identification and intervention with problem banks can lead to successful remediation of these banks. The OCC recommends corrective actions to problem banks for improving their operations and, as a result, 23 percent of banks with composite CAMELS ratings of 3, 4, or 5 one year ago have improved their ratings to either 1 or 2 this year. As with other measures, this target benchmark has been adversely affected by the underlying economic conditions facing the banking industry.

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 94 percent earning a consumer compliance rating of either 1 or 2 through September 30, 2013.

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, 2013.

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 International Programs

Program Summary

Dollars in Thousands

Budget Activity	FY 2013 Operating Level	FY 2014 Enacted	FY 2015 Request	FY 2014 TO FY 2015 $ Change	FY 2014 TO FY 2015 % Change
Economic Growth, National Security and Poverty Reduction (MDBs)	$2,044,409	$2,075,449	$2,042,105	($33,344)	-1.61%
International Development Association (IDA)	$1,351,018	$1,355,000	$1,290,600	($64,400)	-4.75%
International Bank for Reconstruction and Development (IBRD)	$180,993	$186,957	$192,921	$5,964	3.19%
Inter-American Development Bank (IDB and FSO)	$107,110	$102,000	$102,020	$20	0.02%
Multilateral Investment Fund (MIF)	$14,995	$6,298	$0	($6,298)	-100.00%
Asian Development Bank (AsDB)	$101,190	$106,586	$112,195	$5,609	5.26%
Asian Development Fund (AsDF)	$94,937	$109,854	$115,250	$5,396	4.91%
African Development Bank (AfDB)	$30,717	$32,418	$34,119	$1,701	5.25%
African Development Fund (AfDF)	$163,449	$176,336	$195,000	$18,664	10.58%
Food Security	$156,647	$163,000	$30,000	($133,000)	-81.60%
Global Agriculture and Food Security Program (GAFSP)	$128,165	$133,000	$0	($133,000)	-100.00%
International Fund for Agricultural Development (IFAD)	$28,482	$30,000	$30,000	$0	0.00%
World Bank Environmental Trust Funds	$347,497	$428,280	$401,000	($27,280)	-6.37%
Clean Technology Fund (CTF)	$175,283	$184,630	$201,253	$16,623	9.00%
Strategic Climate Funds (SCF)	$47,374	$49,900	$63,184	$13,284	26.62%
ESF Statutory Transfer	$0	$50,000	$0	($50,000)	-100.00%
Global Environment Facility (GEF)	$124,840	$143,750	$136,563	($7,187)	-5.00%
Debt Relief	$11,392	$0	$92,400	$92,400	NA
Multilateral Debt Relief Initiative (MDRI) for AfDF	$0	$0	$13,500	$13,500	NA
MDRI for IDA	$0	$0	$78,900	$78,900	NA
Tropical Forest Conservation Act (TFCA)	$11,392	$0	$0	$0	NA
Treasury Office of Technical Assistance	$25,634	$23,500	$23,500	$0	0.00%
Middle East Transition Fund	$0	$0	$5,000	$5,000	NA
International Monetary Fund (IMF)	$0	$0	$16,000	$16,000	NA
Total	**$2,585,579**	**$2,690,229**	**$2,610,005**	**($80,224)**	**-2.98%**

Summary

Economic Growth, National Security and Poverty Reduction: Multilateral Development Banks

The FY 2015 request for the multilateral development banks (MDBs) is comprised of existing, previously authorized annual commitments as well as renewed pledges. The request for existing commitments includes the ongoing capital increases at the International Bank for Reconstruction and Development (IBRD), the Inter-American Development Bank (IDB), the African Development Bank (AfDB), and the Asian Development Bank (AsDB). Investments in these multilateral institutions remain a cost-effective way to promote U.S. national security, support broad-based and sustainable economic growth, and address key global challenges like environmental degradation, while fostering private sector development and entrepreneurship.

In addition to requesting funding for the annual commitment for each respective capital increase, Treasury is also requesting funding to address shortfalls caused by sequestration that would jeopardize U.S. shareholding and leadership at the MDBs. Addressing these shortfalls is necessary to ensure that the United States does not forfeit its leadership position at any of these institutions—a position that has greatly benefited both the MDBs and U.S. taxpayers for more than 60 years.

The FY 2015 request also includes funding for the concessional windows at the MDBs that provide grants and low-cost financing to the world's poorest countries. MDB concessional facilities are an important source of financing for the development needs of fragile and post-conflict states. The projects they support combat extreme hunger and poverty while promoting global stability, prosperity, and private sector growth. To continue the longstanding history of U.S. support for the MDBs, the FY 2015 request includes funding and authorization requests for the first of three installments to the seventeenth replenishment of the International Development Association (IDA) and the thirteenth replenishment of the African Development Fund (AfDF). In addition, Treasury is requesting funding for the U.S. commitment to the tenth replenishment of the Asian Development Fund (AsDF) and to meet a portion of U.S. unmet commitments to the institution, which currently total over $346 million.

Food Security

In addition to our core request, we are seeking $80 million for a contribution to the Global Agriculture and Food Security Program (GAFSP) as a part of the President's Opportunity, Growth, and Security Initiative . GAFSP continues to make major strides toward improving agricultural outcomes in countries seeking to reduce food insecurity. In 25 countries, more than twelve million smallholder farmers and their families are expected to see significant increases in productivity on a per hectare basis with corresponding income gains. GAFSP is responsive to country needs and is aligned with each country's own homegrown strategies. It fosters cooperation among donors and allocates resources based on projected results.

The food security budget also includes $30 million for the third of three installments for the ninth replenishment of the International Fund for Agricultural Development (IFAD), the only global development finance institution solely dedicated to improving food security for the rural poor.

Environment and Clean Energy

Funding for multilateral environment programs helps to spur direct action and investment by developing countries to reduce their own pollution sources and advance ongoing global efforts. These global actions mitigate threats to our domestic environment that increasingly originate from beyond our own borders, enhancing our national security, and providing opportunities for U.S. businesses, especially in clean energy and other environmental technologies.

The FY 2015 request includes $264 million for the Clean Technology Fund (CTF), and three programs supported by the Strategic Climate Fund (SCF): the Pilot Program for Climate Resilience (PPCR), the Forest Investment Program (FIP), and the Program for Scaling up Renewable Energy in Low-Income Countries (SREP). These programs finance investments in other countries in clean energy, energy efficiency, and forest conservation, and in improving resilience to climate change impacts, such as drought.

The FY 2015 request also includes up to $137 million for the first installment of the sixth replenishment of the Global Environment Facility (GEF). The GEF replenishment negotiations are currently underway and expected to be completed in March 2014. Treasury will consult with Congress before finalizing the U.S. pledge to the new replenishment.

Debt Relief

The FY 2015 request includes $92 million to meet a portion of the U.S. commitment to the Multilateral Debt Relief Initiative (MDRI) at IDA and the AfDF. MDRI, together with associated debt relief efforts, reduced the debt burden for participating countries by about 90 percent as compared to their debt levels prior to entering the debt relief process. As a result, these countries have been able to increase poverty-reducing expenditures by an average of more than three percentage points of GDP over the past ten years.

In addition, the Budget includes transfer authority to allocate funding for bilateral debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative for Sudan, should they meet the requirements to qualify.

Treasury Technical Assistance

The FY 2015 request includes $24 million for Treasury's Office of Technical Assistance (OTA). This small program achieves big objectives as it fosters economic growth by enabling governments in fragile and developing countries to provide better services for their citizens and reduce dependency on foreign aid. For over 20 years, OTA has helped developing countries build effective financial management systems—a core element of a well-functioning state. These financial management systems include efficient revenue collection, well-planned and executed budgets, judicious debt management, sound banking systems, and strong controls to combat corruption and other economic crimes. The program provides significant, cost-effective value for U.S. development, foreign policy, and national security objectives.

Middle East and North Africa Transition Fund

The FY 2015 request includes $5 million for the Middle East and North Africa Transition Fund, a multi-donor trust fund administered by the World Bank and created under the U.S. chairmanship of the Group of 8 to assist countries that are members of the Deauville Partnership with Arab Countries in Transition (currently Egypt, Tunisia, Jordan, Morocco, Libya, and Yemen). The fund provides quick dispensation for small grants to help countries put in place economic policies and government reforms that will allow the countries to attract greater flows of capital as they address diverse economic challenges during their political transitions. A wide range of countries, including the United Kingdom, Saudi Arabia, Canada, France, Japan, Russia, Kuwait, and

Qatar, have already provided or committed to provide funding.

International Monetary Fund

Treasury is seeking appropriations and authorization language within the FY 2015 request for the International Monetary Fund (IMF). In 2010, G-20 Leaders and the IMF membership decided on a set of quota and governance reforms designed to strengthen the IMF's critical role within the international system. The 2010 reforms are an important step in modernizing IMF governance to better reflect countries' economic weights in the global economy, while preserving U.S. leadership and veto power.

The proposed appropriations and authorization language would reduce U.S. participation in the IMF's New Arrangements to Borrow (NAB) by approximately $63 billion and increase the U.S. quota by an equal amount, for no net change in the overall U.S. financial commitment to the IMF. The proposal also authorizes the United States to accept an amendment to the IMF Articles of Agreement that will facilitate changes in the composition of the IMF Executive Board while preserving U.S. influence in the Board.

Completing the IMF reforms is a national security and economic policy priority for the United States. The Administration is proposing a discretionary funding approach, but we are willing to work with Congress on other approaches to get legislation passed as soon as possible, including mandatory funding approaches.

Description of Performance

Strengthening transparency and ensuring accountability are critical objectives of the United States' continued support for the MDBs and other International Programs, and Treasury is tightly focused on these criteria. That is why Treasury actively seeks clear and consistent accountability standards and measures, and promotes policies that direct funds to what has been proven to work and away from what cannot be measured. Performance, transparency, monitoring and results are at the heart of all of these efforts.

As a result of U.S. leadership in these areas, the MDBs have adopted expansive disclosure requirements, stronger auditing functions, better internal controls and are at the leading edge of impact evaluations and performance-driven investment. Treasury has also succeeded in fostering cutting-edge systems for measuring, monitoring, and incorporating development results in MDB operations, and persuading the MDBs to adopt mechanisms under which donor funds are distributed on the basis of performance. In this way, the MDBs provide strong incentives to recipient countries to fulfill their obligations, greatly improving prospects for success, and strengthening economic growth and development.

Treasury also pursues these same standards in the Technical Assistance programs, and across the other important International Programs managed by the Department.

Summary of FY 2015 Appropriations Language

Below is a summary of proposed Treasury appropriations language changes from the FY 2014 enacted bill. Please note that brackets indicate which material will be deleted, and italics indicate which material will be inserted.

Departmental Offices
Federal Funds

Salaries and Expenses

(Including Transfer of Funds)

For necessary expenses of the Departmental Offices including operation and maintenance of the Treasury Building and Annex; 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**[**, including for**]***;* terrorism and financial intelligence activities; executive direction program activities; international affairs and economic policy activities; domestic finance and tax policy activities; and Treasury-wide management policies and programs activities, **[**$312,400,000**]** *$308,734,000*: *Provided*, That, of the amount appropriated under this heading—(1) the following amounts shall be available as provided: **[**(A) $102,000,000 for the Office of Terrorism and Financial Intelligence, of which not to exceed $26,000,000 is available for administrative expenses;**]** (**[**B**]** *A*) not to exceed $350,000 for official reception and representation expenses; (**[**C**]** *B*) not to exceed $258,000 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 (**[**D**]** *C*) notwithstanding any other provision of law, up to $1,000,000 may be contributed to the Organization for Economic Cooperation and Development for the Department's participation in programs related to global tax administration; (2) **[**$19,187,000**]** *up to $12,000,000* shall remain available until September 30, **[**2015, of which $8,287,000 is available**]** *2016* for the Treasury-wide Financial Statement Audit and Internal Control Program; **[**$3,000,000 is for**]** information technology modernization requirements; **[**$500,000 is for**]** *and* secure space requirements; **[**and $7,400,000 is for audit, oversight, and administration of the Gulf Coast Restoration Trust Fund;**]** and (3) up to $3,400,000 shall remain available until September 30, **[**2016**]** *2017*, to develop and implement programs within the Office of Critical Infrastructure Protection and Compliance Policy, including entering into cooperative agreements*: Provided further, That, in addition to the amount otherwise made available under this heading, $9,500,000 shall remain available until September 30, 2016, for necessary expenses for carrying out subtitle F of title I of division A of Public Law 112–141, to be derived from the trust fund established under section 1602 of such Public Law, without altering the percentages of funds made available for other purposes from the remaining balance of the trust fund.*

Department-Wide Systems and Capital Investments Programs

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, $2,725,000, to remain available until September 30, **[**2016**]** *2017*: *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 Inspector General

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, **[**$34,800,000**]** *$35,351,000*, 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 not to exceed $2,500 shall be available for official reception and representation expenses; and of which $2,800,000 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)**]**.

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 (not to exceed **[**150**]** *10* for replacement only for police-type use) 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; **[**$156,375,000**]** *$157,419,000*, of which $5,000,000 shall remain available until September 30, **[**2015**]** *2016*; 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**]**.

Treasury Forfeiture Fund

(*[Rescission]** ***Cancellation)

Of the unobligated balances available under this heading, **[**$736,000,000**]** *$950,000,000* are **[**rescinded**]** *hereby permanently cancelled not later than September 30, 2015*.

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 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for EX-3, **[**$226,000,000**]** *$224,900,000*, to remain available until September 30, **[**2015**]** *2016*; of which $15,000,000 shall be for financial assistance, technical assistance, training and outreach programs, designed to benefit Native American, Native Hawaiian, and Alaskan Native communities and provided primarily through qualified community development lender organizations with experience and expertise in community development banking and lending in Indian country, Native American organizations, tribes and tribal organizations and other suitable providers; of which, notwithstanding **[**sections**]** *section* 4707(d) **[**and 4707(e)**]** of title 12, United States Code, up to **[**$22,000,000**]** *$35,000,000* shall be for a Healthy Food Financing Initiative to provide financial assistance, technical assistance, training, and outreach to community development financial institutions for the purpose of offering affordable financing and technical assistance to expand the availability of healthy food options in distressed communities; of which **[**$18,000,000 shall be for the Bank Enterprise Award program; of which up to $24,636,000**]** *up to $23,600,000* may be used for administrative expenses, including administration of *CDFI Fund programs and* the New Markets Tax Credit Program **[**and the CDFI Bond Guarantee Program, $1,000,000 for capacity building to expand CDFI investments in underserved areas**]**, and up to $300,000 for the *administrative expenses to carry out the* direct loan program; and of which up to **[**$2,222,500**]** *$3,102,500* may be used for the cost of direct loans: *Provided*, That the cost of direct *and guaranteed* loans, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed $25,000,000: *Provided further*, That **[**during fiscal year 2014**]** *section 114A of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4701 et seq.) shall remain in effect until September 30, 2015: Provided further, That* commitments to guarantee bonds and notes under section 114A of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. **[**4701 et seq.**]** *4713a*) shall not exceed **[**$750,000,000**]** *$1,000,000,000*: *Provided further*, That no funds shall be available for the cost, if any, of bonds and notes guaranteed under such section, as defined in section 502 of the Congressional Budget Act of 1974.

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), **[**$34,923,000**]** *$34,234,000*.

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 $14,000 for official reception and representation expenses; and for assistance to Federal law enforcement agencies, with or without reimbursement, **[**$112,000,000**]** *$108,661,000*, of which not to exceed $34,335,000 shall remain available until September 30, **[**2016**]** *2017*.

Bureau of the Fiscal Service

Salaries and Expenses

For necessary expenses of operations of the Bureau of the Fiscal Service, **[**$360,165,000**]** *$348,184,000*; of which not to exceed $4,210,000, to remain available until September 30, **[**2016**]** *2017*, is for information systems modernization initiatives; **[**of which $8,740,000 shall remain available until September 30, 2016 for expenses related to the consolidation of the Financial Management Service and the Bureau of the Public Debt;**]** 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
Federal Funds

Salaries and Expenses

For necessary expenses of carrying out section 1111 of the Homeland Security Act of 2002, including hire of passenger motor vehicles, **[**$99,000,000**]** *$96,000,000*; of which not to exceed $6,000 for official reception and representation expenses; not to exceed $50,000 for cooperative research and development programs for laboratory services; and provision of laboratory assistance to State and local agencies with or without reimbursement: *Provided*, That of the amount appropriated under this heading, **[**$2,000,000 shall be for the costs of criminal enforcement activities and special law enforcement agents for targeting tobacco smuggling and other criminal diversion activities**]** *such sums as are necessary shall be available to fully support tax enforcement and compliance 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*.

United States Mint
Federal Funds

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 **[**2014**]** *2015* under such section 5136 for circulating coinage and protective service capital investments of the United States Mint shall not exceed **[**$19,000,000**]** *$20,000,000*.

Internal Revenue Service
Federal Funds

Taxpayer Services

(Including Transfer of Funds)

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, **[**$2,122,554,000**]** *$2,317,633,000*, of which not less than $5,600,000 shall be for the Tax Counseling for the Elderly Program, of which not less than $10,000,000 shall be available for low-income taxpayer clinic grants, of which not less than **[**$12,000,000**]** *$18,000,000*, to remain available until September 30, **[**2015**]** *2016*, shall be available for a Community Volunteer Income Tax Assistance matching grants program for tax return preparation assistance**[**, of which not less than $203,000,000 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 (for police-type use, not to exceed **[**850**]** *100*) and hire passenger motor vehicles (31 U.S.C. 1343(b)), and to provide other services as authorized by 5 U.S.C. 3109, at such rates as may be determined by the Commissioner, **[**$5,022,178,000, of which not less than $200,000 shall be for intensive training of employees in the Exempt Organizations Unit and**]** *$5,371,826,000*, of which not less than **[**$60,257,000**]** *$57,493,000* shall be for the Interagency Crime and Drug Enforcement program*: Provided, That, of the amounts provided under this heading, not less than $237,838,000, of which $5,000,000 shall be transferred to the Alcohol and Tobacco Tax and Trade Bureau, shall be for an additional appropriation 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)); and other services as authorized by 5 U.S.C. 3109, at such rates as may be determined by the Commissioner; **[**$3,740,942,000**]** *$4,456,858,000*, of which not to exceed $250,000,000 shall remain available until September 30, **[**2015**]** *2016*, for information technology support; of which not to exceed $65,000,000 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, **[**2016**]** *2017*, for research; of which not less than $2,000,000 shall be for the Internal Revenue Service Oversight Board; of which not to exceed $25,000 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 House and Senate Committees on Appropriations and the Comptroller General of the United States detailing the cost and schedule performance for its major information technology investments, including the purpose and lifecycle 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 **[**2015**]** *2016*, a summary of cost and schedule performance information for its major information technology systems*: Provided, That, of the amounts provided under this heading, such sums as are necessary shall be available to fully support tax enforcement and compliance activities, including not less than $241,689,000, for an additional appropriation 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, **[**$312,938,000**]** *$330,210,000*, to remain available until September 30, **[**2016**]** *2017*, 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 House and Senate Committees on Appropriations and the Comptroller General of the United States detailing the cost and schedule performance for CADE2 and Modernized e-File 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 or not to exceed 3 percent of appropriations under the heading "Enforcement" may be transferred to any other Internal Revenue Service appropriation upon the advance **[**approval**]** *notification* of the Committees on Appropriations.

SEC. 102. The Internal Revenue Service shall maintain an employee training program, which shall include the following topics: taxpayers' rights, dealing courteously with taxpayers, cross-cultural relations, ethics, and the impartial application of tax law.

SEC. 103. The Internal Revenue Service shall institute and enforce policies and procedures that will safeguard the confidentiality of taxpayer information and protect taxpayers against identity theft.

SEC. 104. Funds made available by this or any other Act to the Internal Revenue Service shall be available for improved facilities and increased staffing to provide sufficient and effective 1–800 help line service for taxpayers. The Commissioner shall continue to make improvements to the Internal Revenue Service 1–800 help line service a priority and allocate resources necessary to enhance the response time to taxpayer communications, particularly with regard to victims of tax-related crimes.

[SEC. 105. None of funds made available to the Internal Revenue Service by this Act may be used to make a video unless the Service-Wide Video Editorial Board determines in advance that making the video is appropriate, taking into account the cost, topic, tone, and purpose of the video.**]**

SEC. **[**106**]***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. Section 9503(a) of title 5, United States Code, is amended by striking the clause "before September 30, 2013" and inserting "before September 30, 2018".

[SEC. 107. 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. 108. 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. 109. In addition to the amounts otherwise made available in this Act for the Internal Revenue Service, $92,000,000, to be available until September 30, 2015, shall be transferred by the Commissioner to the "Taxpayer Services", "Enforcement", or "Operations Support" accounts of the Internal Revenue Service for an additional amount to be used solely to improve the delivery of services to taxpayers, to improve the identification and prevention of refund fraud and identity theft, and to address international and offshore compliance issues: *Provided*, That such funds shall supplement, not supplant any other amounts made available by the Internal Revenue Service for such purpose: *Provided further*, That such funds shall not be available until the Commissioner submits to the Committees on Appropriations of the House of Representatives and the Senate a spending plan for such funds: *Provided further,* That such funds shall not be used to support any provision of Public Law 111–148, Public Law 111–152, or any amendment made by either such Public Law.**]**

SEC. 107. Section 9503 (a)(5) of title 5, United States Code, is amended by inserting before the semicolon the following: "renewable for an additional two years, based on a critical organizational need".

Administrative Provisions—Department of the Treasury

(Including Transfer of Funds)

SEC. 110. 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. 111. Not to exceed 2 percent of any appropriations in this title made available under the headings "Departmental Offices—Salaries and Expenses", "Office of Inspector General", "Special Inspector General for the Troubled Asset Relief Program", "Financial Crimes Enforcement Network", "Bureau of the Fiscal Service", and "Alcohol and Tobacco Tax and Trade Bureau" may be transferred between such appropriations upon the advance **[**approval**]** *notification* of the Committees on Appropriations of the House of Representatives and the Senate: *Provided*, That no transfer under this section may increase or decrease any such appropriation by more than 2 percent.

SEC. 112. Not to exceed 2 percent of any appropriation made available in this Act to the Internal Revenue Service may be transferred to the Treasury Inspector General for Tax Administration's appropriation upon the advance **[**approval**]** *notification* of the Committees on Appropriations of the House of Representatives and the Senate: *Provided*, That no transfer may increase or decrease any such appropriation by more than 2 percent.

SEC. 113. 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. 114. 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. 115. None of the funds appropriated or otherwise made available by this or any other Act may be used by the United States Mint to construct or operate any museum without **[**the explicit approval of**]** *prior notification to* 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. 116. None of the funds appropriated or otherwise made available by this or any other Act or source to the Department of the Treasury, the Bureau of Engraving and Printing, and the United States Mint, individually or collectively, may be used to consolidate any or all functions of the Bureau of Engraving and Printing and the United States Mint without [the explicit approval of] *prior notification to* 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. 117. 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 2014 until the enactment of the Intelligence Authorization Act for Fiscal Year 2014.

SEC. 118. 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. 119. 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, [the Working Capital 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. 120. (a) Not later than 2 weeks after the end of each quarter, the Office of Financial Stability and the Office of Financial Research shall submit reports on their activities to the House and the Senate Committees on Appropriations, the Committee on Financial Services of the House of Representatives and the Senate Committee on Banking, Housing, and Urban Affairs. (b) The reports required under subsection (a) shall include—(1) the obligations made during the previous quarter by object class, office, and activity; (2) the estimated obligations for the remainder of the fiscal year by object class, office, and activity; (3) the number of full-time equivalents within each office during the previous quarter; (4) the estimated number of full-time equivalents within each office for the remainder of the fiscal year; and (5) actions taken to achieve the goals, objectives, and performance measures of each office. (c) At the request of any such Committees specified in subsection (a), the Office of Financial Stability and the Office of Financial Research shall make officials available to testify on the contents of the reports required under subsection (a).]

[SEC. 121. Within 45 days after the date of enactment of this Act, the Secretary of the Treasury shall submit an itemized report to the Committees on Appropriations of the House of Representatives and the Senate on the amount of total funds charged to each office by the Working Capital Fund including the amount charged for each service provided by the Working Capital Fund to each office and a detailed explanation of how each charge for each service is calculated.]

SEC. 120. Section 1324 of Title 31, United States Code, is amended by adding at the end thereof the following new subsection: "(c) Amounts appropriated under subsection (a) of this section shall be administered, as appropriate, as if they were made available through separate appropriations to the Secretary of the Treasury, the Secretary of Homeland Security, and the Attorney General. Funds so appropriated shall be available to the Secretary of the Treasury for refunds by the Internal Revenue Service of taxes collected pursuant to the Internal Revenue Code and related interest; separately to the Secretary of the Treasury for refunds and drawbacks of *alcohol, tobacco, firearms and ammunition taxes and refunds of other taxes which may arise and any interest on such refunds, including payment of claims for prior fiscal years; to the Secretary of Homeland Security for refunds and drawbacks of receipts collected pursuant to the customs revenue functions administered by the Department of Homeland Security pursuant to delegation by the Secretary of the Treasury and any interest on such refunds, including payment of claims for prior fiscal years; and to the Attorney General for refunds of firearms taxes and refunds of other taxes which may arise and any interest on such refunds, including payment of claims for prior fiscal years."*

Section 120 refers to funds appropriated or otherwise made available to the Secretary of the Treasury, the Secretary of Homeland Security, and the Attorney General for refunds of taxes and related interest on such refunds, drawbacks, and payments of claims for prior fiscal years. This provision will alleviate the need for the Internal Revenue Service to make such refunds, drawbacks and payments on behalf of the other federal agencies, and will minimize the administrative and accounting burdens associated with this process. This proposal will not create any new spending.

SEC. 121. (a) Section 5112(t)(6)(B) of Title 31, United States Code, is amended by striking "90 percent silver and 10 percent copper" and inserting in its place "no less than 90 percent silver." (b) Section 5132(a)(2)(B)(i) of Title 31, United States Code, is amended by striking "90 percent silver and 10 percent copper" and inserting in its place "no less than 90 percent silver."

Section 121 would provide flexibility in the composition of the coins in silver proof sets, which would improve efficiency in the process of manufacturing these sets thus lowering its production costs.

SEC. 122. Section 5112(r)(5) of Title 31, United States Code, is amended by inserting "for circulation" after both instances of "minted and issued."

Section 122 would limit the requirement that the number of $1 coins minted and issued in a year with the Sacagawea-design on the obverse be not less than 20 percent of the total number of $1 coins minted and issued in a year to $1 coins minted and issued for circulation. The limitation of the 20 percent requirement to circulating coins avoids the need to mint and issue Native American $1 coins in excess of the amounts that numismatic customers demand.

SEC. 123. Of the funds made available by this Act to the Internal Revenue Service and Alcohol Tobacco Tax and Trade Bureau, not less than $9,445,157,000 shall be specified to pay for the costs of 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.

(Department of the Treasury Appropriations Act, 2014.)

Mandatory Funding Levels for the FY 2015 President's Budget - Treasury Chapter

(dollars in millions)

(includes legislative proposals)

Appropriations (Dollars in Millions)	FY 2013 Enacted	FY 2014 Estimated	FY 2015 Estimated	FY 2014 to FY 2015 $ Change	FY 2014 to FY 2015 % Change
Refunding Internal Revenue Collections, Interest	2,803	3,280	3,478	198	6.0%
Payment to the Resolution Funding Corporation	2,503	2,628	2,628	0	0.0%
Interest on Uninvested Funds	23	24	24	0	0.0%
Restitution of Forgone Interest	20	1,216	0	-1,216	-100.0%
Federal Interest Liabilities to States	0	2	2	0	0.0%
Interest Paid To Credit Financing Accounts	8,488	13,613	14,432	819	6.0%
Interest on Public Debt	415,670	427,219	454,903	27,684	6.5%
Other Interest	-38,382	-$53,377	-56,776	-3,399	6.4%
INTEREST PAYMENTS:	**$391,125**	**$394,605**	**$418,691**	**$24,086**	**6.1%**
MANDATORY ACCOUNTS:					
Terrorism Insurance Program	2	113	179	$66	58.4%
GSE Preferred Stock Purchase Agreements	45,535	0	0	$0	0.0%
GSE Mortgage-Backed Securities Purchase Program	594	8	9	$1	12.5%
Office of Financial Stability	305	220	184	-$36	-16.4%
Troubled Asset Relief Program (TARP)	43	82	0	-$82	-100.0%
Troubled Asset Relief Program Equity Purchase Program	440	0	0	$0	0.0%
Grants for Specified Energy Property	5,153	4,665	1,695	-$2,970	-63.7%
Small Business Lending Fund Program Account	52	46	17	-$29	-63.0%
State Small Business Credit Initiative	1	1,500	0	-$1,500	-100.0%
Community Development Financial Institution Fund Program Account	1	1	1	$0	0.0%
Exchange Stabilization Fund	130	221	249	$28	12.7%
Presidential Election Campaign Fund	35	30	32	$2	6.7%
Financial Research Fund	33	101	115	$14	13.9%
Treasury Forfeiture Fund	1,628	-71	1,279	$1,350	-1901.4%
Federal Financing Bank	2,706	2,563	2,431	-$132	-5.2%
Comptroller of the Currency	1,006	1,081	1,081	$0	0.0%
Fiscal Service	107	88	105	$17	19.3%
Reimbursement to Federal Reserve Banks	108	110	110	$0	0.0%
Payment of Government Losses in Shipment	0	1	1	$0	0.0%
Financial Agent Services	607	636	629	-$7	-1.1%
Payment to FRA for AMTRAK Debt Restructuring	55	0	0	$0	0.0%
Federal Reserve Bank Reimbursement Fund	377	395	395	$0	0.0%
Payment to the Santee Sioux Tribe Development Trust Fund	0	7	0	-$7	-100.0%
Payment to the Yankton Sioux Tribe Development Trust Fund	0	33	0	-$33	-100.0%
Claims, Judgments and Relief Acts	5,125	2,327	1,089	-$1,238	-53.2%
Check Forgery Insurance Fund	16	20	20	$0	0.0%
Continued Dumping and Subsidy Offset	88	82	88	$6	7.3%
Cheyenne River Sioux Tribe Terrestrial Wildlife Habitat Restoration	2	2	2	$0	0.0%
Gulf Coast Restoration Trust Fund	307	317	323	$6	1.9%
Santee Sioux Tribe Development Trust Fund	0	7	0	-$7	-100.0%
Yankton Sioux Tribe Development Trust Fund	0	31	0	-$31	-100.0%
Internal Revenue Collections for Puerto Rico	349	422	425	$3	0.7%
Payment Where Earned Income Credit Exceeds Liability for Tax	57,513	58,585	58,368	-$217	-0.4%
Payment Where Child Credit Exceeds Liability for Tax	21,608	21,698	21,720	$22	0.1%
Payment Where Health Coverage Tax Credit Exceeds Liability for Tax	121	32	0	-$32	-100.0%
Payment where Alternative Minimum Tax Credit Exceeds Liability for Tax	169	130	70	-$60	-46.2%
Payment where Tax Credit to Aid First-Time Homebuyers Exceeds Liability for Tax	17	5	0	-$5	-100.0%
Payment where Certain Tax Credit Exceeds Liability for Corporate Tax	190	5	0	-$5	-100.0%
Payment Where American Opportunity Credit Exceeds Liability for Tax	4,041	6,165	6,274	$109	1.8%
Making Work Pay Tax Credit	11	5	0	-$5	-100.0%
Build American Bond Payments, Recovery Act	3,899	3,823	4,120	$297	7.8%
Payment Where COBRA Credit Exceeds Liability for Tax	30	10	0	-$10	-100.0%
Payment to Issuer of Qualified Zone Academy Bonds	51	49	53	$4	8.2%
Payment to Issuer of Qualified School Construction	699	688	741	$53	7.7%
Payment to Issuer of New Clean Renewable Energy Bonds	29	27	29	$2	7.4%
Payment to Issuer of Qualified Energy Conservation Bonds	29	30	32	$2	6.7%
Payment Where Adoption Credit Exceeds Liability for Tax	143	20	0	-$20	-100.0%
Payment Where Small Business Health Insurance Tax Credit Exceeds Liability for Tax	75	88	113	$25	28.4%
Therapeutic Discovery Program Grants and Administration	1	0	0	$0	0.0%
Federal Tax Lien Revolving Fund	2	3	2	-$1	-33.3%
IRS Miscellaneous Retained Fees	353	333	340	$7	2.1%
IRS Informant Payments	53	139	75	-$64	-46.0%
Refundable Premium Tax Credit and Cost Sharing Reductions	0	36,748	60,082	$23,334	63.5%
Payment in Lieu of Tax Credits for Promise Zones	0	0	11	$11	0.0%
Pay for Success	0	0	300	$300	0.0%
America Fast Forward Bonds	0	0	266	$266	0.0%
Travel Promotion Fund	95	93	100	$7	7.5%
Offsets:					
Treasury Mandatory Offsetting Receipts	-115,073	-81,586	-23,389	$58,197	-71.3%
Subtotal, MANDATORY ACCOUNTS	**$38,861**	**$62,128**	**$139,766**	**$77,638**	**125.0%**
TOTAL, DEPARTMENT OF THE TREASURY	**$429,986**	**$456,733**	**$558,457**	**$101,724**	**22.3%**

Total Treasury Department Mandatory Budget

The Treasury Department Mandatory Budget includes $558 billion dollars in interest payments, mandatory accounts, and offsetting collections (offsets). These accounts and the estimated budget authority are summarized above. Account totals include the effects of FY 2015 policy proposals. For more detailed descriptions of each account, please see the Department of the Treasury chapter in the FY 2015 Appendix, Budget of the U.S. Government at:
http://www.whitehouse.gov/omb/budget.

Interest Payments - $419 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 Refunding Internal Revenue Collections, Interest, Payment to the Resolution Funding Corporation, Interest on Uninvested Funds, Restoration of Foregone Interest, Federal Interest Liabilities to the States, Interest Paid to Credit Financing Accounts, , and Interest on the Public Debt.

Mandatory Accounts - $139 billion

These are accounts for which the Congress has given the Department of Treasury permanent authority to expend funds as appropriations. These include permanent authority appropriations that fund a number of programs under Treasury jurisdiction such as the Terrorism Risk Insurance Program; the Small Business Lending Fund and the State Small Business Credit Initiative. This also includes programs run out of the Office of Financial Stability, including the Troubled Asset Relief Program (TARP). Other accounts that fall under mandatory programs include all Internal Revenue Service refundable tax credit accounts, certain user fees, and informant payments, as well as Grants for Specified Energy Property, and Therapeutic Discovery Program Grants. The Department is also a custodian for a number of government accounts and funds listed in this section and further detailed in the FY 2015 Appendix, Budget of the U.S. Government.

Offsetting Collections Payments - $23 billion

Offsets collections include payments to the Government that, by law, are credited directly to expenditure accounts and deducted from gross budget authority and outlays of the expenditure account.

Treasury's Offsetting Collections accounts include the non-budgetary accounts that record all cash flows to and from the Government resulting from direct loans obligated in FY 2008 and beyond (including modifications of direct loans that resulted from obligations in any year).