Message from the Secretary of the Treasury

Dear Member:

The Fiscal Year (FY) 2019 President's Budget capitalizes on Treasury's ongoing drive for efficiencies and improves stewardship of taxpayer dollars by focusing on the Department's core financial responsibilities. The Budget requests $12.3 billion for Treasury's operating bureaus and $1.4 billion for our international programs.

Consistent with the Administration's priorities, the Budget provides increased resources for the Office of Terrorism and Financial Intelligence and the Financial Crimes Enforcement Network to combat terrorist financing, proliferation financing, and other forms of illicit finance. These additional resources will be deployed to economically isolate North Korea, stand up the Terrorist Financing Targeting Center in Saudi Arabia, implement the Countering America's Adversaries Through Sanctions Act, and counter the financial networks that support terrorists, organized transnational crime, weapons of mass destruction proliferators, and other threats. As Chair of the Committee on Foreign Investment in the United States (CFIUS), I also look forward to working with Congress to strengthen national security by bolstering the CFIUS review process.

The Budget includes $11.1 billion for the Internal Revenue Service from base discretionary appropriations to collect more than $3 trillion in revenue and continue administering the first comprehensive tax reform legislation in over 30 years, which delivers tax cuts to families, makes the tax code simpler and fairer for everyone, and makes American businesses more competitive. In addition, the Budget requests new and continuing investments funded through a program integrity cap adjustment to strengthen the enforcement of tax law, returning $28.8 billion to taxpayers over ten years.

The Budget includes reform proposals that were identified as directed in the Executive Order on a Comprehensive Plan for Reorganizing the Executive Branch. Treasury's reform plan includes proposals that will drive efficiency and effectiveness within the Department and across government. Reflecting the significant breadth and depth of the Department's mission, Treasury's reform plan aims to consolidate overlapping functions within Treasury and with other agencies, modernize program administration, and streamline organizational structures and management layers.

The FY 2019 Congressional Budget Justification includes the information required for the Annual Performance Report. I have validated the accuracy, completeness, and reliability of the performance data in this report.

Sincerely,

Steven T. Mnuchin

Steven T. Mnuchin

U.S. Department of the Treasury
FY 2019 Budget in Brief

Summary of FY 2019 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 2019 Budget in Brief is accurate and complete as of February 12, 2018. Any updates will be reflected in the budget available on the Department of the Treasury website, www.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 2019 President's Budget Discretionary Appropriation Request

Dollars in Thousands

	FY 2017 Enacted	FY 2018 Annualized CR Rate	FY 2019 Request	FY 2017 Enacted to FY 2019 Increase/ Decrease	FY 2017 Enacted to FY 2019 Percent Change
Management & Financial	$1,473,456	$1,463,449	$1,181,636	($291,820)	-19.81%
Departmental Offices Salaries and Expenses	$224,376	$222,852	$201,751	($22,625)	-10.08%
Terrorism and Financial Intelligence	$123,000	$122,165	$159,000	$36,000	29.27%
Cybersecurity Enhancement	$47,743	$47,419	$25,208	($22,535)	-47.20%
Department-wide Systems and Capital Investments Program	$3,000	$2,980	$4,000	$1,000	33.33%
Office of Inspector General	$37,044	$36,792	$36,000	($1,044)	-2.82%
Treasury IG for Tax Administration	$169,634	$168,482	$161,113	($8,521)	-5.02%
Special Inspector General for TARP	$41,160	$40,880	$17,500	($23,660)	-57.48%
Community Development Financial Institutions Fund	$248,000	$246,316	$14,000	($234,000)	-94.35%
Financial Crimes Enforcement Network	$115,003	$114,222	$117,800	$2,797	2.43%
Alcohol and Tobacco Tax and Trade Bureau	$111,439	$110,682	$114,427	$2,988	2.68%
Bureau of the Fiscal Service	$353,057	$350,659	$330,837	($22,220)	-6.29%
Tax Administration[1]	$11,235,000	$11,158,703	$11,135,000	($100,000)	-0.89%
IRS Taxpayer Services	$2,455,754	$2,349,688	$2,241,000	($214,754)	-8.74%
IRS Enforcement	$4,640,000	$4,606,996	$4,628,204	($11,796)	-0.25%
IRS Operations Support	$3,849,246	$3,913,988	$4,155,796	$306,550	7.96%
IRS Business Systems Modernization	$290,000	$288,031	$110,000	($180,000)	-62.07%
IRS Cap Adjustment[2]	*$0*	*$0*	*$361,571*	*$361,571*	*NA*
IRS Total, Including Cap Adjustment	***$11,235,000***	***$11,158,703***	***$11,496,571***	***$261,571***	*2.33%*
Subtotal, Treasury Appropriations excluding Cap Adjustment and TEOAF	**$12,708,456**	**$12,622,152**	**$12,316,636**	**($391,820)**	**-3.08%**
Treasury Forfeiture Fund Total[3]	($1,302,000)	($1,302,000)	($400,000)	$902,000	-69.28%
Temporary Rescission	($988,000)	($988,000)		$988,000	-100.00%
Permanent Rescission	($314,000)	($314,000)	($400,000)	($86,000)	27.39%
Subtotal, Treasury Appropriations including TEOAF	**$11,406,456**	**$11,320,152**	**$11,916,636**	**$510,180**	**4.47%**
Treasury International Programs	$1,800,577	$1,788,349	$1,446,422	($354,155)	-19.67%
Multilateral Development Banks	$1,571,014	$1,560,345	$1,348,122	($222,892)	-14.19%
Food Security	$53,000	$52,640	$0	($53,000)	-100.00%
Environmental Trust Funds	$146,563	$145,568	$68,300	($78,263)	-53.40%
Office of Technical Assistance	$30,000	$29,796	$30,000	$0	0.00%
Total, Treasury Appropriations	**$13,207,033**	**$13,108,501**	***$13,363,058***	**$156,025**	**1.18%**

1/ IRS FY 2017 Enacted levels include $220 million transfer from Enforcement to Taxpayer Services ($90 million) and Operations Support ($130 million). IRS FY 2018 Annualized CR levels include notional $220 million transfer from Enforcement to Operations Support.

2/ IRS Program Integrity Cap Adjustment includes $205 million for Enforcement and $157 million for Operations Support.

3/ In FY 2017 and FY 2018, it includes ($187,000,000) of the DHS Rescission (temporary).

OVERVIEW OF REQUEST

The Budget requests $12.3 billion in base discretionary resources for the Department of the Treasury's domestic programs, a $392 million or 3 percent decrease from the FY 2017 enacted level. It also requests $1.4 billion for Treasury's international programs, a $354 million or 19.7 percent decrease from the FY 2017 enacted level. The Budget:

- Provides $159 million for Treasury's Office of Terrorism and Financial Intelligence (TFI), a $36 million increase over the FY 2017 enacted level; and $118 million for the Financial Crimes Enforcement Network (FinCEN), a $3 million increase over the FY 2017 enacted level. These increases will allow TFI and FinCEN to continue their critical work safeguarding the financial system from abuse and combating other national security threats using non-kinetic economic tools. These additional resources will be deployed to economically isolate North Korea, stand up the Terrorist Financing Targeting Center in Saudi Arabia, implement the Countering America's Adversaries Through Sanctions Act, and counter the financial networks that support terrorists, organized transnational crime, weapons of mass destruction proliferators, and other threats.

- Provides $11.1 billion for the Internal Revenue Service (IRS) from base discretionary appropriations to collect more than $3 trillion in revenue and continue administering the first comprehensive tax reform legislation in over 30 years. This funding includes $199 million to further invest in cybersecurity safeguards for taxpayer data and empower taxpayers with modern customer service options.

    - In addition to base discretionary resources, the Budget proposes a program integrity initiative to support deficit reduction and narrow the gap between taxes owed and taxes paid. The FY 2019 Budget investment is $362 million. Additional resources will be provided in later years. These investments will generate approximately $43.8 billion in additional revenue and will cost approximately $15 billion, yielding estimated net savings of $28.8 billion over ten years.

- Provides $25 million to proactively and strategically protect the Treasury information technology (IT) systems that carry out these activities as well as those that account for, and process, trillions of dollars in revenue and payments from cybersecurity threats.

- Proposes to impose appropriate Congressional oversight of the Treasury Financial Stability Oversight Council and Office of Financial Research (OFR) by subjecting their activities to the normal appropriations process. The Budget reflects continued reductions in OFR spending commensurate with the renewed fiscal discipline being applied across the Federal Government.

- Eliminates funding for the Community Development Financial Institutions (CDFI) Fund's discretionary grant and direct loan programs, a savings of $234 million from the FY 2017 enacted level. The CDFI Fund was created more than 20 years ago to increase access to capital and financial services in communities characterized by high rates of poverty and unemployment, low incomes, and other economic challenges. The Budget assumes that CDFIs have access to other sources of capital. However, the Budget maintains funding for administrative expenses to support ongoing CDFI Fund program activities, including the New Markets Tax Credit program, and proposes to extend the CDFI Bond Guarantee Program, which offers CDFIs low-cost, long-term financing at no cost to taxpayers, because the program requires no credit subsidy.

- Proposes to provide the Bureau of Engraving and Printing (BEP) with the authority to vacate its aging production facility, purchase land, and construct a new facility in the National Capital Region, which would result in an estimated 10-year savings of $579 million in lower project costs, ultimately lowering operating costs.

- Provides $1.4 billion for Treasury's International Programs to support the most critical investments in multilateral development institutions, while ensuring that U.S. contributions are set at an appropriate level relative to our partner countries. The proposed funding level meets current year U.S. commitments to international financial institutions and maintains funding for the Office of Technical Assistance.

REFORM PROPOSALS

Treasury's reform plan includes proposals that will drive efficiency and effectiveness within the Department and across government.

- Treasury proposes consolidating coordination of the federal government's financial education programs, which are currently spread across more than 20 executive agencies.

- In coordination with the Department of Justice's Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF), Treasury's Alcohol and Tobacco Tax and Trade Bureau (TTB) proposes to assume responsibility for federal tobacco and alcohol tax jurisdiction.

- Treasury proposes to merge certain functions currently performed by both BEP and United States Mint, such as the sales and marketing of collectible products and non-IT procurement.

- In light of a declining number of private American printing firms providing secure printing for official documents (birth, marriage, and death certificates), Treasury will offer intaglio printing services to states and local governments using BEP's secure printing technology.

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

	2017 Actual			2018 Annualized CR Rate			2019 President's Budget		
Appropriation	**Direct**	**Reimb.**	**Total**	**Direct**	**Reimb.**	**Total**	**Direct**	**Reimb.**	**Total**
Departmental Offices Salaries and Expenses	856	99	**955**	856	100	**956**	646	58	**704**
Terrorism and Financial Intelligence	395	33	**428**	421	36	**457**	518	36	**554**
Cybersecurity Enhancement	-	-	**-**	19	-	**19**	19	-	**19**
Office of Inspector General	158	7	**165**	175	5	**180**	175	5	**180**
Treasury Inspector General for Tax Administration	800	2	**802**	800	2	**802**	800	2	**802**
Special Inspector General for TARP	139	-	**139**	140	-	**140**	85	-	**85**
Community Development Financial Institutions Fund	74	-	**74**	74	-	**74**	42	-	**42**
Financial Crimes Enforcement Network	274	1	**275**	304	1	**305**	332	1	**333**
Alcohol and Tobacco Tax and Trade Bureau	478	10	**488**	507	10	**517**	492	10	**502**
Bureau of the Fiscal Service	2,084	10	**2,094**	2,110	10	**2,120**	2,089	10	**2,099**
Internal Revenue Service funded from regular appropriations	76,831	854	**77,685**	73,870	1,034	**74,904**	70,876	553	**71,429**
Internal Revenue Service funded from proposed program integrity cap adjustment							1,691		**1,691**
Subtotal, Treasury Appropriated Level	**82,089**	**1,016**	83,105	**79,276**	**1,198**	80,474	**77,765**	**675**	78,440
Office of Financial Stability (Administrative Account)	52	-	**52**	34	-	**34**	24	-	**24**
Small Business Lending Fund Program	8	-	**8**	8	-	**8**	6	-	**6**
State Small Business Credit Initiative	9	-	**9**	-	-	**-**	-	-	**-**
Capital Magnet Fund	4	-	**4**	5	-	**5**	5	-	**5**
Office of Financial Research	236	-	**236**	208	-	**208**	158	-	**158**
Financial Stability Oversight Council	-	-	**-**			**-**			**-**
Treasury Franchise Fund	-	1,702	**1,702**	-	1,770	**1,770**	-	1,977	**1,977**
Bureau of Engraving and Printing	-	1,818	**1,818**	-	1,842	**1,842**	-	1,836	**1,836**
United States Mint	-	1,645	**1,645**	-	1,705	**1,705**	-	1,705	**1,705**
Office of the Comptroller of the Currency	-	3,908	**3,908**	-	3,945	**3,945**	-	3,987	**3,987**
Terrorism Insurance Program	5	-	**5**	9	-	**9**	9	-	**9**
IRS Private Collection Agent Program	-	-	**-**	10	-	**10**	110	-	**110**
Subtotal, Treasury Non-Appropriated Level	**314**	**9,073**	9,387	**274**	**9,262**	9,536	**312**	**9,505**	9,817
Total, Treasury	**82,403**	**10,089**	**92,492**	**79,550**	**10,460**	**90,010**	**78,077**	**10,180**	**88,257**

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

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

FY 2019 President's Budget by Strategic Goal
(Dollars in Thousands)

Treasury Goal/Objective	Boost U.S. Economic Growth	Promote Financial Stability	Enhance National Security	Transform Government-wide Financial Stewardship	Achieve Operational Excellence	Total
Management & Financial	$372,755	$21,926	$300,347	$410,146	$76,462	$1,181,636
Departmental Offices Salaries and Expenses	$84,615	$20,275	$23,547	$24,409	$48,905	$201,751
Terrorism and Financial Intelligence			$159,000			$159,000
Cybersecurity Enhancement		$1,651			$23,557	$25,208
Department-wide Systems and Capital Investments Program					$4,000	$4,000
Office of Inspector General				$36,000		$36,000
Treasury Inspector General for Tax Administration	$161,113					$161,113
Special Inspector General for TARP				$17,500		$17,500
Community Development Financial Institutions Fund	$12,600			$1,400		$14,000
Financial Crimes Enforcement Network			$117,800			$117,800
Alcohol and Tobacco Tax and Trade Bureau	$114,427					$114,427
Bureau of the Fiscal Service				$330,837		$330,837
Tax Administration	$11,135,000					$11,135,000
IRS Taxpayer Services	$2,241,000					$2,241,000
IRS Enforcement	$4,628,204					$4,628,204
IRS Operations Support	$4,155,796					$4,155,796
Business Systems Modernization	$110,000					$110,000
IRS Cap Adjustment[2]	*$361,571*					*$361,571*
IRS Total, Including Cap Adjustment	***$11,496,571***	***$0***	***$0***	***$0***	***$0***	***$11,496,571***
Total, Treasury Appropriations Committee Excluding Cap Adjustment and TEOAF	**$11,507,755**	**$21,926**	**$300,347**	**$410,146**	**$76,462**	**$12,316,636**
Treasury International Programs		$30,000		$1,416,423		$1,446,423
Total, Appropriated Level[1]	**$11,507,755**	**$51,926**	**$300,347**	**$1,826,569**	**$76,462**	**$13,763,059**
Non-Appropriated Accounts						
Office of Financial Stability (Administrative Account)				$63,065		$63,065
Terrorism Risk Insurance (Administrative)			$3,000			$3,000
Financial Stability Oversight Council	$5,527	$5,527				$11,054
Office of Financial Research	$37,636	$37,636				$75,271
Bureau of Engraving and Printing	$896,430					$896,430
United States Mint	$2,970,276					$2,970,276
Office of the Comptroller of the Currency	$1,004,977	$251,244				$1,256,221
Federal Reserve Bank				$608,000		$608,000
Reimbursable to the Federal Reserve Banks				$157,500		$157,500
Financial Agent Services				$832,500		$832,500
Total, Non-Appropriated Level	**$4,914,845**	**$294,407**	**$3,000**	**$1,661,065**	**$0**	**$6,873,317**
Grand Total	**$16,422,600**	**$346,333**	**$303,347**	**$3,487,634**	**$76,462**	**$20,636,376**

1/ Total does not include the proposed $400 million Forfeiture Fund permanent cancellation.
2/ IRS Program Integrity Cap Adjustment includes $205 million for Enforcement and $157 million for Operations Support which would be added to the Economic Growth goal.

Summary of FY 2019 Increases and Decreases

(Dollars in Thousands)

	DO	TFI	Cyber	DSCIP	OIG	TIGTA	SIGTARP	CDFI	FinCEN	TTB	FS	IRS	Subtotal	TEOAF	Total
FY 2018 Annualized CR Rate	**$222,852**	**$122,165**	**$47,419**	**$2,980**	**$36,792**	**$168,482**	**$40,880**	**$246,316**	**$114,222**	**$110,682**	**$350,659**	**$11,158,703**	**$12,622,152**	**($1,302,000)**	**$11,320,152**
Maintaining Current Levels (MCLs)	$1,862	$1423			$305	$1233	$213	$177	$1421	$1,027	$3,286	$93,693	$104,640		$104,640
Non-Recurring Costs			(22,629)	($2,980)							($19,822)		($45,431)	$902,000	$856,569
Efficiency Savings/Reinvestment	($22,963)						($14,093)			($450)			($37,506)		($37,506)
Adjustments to Base	**($21,101)**	**$1,423**	**($22,629)**	**($2,980)**	**$305**	**$1,233**	**($13,880)**	**$177**	**$1,421**	**$577**	**($16,536)**	**$93,693**	**$21,703**	**$902,000**	**$923,703**
FY 2019 Base	**$201,751**	**$123,588**	**$24,790**	**$0**	**$37,097**	**$169,715**	**$27,000**	**$246,493**	**$115,643**	**$111,259**	**$334,123**	**$11,252,396**	**$12,643,855**	**($400,000)**	**$12,243,855**
Program Decreases					($1,097)	($8,602)	($9,500)	($232,493)	($1,161)	($7,632)	($3,286)	($316,727)	($580,498)		($580,498)
Program Increases		35,412	$418	$4,000					3,318	10,800		$199,331	$253,279		$253,279
Subtotal, Program Changes	**$0**	**$35,412**	**$418**	**$4,000**	**($1,097)**	**($8,602)**	**($9,500)**	**($232,493)**	**$2,157**	**$3,168**	**($3,286)**	**($117,396)**	**($327,219)**	**$0**	**($327,219)**
FY 2019 President's Budget funded from discretionary resources	**$201,751**	**$159,000**	**$25,208**	**$4,000**	**$36,000**	**$161,113**	**$17,500**	**$14,000**	**$117,800**	**$114,427**	**$330,837**	**$11,135,000**	**$12,316,636**	**($400,000)**	**$11,916,636**
Program Integrity Cap Adjustment												*$361,571*	*$361,571*		*$361,571*
FY 2019 President's Budget including program integrity cap adjustment	***$201,751***	***$159,000***	***$25,208***	***$4,000***	***$36,000***	***$161,113***	***$17,500***	***$14,000***	***$117,800***	***$114,427***	***$330,837***	***$11,496,571***	***$12,678,207***	***($400,000)***	***$12,278,207***

Departmental Offices Salaries and Expenses

Program Summary by Budget Activity

Dollars in Thousands

DO Salaries and Expenses	FY 2017 Enacted	FY 2018 Annualized CR	FY 2019 Request	FY 2018 TO FY 2019 $ Change	% Change
Executive Direction	$39,127	$38,937	$37,004	($1,933)	-4.96%
Domestic Finance and Tax Policy	$81,719	$80,948	$71,070	($9,878)	-12.20%
International Affairs and Economic Policy	$60,402	$60,082	$54,506	($5,576)	-9.28%
Treasury-wide Management and Programs	$43,128	$42,885	$39,171	($3,714)	-8.66%
Subtotal, DO SE	**$224,376**	**$222,852**	**$201,751**	**($21,101)**	**-9.00%**
Offsetting Collections - Reimbursables	$76,458	$80,000	$12,066	($67,934)	-84.92%
Total Program Operating Level	**$76,458**	**$80,000**	**$12,066**	**$500**	**100.00%**
Direct FTE	856	856	646	(210)	-24.53%
Reimbursable FTE	99	100	58	(42)	-42.00%
Total FTE	**955**	**956**	**704**	**(252)**	**-26.36%**

Notes:
1. FY 2017 FTE are actuals.
2. Excluded from the Appropriations Detail table is $28,000 for FY 2017 and $27,810 for FY 2018. These amounts represent administrative support for Terrorism and Financial Intelligence.
3. The FY 2017 Enacted column reflects levels appropriated in H.R. 255, the Consolidated Appropriations Act of 2017. For further details on the execution of these resources see the 2019 Budget Appendix chapter for the Department of the Treasury.

Summary

The Department of the Treasury's (Treasury) Strategic Plan guides program and budget decisions for the Departmental Offices (DO). The FY 2019 Budget Request supports DO's leading role in accomplishing Treasury's strategic goals and related strategic objectives:

- Boost U.S. Economic Growth
- Promote Financial Stability
- Enhance National Security
- Transform Government-wide Financial Stewardship
- Achieve Operational Excellence

Staffing and Full-Time Equivalent (FTE) Reduction

The Budget re-emphasizes the FTE reductions Treasury committed to in the FY 2018 President's Budget. DO continues to streamline its workforce by finding more efficient ways to manage its programs and support the Presidential Executive Order for reorganizing the Executive Branch to improve the efficiency, effectiveness, and accountability of federal agencies.

Transfer of Administrative Support Programs to the Treasury Franchise Fund

The Budget proposes to transfer approximately $148.109 million and 165 direct FTE and 42 reimbursable FTE for direct and reimbursable DO administrative services to the Treasury Franchise Fund to consolidate broad-scale administrative functions and capital investment activities into one account and to provide one governance process for reimbursable programs in DO. This transfer supports 22 customers and reimbursable agreements and 14 different programs. Budgetary Resources for DO administrative services would continue to be presented in the DO Salaries and Expenses (SE) account. DO SE will purchase administrative services from the Franchise Fund. Effective in FY 2019 the Fund will reflect the FTE associated with these services.

Financial Literacy

More than 20 agencies administer programs to educate Americans about financial topics – but the effectiveness of these programs is not known. Under the Treasury Department's leadership of the Financial Literacy and Education Commission, we will better coordinate financial literacy programs across government to increase effectiveness and reduce fragmentation. Evaluating existing programs will help identify best practices and areas for streamlining. This approach will ensure that federal financial education activities are coordinated around a shared set of government-wide goals, meet federal standards for effectiveness, and leverage best practices.

FY 2019 Budget Highlights

Dollars in Thousands

DO Salaries and Expenses	FTE	Amount
FY 2018 Annualized CR	**856**	**$222,852**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$1,862
Pay Annualization	0	$677
Non-Pay	0	$1,185
Efficiency Savings	(45)	($22,963)
Reduce Contracts, Supplies, and Equipment	0	($8,266)
Streamline Staffing	(45)	($14,697)
Transfers	(165)	$0
Centralized Treasury Administrative Services to the Treasury Franchise Fund	(165)	$0
Subtotal Changes to Base	(210)	($21,101)
Total FY 2019 Request	**646**	**$201,751**

FY 2019 Budget Adjustments

Adjustments to Request

Maintaining Current Levels +$1,862,000 / +0 FTE

Pay Annualization +$677,000 / +0 FTE

Funds are requested for annualization of the January 2018 pay-raise.

Non-Pay +$1,185,000 / +0 FTE

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

Efficiency Savings -$22,963,000 / -45 FTE

Reduce Contracts, Supplies, and Equipment -$8,266,000 / +0 FTE

DO will achieve savings through reductions to non-labor activities, such as service contracts, equipment, and supplies. These savings include potential reductions in advisory services, electronic data and periodical subscriptions, warehouse footprint, janitorial and landscaping services, FOIA assistance, and contractual support related to the American Recovery and Reinvestment Act.

Streamline Staffing -$14,697,000 / -45 FTE

To align with the Administration's goal to rebuild the national defense and invest in the Nation's most pressing security needs, DO is implementing a staffing streamlining effort to maximize effectiveness and efficiency while ensuring appropriate levels for meeting Treasury's mission and objectives.

Transfers +$0 / -165 FTE

Centralized Treasury Administrative Services to the Treasury Franchise Fund +$0 / -165 FTE

DO proposes to move administrative services to the Treasury Franchise Fund in FY 2019 to consolidate broad-scale administrative functions and capital investment activities into one account. It would also provide one governance process for reimbursable programs in DO. The Franchise Fund structure would allow for more effective capital investments over multiple fiscal years and provide stability during a continuing resolution for more efficient contract execution. Customers would benefit from the consolidation of like services, consistent POCs for service providers, less confusion during budget execution, and increased, direct customer involvement through joint governance. Administrative programs would benefit because they would budget for and execute all services in one account and be able to better leverage staff across functions. The move also would streamline cash management because services would be paid for in consistent monthly amounts rather than billed in arrears based on actuals.

Explanation of Budget Activities

Executive Direction ($37,004,000 from direct appropriations, $4,308,000 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 ($54,506,000 from direct appropriations, $1,888,000 from reimbursable resources)
Promotes economic growth in the U.S. by producing technical economic analyses for the Secretary and advancing U.S. economic and financial policy priorities around the world.

Domestic Finance and Tax Policy ($71,070,000 from direct appropriations, $5,609,000 from reimbursable resources)
Monitors and provides economic and financial policy expertise in the areas of domestic finance and tax policy.

Treasury-wide Management and Programs ($39,171,000 from direct appropriations, $261,000 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

The Budget includes a provision that allows the Office of Terrorism and Financial Intelligence to reimburse Departmental Offices—Salaries and Expenses for expenses incurred in such account for reception and representation expenses to support activities of the Financial Action Task Force.

Performance by Budget Activity

Budget Activity	Performance Measures	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Target	FY 2019 Target
Domestic Finance and Tax Policy	Variance Between Estimated and Actual Receipts (Annual Forecast)(%)	2.8	3.1	4.0	4.25	4.25
International Affairs and Economic Policy	IA - Timely Review of CFIUS Cases	100.0	100.0	100.0	100.0	100.0
Treasury-wide Management and Programs	Treasury-wide Leaders Lead Index of the Federal Employee Viewpoint Survey (FEVS)	54.0	55.0	56.0	57.0	58.0

Description of Performance

Variance between estimated and actual receipts (annual forecast) (percent): As part of managing the federal government's central operating account and cash position, the Office of Fiscal Projections (OFP) forecasts net cash flows (e.g., federal receipts, 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. A lower variance is better. The actual variance for FY 2017 was 4.0 percent, which is significantly lower than the

4.25 percent target. Therefore, OFP achieved the goal. The targets for FY 2018 and FY 2019 are 4.25 percent.

- Timely Review of CFIUS Cases: This measure tracks compliance with statutory deadlines for completing national security reviews of transactions notified to the CFIUS to ensure that the CFIUS process is timely and efficient. The target (100 percent) was met in FY 2017. Office of International Affairs' target for this measure in FY 2018 and FY 2019 is 100 percent.

- Treasury-wide "Leaders Lead" Index of Federal Employee Viewpoint Survey (FEVS): Treasury also set the goal to increase the "Leaders Lead" index above FY 2015 results. Treasury's score for the Leaders Lead Index increased from 54 percent in FY 2015 to 55 percent in FY 2016, and Treasury's score led the government-wide average by two percentage points. This Index also increased from 55 percent in FY 2016 to 56 percent in FY 2017 and exceeded the government-wide rate by one percent.

Cybersecurity Enhancement Account

Program Summary by Budget Activity

Dollars in Thousands

Cybersecurity Enhancement Account	FY 2017 Enacted	FY 2018 Annualized CR	FY 2019 Request	FY 2018 TO FY 2019 $ Change	FY 2018 TO FY 2019 % Change
Cybersecurity Enhancement Account	$47,743	$47,419	$25,208	($22,211)	-46.84%
Total Program Operating Level	**$47,743**	**$47,419**	**$25,208**	**($22,211)**	**100.00%**
Direct FTE	1	19	19	0	0.00%
Total FTE	**1**	**19**	**19**	**0**	**0.00%**

Note: The FY 2017 Enacted column reflects levels appropriated in H.R. 255, the Consolidated Appropriations Act of 2017. For further details on the execution of these resources see the 2019 Budget *Appendix* chapter for the Department of the Treasury.

Summary

The Department's strategic plan guides program and budget decisions for the Cybersecurity Enhancement Account (CEA). The FY 2019 Budget Request supports two of the Treasury's FY 2018-2022 strategic goals: Promote Financial Stability and Achieve Operational Excellence.

Trillions of dollars are accounted for and processed by the Department of the Treasury's information technology (IT) systems, and therefore, they are a constant target for sophisticated threat actors. To more proactively and strategically protect Treasury systems against cybersecurity threats, the FY 2019 budget requests $25.208 million for the CEA. The account identifies and supports Department-wide investments for critical IT improvements, including the systems identified as High Value Assets (HVAs). Furthermore, the centralization of funds allows Treasury to more nimbly respond in the event of a cybersecurity incident as well as leverage enterprise-wide services and capabilities across the components of the Department.

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

FY 2019 Budget Highlights

Dollars in Thousands

Cybersecurity Enhancement Account	FTE	Amount
FY 2018 Annualized CR	**19**	**$47,419**
Changes to Base:		
Non-Recurring Costs	0	($22,629)
Evolving High Impact Fund	0	($14,899)
Enchancements to the Treasury Secure Data Network	0	($3,671)
Data Loss Protection Analytics Capabilities	0	($1,202)
Encrypted Traffic Inspection and Data Loss Prevention at the Fiscal Service Trusted Internet Connections (TIC)	0	($685)
Malware Content Filter	0	($2,172)
Program Increases:	0	$418
One-time Changes of Other Initiatives	0	$418
Subtotal Changes to Base	0	($22,211)
Total FY 2019 Base	**19**	**$25,208**
Total FY 2019 Request	**19**	**$25,208**

FY 2019 Budget Adjustments

Adjustments to Request

Non-Recurring Costs

Evolving High Impact Fund -$14,899,000 / -0 FTE

The Evolving High Impact Fund was funded at $14.9 million in FY 2017 for three years to ensure that new and ever-evolving threats can be rapidly addressed before they are exploited. Treasury leadership manages the fund, to include receiving solicitations from across the

Department and managing and allocating resources based on criteria and need at Treasury offices and bureaus. Treasury proposes in FY 2019 to discontinue the Evolving High Impact Fund to prioritize investment in other high priority areas and the operations and maintenance of continuing investments.

Enhancements to the Treasury Secure Data Network (TSDN) -$3,671,000 / -0 FTE

The FY 2019 level reflects the funding required to maintain investments made in FY 2017 and FY 2018. Funding will continue the strategic continuation of the multi-year plan to ensure that CEA-funded investments to the Treasury-wide SECRET collateral network support: increased overall stability and integrity; continued implementation of enhancements to modernize infrastructure; improved Disaster Recovery program and capability; increased timeliness of incident response and recovery; improved responsiveness and detection to cybersecurity threats; and enhanced security monitoring by the Government Security Operations Center.

The TSDN enhancements will also provide advanced toolsets for automated monitoring, as well as analyst review of outputs from these toolsets. These funds will also improve security operations, configuration management, and reporting.

Data Loss Protection Analytics Capabilities -$1,202,000 / -0 FTE

The FY 2019 level reflects the funding required to maintain investments made in FY 2017 and FY 2018. This funding supports enhancements to the Treasury enterprise security operations center analytical capabilities. These capabilities will enable faster detection and containment of attacks on Treasury's IT assets.

Encrypted Traffic Inspection and Data Loss Prevention at the Fiscal Service Trusted Internet Connections (TIC) -$685,000 / -0 FTE

The FY 2019 level reflects the funding required to maintain investments made in FY 2017 and FY 2018. This capability, installed at Treasury's enterprise internet gateways, enhances Treasury's ability to detect, investigate, and respond to unauthorized attempts to access and remove sensitive taxpayer and financial data from the Treasury network and bureau networks.

Malware Content Filter -$2,172,000 / -0 FTE

The FY 2019 level reflects the funding required to maintain investments made in FY 2017 and FY 2018. This capability, installed at Treasury's enterprise internet gateways, allows Treasury to identify and remove malicious attachments and links from web and email traffic before they reach the Treasury network. This reduces the risk of compromise for the entire Treasury network, as well as systems housed on that network, including High Value Assets.

Program Increases +$418,000 / +0 FTE

One-time Changes of Other Initiatives +$418,000, +0 FTE

This line reflects the net of six minor changes to CEA initiatives from the FY 2018 Annualized CR. These initiatives are: High Value Assets, Cybersecurity Infrastructure, Incident Response and Recovery, Cyber Risk and Threat Identification, Mitigation of Cyber Threats to Financial Services Sector, and Cybersecurity for Classified Networks.

Explanation of Budget Activities

Cybersecurity Enhancement Account ($25,208,000 from direct appropriations)

The purpose of CEA is to strategically mitigate cybersecurity risks through a centralized program with Department-wide impact. Due to the increasing number and sophistication of cyberattacks, Treasury leadership has prioritized cybersecurity and supports the centralization of department-wide cybersecurity initiatives through the CEA account and budget activity. Current bureau-level cybersecurity spending remains in the base budgets of each bureau. With the publication of the Treasury Strategic Plan for FY 2018-2022, Treasury will work this year to baseline performance against the new strategic objectives. This may result in additional performance measure changes in the FY 2020 budget.

Legislative Proposals

The Cybersecurity Enhancement Account has no legislative proposals.

Performance by Budget Activity

Budget Activity	Performance Measures	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Target	FY 2019 Target
CEA	Number of major incidents	N/A	N/A	N/A	I	TBD
CEA	Number of reported incidents	N/A	N/A	N/A	I	TBD
CEA	Percentage of Tier I High Value Assets (HVA) with an overdue Risk and Vulnerability Assessment (RVA) or Security Architecture Review (SAR)	N/A	N/A	N/A	B	TBD
CEA	Risk Management Assessment Overall Rating	N/A	N/A	N/A	B	TBD

Key: B - Baseline I – Performance Indicator

Description of Performance

The CEA was established as a new account in FY 2017. As capabilities funded by the CEA become operational, Treasury will capture baseline data for the following metrics in order to establish targets for the FY 2020 budget submission.

Number of major incidents: The number of major incidents, as defined in OMB M-18-02, reported by Treasury to Congress in a given fiscal year. This is a measure of how effective Treasury's collective defenses are at mitigating the most damaging security threats.

Number of reported incidents: The number of cybersecurity incidents reported by Treasury to US-CERT in a given fiscal year. This is a measure of how effective Treasury's defenses are at mitigating all security threats, as well as an indicator of how often Treasury is being targeted by malicious actors. If the number of reported incidents rises while the number of major incidents remains steady, it may indicate an effective cybersecurity program.

Percentage of Tier I High Value Assets (HVA) with an overdue Risk and Vulnerability Assessment (RVA) or Security Architecture Review (SAR): The percentage of Treasury's top tier high value assets scheduled for a third party risk assessment, but that did not undergo one on time. This is a measure of how often Treasury's most important systems are being actively reviewed and assessed for weaknesses that could be exploited by an adversary.

Risk Management Assessment Overall Rating: This is an assessment performed by OMB to evaluate agencies' overall cybersecurity risk management capabilities. It consists of a risk management rating and a maturity rating. This is a measure of how well Treasury is managing risk across the enterprise as well as the maturity level of the program.

Department-wide Systems and Capital Investments Program

Program Summary by Budget Activity

Dollars in Thousands

Department-wide Systems and Capital Investments Program	FY 2017 Enacted	FY 2018 Annualized CR	FY 2019 Request	FY 2018 TO FY 2019 $ Change	% Change
DSCIP	$3,000	$2,980	$4,000	$1,020	34.23%
Total Program Operating Level	**$3,000**	**$2,980**	**$4,000**	**$1,020**	**100.00%**

Note: The FY 2017 Enacted column reflects levels appropriated in H.R. 255, the Consolidated Appropriations Act of 2017. For further details on the execution of these resources see the 2019 Budget *Appendix* chapter for the Department of the Treasury.

Summary

The Department-wide Systems and Capital Investments Program (DSCIP) account provides a mechanism for Treasury to fund capital investments that have complex contracts with projects that span several fiscal years. Treasury owns and operates two historic office buildings in downtown Washington, D.C. – the Main Treasury Building and the Freedman's Bank Building (FBB). In FY 2016, Treasury conducted an assessment of both buildings and found a range of needs that include immediate safety/health risks, capital renewal to address systematic and mechanical failure, and building modernization. It is estimated that it will cost $95.5 million to address all of the issues identified in the report. The Department plans to work through these accumulated needs over time. The FY 2019 request of $4.0 million addresses Phase II of the Main Treasury roof replacement and the exterior façade repair and restoration of the FBB. This investment supports the Treasury goal to Achieve Operational Excellence.

FY 2019 Budget Highlights

Dollars in Thousands

Department-wide Systems and Capital Investments Program	FTE	Amount
FY 2018 Annualized Continuing Resolution	**0**	**$2,980**
Changes to Base:		
Non-Recur	0	($2,980)
Subtotal Changes to Base	0	($2,980)
Total FY 2019 Base	**0**	**$0**
Program Increases:	0	$4,000
Phase II Main Treasury Roof Replacement	0	$2,000
Freedman's Bank Building Exterior Repair and Restoration	0	$2,000
Total FY 2019 Request	**0**	**$4,000**

FY 2019 Budget Adjustments

Adjustments to Request

Non-Recurring Costs -$2,980,000 / +0 FTE

Non-Recur -$2,980,000 / +0 FTE

In the FY 2018 Annualized Continuing Resolution, $2,980,000 is provided for Phase I of the Main Treasury building roof replacement, new electrical service to the FBB, and fire safety for FBB stairwells.

Program Increases +$4,000,000 / +0 FTE

Phase II Main Treasury Roof Replacement +$2,000,000 / +0 FTE

The Main Treasury Building roof has reached its normal life expectancy and routine maintenance can no longer prevent leaks. This request continues the roof replacement project proposed with the FY 2018 request.

Freedman's Bank Building Exterior Repair and Restoration +$2,000,000 / +0 FTE

The exterior façade has never undergone a comprehensive restoration and currently reflects nearly 100 years of wear and pollutants. Similar to the roofing system, the exterior façade is experiencing leaks at numerous locations which compromise the interior finishes and the occupant health and safety. Perimeter walls at the basement and sub-basement levels have been leaking for years as a result of systematic building failures. As with the Treasury Building, FBB will require full exterior scaffolding in order to access the areas requiring work. The masonry restoration will provide a watertight envelope and stabilize all the historic fabric. The scope will address repair, cleaning, and repointing of all masonry surfaces.

Explanation of Budget Activities

Department-wide Systems and Capital Investments Program ($4,000,000 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.

Legislative Proposals

DSCIP has no legislative proposals.

Terrorism and Financial Intelligence

Program Summary by Budget Activity

Dollars in Thousands

Terrorism and Financial Intelligence	FY 2017 Enacted	FY 2018 Annualized CR	FY 2019 Request	FY 2018 TO FY 2019 $ Change	FY 2018 TO FY 2019 % Change
Terrorism and Financial Intelligence	$123,000	$122,165	$159,000	$36,835	30.15%
Subtotal, TFI	**$123,000**	**$122,165**	**$159,000**	**$36,835**	**30.15%**
Offsetting Collections - Reimbursables	$6,491	$8,000	$8,000	$0	0.00%
Total Program Operating Level	**$129,491**	**$130,165**	**$167,000**	**$36,835**	**30.15%**
Direct FTE	395	421	518	97	23.04%
Reimbursable FTE	33	36	36	0	0.00%
Total FTE	**428**	**457**	**554**	**97**	**21.23%**

Notes:
1. FY 2017 FTE are actuals.
2. The FY 2017 Enacted column reflects levels appropriated in H.R. 255, the Consolidated Appropriations Act of 2017. For further details on the execution of these resources see the 2019 Budget *Appendix* chapter for the Department of the Treasury.

Summary

The Department of the Treasury's (Treasury) strategic plan guides program and budget decisions for the Office of Terrorism and Financial Intelligence (TFI). The FY 2019 Budget Request supports two of Treasury's FY 2018-2022 strategic goals: Enhance National Security and Achieve Operational Excellence.

TFI requests $159 million, which is a $36.835 million increase from the FY 2018 Annualized Continuing Resolution. The budget prioritizes funding for Treasury's targeted financial tools that protect the U.S. and international financial system from abuse, as well as counter the financial networks that support terrorists, weapons proliferators, organized transnational crime, rogue regimes, and other threats.

Over the last several years, TFI's role in protecting our national security has grown dramatically, which is reflected in this request for additional resources. TFI's economic authorities have become one of this Administration's and Congress' top non-kinetic tools of choice with TFI deploying our economic authorities at a rapid pace to address some of our greatest national security threats. In addition to cutting off funding for terrorist groups, TFI's authorities and actions proactively implement U.S. policy towards North Korea, Iran, ISIS and other terrorist organizations, Venezuela, Russia, human rights abusers, narcotics traffickers, and in other areas.

In order to achieve maximum impact, and meet strategic and operational objectives, TFI requires the additional resources of this request. These resources will ensure that TFI has sufficient staff, remains agile, innovative, and strategic, enhances its infrastructure and analytic capability, and is able to support new initiatives and expanded authorities.

FY 2019 Budget Highlights

Dollars in Thousands

Terrorism and Financial Intelligence	FTE	Amount
FY 2018 Annualized Continuing Resolution	**421**	**$122,165**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$1,423
Pay Annualization	0	$284
Non-Pay	0	$1,139
Subtotal Changes to Base	0	$1,423
Total FY 2019 Base	**421**	**$123,588**
Program Changes:		
Program Increases:	97	$35,412
Terrorist Financing Targeting Center	15	$12,392
North Korea Sanctions	69	$15,209
Iran/Syria Sanctions	4	$1,565
Russia/Ukraine Sanctions	4	$1,069
Committee on Foreign Investment in the United States	3	$859
TFII Data Discovery	0	$2,000
Financial Action Task Force	0	$1,788
Terrorist Finance and Financial Crimes	2	$530
Total FY 2019 Request	**518**	**$159,000**

FY 2019 Budget Adjustments

Adjustments to Request

Maintaining Current Levels +$1,423,000 / +0 FTE

Pay Annualization +$284,000 / +0 FTE

Funds are requested for annualization of the January 2018 pay-raise. The budget assumes no pay raise for civilian employees in 2019.

Non-Pay +$1,139,000 / +0 FTE

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

Program Increases +$35,412,000 / +97 FTE

Terrorist Financing Targeting Center +$12,392,000 / +15 FTE

On May 21, 2017, the United States and the six Gulf Cooperation Council countries signed an historic agreement announcing a joint commitment to establish the Terrorist Financing Targeting Center (TFTC). The TFTC's efforts support the Administration's priorities to fight terrorism in new and innovative ways through a multilateral initiative that will dramatically increase the ability to curb terrorist financing. The TFTC has already resulted in greater regional cooperation as evidenced by the joint designations by the seven participating members of TFTC on October 25, 2017, that targeted terrorist leaders, financiers, and facilitators. The TFTC will continue to disrupt the finances and operations of terrorist organizations by identifying, tracking, and sharing information regarding terrorist financial networks; coordinating joint disruptive actions, like sanctions; and offering support to countries in the region that need assistance building capacity to counter terrorist finance threats.

North Korea +$15,209,000 / +69 FTE

Recent provocations by the Democratic People's Republic of Korea (DPRK) presents an urgent threat to our national security. Treasury has served a critical role in the Administration's maximum economic pressure campaign. This has included the use of unilateral designations and other economic authorities, analytic efforts to map out the front companies and other evasions schemes used by the Kim Jong-un regime, working closely with other countries to increase multilateral economic pressure, and communications with the financial sector through advisories and engagement to cut off North Korea's access to the international financial system. Given the nature and urgency of the threat, this request is necessary to continue to maximize economic pressure and support the Administration's priorities to fight nuclear proliferation. It is specifically aimed at countering and neutralizing the DPRK's efforts to undermine U.S. national security. This initiative expands TFI's DPRK program and will have an immediate and strong impact in FY 2019.

Iran/Syria Sanctions +$1,565,000 / +4 FTE

The Administration remains committed to countering the threat posed by Iran by using Treasury's economic authorities to deny the regime and the Islamic Revolutionary Guard funding for malign activities. TFI seeks to significantly increase its designations targeting Iran's ballistic missile programs, terrorist activities, regional destabilization (Yemen, Syria), and human rights violations. In addition to targeting Iran's financing of the brutal Assad regime in Syria, TFI designated hundreds of Syria-related targets and has more than doubled the number of designated Syria targets since the start of the Syrian conflict. This request would provide dedicated resources needed to maintain pressure on Syria and target the financial networks that support Syria's production or use of chemical weapons. Syria is a top White House priority and is also of particular interest to the legislative branch, with multiple sanctions-related bills in various stages of consideration.

Russia/Ukraine Sanctions +$1,069,000 / +4 FTE

TFI requests additional resources to support sanctions programs related to the Russian energy sector, Russia's malign activities in the Ukraine, and its corruption, cyber activity, and support to the Government of Syria. These resources would also support the significant mandatory reporting requirements of the Countering America's Adversaries Through Sanctions Act.

Committee on Foreign Investment in the United States (CFIUS) +$859,000 / +3 FTE

CFIUS is an inter-agency committee authorized to review transactions that could result in control of a U.S. business by a foreign person ("covered transactions"), in order to determine the effect of such transactions on the national security of the United States. Additional TFI resources are required to meet the increase in the CFIUS caseload.

TFI Data Discovery +$2,000,000 / +0 FTE

TFI requests funding for the creation of a cross-TFI data discovery and analysis platform, which would enable analysts, investigators, and other appropriate staff from across the TFI enterprise to properly leverage Treasury's unique data holdings to execute TFI's mission more efficiently and effectively. Currently, TFI does not have an intra-enterprise IT system to enable the five TFI components to collaborate and exchange information in near real time. This effort would reduce redundancy and increase the efficiency and effectiveness of the TFI workforce.

Financial Action Task Force +$1,788,000 / +0 FTE

The Financial Action Task Force (FATF) is the global standard-setting body for Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT). Organized by the G7 in 1989 to focus on money laundering, the FATF has grown to include nearly 40 members and its mandate has expanded to include terrorist financing and proliferation financing as well as money laundering. There are also nine FATF-style regional bodies that, together with the FATF, can claim almost every country in the world as a member. There has been increased recognition of the FATF's significance as an international body and of the relevance of the FATF's work and its recommendations for both the public and private sectors. Treasury, TFI's Office of Terrorist Financing and Financial Crimes (TFFC) specifically, was asked to assume Presidency of the FATF in 2019 on behalf of the United States. Assuming the FATF presidency provides a unique opportunity for the US to lead the FATF during a time of considerable transition in the organization – the US last held the FATF presidency in 1996. This opportunity positions the US exceptionally well to ensure that the FATF's strategic direction is in line with U.S. priorities for the organization: demonstrating the value of AML/CFT regulation; holding countries accountable for compliance failures; and restricting FATF budget increases.

Terrorist Finance and Financial Crimes +$530,000 / +2 FTE

TFI requests two FTEs to develop and build global capacity to combat terrorist financing in the international arena. These FTEs will be responsible for establishing strategies and employing targeted financial measures to disrupt and dismantle the financial networks that support terrorism, WMD proliferation, and organized crime.

Explanation of Budget Activities

Terrorism and Financial Intelligence ($159,000,000 from direct appropriations, $8,000,000 from reimbursable resources)

Develops and implements strategies to counter terrorist financing and money laundering.

Legislative Proposals

The Budget includes a provision that of the amounts made available under the heading "Office of Terrorism and Financial Intelligence" shall be available to reimburse the "Departmental Offices—Salaries and Expenses" account for expenses incurred in such account for reception and representation expenses to support activities of the Financial Action Task Force.

TFI Performance Highlights

Budget Activity	Performance Measures	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Target	FY 2019 Target
Terrorism and Financial Intelligence	Impact of TFI Programs and Activities	8.8	8.7	8.5	8.5	8.5

Description of Performance

<u>Impact of TFI Programs and Activities</u>: 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 production and dissemination of intelligence products, and implementing IT modernization projects. In FY 2017, TFI met its performance goal of 8.5 and expects to achieve its FY 2018 and FY 2019 target of 8.5.

With the publication of the Treasury Strategic Plan for FY 2018-2022, TFI will work this year to baseline performance for the new strategic objectives, as well as update TFI's Strategic Plan to ensure Treasury and Administration priorities are accurately reflected. As part of Treasury's Strategic Planning process, TFI established strategic objectives focused on key Treasury priorities including strategic threat disruption and strengthening the AML/CFT framework. TFI then built out robust strategies and support strategies that work toward achieving our goals within one, three, and five year time frames. These strategies reflect specific Treasury and Administration priorities that include the strategic use of Treasury's tools and authorities to disrupt the capability of targets to raise, use, and move funds, identifying threats from known and emerging threats; expanding current and facilitating new information sharing and collaboration with domestic and international partners (an Agency Priority Goal); coordinating analysis of all available information sources obtained through Treasury authorities or foreign partners; applying a risk-based approach to identifying and vulnerabilities within the financial system; and modernizing and streamlining the national security regulatory framework. This will likely result in changes to performance measures in the FY 2020 budget.

Office of Inspector General

Program Summary by Budget Activity

Dollars in Thousands

	FY 2017*	FY 2018	FY 2019	FY 2018 TO FY 2019	
Budget Activity	Enacted	Annualized CR	Request	$ Change	% Change
Audit	$28,524	$28,330	$27,720	($610)	-2.15%
Investigations	$8,520	$8,462	$8,280	($182)	-2.15%
Subtotal, OIG	**$37,044**	**$36,792**	**$36,000**	**($792)**	**-2%**
Offsetting Collections - Reimbursables	$10,500	$10,000	$9,000	($1,000)	-10.00%
Total Program Operating Level	**$10,500**	**$10,000**	**$9,000**	**($1,000)**	**-10.00%**
Direct FTE	158	175	175	0	0.00%
Reimbursable FTE	7	5	5	0	0.00%
Total FTE	**165**	**180**	**180**	**0**	**0.00%**

*This column reflects levels appropriated in H.R. 255, the Consolidated Appropriations Act of 2017. For further details on the execution of these resources see the 2019 Budget *Appendix* chapter for the Department of the Treasury.

Summary

The FY 2019 request for $36,000,000 for the OIG will be used to fund critical audit, investigative, and mission-support activities to meet the requirements of the Inspector General Act of 1978 and other statutes including, but not limited to: the Cybersecurity Act of 2015; Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank); Federal Information Security Modernization Act (FISMA); Government Management Reform Act; Improper Payments Elimination and Recovery Act; Digital Accountability and Transparency Act of 2014 (DATA Act); Federal Deposit Insurance Act; Small Business Jobs Act of 2010; and Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act). Specific mandates include audits of the Department's financial statements, the Department's compliance with FISMA, the Department's actions in implementing cyber security information sharing, failed insured depositary institutions regulated by Treasury, and spending data submitted by the Department to USASpending.gov. With the resources available after mandated requirements are met, the OIG will conduct audits of the Department's highest risk programs and operations and respond to stakeholder requests for specific work as appropriate. Some of the Department's highest risk programs and operations include: (1) Cyber Threats, (2) Anti-Money Laundering and Terrorist Financing/Bank Secrecy Act Enforcement, (3) Efforts to Promote Spending Transparency and to Prevent and Detect Improper Payments, and (4) Management of Treasury's Authorities Intended to Support and Improve the Economy, including administration of the Gulf Coast Restoration Trust Fund.

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

- Promote the integrity, efficiency, and effectiveness of programs and operations across Treasury OIG's jurisdictional

boundaries through audits and investigations

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

OIG FY 2019 Budget Highlights

Dollars in Thousands

Office of Inspector General	FTE	Amount
FY 2018 Annualized CR	**175**	**$36,792**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$305
Pay Annualization	0	$117
Non-Pay	0	$188
Subtotal Changes to Base	0	$305
Total FY 2019 Base	**175**	**$37,097**
Program Decreases	0	($1,097)
Data Act and Other Workload	0	($1,097)
Total FY 2019 Request	**175**	**$36,000**

FY 2019 Budget Adjustments

Adjustments to Request
Maintaining Current Level (MCLs)
Pay Annualization +$117,000 / +0 FTE

Funds are requested for annualization of the January 2018 pay-raise.

Non-Pay +$188,000 / +0 FTE

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

Program Decreases
-$1,097,000 / -0 FTE

Program decreases in DATA Act and other workload.

Explanation of Budget Activities

Audit $27,720,000 from direct appropriations, $9,000,000 from reimbursable

The Office of Audit conducts audits to ensure the accountability of resources, protect information, and provide recommendations for improving the economy, efficiency, effectiveness, and integrity of programs and operations under its jurisdiction, which include those of Treasury and the Gulf Coast Ecosystem Restoration Council (Council). The requested funding for FY 2019 is necessary to perform mandated work and maintain an appropriate level of oversight of these programs and operations consistent with its responsibilities under the Inspector General Act. The OIG also responds to requests by Treasury and Council officials and the Congress for specific work. In FY 2019, the OIG will also continue to provide oversight of Treasury's government-wide role and responsibilities under the DATA Act. Reimbursable funding supports agreements for contracted audits as well as oversight of the Small Business Lending Fund programs.

Investigations $8,280,000 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. OI refers its cases to the Department of Justice, State, or local prosecutors for criminal prosecution or civil litigation, or to agency officials for corrective administrative action.

With the increased risk of the Recovery Act grant programs for low-income housing and specific energy properties, OI faces greater challenges and anticipated increases in grant fraud. In addition, with the establishment of Gulf Coast Restoration Trust Fund outreach efforts are being made in an effort to prepare for future investigative referrals and complaints aimed at suspected fraud involving the funds with this program. Investigative efforts are also being directed towards those that subvert bank examination processes, and/or perpetrate fraud impacting the Bank Secrecy Act oversight responsibilities of Treasury Bureaus, subsequently defrauding the nation's financial infrastructure and eroding the public's trust.

In addition to the grant programs listed above, OI has seen a noted increase in fraud impacting other significant Treasury programs and operations including fraud impacting the Treasury Direct program and the Treasury payment processing service operated by the Bureau of Fiscal Service.

OI has also substantially increased its focus on the investigation of Treasury related improper payment fraud and scams targeting U.S. citizens where Treasury employees are being impersonated and Treasury seals are being used to defraud victims.

Legislative Proposals

OIG has no legislative proposals.

OIG Performance Highlights

Budget Activity	Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Target	FY 2019 Target
Audit	Number of Completed Audit Products	86	98	90	74	74
Audit	Percent of Statutory Audits Completed by the Required Date	100	100	100	100	100
Investigations	Percentage of All Cases Closed During the Fiscal Year That Were Referred for Criminal/Civil Prosecution or Treasury Administrative Action	87	84	84	80	80

Description of Performance

The Office of Audit completed 90 audit products in FY 2017 and expects to complete 74 in FY 2018 due to the reduced funding and a significant rent increase that will consume resources that would otherwise be used to fully staff the Office of Audit. In FY 2019, the Office of Audit also expects to complete 74 audit products. In FY 2017, the Office met its mandated audit requirements and identified $2.7 million in monetary benefits.

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

In FY 2017 the OIG exceeded the Investigative Performance Measure target, opened 100 new investigations, and closed 133 investigations. The OIG also referred six investigations that substantiated administrative violations against a Treasury employee to the appropriate regulated bureau for action. In addition, the OIG referred 135 investigations for criminal prosecution and 37 investigations for civil prosecution. The OIG arrested 160 subjects leading to 52 convictions. This, along with civil judicial settlements, resulted in recoveries ordered to the Treasury of more than $639 million. The OIG received investigative referrals regarding potential criminal misconduct that occurred prior to or during bank failures, and has worked criminal investigations with the Federal Deposit Insurance Corporation Office of Inspector General, the National Credit Union Administration Office of Inspector General and the OIG Office of Audit regarding potential prosecution of acts which may have contributed to the bank failures. Additionally, the OIG continues to receive investigative referrals from Treasury bureaus, law enforcement agencies, and other sources regarding fraud impacting Treasury programs and operations and routinely conducts independent and joint investigations into these matters.

Special Inspector General for TARP

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2017 Enacted	FY 2018 Annualized CR	FY 2019 Request	FY 2018 TO FY 2019 $ Change	FY 2018 TO FY 2019 % Change
Investigations	$32,516	$34,748	$16,450	($18,298)	-52.66%
Audit	$8,644	$6,132	$1,050	($5,082)	-82.88%
Subtotal, SIGTARP	**$41,160**	**$40,880**	**$17,500**	**($23,380)**	**-57.19%**
Unobligated Balances Brought Forward	$0	$0	$6,437	$6,437	N/A
Resources from Other Accounts	$82	$0	$1,563	$1,563	N/A
Total Program Operating Level	**$41,242**	**$40,880**	**$25,500**	**($15,380)**	**-37.62%**
Direct FTE	141	140	85	(55)	-39.29%
Total FTE	**141**	**140**	**85**	**(55)**	**-39.29%**

Note: FY 2017 FTE and Resources from Other Accounts are actual.

The FY 2017 Enacted column reflects levels appropriated in H.R. 255, the Consolidated Appropriations Act of 2017.
For further details on the execution of these resources, see the 2019 Budget *Appendix* chapter for the Department of the Treasury.

Summary

The FY 2019 Budget proposes $17,500,000,[1] which is 57 percent below the FY 2018 Annualized CR level, to conduct oversight over $37.4 billion in Troubled Asset Relief Program (TARP) housing programs, and $100 million in open TARP banking programs.

The Office of the Special Investigator General for TARP (SIGTARP) is primarily a federal law enforcement agency investigating crime at financial institutions that received TARP funds or other TARP recipients in TARP housing programs. SIGTARP's ongoing criminal investigations of recipients of TARP dollars in TARP housing programs counter threats to public safety and government interests, including financial institution fraud, public corruption, antitrust (unfair competition), and contract fraud.

The $27.8 billion Making Home Affordable Program (MHA) continues until September 2023. Treasury has paid $18.4 billion and will pay up to an additional $9.4 billion to Wells Fargo, Ocwen Loan Servicing, JPMorgan Chase, Bank of America, Nationstar Mortgage, Select Portfolio Servicing, CitiMortgage, CIT/One West, Bayview, Ditech, and more than 120 other financial institutions. Future TARP payments are not automatic, but instead are based on the institution complying with the law and MHA rules. TARP's Hardest Hit Fund (HHF) was scheduled to end in FY 2018, but Congress extended it by four years and expanded it by $2 billion in the Consolidated Appropriations Act, 2016 (P.L. 114-113). Recipients of TARP dollars include 19 state housing finance agencies and hundreds of demolition contractors, subcontractors, and others. The HHF subprogram for Blight Elimination has grown 1,500 percent to 248 cities or counties since August 2013. The HHF subprogram for Down Payment Assistance has grown 1,200 percent to 10 states since July 2015.

SIGTARP's investigations have recovered $10 billion, which translates to a 35 times return on investment from its spending of annual appropriations through FY 2017.[2] For each of the last four fiscal years, recoveries to the government exceeded SIGTARP's budget proposal. For example, in FY 2018, recoveries from SIGTARP investigations were $100 million, including $90 million paid to the government. SIGTARP has developed a deep expertise in identifying undetected crime, with 408 defendants criminally charged as of January 2018. SIGTARP investigations have resulted in significant Department of Justice enforcement actions against General Motors

[1] Includes $70,000 for training and $50,000 to the Council of the Inspectors General on Integrity and Efficiency.
[2] Includes fines, restitution, forfeiture, and full homeowner relief by a large financial institution.

and 10 financial institutions including Goldman Sachs, Bank of America, JPMorgan Chase, Morgan Stanley, Ally Financial, SunTrust Bank, Fifth Third Bank, Wilmington Trust, RBS Securities, and Jefferies and Company. SIGTARP audits in FY 2016 and FY 2017 identified millions of dollars of waste and abuse; and identified the risk of criminal behavior in ongoing TARP programs.

SIGTARP supports the Department of the Treasury's FY 2018–2022 Strategic Plan (Strategic Plan) goals under the following:

- Goal 4: Transform Government-wide Financial Stewardship; and
- Goal 5: Achieve Operational Excellence.

With the publication of the Strategic Plan, SIGTARP will work in FY 2018 to baseline its performance against the new strategic objectives. This could result in additional changes to performance measures in the FY 2020 Budget.

SIGTARP FY 2019 Budget Highlights

Dollars in Thousands

SIGTARP	FTE	Amount
FY 2018 Annualized CR	**140**	**$40,880**
Changes to Base:		
Maintaining Current Levels (MCLs)		$213
Pay Annualization		$60
Non-Pay		$153
Subtotal Changes to Base		$213
Total FY 2019 Base	**140**	**$41,093**
Program Changes:		
Program Decreases	(55)	($23,59)
Technical FTE Adjustment	(55)	($9,500)
Efficiency Savings		($14,09)
Total FY 2019 Request	**85**	**$17,500**

FY 2018 Budget Adjustments

Pay Annualization +$60,000 / +0 FTE

Funds are requested for annualization of the January 2018 pay-raise.

Non-Pay +$153,000 / +0 FTE

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

Technical FTE Adjustment -$9,500,000 / -55 FTE

The technical FTE adjustment reduces the appropriated FTE level.

Efficiency Savings -$14,093,000 / -0 FTE

SIGTARP will also seek to reduce non-personnel costs.

Explanation of Budget Activities

Investigations ($16,450,000 from direct appropriations)

The Investigations budget activity supports SIGTARP's priority of law enforcement of crimes related to TARP.

Audit ($1,050,000 from direct appropriations)

The limited Audit budget activity supports SIGTARP as the independent watchdog over TARP dollars.

Both activities support and complement Treasury's efforts to safeguard and protect the integrity of the financial system. SIGTARP coordinates with other law enforcement agencies, leveraging its unique position and expertise by forming law enforcement partnerships.

SIGTARP Performance Highlights

Budget Activity	Performance Measures	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Target	FY 2019 Target
Investigations	Percentage of Cases Accepted for Consideration by Civil or Criminal Authorities Resulting in a Positive Final Outcome	N/A	77.0	81.0	70.0	35.0
Investigations	Percentage of Cases Presented to Civil or Criminal Authorities within Eight Months of the Case Being Opened	N/A	80.0	80.0	70.0	25.0
Investigations	Percentage of Cases That are Joint Agency/Task Force Investigations	70.0	71.0	75.0	70.0	70.0
Audit	Percentage of Congressional Inquiries Responded to Within 415 Days of Receipt	100	99	93	DISC	DISC
Audit	Number of Completed Audit Products Including Referral to Investigations Division (Units)	N/A	11	8	DISC	DISC
Audit	Number of Completed Audit Products Identifying Waste, Fraud, Abuse, Mismanagement, Inefficiencies, or Referrals to Investigations Division (Units)	N/A	N/A	N/A	3	1

Key: DISC – Discontinued

Description of Performance

SIGTARP exceeded all metric targets in FY 2017. The “Percentage of Cases Accepted for Consideration by Civil or Criminal Authorities Resulting in a Positive Final Outcome” in FY 2017 was 81 percent which exceeded the target of 70 percent. The “Percentage of Cases Presented to Civil or Criminal Authorities within Eight Months of the Case Being Opened” was 80 percent which exceeded the target of 70 percent. The “Percentage of Cases That are Joint Agency/Task Force Investigations” with other law enforcement agencies was 75 percent which exceeded the target of 70 percent. The “Percentage of Preliminary Investigations Converted to Full Investigations within 180 days” was 93 percent which exceeded the target of 80 percent. This measure was discontinued for FY 2018.

SIGTARP exceeded its performance measure “Number of Completed Audit Products including Referrals to Investigations Division” of seven in FY 2017, with eight products. This measure was discontinued for FY 2018. SIGTARP exceeded its 85 percent goal of “Percentage of Congressional Inquiries Responded to within 45 Days of Receipt” by accomplishing 100 percent. This measure was discontinued for FY 2018.

<u>Comments of the Honorable Christy Goldsmith Romero</u>
<u>Special Inspector General Troubled Asset Relief Program</u>
<u>FY 2019 Proposed Funding Level</u>

Under the provisions of section 6(g)(3)(E) of the Inspector General Act of 1978, as amended, as applied through the Emergency Economic Stabilization Act of 2008, the Special Inspector General has provided the following comments regarding FY 2019 proposed funding:

> *The FY 2019 budget request, which is 57% below the FY 2018 Annualized CR level <u>substantially inhibits</u> the Office of the Special Inspector General for TARP (SIGTARP) from performing the duties of the office, including audits and criminal investigations.* ***The proposed reduction does not reflect that nearly all of SIGTARP's planned work for FY 2019 is over $37.4 billion of TARP housing programs, which are not in wind down.*** *The Making Home Affordable Program (MHA) has $9.5 billion to be spent through FY 2023, and has not declined in steady participation of about one million homeowners from FY 2015 to FY 2017. The Hardest Hit Fund (HHF) program is in a* ***ramp-up stage*** *after Congress added $2 billion in the FY 2016 appropriations, and Treasury extended TARP spending of $2.65 billion through FY 2022. HHF is not limited to Treasury disbursements as dollars are recaptured into the program when houses are sold. SIGTARP has already found fraud, waste, and abuse in both of these programs.*
>
> *Taxpayers will lose millions of dollars under the request because SIGTARP's work results in recoveries of millions of dollars to the Government each year. <u>SIGTARP has a 35 times return on investment in actual dollars recovered</u>. In each of FY 2015, FY 2016, FY 2017, and FY 2018, SIGTARP's actual recoveries to the Government have exceeded its appropriation. FY 2017 recoveries of $64.31 million to the Government exceeded the $41.16 million appropriation, and FY 2018 recoveries of $90 million to the Government exceeded the $40 million Annualized CR. SIGTARP's investigations have also resulted in millions of dollars recovered for victims, and SIGTARP's audits have found millions of dollars in waste for Treasury to recover – waste that Treasury failed to catch. Substantial reductions to SIGTARP's budget will reduce Government recoveries.*
>
> *SIGTARP already has reduced its budget substantially from FY 2017 levels to reflect that TARP investments in banks, autos, and AIG have been wound down to $100 million outstanding. After achieving criminal prosecutions of 408 defendants including 99 bankers, and Department of Justice actions against General Motors and 10 financial institutions, SIGTARP has reduced resources over TARP investments to only the resources necessary to support DOJ prosecutions of bankers SIGTARP investigated.*
>
> *<u>Criminal investigations</u>: SIGTARP's highest priority is investigations of unlawful conduct by banks and others administering the $27.8 billion MHA program — investigations that would be shut down under this proposed budget. These investigations require resources because of the size and complexity of the institutions and the amount of TARP dollars at stake. The major current and future TARP recipients in MHA have a track record of wrongdoing and enforcement actions, which creates a high risk of fraud, waste, and abuse. For example, Wells Fargo, the subject of a well-publicized 2016 enforcement action, has already received $3 billion in MHA, and will receive up to an*

additional $1.4 billion in TARP dollars. Ocwen, the subject of a 2017 enforcement action by 22 state attorneys general, has received $4.6 billion, and will receive up to an additional $2.4 billion in TARP. JPMorgan Chase, the subject of a Justice Department action investigated by SIGTARP related to MHA, has received $2.9 billion in MHA and will receive up to an additional $1 billion. Bank of America, the subject of a Justice Department action investigated by SIGTARP related to MHA, has received $2.9 billion and will receive up to an additional $762 million. SIGTARP has reported repeatedly about each financial institution's track record of breaking the MHA rules. SIGTARP has proven expertise in identifying fraud, waste, and abuse in large financial institutions, with our investigations resulting in Justice Department enforcement actions against 10 financial institutions, including for example, Goldman Sachs, Morgan Stanley, Bank of America, JPMorgan Chase, Fifth Third Bank, Ally Financial, and SunTrust Bank.

SIGTARP has a significant number of criminal investigations into the Hardest Hit Fund, many of which would also be shut down under the proposed budget. Of high risk is the $800 million blight subprogram that pays TARP dollars to demolition contractors which has grown 1,500% to 248 cities or counties. SIGTARP investigations counter threats such as fraud, corruption, contract steering, bid-rigging, and environmental crimes. SIGTARP's audits in 2016 and 2017 have uncovered that the program is at significant risk of fraud, waste and abuse: (1) lacking are standard requirements for competition and limits on Federal dollars to only necessary and reasonable costs; (2) demolition and other related costs rose by 90% in the largest blight state; (3) homeowners were evicted so their homes could qualify for demolition to move a Ford automobile dealership to their street; and (4) the U.S. Army Corps of Engineers found mishandling of asbestos, and the risk of asbestos exposure, contaminated soil, and illegal dumping in Flint, Michigan, with risks throughout the program.

<u>*Audits*</u>*: In 2016 and 2017, SIGTARP's forensic audits uncovered millions of dollars wasted in state agency expenses in the Hardest Hit Fund, including monthly payments for a CEO to drive a Mercedes Benz, country club lunches, holiday parties, picnics, catered barbeques with Treasury employees, steak and seafood dinners, a pizza party to celebrate the new HHF funding, Visa gift cards for employees, zoo admissions, gym memberships, bonuses included a fired CEO's $20,000 severance package, settlements of discrimination and wrongful termination lawsuits, and more. SIGTARP's audits have a deterrent impact on waste that will be lost under the proposed budget. With state agencies spending $1.1 billion on TARP funds on their own expenses, SIGTARP's forensic audit expertise is crucial in identifying waste that Treasury's reviews missed.*

The proposed budget substantially inhibits SIGTARP's ability to: (1) identify costly waste and abuse in TARP housing programs in ongoing and future audits, and (2) conduct ongoing and future criminal investigations in TARP housing programs that lead to indictments, convictions, prison sentences, and recoveries. SIGTARP will not be able to do the job the taxpayers need and Congress expects in the absence of sufficient funding. Taxpayers are not protected if SIGTARP's budget is reduced 50% while Treasury has grown the HHF blight program 1,500% and is scheduled to pay billions in TARP dollars to companies that have been the subject of scandals.

Treasury Inspector General for Tax Administration

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2017* Enacted	FY 2018 Annualized CR	FY 2019 Request	FY 2018 TO FY 2019 $ Change	FY 2018 TO FY 2019 % Change
Audit	$66,020	$65,572	$62,704	($2,868)	-4.37%
Investigations	$103,614	$102,910	$98,409	($4,501)	-4.37%
Subtotal, TIGTA	**$169,634**	**$168,482**	**$161,113**	**($7,369)**	**-4.37%**
Reimbursable Resources	$357	$600	$600	$0	0.00%
Unobligated Balances Brought Forward	$3,916	$4,300	$5,000	$700	16.28%
Total Program Operating Level	**$173,907**	**$173,382**	**$166,713**	**($6,669)**	**-3.85%**
Direct FTE	800	800	800	0	0.00%
Reimbursable FTE	2	2	2	0	0.00%
Total FTE	**802**	**802**	**802**	**0**	**0.00%**

* This column reflects levels appropriated in H.R. 255, the Consolidated Appropriations Act of 2017. For further details on the execution of these resources see the 2019 Budget *Appendix* chapter for the Department of the Treasury.

Summary

The Treasury Inspector General for Tax Administration's (TIGTA) Fiscal Year (FY) 2019 budget request of $161,113,000 represents a decrease of 4.4 percent below its FY 2018 Annualized Continuing Resolution amount. These resources will fund critical audit, investigative, and inspection and evaluation services to protect the integrity of the Nation's system of tax administration.

TIGTA's vision is to "maintain a highly skilled, proactive, and diverse Inspector General organization dedicated to working in a collaborative environment with key stakeholders to foster and promote fair tax administration." While there are a number of critical areas where TIGTA will provide oversight, its FY 2019 priorities include:

- Identifying opportunities to improve the administration of the Nation's tax laws, improve tax compliance, and achieve program efficiencies and cost savings;
- Overseeing the Internal Revenue Service's (IRS) efforts to implement tax law changes;
- Assessing the IRS's efforts to address tax-related identity theft;
- Mitigating security risks affecting taxpayer data, tax systems, and IRS employees;
- Protecting the integrity of the IRS by effectively investigating the international IRS impersonation scam that has impacted more than 2.1 million Americans;
- Conducting criminal investigations of individuals and groups who impersonate the IRS in order to victimize senior citizens and other vulnerable Americans;
- Developing advanced analytics and innovative approaches to help prevent and detect the flow of dollars fraudulently obtained by criminals and dishonest IRS employees;
- Providing the IRS with the investigative coverage and the information necessary to mitigate domestic and foreign threats against its employees, facilities, and data systems;
- Improving the integrity of IRS operations by detecting and deterring waste, fraud, abuse, and misconduct, including the unauthorized disclosure of confidential taxpayer information by IRS employees;
- Conducting comprehensive audits and inspections and evaluations that provide

recommendations for achieving monetary benefits, addressing erroneous and improper payments, and enhancing the service the IRS provides to taxpayers;

- Rapidly and effectively responding to attempts to impersonate the IRS for fraudulent purposes; and
- Overseeing the IRS's efforts to increase international tax compliance.

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, and inspections and evaluations protect and promote the fair administration of the U.S. tax system. TIGTA conducts audits that advise the public, Congress, the Secretary of the Treasury, and IRS management of high-risk issues, problems, and deficiencies related to the administration of IRS programs and operations. TIGTA's audit recommendations improve the administration of the Federal tax system. TIGTA's administrative and criminal investigations ensure the integrity of IRS employees, protect the IRS and its employees, and help the IRS protect and secure taxpayer data. TIGTA's inspections and evaluations provide responsive, timely, and cost-effective inspections and evaluations of challenging areas in IRS programs. 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 $3.4 trillion in tax revenue in an effective and efficient manner.

TIGTA's primary functions of investigations, audit, inspections, and evaluations align with the following Department of the Treasury FY 2018- 2022 Strategic Plan goals:

- Goal 1: Boost U.S. Economic Growth;
- Goal 4: Transform Government-wide Financial Stewardship; and
- Goal 5: Achieve Operational Excellence.

TIGTA FY 2019 Budget Highlights

Dollars in Thousands

Treasury Inspector General for Tax Administration	FTE	Amount
FY 2018 Annualized CR	**800**	**$168,482**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$1,233
Pay Annualization	0	$620
Non-Pay	0	$613
Subtotal Changes to Base	0	$1,233
Total FY 2019 Base	**800**	**$169,715**
Program Changes:		
Program Decreases	0	($8,602)
Operating Costs Reductions	0	($8,602)
Total FY 2019 Request	**800**	**$161,113**

FY 2019 Budget Adjustments

Adjustments to Request

Maintaining Current Level (MCLs)

Pay Annualization +$620,000 / +0 FTE

Funds are required for annualization of the January 2018 pay-raise.

Non-Pay +$613,000 / +0 FTE

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

Program Decreases

Operating Cost Reductions -$8,602,000 / +0 FTE

Audit and Investigations activity levels will be reduced for operational costs. Reaching this savings target without impacting the quality of TIGTA's programs will require a combination of actions to include specialized training and travel reductions for investigators and auditors, contract and interagency agreement reductions, and rent reductions. TIGTA will continue to look for contract efficiencies by evaluating contracts for strategic sourcing and by negotiating more advantageous contract terms. Additionally, TIGTA will pursue opportunities to reduce its footprint and lower its rent costs.

Explanation of Budget Activities

Audit ($62,704,000 from direct appropriations)

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 of 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 2017, OA issued 104 audit reports, and other products, that included potential financial benefits of approximately $9.1 billion and affected approximately 34 million taxpayer accounts. For FY 2019, OA anticipates its audit work will focus on key areas challenging the IRS, including security over taxpayer data, prevention and detection of fraud such as identity theft, and providing high-quality taxpayer service. In addition, TIGTA will address IRS efforts to implement tax law changes that may result from ongoing tax reform efforts. TIGTA's independent oversight plays a key role in ensuring that updated or new tax law provisions are implemented and administered in accordance with the law and the intent of Congress.

Investigations ($98,409,000 from direct appropriations, $600,000 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's investigative resources focus on three primary areas of investigation: Employee Integrity; Employee and Infrastructure Security; and External Attempts to Corrupt Tax Administration.

Employee Integrity: IRS employee misconduct, real or perceived, can erode public trust and impede the IRS's ability to enforce tax laws effectively. This misconduct manifests itself in a variety of ways, including misuse of IRS resources or authority; theft; fraud; extortion; taxpayer abuses; and unauthorized access to, and disclosure of, tax return information. During FY 2017, 46 percent of TIGTA's body of investigative work involved alleged employee misconduct. TIGTA's special agents possess the knowledge, skills, and expertise to investigate such matters. TIGTA's investigation of employee misconduct 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 activity 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 81,000 employees and 542 facilities throughout the country. TIGTA maintains IRS employee and infrastructure security by conducting investigations into incidents that threaten IRS employees, facilities, and infrastructure. This work is critically important as it ensures that IRS employees and the taxpaying public can conduct business in a safe and secure environment. The Inspector General Reform Act of 2008 authorizes TIGTA to provide physical security to protect IRS employees against external threats. TIGTA works aggressively and takes swift action to protect IRS employees, including providing armed escorts to IRS employees in dangerous situations.

External Attempts to Corrupt Tax Administration: TIGTA is statutorily mandated to investigate external attempts to corrupt tax administration, including criminal misconduct by nonemployees, such as impersonation of the IRS, attempted bribery of IRS employees, international cybercrime and identity theft, and procurement fraud.

Many IRS employees are in direct contact with taxpayers and encounter situations in which a taxpayer may challenge the employee's integrity with a bribe. Bribery or attempted bribery of a public official is a criminal offense and a threat to the integrity of the IRS and the Nation's system of tax administration. Additionally, TIGTA is investigating nationwide IRS impersonation schemes, in which criminals are pretending to be IRS employees and are attempting to collect phantom tax liabilities from innocent taxpayers. As of September 30, 2017, TIGTA received more than 2.1 million reports related to this type of contact; and more than 12,027 taxpayers have been defrauded out of more than $60.7 million as a result of impersonation scams.

As cybersecurity threats against the Federal Government continue to grow, protecting the confidentiality of taxpayer information will continue to be a top concern for the IRS and for TIGTA.

The increasing number of data breaches in the private and public sectors means more personally identifying information than ever before is available to unscrupulous individuals. Due to the $400 billion dollars the IRS issues in refunds and the 246 million tax returns it processes each year that contain extremely valuable information for identity thieves, the IRS has become a favorite target of cybercriminals located all over the world.

For example, in May 2015, criminals launched a coordinated attack on the IRS e-Authentication portal that resulted in the exploitation of the IRS Get Transcript Application, as well as the IRS IP PIN application. It is estimated that more than 110,000 taxpayers were impacted by this attack.

A subsequent review of all of the activity on the system revealed that more than 700,000 taxpayers were impacted by similar abuses of the system by multiple bad actors over an extended period of time. In January 2016, a coordinated criminal effort was launched that exploited the IRS Electronic Filing PIN (e-File PIN) tool. The e-File PIN tool was created to provide taxpayers with a special PIN number that would allow the taxpayer to electronically file a Federal tax return. The IRS estimates the exploitation resulted in the issuance of over 100,000 e-File PINs that were used to file over $100 million of fraudulent tax returns. As a result of this exploitation, on June 23, 2016, the IRS announced that it had disabled the e-File PIN application. Numerous investigations are underway on the individuals who obtained taxpayer information from both of these attacks.

Legislative Proposals

TIGTA has no legislative proposals.

TIGTA Performance Highlights

Budget Activity	Performance Measures	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Target	FY 2019 Target
Audit	Percentage of Audit Products Delivered When Promised to Stakeholders	80.0	75.0	79.0	68.0	68.0
Audit	Percentage of Recommendations Made That Have Been Implemented	92.0	97.0	92.0	85.0	85.0
Investigations	Percentage of Results From Investigative Activities	93.0	90.0	90.0	79.0	79.0

Description of Performance

- For FY 2017, OA issued 104 audit reports, and other products, identifying approximately $9.1 billion in potential financial benefits.
- For FY 2017, the actual Percentage of Audit Products Delivered When Promised to Stakeholders was 79 percent. TIGTA exceeded the full-year target of 68 percent by 11 percentage points.
- For FY 2017 the actual Percentage of Recommendations Made That Have Been Implemented was 92 percent. TIGTA exceeded the full-year target of 85 percent by seven percentage points. TIGTA exceeded its target as a result of continuous discussions with the IRS throughout the audit process, both on the findings and on the potential recommended solutions, to ensure that feasible alternatives were identified.
- For FY 2019, OA's performance targets are 68 percent of Audit Products Delivered When Promised to Stakeholders and 85 percent of Recommendations Made That Have Been Implemented.
- During FY 2017, TIGTA initiated 22 proactive investigative initiatives to detect systemic weaknesses or potential IRS program vulnerabilities. TIGTA processed 10,638 complaints, opened 2,835 investigations, and closed 2,876 investigations in FY 2017. During this period, TIGTA referred for IRS action 1,119 cases of employee misconduct, and 168 cases of all types of investigations were accepted for criminal prosecution.
- For FY 2017, the Percentage of Results From Investigative Activities was 90 percent, which exceeded the full-year target of 81 percent by nine percentage points. The Office of Investigations exceeded the FY 2017 performance measure as a result of the hard work of experienced executives, managers, and special agents.
- For FY 2019, OI's performance target is 79 percent of Results from Investigative Activities. This number reflects the anticipated reduced number of experienced FTE which will decrease the total number of results OI will achieve as a result of its investigative activities.

Community Development Financial Institutions Fund

Program Summary by Budget Activity

Dollars in Thousands

	FY 2017	FY 2018	FY 2019	FY 2018 TO FY 2019	
Budget Activity	Enacted**	Annualized CR	Request	$ Change	% Change
Community Development Financial Institutions Program	$161,500	$160,403	$0	($160,403)	-100.00%
Bank Enterprise Award Program	$23,000	$22,844	$0	($22,844)	-100.00%
Native American CDFI Assistance Program	$15,500	$15,395	$0	($15,395)	-100.00%
Administration	$26,000	$25,823	$14,000	($11,823)	-45.78%
Healthy Food Financing Program	$22,000	$21,851	$0	($21,851)	-100.00%
Subtotal, CDFI Fund	**$248,000**	**$246,316**	**$14,000**	**($232,316)**	**-94.32%**
User Fees *	$415	$700	$1,000	$300	42.86%
Recovery From Prior Years	$642	$3,400	$2,500	($900)	-26.47%
Unobligated Balances Brought Forward	$28,312	$32,606	$5,000	($27,606)	-84.67%
Total Program Operating Level	**$29,369**	**$36,706**	**$8,500**	**($28,206)**	**-76.84%**
Direct FTE	74	77	42	(35)	-45.45%
Total FTE	**74**	**77**	**42**	**(35)**	**-45.45%**

* FY 2017 User Fees reflects authorization of the Bond Guarantee Program.

** This column reflects levels appropriated in H.R. 255, the Consolidated Appropriations Act of 2017. For further details on the execution of these resources see the 2019 Budget *Appendix* chapter for the Department of the Treasury. FY 2017 FTE employment level reflects actuals, and the $ amount represents 2017 Enacted.

Summary

The FY 2019 Budget requests an appropriation of $14,000,000 for the Community Development Financial Institutions (CDFI) Fund to maintain the existing portfolio of loans and grants and to administer the Bond Guarantee (BG) and New Markets Tax Credit (NMTC) Programs. The CDFI Fund supports Treasury's strategic goals of Boosting U.S. Economic Growth and Transforming Government-wide Financial Stewardship.

Explanation of Budget Activities

Administration: $14,000,000 from Direct Appropriations

Administration encompasses the CDFI Fund's operational support and management activities for the BG Program, the NMTC Program, and ongoing certification of and compliance monitoring for all programs including the Bank Enterprise Award (BEA) Program, the CDFI Program, the Native American CDFI Assistance (NACA) Program, and the Healthy Food Financing Initiative (HFFI).

Legislative Proposals

The Budget requests extension of the CDFI BG Program through December 31, 2019 to allow more time to close complex and time-consuming bond commitments.

The CDFI BG Program injects new capital into our nation's most distressed communities by providing guarantees of bonds issued by Qualified Issuers. CDFIs can gain from the potential scale of the CDFI BG Program, which offers low-cost, long-term credit for the development of commercial real estate, rental housing, senior living, daycare or healthcare centers, charter schools, small businesses, and rural infrastructure, among others. The benefits of the program are realized at no cost to taxpayers, because the program requires no credit subsidy. The Budget proposes the following legislative changes to the BG Program: (1) reduce the minimum bond issue size from $100 million to $50 million; and (2) revise the relending account language to correct a technical drafting error.

The Budget also proposes to eliminate new allocations into the Capital Magnet Fund (CMF) effective in FY 2019. This would eliminate recurrent funding of the CMF through allocations from the Government-Sponsored Enterprises, Fannie Mae and Freddie Mac. The Budget assumes no funds will be provided to the CMF in 2018 in accordance with the Federal Housing Finance Agency's 2014 stated policy that funds will not be transferred if the transfer would cause the GSEs to draw on the Treasury funding commitment under the Preferred Stock Purchase Agreements (PSPAs). The Budget anticipates that such a draw will occur in 2018 as a result of the enactment of tax reform legislation.

Description of Performance

The CDFI Fund awarded $193 million to 303 organizations, including $171 million in financial and technical assistance awards and $22 million for the HFFI awards for the FY 2017 funding round of the CDFI Program. In addition, the CDFI Fund awarded $15.6 million in grants to 38 Native CDFIs for the FY 2017 funding round of the NACA Program.

CDFI Program awardees reported that more than 81 percent of loans in FY 2017 were originated in distressed communities and to underserved populations. Regulations require CDFIs must originate 60 percent or more of their loans and investments in eligible distressed census tracts or to underserved populations. The threshold is set at 60 percent in recognition of the fact that CDFIs may need to address safety and soundness by maintaining a diversified portfolio. Loans in highly distressed areas may be higher risk and more costly to underwrite and originate. The trend for FYs 2013 - 2016 indicates that CDFI awardees have been successful in meeting their mission of serving distressed communities and underserved populations while maintaining sound investment portfolio performance.

In FY 2017, 30 prior HFFI awardees reported making 376 HFFI investments totaling $168.8 million. There were 179 retail investments totaling over $139 million that developed 2,431,936 square feet of new retail space for projects ranging from small green grocers to large supermarkets that serve low-income, low-access census tracts. In addition, there were 197 non-retail investments totaling over $29 million in projects involving production and distribution, which developed 1,277,246 square feet of space for eligible healthy food activities.

The award cycle time is the average time from the date when applications are received to the date of award announcement (calculated in months as a weighted average). In FY 2017, the cycle time was 6.3 months, exceeding the target of 7 months.

CDFI, NMTC, and CMF Program awardees and allocation recipients reported 27,433 affordable housing units were developed or produced as a result of CDFI Fund awards in FY 2017. For FY 2018, the target remains 28,000 affordable housing units. The target reflects projected outcomes for program investments from prior-year award recipients' reported eligible affordable housing projects.

The calendar year 2015 and 2016 NMTC investment authority was allocated in November 2016 as a combined round. The NMTC Program awarded $7 billion in NMTC investment authority to 120 Community Development Entities (CDE) from a pool of 238 applicants. In FY 2017, 77.5 percent of NMTC investments were made in severely distressed communities, exceeding the target by more than three percentage points. This performance indicates that CDEs continue to meet their commitments in severely distressed communities.

Financial Crimes Enforcement Network

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2017 Enacted 1/	FY 2018 Annualized CR 2/	FY 2019 Request	FY 2018 TO FY 2019 $ Change	FY 2018 TO FY 2019 % Change
BSA Administration and Analysis	$115,003	$114,222	$117,800	$3,578	3.13%
Subtotal, FinCEN	**$115,003**	**$114,222**	**$117,800**	**$3,578**	**3.13%**
Offsetting Collections - Reimbursable	$3,000	$3,000	$3,000	$0	0.00%
Recovery from Prior Years	$500	$500	$500	$0	0.00%
Total Program Operating Level	**$3,500**	**$3,500**	**$3,500**	**$0**	**0.00%**
Direct FTE	274	304	332	28	9.21%
Reimbursable FTE	1	1	1	0	0.00%
Total FTE	**275**	**305**	**333**	**28**	**9.18%**

1/ FY 2017 shows actual FTE usage. This column reflects levels appropriated in H.R. 255, the Consolidated Appropriations Act of 2017. For further details on the execution of these resources, see the 2019 Budget Appendix chapter for the Department of the Treasury.
2/ FY 2018 shows the anticipated FTE usage.

Summary

FinCEN's mission 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. The FY 2019 President's Budget requests additional resources of $3,578,000 to maintain current levels, enhance FinCEN's national security capacity and to begin the development of a non-bank financial institutions (NBFI) risk assessment profile by targeting compliance toward the highest risk. FinCEN supports the Department of the Treasury's Strategic Goal 3 (Enhance National Security) and Goal 5 (Achieve Operational Excellence).

FinCEN FY 2019 Budget Highlights

Dollars in Thousands

FinCEN	FTE	Amount
FY 2018 Annualized CR	**304**	**$114,222**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$1,421
Pay Annualization	0	$260
Non-Pay	0	$1,161
Subtotal Changes to Base	0	$1,421
Total FY 2019 Base	**304**	**$115,643**
Program Changes:		
Annualization of FY 2018 Hiring	28	$0
Program Decreases	0	($1,161)
Programmatic Contract Reductions	0	($1,161)
Program Increases:	0	$3,318
Enhance National Security Capacity	0	$2,118
Develop NBFI Risk Assessment Profile	0	$1,200
Total FY 2019 Request	**332**	**$117,800**

FY 2019 Budget Adjustments

Adjustments to Request
Maintaining Current Level (MCLs)
Pay Annualization +$260,000 / +0 FTE

Funds are requested for annualization of the January 2018 pay-raise.

Non-Pay +$1,161,000 / +0 FTE

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

Program Changes
Annualization of FY 2018 Hiring +$0 / +28 FTE

This adjustment is required to reflect the positive results of FinCEN's hiring surge through September 2019, which is expected to right size the workforce to the funded FTE level.

Program Decreases
Programmatic Contract and Equipment Reductions -$1,161,000 / -0 FTE

This reduction will be taken through evaluation of increases or changes in proposed acquisitions of contractual services and equipment. FinCEN will evaluate contracts during the renewal process to absorb this reduction.

Program Increases
Enhance National Security Capacity +$2,118,000 / +0 FTE

These funds are necessary to sustain FinCEN's increased contractor resources needed to adequately support Treasury's TFI priorities. FinCEN is increasingly called upon to identify sources of revenue for illicit actors and their attempts to access and exploit the international financial system. These requests stem from the growing threats from rogue nations including the Democratic People's Republic of North Korea (DPRK) and continued efforts to combat international organized crime, terrorism, narcotics, and cybercrime. These additional funds will support these activities and the growing analysis of and demand for FinCEN's Bank Secrecy Act (BSA) data to assist in combating the emerging threats to the financial system. In the area of enforcement, additional funding will help FinCEN keep pace with its increasing national security workload through the use of its unique regulatory authorities. In the area of intelligence, funding will help FinCEN continue to support Treasury's broader national security efforts by identifying funding streams for illicit actors, including terrorists and terrorist financiers. Funding will also enhance the abilities of its cyber team to bridge financial and cyber investigations, finding previously undiscovered information and connecting cases that often appear unrelated.

Develop Non-Bank Financial Institutions Risk Assessment Model +$1,200,000 / +0 FTE

This funding will allow FinCEN to begin development of a NBFI Risk Assessment Model that will ultimately improve FinCEN's ability to identify, detect, and examine the highest risk NBFIs and foster enhanced BSA compliance within the NBFI financial services sectors. NBFIs have the potential to create significant vulnerabilities for the financial system that can be exploited by money launders, terrorist financiers, and other criminal actors. These sectors encompass approximately 320,000 financial institutions and over $13 trillion in financial services. This initiative will begin a process to identify the NBFI population and develop their associated risk profiles that will be assigned to these NBFI entities as well as assigning risk assessments across the entire population.

Explanation of Budget Activities

BSA Administration and Analysis
$117,800,000 from direct appropriations, $3,000,000 from reimbursable

This activity comprises FinCEN's efforts to develop and issue regulations under the 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 (FIU), and industry; and serve as the U.S. FIU and maintain a network of information sharing with FIUs in partner countries.

Legislative Proposals

FinCEN has no legislative proposals.

FinCEN Performance Highlights

Budget Activity	Performance Measures	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Target	FY 2019 Target
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	81.0	83.0	86.0	86.0	86.0
BSA Administration and Analysis	Percentage of Users Satisfied with FinCEN Information Sharing Systems	78.0	80.0	87.0	84.0	84.0

Description of Performance

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

FinCEN tracks the percentage of users finding that financial intelligence collected by FinCEN pursuant to its regulations provides valuable information to safeguard the financial system, combat money laundering, and counter terrorist financing. This measure supports Treasury Strategic Objective 3.2: Anti-money Laundering/Combating Financing of Terrorism (AML/CFT) Framework —identify and reduce vulnerabilities in the U.S. and international financial system to prevent abuse by illicit actors. In FY 2017, 86 percent of users found the intelligence valuable, surpassing the FY 2017 target of 85 percent. FinCEN will continue to emphasize continued training efforts to external users to improve understanding and utilization of the FinCEN Query tool for the bureau's unique cases and situations. In FY 2018 and FY 2019 the target is set at 86 percent.

FinCEN also tracks the percentage of users satisfied with FinCEN's information sharing systems. This measure supports the Treasury Strategic Objective 3.2: AML/CFT Framework — identify and reduce vulnerabilities in the U.S. and international financial system to prevent abuse by illicit actors. In FY 2017, FinCEN exceeded its target of 84 percent with 87 percent of users satisfied with information sharing systems. FinCEN attributes this performance to the usefulness of the data it provides; users' increased familiarity with systems, which are in a steady operational state; its knowledgeable and courteous user support staff, who continue to improve same day, help line closure rates; and its high system availability rate. FinCEN will continue to prioritize enhancement requests, monitor the help line request to address any issues or request surges, and continue to support infrastructure activities that improve overall system performance and availability. These changes may initially cause challenges that could impact performance measures during transition; in FY 2018 and FY 2019 the targets for FinCEN systems remain at 84 percent.

Alcohol and Tobacco Tax and Trade Bureau

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2017 Enacted 1/	FY 2018 Annualized CR	FY 2019 Request	FY 2018 TO FY 2019 $ Change	FY 2018 TO FY 2019 % Change
Collect the Revenue	$53,560	$53,127	$57,741	$4,614	8.68%
Protect the Public	$57,879	$57,555	$56,686	($869)	-1.51%
Subtotal, TTB	**$111,439**	**$110,682**	**$114,427**	**$3,745**	**3.38%**
Offsetting Collections - Reimbursables 2/	$5,854	$6,912	$6,912	$0	0.00%
Transfers In/Out 3/	$197	$0	$0	$0	NA
Total Program Operating Level	**$117,490**	**$117,594**	**$121,339**	**$3,745**	**3.18%**
Direct FTE	478	507	492	(15)	-2.96%
Reimbursable FTE	10	10	10	0	0.00%
Total FTE	**488**	**517**	**502**	**(15)**	**-2.90%**

1/ FY 2017 FTEs and Other Resources (Offsetting Collections – Reimbursables and Transfers) are Actual. This column reflects levels appropriated in H.R. 255, the Consolidated Appropriations Act of 2017. For further details on the execution of these resources see the 2019 Budget *Appendix* chapter for the Department of the Treasury.
2/ Includes reimbursements from the TEOAF Mandatory Fund and CDFI, and offsetting collections from the Puerto Rico Cover-Over Program.
3/ Transfer from the TEOAF Strategic Support Fund.

Summary

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

In FY 2019, TTB will continue to focus on enforcing compliance with alcohol, tobacco, firearms, and ammunition laws and regulations in the interest of collecting all appropriate excise taxes and promoting a marketplace for alcohol beverages that complies fully with federal production, labeling, advertising, and marketing standards. The FY 2019 President's Budget request enables TTB to continue the programs and activities necessary to meet its strategic goals of collecting revenue and protecting the public, as well as redirect resources to implement the Craft Beverage Modernization and Tax Reform provisions of P.L. 115-97. To improve tax enforcement outcomes, and promote a more efficient Federal Government, the Administration is proposing the consolidation of federal alcohol and tobacco tax enforcement authorities within the Department of the Treasury, including transferring jurisdiction for the Contraband Cigarette Trafficking Act from the Department of Justice's (DOJ) Bureau of Alcohol, Tobacco, Firearms, and Explosives to TTB. The FY 2019 request supports an initial investment of $5 million in start-up costs for TTB to initiate the transfer, and begin to implement this enforcement program. The full program costs will be higher and will be addressed in future budgets.

Total resources required to support TTB activities for FY 2019 are $121,339,000, including $114,427,000 from direct appropriations, and $6,912,000 from other offsetting collections and reimbursable programs.

TTB FY 2019 Budget Highlights

Dollars in Thousands

Alcohol and Tobacco Tax and Trade Bureau	FTE	Amount
FY 2018 Annualized CR	**507**	**$110,682**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$1,027
Pay Annualization	0	$295
Non-Pay	0	$732
Efficiency Savings:	0	($450)
Reduce Infrastructure Footprint and Support Services	0	($450)
Subtotal Changes to Base	0	$577
Total FY 2019 Base	**507**	**$111,259**
Program Changes:		
Program Decreases:	(36)	($7,632)
Program Staff Attrition	(14)	($1,960)
Trade Practice Enforcement	(22)	($5,000)
Program Contract Reductions	0	($672)
Program Increases:	21	$10,800
Consolidation of Federal Alcohol & Tobacco Tax Jurisdiction	14	$5,000
IT Modernization/Permits System	5	$4,600
IT Modernization/Cybersecurity	2	$1,200
Total FY 2019 Request	**492**	**$114,427**

FY 2019 Budget Adjustments

Adjustments to Request
Maintaining Current Level (MCLs)
Pay Annualization +$295,000 / +0 FTE

Funds are requested for annualization of the January 2018 pay raise.

Non-Pay +$732,000 / +0 FTE

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

Efficiency Savings
Reduce Infrastructure Footprint and Support Services -$450,000 / -0 FTE

In an ongoing effort to improve space utilization, TTB has identified additional opportunities to reduce leased space, resulting in additional savings of $250,000. Also, TTB will reduce its operating costs by $200,000 through savings in administrative overhead and decreased program support operations in line with anticipated program staff attrition.

Program Decreases
Program Staff Attrition -$1,960,000 / -14 FTE

TTB will implement a hiring freeze to achieve a workforce reduction of 14 FTE. This reduction, which equates to 3 percent of TTB's full-time positions, will be taken across multiple program areas.

Trade Practice Enforcement -$5,000,000 / -22 FTE

TTB will reduce its Trade Practice Enforcement program to the FY 2016 level. TTB enforcement addresses unlawful trade practices in the marketplace and ensures a level playing field for U.S. alcohol manufacturers and distributors. With two-year funding provided through FY 2018, TTB added staffing to increase its capacity for trade practice investigations from approximately 1 each year to up to 15 active cases annually. At the FY 2019 funding level, TTB will need to bring closure to its active trade practice investigations and reevaluate the program.

Program Contract Reductions -$672,000 / -0 FTE

TTB will reduce its contract services by reducing or re-scoping contracts for both its commercial vendors and government suppliers.

Program Increases
Consolidation of Federal Alcohol & Tobacco Tax Jurisdiction
+$5,000,000 / +14 FTE

Start-up funding is requested to support the Administration's proposal to consolidate federal alcohol and tobacco tax jurisdiction within the Department of the Treasury and TTB. This initial investment will enable TTB to begin hiring the necessary additional enforcement personnel, including agents, auditors, and investigators, to conduct the complex, multi-state investigations associated with contraband cigarette smuggling. The 14 FTE will allow TTB to hire 28 positions including auditors, investigators, and other program staff for approximately the last six months of the fiscal year. Agents will be hired under an expansion of the existing interagency agreement with the IRS, with the FY 2019 start-up funding covering the services of 12 agents during the second half of the year. This initial investment would also enable TTB to initiate any needed rulemaking and guidance as well as support initial research into system requirements and data analytics to improve enforcement targeting. During this transition period, and at the proposed staffing level, TTB will also expand its outreach to state law enforcement partners and work closely with DOJ on the transfer and continuation of existing cases.

IT Modernization/Permits System
+$4,600,000 / +5 FTE

Funding is requested to enable TTB to incrementally build and deploy a custom-developed online permitting system. A modernized system is a key component to improving program performance because it would allow TTB to optimize its online permit applications and processes to support the timely review and approval of applications. A custom system would also reduce burden on industry by enabling the eventual integration of all online interactions that industry has with TTB: permit applications, tax returns, operational reports, label applications, and formula applications.

IT Modernization/Cybersecurity
+$1,200,000 / +2 FTE

Funding is requested to cover the increased operations and maintenance costs of cybersecurity tools and for additional staff to remediate IT system vulnerabilities. This funding will ensure all TTB systems are modernized to detect and protect against current threats and ensure that TTB remains a Treasury leader operating at the forefront of security.

Explanation of Budget Activities

Collect the Revenue

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 engage 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 2017, collected excise taxes totaling $13 billion for tobacco products, $8 billion for alcohol beverage products, and $762 million for firearms and ammunition. This budget activity supports Treasury's strategic goal of ensuring that industry remits the proper federal tax on these products.

Protect the Public

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 more than

92,700 businesses that hold a TTB permit or registration. This budget activity supports Treasury's strategic objective 1.3 Trusted Currency and Services to ensure the delivery of trusted currency and services that enable citizens and businesses to participate in the economy and TTB's strategic goal of ensuring that alcohol and tobacco industry operators meet permit qualifications, and alcohol beverage products comply with federal production, labeling, and marketing requirements.

Legislative Proposals

Consolidation of Federal Alcohol & Tobacco Tax Jurisdiction

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

TTB Performance Highlights

Budget Activity	Performance Measures	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Target	FY 2019 Target
Collect the Revenue	Amount of Revenue Collected Per Program Dollar	437.0	414.0	406.0	350.0	350.0
Collect the Revenue	Percent of Voluntary Compliance from Large Taxpayers in Filing Tax Payments Timely (In Terms of Revenue)	88.0	87.0	85.0	90.0	90.0
Protect the Public	Percent of Electronically Filed Permit Applications	81.0	81.0	85.0	87.0	90.0
Protect the Public	Percentage of Permit Applications Processed within Service Standards	47.0	32.0	48.0	85.0	85.0
Protect the Public	Initial Error Rate for Permit Applications	67.0	57.0	60.0	25.0	25.0
Protect the Public	Customer Satisfaction Rate with TTB Permitting Process	76.0	71.0	80.0	80.0	80.0
Protect the Public	Percent of Electronically Filed Label and Formula Applications	94.0	97.0	98.0	95.0	95.0
Protect the Public	Percentage of Alcohol Beverage Label and Formula Applications Processed within Service Standards 1/	80.0	80.0	62.0	85.0	85.0
Protect the Public	Initial Error Rate for Label and Formula Applications	42.0	44.0	43.0	25.0	25.0

1/ TTB established new service standards of 10 days for both labels and formulas in FY 2017 following an infusion of dedicated resources in the FY16/17 enacted budgets. The standards were 30-days for labels and 45-days for formulas in fiscal years 2013 - 2016. Though annual results are below target, TTB met its target in September 2017, as projected. In FY18 and FY19, TTB expects to revise its service standard from 10 days to 15 days for both labels and formulas based on anticipated staff erosion and spikes in submissions driven by imported products. All data has been revised to reflect a methodology update to exclude label applications deemed abandoned by the applicant (i.e., no action after 30 days).

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 2017, TTB met four out of nine of its targeted performance goals, and made substantial progress in its initiatives intended to improve performance in all other performance metrics. The bureau will continue to monitor its annual business plan and use performance information to improve the effectiveness of its programs.

The investments in the Collect the Revenue activity resulted in the following performance highlights and accomplishments during FY 2017:

- TTB collected $22 billion in excise taxes and other revenues from more than 14,000 taxpayers in the alcohol, tobacco, firearms, and ammunitions industries. The return on investment for the Collect the Revenue program was $406 for every $1 expended on collection activities.
- Since TTB commenced its criminal enforcement program in 2011, TTB has opened a total of 150 cases that have resulted in more than $600 million in identified tax liabilities (a 4:1 return on investment) and criminal convictions, which are an essential component of tax enforcement. Further, TTB has maintained a 100 percent conviction rate on cases fully resolved through the legal system.
- TTB completed approximately 400 audits, examinations, and revenue investigations, which contributed to the identification of additional tax revenue of more than $91 million.
- TTB processed $370 million in cover-over payments to Puerto Rico and the U.S. Virgin Islands (USVI). Federal excise taxes collected on rum produced in Puerto Rico and USVI that are subsequently imported into the United States are "covered-over," or paid into the treasuries of Puerto Rico and the USVI. After December 31, 2017, and before January 1, 2020, the cover-over payment associated with any particular proof gallon of rum, may exceed the taxes collected on such proof gallon, depending on the applicable distilled spirits rate.
- TTB processed $350 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 the Protect the Public Activity resulted in the following performance highlights and accomplishments during FY 2017:

- TTB processed more than 272,000 Certificate of Label Approvals (COLAs) to ensure compliance with the FAA Act provisions that prevent consumer deception. TTB also achieved a 98 percent electronic filing rate for alcohol beverage label and formula applications. Federal law prohibits the import or domestic bottling of an alcohol beverage without an approved COLA, making this TTB service integral to U.S. business operations.
- TTB issued approximately 8,100 federal permits, primarily to new alcohol beverage producers, importers, and wholesalers. 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 nearly 550 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.

Bureau of the Fiscal Service

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2017 Enacted*	FY 2018 Annualized CR	FY 2019 Request	FY 2018 TO FY 2019 $ Change	FY 2018 TO FY 2019 % Change
Accounting and Reporting	$108,312	$107,576	$92,296	($15,280)	-14.20%
Collections	$36,197	$35,951	$35,232	($719)	-2.00%
Payments	$126,685	$125,825	$120,743	($5,082)	-4.04%
Retail Securities Services	$62,559	$62,134	$62,297	$163	0.26%
Wholesale Securities Services	$19,304	$19,173	$20,269	$1,096	5.72%
Subtotal, Fiscal Service	**$353,057**	**$350,659**	**$330,837**	**($19,822)**	**-6%**
Offsetting Collections - Reimbursables	$336,076	$377,980	$421,267	$43,287	11.45%
Total Program Operating Level	**$336,076**	**$377,980**	**$421,267**	**$43,287**	**100.00%**
Direct FTE	1,674	1,693	1,668	(25)	-1.48%
Reimbursable FTE	420	427	431	4	0.94%
Total FTE	**2,094**	**2,120**	**2,099**	**(21)**	**-0.99%**

* This column reflects levels appropriated in H.R. 255, the Consolidated Appropriations Act of 2017. For further details on the execution of these resources see the 2019 Budget Appendix chapter for the Department of the Treasury. FY 2017 FTE and Reimbursables are actuals.

Summary

The Bureau of the Fiscal Service's (Fiscal Service) multi-faceted mission supports the National Financial Critical Infrastructure of the Federal Government and Treasury's Strategic Goal 4 (Transform Government-wide Financial Stewardship) and Goal 5 (Achieve Operational Excellence). Specifically, Fiscal Service:

- Provides Government-wide accounting and reporting services to include managing the Government's daily cash flows
- Operates the Federal Government's collections and deposit systems by managing the Electronic Federal Tax Payment System (EFTPS) and implementing new and cutting edge tools
- Provides centralized payment services to Federal agencies to include veterans' benefits, Social Security benefits, and Internal Revenue Service (IRS) tax refunds
- Offers investors the ability to buy and manage all Treasury marketable securities and non-marketable securities, including U.S. savings bonds, online via the TreasuryDirect system
- Borrows the money needed to operate the Federal Government by performing auctions through which investors have the opportunity to purchase Treasury securities
- Manages the collection of delinquent debt owed to the Federal Government by operating the Treasury Offset Program (TOP) and Cross-Servicing Program

Fiscal Service interacts with almost every citizen and business in the country through the payments, collections, and debt collection programs.

Fiscal Service works with the Federal financial community to identify improvements to core programs and streamline operations Government-wide, and given the scope of work it is looked to as a leader in its functional areas. It is through the efficient and effective management of these critical programs that Fiscal Service demonstrates high performance and achieves outcomes and results, including:

- Financing Federal operations by collecting over $4 trillion in revenues
- Securely and timely disbursing 1.2 billion Federal payments, totaling more than $3.4 trillion, with 95.1 percent delivered electronically
- Making available $8.6 trillion to fund critical daily Federal Government operations by conducting 275 auctions
- Developing the new USAspending.gov site using a single, Government-wide data schema resulting in the first Digital Accountability and Transparency Act (DATA Act) submission, with data from all 24 Chief Financial Officer Act agencies, timely published on the new spending transparency website

Fiscal Service has a continuous, deep commitment to financial prudence and welcomes opportunities to further streamline and, where appropriate, reduce costs associated with the crucial services provided to American taxpayers through centralized, cost effective means. Fiscal Service plans to accomplish these goals by converting disbursement checks to electronic payments; centralizing Federal disbursing; reducing Government-wide improper payments; expanding electronic invoicing through the Invoice Processing Platform (IPP); reducing collections lockboxes and increasing digitization; expanding the Centralized Receivables Services; implementing Financial Management Innovation Pilots to support the Fiscal Service vision to transform financial management; expanding eCommerce collections solutions to allow all American citizens to do business with the Federal Government in a more efficient and effective manner; and continuing to provide operational excellence to customers daily, which includes more than 200 agencies and all American taxpayers.

Fiscal Service FY 2019 Budget Highlights

Dollars in Thousands

Fiscal Service	FTE	Amount
FY 2018 Annualized CR	**1,693**	**$350,659**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$3,286
Pay Annualization	0	$1,038
Non-Pay	0	$2,248
Adjustments to Base:	(13)	($19,822)
Prior Program Decreases	(13)	($19,822)
Subtotal Changes to Base	(13)	($16,536)
Total FY 2019 Base	**1,680**	**$334,123**
Program Changes:		
Program Decreases	(12)	($3,286)
*my*RA	(12)	($600)
Mission Support	0	($2,686)
Total FY 2019 Request	**1,668**	**$330,837**

Note: Prior program decreases include reductions to all budget activities identified in the FY 2018 President's Budget.

FY 2019 Budget Adjustments

Adjustments to Request
Maintaining Current Level (MCLs)
Pay Annualization +$1,038,000 / +0 FTE

Funds are requested for annualization of the January 2018 pay-raise.

Non-Pay +$2,248,000 / +0 FTE

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

Program Decreases
Prior Program Decreases -$19,822,000 / -13 FTE

Prior program decreases include reductions to Accounting and Reporting, Collections, Payments, Retail Securities Services, Support Services, and Streaming Staff/Other Efficiencies as first proposed in the FY 2018 President's Budget.

myRA -$600,000 /-12 FTE

This reduction and savings is a result of the plan to wind down the *my*RA program.

Mission Support -$2,686,000 / -0 FTE

Fiscal Service will delay implementation of customer self-service portals, on-line chat portals, and other mission support contracts impacting all budget activities and customers.

Explanation of Budget Activities

Accounting and Reporting ($92,296,000 from direct appropriations, $25,004,000 from reimbursable resources)

The Accounting and Reporting activity consists of two programs: Central Accounting and Data Transparency.

The Central Accounting program produces timely and accurate financial information by compiling and publishing daily, monthly, and annual reports; managing Federal daily cash flows; and tracking the daily balance and composition of the public debt of the United States. All of these activities significantly contribute to the improved quality of financial decisions across the Government and support the Treasury Strategic Objective 4.1 to increase the access and use of Federal financial data to strengthen Government-wide decision making, transparency, and accountability. As part of the Central Accounting program, Fiscal Service:

- Produces timely and accurate financial information by operating and overseeing the Government's Central Accounting Reporting System and managing $103.2 billion in daily Federal cash flows
- Generates and disseminates several reports and publications including the Daily Treasury Statement, Monthly Treasury Statement, Monthly Statement of the Public Debt, Treasury Bulletins, the Combined Statement of the United States Government, and the Financial Report of the United States Government (FR)
- Issues the annual, audited Schedules of Federal Debt that report on the single largest Federal liability in Treasury's annual Agency Financial Report and received an unmodified opinion for each of the past 21 years
- Manages nearly $80.4 billion in State and Local Government Series securities for over 3,000 customers and administers flexible investment alternatives for state and local governments to refinance their outstanding, tax-exempt debt
- Issues, redeems and services Government Account Series securities totaling nearly $5.8 trillion that are held in more than 160 accounts that have specific statutory authority to invest in these special, non-marketable Treasury securities
- Administers over 10,500 loans totaling $1.4 trillion to nearly 100 accounts held by Federal agencies to support programs relating to education, housing, flood relief, and agriculture

The Data Transparency program is responsible for implementing the Fiscal Service's data strategy, as well as fulfilling the requirements of the DATA Act. The DATA Act required Fiscal Service, in collaboration with the Office of Management and Budget, to develop, implement, and manage a system to provide Government-wide financial data to the public by May 2017. To meet these requirements, Fiscal Service developed a Government-wide data standard for collecting agencies' financial data, selected a broker to accept and validate the data, and implemented a public website for data accessibility. Fiscal Service continues to implement system enhancements based on user feedback using agile development techniques.

Collections ($35,232,000 from direct appropriations, and $9,287,000 from reimbursable resources)

The Collections budget activity supports National Financial Critical Infrastructure and the Treasury Strategic Goal 4 (Transform Government-wide Financial Stewardship) by administering the world's largest Government funds collections systems through a network of

Fiscal and Financial Agents. In FY 2017, the bureau collected over $4.1 trillion in Federal revenues, including individual and corporate income tax deposits, customs duties, fees for Government services, fines, and loan repayments. Within that, $2 trillion in tax payments were processed through EFTPS and approximately 186.5 million transactions worth nearly $155 billion were processed through Pay.gov.

Payments ($120,743,000 from direct appropriations, and $120,109,000 from reimbursable resources)

The Payments budget activity supports the National Financial Critical Infrastructure and Treasury Strategic Goal Four – Transform Government-wide Financial Stewardship by disbursing more than 87 percent of the Federal Government's payments, equating to 1.2 billion payments worth $3.4 trillion in FY 2017. Fiscal Service uses the Payment Application Modernization (PAM) investment to disburse payments for Veterans' Compensation and Pension, Social Security Benefits, Federal and Railroad Pensions, IRS tax refunds, Supplemental Security Income (SSI), etc. PAM supports the production and delivery of Federal payments on behalf of more than 250 Federal entities with a single application that generates check, Automated Clearing House (ACH), International ACH Transaction (IAT), and wire transfer payments. PAM prevents improper payments and collects delinquent debt owed to the Federal Government by automatically interfacing with core Treasury systems such as Do Not Pay (DNP) and TOP. Fiscal Service will eliminate redundancies in the Federal Government through FY 2019 by centralizing the payment activities for a large portion of Department of Defense and other non-Treasury disbursing agencies. This will allow those agencies to better align mission-critical resources and possibly identify future savings.

The Payments budget activity also includes the IPP and the DNP programs. A secure, Government-wide, web-based electronic invoice exchange network, IPP promotes the efficient use of resources by enabling federal agencies to electronically receive vendor invoices and transform existing paper-based invoice processes into a streamlined electronic process that integrates with existing agency core financial systems. In FY 2017, while supporting the Financial Innovation and Transformation initiative to develop a standard for electronic invoicing Government-wide, agencies electronically received and processed more than 450,000 vendor invoices valued at $25 billion. DNP provides a single, centralized point of access to timely, accurate, and actionable data for informed decision-making and can help identify, prevent, detect, and recover improper payments throughout the payment life cycle while protecting individuals' privacy. Through FY 2019, DNP analytics will continue to mature and provide customer agencies with additional tools to identify potential improper payments at all payment stages.

Retail Securities Services ($62,297,000 from direct appropriations, and $17,854,000 from reimbursable resources)

Retail Securities Services (RSS) enables Americans to save for their future by investing in Treasury securities, most notably, U.S. savings bonds. This program is responsible for processing millions of transactions annually on behalf of more than 50 million investors. RSS also provides Americans the opportunity to participate noncompetitively in the auction of Treasury marketable securities.

RSS is developing the Treasury Retail Investment Manager (TRIM), which will effectively replace the current TreasuryDirect system over time. TRIM will be a user-friendly system that will allow individual investors to purchase, view, redeem, and manage their investments electronically via laptop or mobile phone. Furthermore, TRIM will ultimately allow the unbanked and the under-banked to electronically purchase investments by providing alternative payment mechanisms, unlike TreasuryDirect, which requires a bank account.

Over the next few years, RSS will continue to develop new and unique ways to reach underserved audiences, improve customer service, and, ultimately, encourage more Americans to save for their future.

Wholesale Securities Services ($20,269,000 from direct appropriations, and $5,505,000 from reimbursable resources)

The Wholesale Securities Services (WSS) program supports the National Financial Critical Infrastructure by managing a critical Treasury High Value Asset that enables the Federal Government to finance daily operations through reliable, accurate, and secure electronic systems. The WSS program also supports Treasury Strategic Goal 4 (Transform Government-wide Financial Stewardship) and Treasury Strategic Objective 5.2 to better enable mission delivery by improving the reliability, security, and resiliency of Treasury's infrastructure.

Fiscal Service is responsible for the announcement, auction, issuance, and settlement of marketable Treasury bills, notes, bonds, Treasury inflation-protected securities and floating rate notes. The program also oversees the portion of the Federal infrastructure that provides for the transfer, custody, and redemption of all Treasury marketable securities, purchased mostly by commercial market participants.

Legislative Proposals

Fiscal Service has four legislative proposals:

- Increase delinquent Federal non-tax debt collections by authorizing administrative bank garnishment for non-tax debts of commercial entities. *Estimated collections of $320 million in commercial debts over 10 years.*

- Increase and streamline recovery of unclaimed assets owed to the United States by authorizing Treasury to locate and recover assets of the United States and to retain a portion of amounts collected to pay for the costs of recovery. *Estimated recoveries of $77.2 million over 10 years.*

- Expand Treasury's authority to access the National Directory of New Hires to include prevention, identification, and recovery of improper payments. *Total increase in improper payments identified by Treasury: $3.24 billion over ten years.*

- Allow Treasury to access the Death Master File for improper payment and debt collection purposes. Total increase in improper payments identified by Treasury: *$49.9 million over 10 years.*

Fiscal Service Performance Highlights

Budget Activity	Performance Measures	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Target	FY 2019 Target
Accounting and Reporting	Percentage of Government-Wide Accounting Reports Issued Timely	99.5	N/A	100.0	100.0	100.0
Collections	Percentage of Total Federal Government Receipts Settled Electronically (in dollars)	98.0	98.2	98.3	98.0	98.0
Payments	Percentage of Treasury Payments Made Electronically (%)	94.68	94.9	95.1	95.2	95.2
Retail Securities Services	Cost Per Customer Assisted Transaction ($)	N/A	N/A	124.44	124.78	115.29
Retail Securities Services	Cost Per Electronic Transaction ($)	N/A	N/A	2.65	3.46	4
Wholesale Securities Services	Percent of Auction Results Released Accurately (%)	97.0	100.0	98.9	100.0	100.0
Debt Collection	Amount of Delinquent Debt Collected Through All Available Tools ($ billions)	7.28	7.41	7.61	7.56	7.48

Description of Performance

Accounting and Reporting: Fiscal Service collects, analyzes, and publishes Government-wide financial information, made available to both the public and private sectors, to provide transparency on the Government's financial status. In FY 2017, Fiscal Service timely issued Government-wide accounting reports 100 percent of the time.

The Percentage of Summary Debt Accounting reports submitted timely measure established an FY 2017 target of 100 percent. Fiscal Service met its target in addition to taking significant strides with the FR to address the material weaknesses previously identified and continuing to implement corrective actions outlined in the remediation plan.

Fiscal Service will meet its FY 2018 and FY 2019 performance measure targets by transforming the quality, effectiveness and transparency of Federal financial management data; delivering value-added business process and system improvements; and expanding/enhancing relationships with stakeholders and customers.

Collections: In FY 2017, Fiscal Service exceeded its target of electronically settling 98 percent of all Federal Government receipts through continued commitment to agency outreach efforts. Fiscal Service expects to maintain an annual electronic collections rate of at least 98 percent through FY 2019 by continuing to promote the use of electronic systems in the collections process and to assist agencies in converting collections from paper to electronic media.

Payments: Fiscal Service continues to increase the electronic payment rate each year. In FY 2017, the electronic payment rate rose to 95.1 percent with the number of electronic payments increasing by 17.8 million, and paper check volume decreasing by 1.4 million. Tax refund payments continue to total more than half of the Treasury-disbursed check volume. The processing of electronic invoices also realized a large increase of more than 41,000 over the FY 2016 volume.

The target of 95.2 percent for FY 2018 and FY 2019 was determined by using historical data trends to determine the rate of increase/decrease to apply to future EFT and check volumes. The percentage increase/decrease differs for each of the payment types (veteran's benefits, Social Security benefits, SSI, tax refunds, etc.).

Fiscal Service will meet FY 2018 and FY 2019 targets by promoting and increasing EFT payments with emphasis on tax refunds, vendor payments, and benefit payments; and exploring, developing, and deploying innovative electronic payment solutions.

Retail Securities Services: Fiscal Service issued and serviced $31.8 billion in savings and marketable securities held by 611,000 investors in TreasuryDirect. A total of 2.4 million retail payments worth $13.6 billion were made timely and accurately.

The Cost Per Customer Assisted Retail Transaction measure demonstrates the efficiency of customer service operations for all retail securities currently offered. The customer service staff handles phone and email inquiries, offline authentications, paper savings bond conversions, changes in bank information, and transactions requiring legal evidence. In FY 2017, RSS experienced an increase in the percentage of overall customer-initiated transactions requiring intervention by the customer service staff, as well as higher than anticipated personnel costs directly attributed directly to the ongoing remediation of a backlog of customer service cases. The FY 2018 and FY 2019 targets are $124.78 per customer assisted retail transaction.

The Cost Per Electronic Retail Transaction measure demonstrates the efficiency of investor self-service for all retail securities currently offered. Customers are able to conduct several transactions independently of customer service representatives, including creating online accounts to purchase and hold securities, updating account information, purchasing and redeeming electronic securities, etc. In FY 2017, in combination with the shift in volumes noted above, a decrease in anticipated information technology provider charges resulted in lower than expected costs for electronic retail transactions. The FY 2018 and FY 2019 targets are $3.46 per electronic retail transaction.

Fiscal Service will focus on meeting its FY 2018 and FY 2019 targets by increasing customer self-sufficiency and satisfaction through streamlined processes; eliminating aging technology and decreasing operation and maintenance costs; and leveraging current and/or emerging enterprise technologies.

Wholesale Securities Services: Fiscal Service awarded $8.6 trillion in Treasury marketable securities during FY 2017, funding critical daily Federal operation by conducting 275 auctions. Fiscal Service will continue to track the percent of auction results released accurately and expects to achieve the 100 percent accuracy level in FY 2018.

To achieve FY 2018 and 2019 performance, Fiscal Service will complete a multi-year initiative to modernize the system's application software and technology components and will continue to test the tertiary backup system.

Debt Collection: Fiscal Service exceeded its Amount of Delinquent Debt Collection target for five consecutive years. This was the result of expanding the use of the administrative wage garnishment collection tool, improving macroeconomic conditions in the country, and enhancing analytics. However, analysis has shown offsets declining against projections in the past two years. Combined with declining referrals from agencies, this has resulted in more modest forecasts for FY 2018 and FY 2019.

The performance targets for FY 2018 and FY 2019 are to collect $7.56 billion and $7.48 billion in delinquent debt, respectively. A sophisticated planning model using debt data and macroeconomic variables is the basis for this target forecast. The model is designed to take into account economic fluctuations, as well as debt referral changes, in order to forecast collections one and two years out.

To meet FY 2018 and FY 2019 delinquent debt performance targets, Fiscal Service will continue to develop and implement strategies to increase automation, standardization and overall process efficiencies. In addition, new payment streams and individual payments will be added to TOP that produce offsets and increase delinquent debt collection.

Internal Revenue Service

Program Summary by Budget Activity

Dollars in thousands

Budget Activity	FY 2017 Enacted[1]	FY 2018 Annualized CR[2]	FY 2019 Request[3]	FY 2018 TO FY 2019 $ Change	FY 2018 TO FY 2019 % Change
Taxpayer Services	$2,455,754	$2,349,688	$2,241,000	($108,688)	-4.63%
Pre-filing Taxpayer Assistance and Education	607,043	603,424	607,753	4,329	0.72%
Filing and Account Services	1,848,711	1,746,264	1,633,247	(113,017)	-6.47%
Enforcement	$4,640,000	$4,606,996	$4,628,204	$21,208	0.46%
Investigations	595,206	576,802	578,949	2,147	0.37%
Exam and Collections	3,914,546	3,874,918	3,893,373	18,455	0.48%
Regulatory	130,248	155,276	155,882	606	0.39%
Operations Support	$3,849,246	$3,913,988	$4,155,796	$241,808	6.18%
Infrastructure	869,732	847,444	860,058	12,614	1.49%
Shared Services and Support	991,504	994,559	1,005,911	11,352	1.14%
Information Services	1,988,010	2,071,985	2,289,827	217,842	10.51%
Business Systems Modernization	$290,000	$288,031	$110,000	($178,031)	-61.81%
Subtotal, Internal Revenue Service	**$11,235,000**	**$11,158,703**	**$11,135,000**	**($23,703)**	**-0.21%**
Reimbursables	152,161	173,557	113,535	(60,022)	-34.58%
Offsetting Collections - Non Reimbursables	16,407	16,407	17,227	820	5.00%
User Fees	241,485	499,100	498,900	(200)	-0.04%
Recovery from Prior Years	2,497	18,351	18,331	(20)	-0.11%
Unobligated Balances from Prior Years	297,310	351,715	353,222	1,507	0.43%
Transfers In/Out	17				
Total Program Operating Level	**$11,944,877**	**$12,217,833**	**$12,136,215**	**($81,618)**	**-0.67%**
Direct FTE	76,634	72,968	70,805	(2,163)	-2.96%
Reimbursable FTE	853	1,033	552	(481)	-46.56%
Offsetting Collections - Non Reimbursables					
User Fee FTE	161	75	71	(4)	-5.33%
Unobligated Balances from Prior Years	36	827		(827)	-100.00%
Resources from Other Accounts	1	1	1		
Total FTE	**77,685**	**74,904**	**71,429**	**(3,475)**	**-4.64%**

[1]FY 2017 Enacted reflects levels appropriated in H.R. 255, the Consolidated Appropriations Act of 2017. For further details on the execution of these resources, see the 2019 Budget *Appendix* chapter for the Department of the Treasury. Includes $220 million interappropriation transfer from Enforcement to Taxpayer Services ($90 million) and Operations Support ($130 million). FY 2017 Enacted also includes $290 million in Section 113 Administrative Provision funding allocated in the following amounts: $209.2 million in Taxpayer Services and $80.8 million in Operations Support. FY 2017 full-time equivalent (FTE) are actuals and reconcile to the final FY 2017 Obligations and Expenses report, which included the 36 FTE funded from prior year balances shown in the table above. Other Resources are actuals. Resources from Other Accounts include other direct FTE funded by the Federal Highway Administration.

[2]FY 2018 Annualized Continuing Resolution (CR) reflects a rescission of 0.6791 percent applied to the FY 2017 Enacted levels. FY 2018 Annualized CR also includes a notional $220 million interappropriation transfer from Enforcement to Operations Support to cover anticipated operations and maintenance requirements in FY 2018. The IRS will submit a formal transfer to request to Congress as part of the IRS FY 2018 operating plan upon enactment of a final appropriations bill. FY 2018 Annualized CR includes $288 million in Section 113 Administrative Provision funding in the following amounts: $208 million in Taxpayer Services and $80 million in Operations Support. FY 2018 Annualized CR does not include resources to implement new requirements under the Tax Cuts and Jobs Act (Public Law 115-97).

[3]FY 2019 Request in this table excludes the proposed $362 million discretionary program integrity investment in FY 2019: $205 million for Enforcement and $157 million for Operations Support. More information about the program integrity cap adjustment can be found in Section 4.1 of the IRS FY 2019 Congressional Justification.

Summary

The IRS FY 2019 base budget request of $11.135 billion provides funding to administer the nation's tax system, generate more than $3 trillion in revenue to fund critical defense and general program requirements, meet demand from hundreds of millions of taxpayers, issue more than $400 billion in tax refunds and outlays, protect billions of taxpayer records, and strengthen tax compliance.

The Budget invests in high-priority programs that will allow the IRS to administer the new tax law and to become more efficient and effective and ultimately assist more taxpayers. These investments include modernizing taxpayer services and expanding opportunities for taxpayers and their representatives to complete certain service and compliance interactions through their preferred channel, be it online, by telephone, or in person at one of the IRS's 365 Taxpayer Assistance Centers. Modernizing taxpayer services will help simplify filing returns for the vast majority of taxpayers and result in more resources for taxpayers who use traditional service channels, all of which will increase voluntary compliance and improve tax administration. The Budget invests in technology and analytics to take advantage of the most effective tax enforcement strategies and protect taxpayers' refunds from fraudulent schemes. The Budget also increases funding for security and replacing obsolete hardware to protect taxpayer-sensitive data from ever-increasing cyber threats.

The Department of the Treasury's strategic plan for FY 2018 – 2022 and the forthcoming IRS Strategic Plan FY 2018–2022 (Plan) guide the IRS's resource decisions, programs, and operations to meet the changing needs and expectations of taxpayers and members of the tax community who serve taxpayers. The Plan aligns with the goals and objectives in Treasury's strategic plan, namely increasing U.S. economic growth by administering tax laws to better enable all taxpayers to meet their obligations while protecting the integrity of the tax system; transforming government-wide financial stewardship by increasing access to and usage of data; and achieving operational excellence.

In FY 2017, the IRS delivered a successful filing season that opened on January 23, 2017. During the 2017 filing season, the IRS:

- Received about 136 million individual tax returns and issued 97 million refunds totaling $268 billion with an average individual refund of $2,862. More than 90 percent of these individual returns received were filed electronically;
- Filing season LOS, the relative success rate of taxpayers that call the toll-free number seeking assistance from a customer service representative, reached 79.1 percent, its highest level since 2007;
- Received almost 30.9 million business returns, 3.3 percent more than in 2016 of which almost 19.3 million were filed electronically, an increase of almost 10 percent from 2016; and
- In calendar year 2017, using new screening criteria, the IRS stopped $5.2 billion in fraudulent refunds claimed by identity thieves on 567,000 tax returns from January 2017 through October 2017.

Tax Reform

The Tax Cuts and Jobs Act (Public Law 115-97) is the most significant revision of the U.S. tax code in over 30 years. With hundreds of provisions intended to provide relief to American families and make America's businesses more competitive, the new law will require extensive administrative work in calendar years 2018 and 2019. To ensure successful implementation, the IRS will need immediate additional resources to address the following requirements:

- Create new and revised taxpayer forms, instructions, and publications;
- Provide technical support to taxpayers on issues involving interpretations of the law

and of related published guidance. Preliminary estimates suggest assistors may need to answer four million additional phone calls. This represents a potential 17 percent increase over the 23 million assisted calls answered by the IRS in FY 2017;

- Train IRS employees on the new law and help the public, tax professionals and other industry partners understand how the law applies to them; and
- Reprogram approximately 140 interrelated information technology systems, with special focus on return processing and compliance systems.

Reducing Regulatory Burden

The IRS and the Department continue to work to identify overly burdensome tax regulations for modification or repeal consistent with law and Executive Order 13789 (Identifying and Reducing Tax Regulatory Burdens). In October of 2017, the Department released a report recommending actions to eliminate or mitigate the burdens imposed on taxpayers by eight regulations. In addition, the IRS and the Department have initiated a comprehensive review, coordinated by the Treasury Regulatory Reform Task Force, of all tax regulations, regardless of when they were issued. As part of this process, the IRS Office of Chief Counsel has already identified over 200 regulations for potential revocation, most of which have been outstanding for many years.

IRS FY 2019 Budget Highlights

Bureau: Internal Revenue Service	TAXPAYER SERVICES		ENFORCEMENT		OPERATIONS SUPPORT		BSM		TOTAL	
Summary of FY 2019 CJ Request	**$000**	**FTE**	**$000**	**FTE**	**$000**	**FTE**	**$000**	**FTE**	**$000**	**FTE**
FY 2018 Annualized CR Level	**$2,349,688**	**26,977**	**$4,606,996**	**34,662**	**$3,913,988**	**10,813**	**$288,031**	**516**	**$11,158,703**	**72,968**
Changes to Base										
Maintaining Current Levels (MCLs)	**$13,115**		**$26,598**		**$53,808**		**$172**		**$93,693**	
Pay Annualization	9,697		21,035		7,823		172		38,727	
Non-Pay Inflation Adjustment	3,418		5,563		45,985				54,966	
Efficiency/Savings	**($6,695)**	**(128)**			**($6,103)**				**($12,798)**	**(128)**
Increase e-File Savings	(6,695)	(128)			(102)				(6,797)	(128)
Space Optimization					(6,001)				(6,001)	
Reinvestment					**12,798**				**12,798**	
Support Aging IT Infrastructure					12,798				12,798	
Subtotal FY 2019 Changes to Base	**$6,420**	**(128)**	**$26,598**		**$60,503**		**$172**		**$93,693**	**(128)**
FY 2019 Current Services	**$2,356,108**	**26,849**	**$4,633,594**	**34,662**	**$3,974,491**	**10,813**	**$288,203**	**516**	**$11,252,396**	**72,840**
Program Changes										
Program Decreases										
Actions to Achieve Workforce Management Goals	($133,134)	(2,307)	($5,390)						($138,524)	(2,307)
Realignment from BSM to Operations Support							($178,203)		($178,203)	
Subtotal FY 2019 Program Decreases	**($133,134)**	**(2,307)**	**($5,390)**				**($178,203)**		**($316,727)**	**(2,307)**
Program Increases (Before Cap Adjustment)										
Stabilize, Secure and Transform IT Operations					**181,305**	**146**			**181,305**	**146**
Strengthen Cyber Security					40,000	10			40,000	10
Identity Assurance - e-Authentication Enhancements and Authorization Integration					24,300	21			24,300	21
Aging Technology Infrastructure					39,000				39,000	
Migration to Cloud Services					20,000				20,000	
Stabilize IT Operations					58,005	115			58,005	115
Support Taxpayer Services and Online Account Activities	**18,026**	**126**							**18,026**	**126**
Subtotal FY 2019 Program Increases	**$18,026**	**126**			**$181,305**	**146**			**$199,331**	**272**
Total FY 2019 Request (Before Cap Adjustment)	**$2,241,000**	**24,668**	**$4,628,204**	**34,662**	**$4,155,796**	**10,959**	**$110,000**	**516**	**$11,135,000**	**70,805**

See footnotes in 1.1 – Appropriations Detail Table

FY 2019 Budget Adjustments

Resource Adjustment

Base Realignment for Support Services $0 / 0 FTE

The FY 2018 Annualized CR level of $11.159 billion assumes $220 million will be transferred from Enforcement to Operations Support in FY 2018 to cover recurring operations and maintenance costs. The IRS will submit a formal notification to Congress in its FY 2018 operating plan. In recognition of the recurring nature of these expenses, the Budget includes the $220 million in the FY 2019 current services or base estimate for Operations Support.

Adjustments to Request

Maintaining Current Levels (MCLs)

Pay Annualization +$38,727,000 / 0 FTE

Funds are requested for annualization of the January 2018 pay-raise.

Non-Pay +$54,966,000 / 0 FTE

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

Efficiencies and Savings

Increase e-File Savings -$6,797,000 / -128 FTE

The IRS projects the receipt of 1,902,000 fewer returns filed on paper in FY 2019 (1,301,700 individual and 600,300 business returns) than in FY 2018, saving 128 FTE and $6,797,000.

Space Optimization -$6,001,000 / 0 FTE

The IRS will reduce rent expenses and improve use of office space across the country. The IRS plans to reduce its real estate footprint by approximately 500,000 square feet by closing or consolidating space for estimated rent savings of $6 million in FY 2019.

Reinvestment

Support Aging IT Infrastructure +$12,798,000 / 0 FTE

Funding will be applied to refresh and replace critical IT infrastructure that has aged three to four times beyond industry replacement standards. The IRS requires about $136 million to replace assets that have aged in the past fiscal year, and estimates every $10 million spent above the $136 million threshold will result in a one percent reduction of the aged assets. Thus, $12.8 million should allow for replacement of about 1.3 percent of aged assets.

Program Changes

Program Increases

Secure and Transform IT Operations +$181,305,000 / +146 FTE

The IRS will protect sensitive data by executing a multi-year plan to enhance cyber security, pursue new technologies for identity proofing and authentication, decrease the time and effort required to resolve account issues, refresh and replace critical IT infrastructure, migrate to cloud computing service delivery models, and focus on developing innovative technology solutions.

Support Taxpayer Services and Online Account Activities +$18,026,000 / +126 FTE

The additional customer service representatives will handle downstream effect on collection, account management, and submission processing operations. The additional Taxpayer Advocate Services (TAS) specialists will ensure that the IRS does not create unnecessary burdens or compromise taxpayers' rights. While the IRS has made significant strides in implementing Secure Access, there are many enhancements needed to improve success rates for taxpayers, reduce technical errors, refine business rules, improve monitoring capabilities, and integrate additional applications with the Secure Access process. This investment also will include support for the e-Authentication Help Desk to assist taxpayers establish or access their online accounts.

Program Decreases

Actions to Achieve Workforce Management Goals -$138,524,000 / -2,307 FTE

This decrease is expected to lower the telephone Level of Service from an estimated 75 percent in FY 2018 to 47 percent in FY 2019. This decrease may delay the sorting and shipping of incoming mail within normal mail; delay responses to transcript requests and other paper receipts from taxpayers; and result in seasonal employees being placed into non-work status. Proposed investments in systems and online services will mitigate these effects to some extent.

Realignment from BSM to Operations Support -$178,203,000 / 0 FTE

The IRS will continue investing in modernizing systems with the proposed $110 million request for Business Systems Modernization. This decrease takes into account the projected $237 million in unobligated balances brought forward estimated to be available to support modernization in FY 2019 and the need to continue investing in IT infrastructure, security, and web services within Operations Support.

Explanation of Budget Activities

Taxpayer Services

The FY 2019 President's Budget request is $2,241,000,000 in direct appropriations. This appropriation funds the following budget activities:

Pre-filing Taxpayer Assistance & Education ($607,753,000 from direct appropriations, an estimated $1,237,000 from reimbursable resources, and an estimated $5,000,000 from unobligated balances from prior years)

This budget activity funds services to help taxpayers understand and meet their tax obligations, including tax law interpretation, publication, production, and advocate services.

Filing & Account Services (1,633,247,000 from direct appropriations, an estimated $35,519,000 from reimbursable resources, and an estimated $67,900,000 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 2019 President's Budget request is $4,628,204,000 in direct appropriations. This appropriation funds the following budget activities:

Investigations ($578,949,000 from direct appropriations, an estimated $32,769,000 from reimbursable resources, an estimated $17,227,000 from offsetting collections – non-reimbursables, an estimated $2,964,000 from recoveries paid, and an estimated $13,378,000 from unobligated balances from prior years)

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 when warranted. These programs identify and document the movement of legal and illegal sources of income and instances 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 ($3,893,373,000 from direct appropriations, an estimated $986,000 from reimbursable resources, and $17,229,000 from unobligated balances from prior years)
This budget activity funds programs that enforce the tax laws, increase compliance through examination and collection, and ensure proper payment and tax reporting. It also includes campus support of the Questionable Refund program and appeals and litigation activities associated with exam and collection.

Regulatory ($155,882,000 from direct appropriations, an estimated $177,000 from reimbursable resources)
This budget activity funds the development and printing of published IRS guidance materials including the interpretation of tax laws, internal advice to the IRS on general non-tax legal issues, 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, as is the Office of Professional Responsibility, which identifies, communicates, and enforces Treasury Circular 230 standards of competence, integrity, and conduct of professionals representing taxpayers before the IRS.

Operations Support

The FY 2019 President's Budget request is $4,155,796,000 in direct appropriations. This appropriation funds the following budget activities:
Infrastructure ($860,058,000 from direct appropriations, an estimated $711,000 from reimbursable resources, an estimated $779,000 from recoveries, and an estimated $18,191,000 from unobligated balances from prior years)
This budget activity funds administrative services such as space and housing, rent and space alterations, building services, maintenance, guard services, and non-IT equipment.

Shared Services & Support ($1,005,911,000 from direct appropriations, an estimated $21,399,000 from reimbursable resources, an estimated $1,000,000 from user fees, an estimated $4,000 from recoveries, and an estimated $16,004,000 from unobligated balances from prior years)
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, physical security, legal services, and procurement.
Information Services ($2,289,827,000 from direct appropriations, an estimated $20,737,000 from reimbursable resources, an estimated $396,000,000 from user fees, an estimated $10,264,000 from recoveries, an estimated $466,000 from recoveries paid, and an estimated $46,501,000 from unobligated balances from prior years)
This budget activity funds staffing, equipment, and related costs to manage, maintain, and operate the information systems critical to the support of tax administration programs. This includes the design and operation of security controls and disaster recovery planning. This budget activity funds the development and maintenance of the millions of lines of programming code that support all aspects and phases of tax processing and the operation and administration of mainframes, servers, personal computers, networks, and a variety of management information systems.

Business Systems Modernization

The FY 2019 President's Budget request is $110,000,000 in direct appropriations. This appropriation funds the following budget activity:

Business Systems Modernization ($110,000,000 in direct appropriations, this is a decrease of $178,031,000, or 61.8 percent less than the FY 2018 Annualized Continuing Resolution level of $288,031,000 and 516 FTE)

This budget activity funds the planning and capital asset acquisition of IT to modernize IRS business systems, including labor and related contractual costs. It funds' investments in systems that enhance the IRS's capability to detect, resolve, and prevent tax refund fraud and protect U.S. Treasury revenue, simplify the taxpayer's online experience, provide secure digital communications, and add more interactive capabilities to existing web self-service products.

Legislative Proposals

The FY 2019 President's Budget request includes four legislative proposals.

Program Integrity Cap Adjustment: In addition to the base appropriations request of $11.135 billion, the Budget proposes a $362 million discretionary program integrity cap adjustment in FY 2019 to fund new and continuing investments in expanding and improving the effectiveness and efficiency of the IRS's overall tax enforcement program. The Budget proposes $205 million for the Enforcement account and $157 million for the Operations Support account. It also proposes additional adjustments in future years to fund new initiatives and inflation. The proposed investments will generate approximately $44 billion in additional revenue over 10 years and will cost about $15 billion for net savings of $29 billion.

Streamlined Critical Pay (SCP): Streamlined Critical Pay authority through September 30, 2022. The authority to make new SCP appointments expired September 30, 2013. Currently, there are no Streamlined Critical Pay appointees employed by the IRS. If the SCP is not renewed, the IRS will continue to face challenges recruiting top-level talent, especially IT professionals who help protect taxpayer data from cyber-attacks and who assist with modernizing the IRS's IT infrastructure. According to Treasury Inspector General for Tax Administration report 2015-IE-R001, *The Internal Revenue Service's Use of Its Streamlined Critical Pay Authority*, "Private sector expertise had been crucial to introducing new leadership to supplement in-house expertise, and the IRS had taken advantage of the private sector expertise by retaining the critical pay appointees whenever feasible." The IG concluded in its report that the IRS ran the program well and effectively.

Correctable Error Authority: When the IRS identifies certain mathematical or clerical errors, or other specific irregularities on returns during processing, it automatically adjusts the return for the taxpayer. At various times, Congress has expanded this math error authority on a case-by-case basis. The IRS would be able to improve tax administration significantly, including reducing improper payments and cutting down on the need for costly audits, if Congress were to expand this authority to allow the IRS to correct returns for specific errors.

Increase Oversight of Paid Tax Return Preparers: Since 2011, the D.C. District Court (and the D.C. Circuit Court affirming on appeal) has prevented the IRS from enforcing regulations on the grounds that the IRS's authority to regulate practitioners is insufficient to permit regulation of tax return preparers who do not practice or represent taxpayers before an office of the Treasury Department. The Administration continues to hold that improved regulation of preparers is an effective means to improve voluntary compliance. Thus, the Administration requests that the IRS be granted the authority to require minimum standards for all 400,000 tax preparers without credentials.

IRS Performance Highlights

Budget Activity	Performance Measures	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2017 Target	FY 2018 Target	FY 2019 Target
Filing and Account Services	Customer Service Representative Level of Service (LOS)	38.1%	53.4%	77.1%	64.0%	75.0%	47.0%
Filing and Account Services	Customer Accuracy - Accounts (Phones)	95.5%	96.1%	96.0%	95.0%	95.0%	95.0%
Filing and Account Services	Percent Individual Returns Processed Electronically	85.3%	86.4%	86.9%	87.0%	88.0%	89.0%
Exam and Collections	Examination Efficiency - Individual	148	143	121	118	134	129
Exam and Collections	Automated Underreporter Coverage	2.3%	2.3%	2.2%	2.0%	1.9%	1.9%
Exam and Collections	Automated Collection System Accuracy	95.3%	95.4%	94.7%	95.0%	95.0%	95.0%

Description of Performance

In FY 2017, the IRS continued to provide quality service to taxpayers and enforce the laws with integrity and fairness. However, the IRS was unable to maintain some of its performance levels due to ongoing resource and staffing constraints. The IRS continued to deliver improvements in key areas, including international, tax exempt, refund fraud, and identity theft.

Taxpayer Services

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

Achieved an 86.9 percent individual e-file rate and a 52.9 percent business e-file rate;

- Delivered a fiscal year telephone LOS of 77.1 percent;
- Answered more than 23 million calls, and addressed another 18 million calls through automated systems. The average speed of answer was eight minutes, compared to 18 minutes in fiscal year 2016; and
- Answered 96.0 percent of account questions over the telephone correctly.

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

Enforcement

In FY 2017, the IRS collected $56.9 billion through enforcement programs, a return on investment (ROI) of about $5.1 to $1 for all appropriations. For Enforcement only, the projected ROI is $12 to $1. This number is likely understated, since the ROI estimate does not include the revenue effect of the indirect deterrence value of IRS enforcement programs, which is conservatively estimated to be at least three times the direct revenue effect. The IRS CI program investigates potential criminal violations of the Internal Revenue Code and related financial crimes, such as money laundering, currency violations, tax-related identity theft fraud, and terrorist financing that adversely affect tax administration.

In FY 2017, CI completed 3,089 criminal investigations, within 0.4 percent of the year-end target. The number of completions decreased 17 percent from FY 2016. CI has experienced a steady decrease in the number of special agents available to work cases (due to attrition and limited hiring) as well as a continued focus on existing judicial process inventory and traditional tax case programs, which tend to have a higher cycle time than identity-theft/refund fraud cases that contributed to prior year completions. CI obtained 2,300 convictions in FY 2017.

During the past year, the IRS maintained its international enforcement presence, leveraged the tax return preparer community, and prioritized refund fraud prevention. The IRS stopped $5.2 billion in fraudulent refunds claimed by identity thieves on 567,000 tax returns using new screening criteria. In addition, the IRS continued to work with its Security Summit partners from state tax agencies and the broader tax community to add extra layers of security protection for the filing season. During the year, the IRS issued news releases about scams and tax tips to advise taxpayers and tax professionals.

Business Systems Modernization

IRS modernization efforts continued in FY 2017. Some key accomplishments were:

- Deployed several CADE 2 Transition State 2 projects for filing season 2017, which allowed a more effective way to record and retain taxpayer history, corrected automated failure to pay calculations for the adjusted refundable credits, and aggregated and provided taxpayer data to downstream systems across the IRS;
- Deployed maintenance and enhancements for the Return Review Program in preparation for the 2017 filing season, which allowed for receipt of Forms W-2, *Wage and Tax Statement*, directly from reporting agents and other Form W-2 issuers earlier in the filing season to verify income and reduce fraud and anomalies. Receiving the Form W-2 information earlier allowed the IRS to release correct returns sooner in the fraud detection process, which reduced taxpayer burden; and
- Continued to enhance Web Applications to improve interactions and communications with taxpayers, employers, and third parties by providing a broad range of self-service options, establishing secure information exchange options, and building internal capabilities. By enabling third parties and taxpayers to interact digitally with the IRS, the investment will provide a better user experience, achieve significant savings by moving services to lower cost channels, and deliver consistent data and services through reusable application programming interfaces (APIs).

Office of Financial Stability

Program Summary

Dollars in Billions

	Cumulative Obligated (as of 11/30/2017)	Cumulative Disbursed (as of 11/30/2017)	Cumulative Outstanding (as of 11/30/2017)	Total Cumulative Income (as of 11/30/2017)	Total Cash Back (as of 11/30/2017)	Total Estimated Life Costs (as of 11/30/2017)	
Bank Support Programs	250.5	245.1	0.1	35.7	275.5	(24.3)	
Credit Market Programs	19.1	19.1	0.0	4.6	23.6	(3.3)	
AIG Investment Program (AIG)	67.8	67.8	0.0	1.0	55.3	15.2	*
Automotive Industry Financing Program	79.7	79.7	0.0	7.4	70.5	12.2	
Treasury Housing Programs	37.4	26.8	NA	NA	0.0	32.5	
Total	**$454.5**	**$438.5**	**$0.1**	**$48.6**	**$425.0**	**$32.3**	
Additional AIG Common Shares Held by Treasury	0	0	0	17.6	17.6	(17.6)	*
Total for Programs and Shares	**$454.5**	**$438.5**	**$0.1**	**$66.2**	**$442.5**	**$14.7**	

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

Administrative Account Summary

Dollars in Thousands

	FY 2017	FY 2018	FY 2019	FY 2018 to FY 2019	
	Actual	Estimated	Estimated	Change	% Change
Tarp Administrative Account	103,578	78,608	63,065	(15,543)	-19.77%
Total Obligations	**$103,578**	**$78,608**	**$63,065**	**($15,543)**	**-19.77%**
Total FTE	**52**	**34**	**24**	**-10**	**-29.41%**

Summary and Explanation of Programs

A central part of the response to the 2008 financial crisis was the implementation of the Troubled Asset Relief Program (TARP), which was established in the fall of 2008 under the Emergency Economic Stabilization Act of 2008 (EESA) (P.L. 110-343) within the Office of Domestic Finance at the U.S. Department of the Treasury (Treasury). TARP was created to restore the liquidity and stability of the financial system, and it is administered by the Office of Financial Stability (OFS). Since late 2010, OFS has made significant progress in winding down TARP investment programs and in recovering OFS's outstanding investments. OFS's continued wind-down efforts align with Treasury's Strategic Goal of financial stewardship, specifically objective 4.1 (financial data access and use), by winding down sun-setting programs responsibly while maximizing the financial benefit to taxpayers.

OFS continues to operate a housing program to help homeowners prevent avoidable foreclosures, but in 2016 began the wind-down of the largest TARP housing program, the Marking Home Affordable Program, pursuant to the Consolidated Appropriations Act, 2016. As of November 30, 2017, OFS has recovered 97 percent of the $438.5 billion in total program funds disbursed under TARP, as well as an additional $17.6 billion from Treasury's equity in AIG. When all of Treasury's AIG investments are included, the amount recovered is greater than the funds disbursed by more than $4.0 billion.

In FY 2019, OFS plans to obligate $63 million and use no more than 24 Full-Time Equivalent

(FTE) employees, a decrease of approximately $16 million and 10 FTE employees from the current FY 2018 estimates, to fund the management of the TARP housing programs and the continuing disposition of OFS's remaining investments.

Legislative Proposals

Treasury seeks certain legislative changes related to OFS and TARP to reduce the frequency and necessity of several statutory reporting requirements that were established when TARP was created. Although these reporting requirements corresponded to the level of risk associated with a start-up entity in 2009, risk has dramatically decreased as programs have closed. OFS estimates that enacting the following legislative proposals would result in more than $2 million in annual savings in contracting cost and Government Accountability Office (GAO) reimbursements and would reduce OFS's workload by 4 FTE employees per year. The remaining statutory requirements will continue to provide sufficient transparency during the wind-down of TARP.

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

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

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

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

Description of Performance

Bank Support Programs

Capital Purchase Program (CPP)

OFS created CPP, its largest program, in October 2008. OFS provided a total of $204.9 billion in capital to 707 institutions in 48 states. During FY 2017, OFS continued to wind down remaining CPP investments through repayments by those institutions that were able to do so and restructuring investments in limited cases. As of November 30, 2017, CPP has generated $226.8 billion in recoveries for taxpayers with six institutions remaining in the program, for a total of $48 million in investments outstanding.

Community Development Capital Initiative (CDCI)

OFS created CDCI on February 3, 2010, to provide investments of capital to certified Community Development Financial Institutions (CDFI) banks, thrifts, and credit unions. OFS invested $570 million in 84 CDFIs, of which 28 institutions converted $363 million (including warrants) from CPP to CDCI. The initial dividend or interest rate was two percent. To encourage repayment, the dividend rate increases to nine percent after eight years. On August 1, 2016, Treasury – as part of its ongoing effort to wind down TARP – offered participating CDCI institutions an opportunity to repurchase their outstanding securities owned by Treasury at fair value ahead of the dividend rate step-ups set to take place in 2018. By the end of January 2017, OFS completed 27 full and partial repurchases at fair value under the early repurchase option, for a total of $268 million in repayments. As of November 30, 2017, CDCI has generated $540 million in recoveries for taxpayers with 21 institutions remaining in the program, for a total of $68 million in investments outstanding.

Housing Programs

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

Making Home Affordable Program (MHA)

In 2009, OFS launched MHA to help homeowners prevent avoidable foreclosures and strengthen the housing market. The cornerstone of MHA is the Home Affordable Modification Program (HAMP), which provides eligible homeowners the opportunity to reduce their monthly mortgage payments. In accordance with provisions of the Consolidated Appropriations Act, 2016 (the Act) (P.L. 114-113), MHA terminated on December 31, 2016, except with respect to certain applications made before such date. MHA servicers were required to design policies and procedures to reasonably ensure that all MHA transactions were completed by December 1, 2017. As of November 30, 2017, OFS had disbursed $18.2 billion out of a possible $27.8 billion under MHA.

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

HHF was established in 2010 to provide targeted aid to homeowners in states hit hardest by the economic and housing market downturn by providing funding to state HFAs. The $7.6 billion initiative encompassed 18 states and the District of Columbia. In December 2015, the Act granted Treasury authority to make an additional $2.0 billion in commitments through the HHF. As of November 30, 2017, OFS had disbursed $8.5 billion out of a possible $9.6 billion under the HFA Hardest Hit Fund.

Federal Housing Administration (FHA) - Short Refinance Program

OFS continues to support the FHA Short Refinance Program, designed to assist borrowers with negative equity. The program has seen limited participation. As such, OFS has incrementally reduced the LOC Facility supporting this program from an initial $8.0 billion to $27 million in FY 2017, which matches OFS's maximum liability for loans covered by the program as of December 31, 2016, when the program ended. As of November 30, 2017, the revised lifetime cost estimate for the program was $17 million for outstanding refinanced loans.

Other Programs

Automotive Industry Financing Program (AIFP)

OFS fully wound down AIFP during FY 2015, selling its remaining stake in Ally Financial. OFS disbursed $79.7 billion in loans and equity investments to the automotive industry through the AIFP. As of November 30, 2017, OFS has collected $70.5 billion through sales, repayments, dividends, interest, recoveries, and other income. Recoveries from the bankruptcy liquidation of Old Chrysler and Old GM remain possible.

All other TARP programs closed prior to FY 2016, including the Targeted Investment Program, Asset Guarantee Program, Public-Private Investment Program, Term Asset-

Backed Securities Loan Facility, Small Business Administration 7(a) Securities Purchase Program, and American International Group, Inc. Investment Program.

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

Office of Financial Research

Program Summary by Budget Activity

Dollars in Thousands

	FY 2017	FY 2018	FY 2019	FY 2018 to FY 2019	
	Actual	Estimated	Estimated	Change	% Change
Data Center	$12,833	$16,348	$15,346	($1,002)	-6.13%
Technology Center	$29,235	$25,935	$22,325	($3,610)	-13.92%
Research Center	$15,605	$15,185	$13,465	($1,720)	-11.33%
Operations and Support Services	$26,533	$25,503	$24,135	($1,368)	-5.36%
Total Cost of Operations	**$89,206**	**$82,971**	**$75,271**	**($7,700)**	**-9.28%**
Total FTE	**219**	**190**	**140**	**(50)**	**-26.32%**

Summary

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

To align with the Administration's initiative to improve government efficiency and effectiveness, the OFR is implementing a staffing streamlining effort to ensure appropriate levels for maximum efficiency.

OFR FY 2019 Budget Highlights

Dollars in Thousands

Office of Financial Research	FTE	Amount
FY 2018 Estimated	**190**	**$82,971**
Changes to Base:		
Total FY 2019 Base	**190**	**$82,971**
Program Changes:		
Program Decreases	(50)	($7,700)
Personnel	(50)	($6,571)
Non-Personnel	0	($1,129)
Total FY 2019 Estimated	**140**	**$75,271**

Explanation of Budget Activities

Data Center ($15,346,000 from Assessments)

As required by statute, the Data Center, on behalf of the Council, collects, validates, and maintains all data necessary to carry out the Center's duties. Under this mandate, the Data Center works to increase efficiency in data acquisition and management; reduce redundant reporting requirements across the regulatory system (including through more effective data-sharing arrangements); and to ensure the security of sensitive data.

Technology Center ($22,325,000 from Assessments)

The Technology Center provides mission-critical analytic services to support the OFR's work with complex, sensitive financial data and the Office's research and analysis activities. In addition, the Technology Center is responsible for safeguarding data and systems, and managing all IT capabilities within the OFR. These responsibilities include computing and analytic platforms, software, telecommunications, client applications, and office automation solutions.

Research and Analysis ($13,465,000 from Assessments)

The Research and Analysis Center conducts research and analysis on systemic risk, macroprudential policy, and financial stability.

Working closely with the Financial Stability Oversight Council, Treasury, other key stakeholders, the Financial Research Advisory Council, and experts from around the globe, the OFR collaboratively identifies important issues that need to be addressed, and focuses its resources to deliver impactful results in areas such as a London Interbank Offered Rate (LIBOR) alternative and a multi-factor approach for determining bank regulatory thresholds.

Operations and Support Services ($24,135,000 from Assessments)

This category contains the activities of the Director's Office, Operations, External Affairs, and Chief Counsel. The category includes support provided through a shared services model and reimbursable arrangements with Treasury's Departmental Offices; personnel benefits services from the Office of the Comptroller of the Currency; and services from Treasury's Bureau of the Fiscal Service Administrative Resource Center, including services related to human resources, procurement, travel, and financial management.

OFR Performance by Budget Activity

Budget Activity	Performance Measures	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Target	FY 2019 Target
Data Center	Number of LEIs Issued Cumulatively in the United States and Internationally	395,861	464,492	587,941	I	I
Data Center	Number of Times That Data Standards Related are Incorporated in Rules and Regulations	2	9	4	I	I
Research and Analysis Center	Number of Research and Analysis Publications Made Public Year-to-Date	11	34	20	DISC	DISC
Research and Analysis Center	Financial Stability Monitoring Services and Products Provided	N/A	N/A	33	DISC	DISC
Research and Analysis Center	Number of Monitor Editions Policy Analyses, and Dashboards Produced for Monitoring Threats to Financial Stability	21	34	DISC	DISC	DISC

Key: DISC – Discontinued; I-Indicator

Description of Performance

The OFR assesses its performance measures annually and revises them, if appropriate, to ensure their continued usefulness for management decision-making and improved results.

Financial Stability Oversight Council

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2017 Actual	FY 2018 Estimated	FY 2019 Estimated	FY 2018 TO FY 2019 $ Change	FY 2018 TO FY 2019 % Change
FSOC	$5,655	$6,892	$6,892	0	0.00%
FDIC	$5,126	$4,162	$4,162	0	0.00%
Total Cost of Operations	**$10,781**	**$11,054**	**$11,054**	**0**	**0.00%**
FTE	**17**	**18**	**18**	**0**	**0.00%**

Summary

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

The Council's three statutory purposes are to:

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

Over the last year, the Council continued to identify and monitor potential risks to U.S. financial stability; fulfilled its statutory requirements, including transmission of its seventh annual report to Congress; and served as a forum for discussion and coordination among member agencies.

The Council continues to evaluate its nonbank financial company determinations and financial market utility designations. In FY 2017, the Council rescinded one nonbank financial company determination.

Over the next year, the Council will continue to monitor the financial system for emerging risks and facilitate interagency cooperation to identify and analyze potential emerging threats. The Council will also continue to facilitate information sharing and interagency coordination with respect to various regulatory initiatives.

By law, the Council is required to convene no less than quarterly, but the Council has convened on a more frequent basis to share information on key financial developments, coordinate regulatory implementation, and monitor progress on recommendations from the Council's annual reports. In FY 2017, the Council convened 7 times. The Council will remain focused on identifying near-term threats and addressing structural vulnerabilities in the financial system. Transparency into Council work has routinely been provided through an annual report to Congress, periodic Congressional testimony on Council activities and emerging threats to financial stability, and regular communications to the public about Council activities and decisions.

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

- Goal 1: Boost U.S. Economic Growth
- Objective 1.2: Strong Economic Fundamentals

FSOC FY 2019 Budget Highlights

Dollars in Thousands

Financial Stability Oversight Council	FTE	Amount
FY 2018 Estimated	**18**	**$11,054**
Changes to Base:		
Total FY 2019 Base	**18**	**$11,054**
Program Changes:		
Program Decreases:	0	($77)
Administrative Cost Savings	0	($77)
Program Increases:	0	$77
Pay Annualization	0	$77
Subtotal Program Changes	0	0
Total FY 2019 Estimated	**18**	**11,054**

Explanation of Budget Activities

Financial Stability Oversight Council ($6,892,000 from Assessments)

The Council has a statutory duty to facilitate information sharing and coordination among member agencies. The Council will continue to monitor the financial system for emerging risks and facilitate interagency cooperation to identify and analyze emerging threats. The Council is not an office or bureau of the Department of the Treasury. However, by law, the Council's expenses (and, indirectly, Federal Deposit Insurance Corporation (FDIC) reimbursements) are considered expenses of the Office of Financial Research, an office within the Department of the Treasury.

FDIC Reimbursement ($4,162,000 from Assessments)

By law, the Council's expenses also include reimbursement of certain reasonable implementation expenses incurred by the FDIC in implementing Orderly Liquidation Authority. The FDIC must periodically submit requests for reimbursement to the Chairperson of the Council, who shall arrange for prompt reimbursement to the FDIC. FDIC expenses are for rule writing and resolution planning.

Legislative Proposals

The Budget proposes to impose appropriate Congressional oversight of these functions by subjecting Council and Office of Financial Research activities to the normal appropriations process.

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.

Treasury Forfeiture Fund

Program Summary by Budget Activity

Budget Activity	FY 2017 Actual	FY 2018 Estimated [3]	FY 2019 Estimated	FY 2018 TO FY 2019 $ Change	FY 2018 TO FY 2019 % Change
Mandatory [1]	$479,446	$489,833	$450,000	-$39,833	-8.13%
Secretary's Enforcement Fund	$7,014	$25,898	$10,000	-$15,898	-61.39%
Strategic Support [2]	$39,768	TBD	TBD	NA	NA
Total Cost of Operations	**$526,228**	**$515,731**	**$460,000**	**($55,731)**	**-10.81%**
Rescissions/Cancellations	**($1,398,050)**	**($1,397,700)**	**($400,000)**	**$997,700**	**-71.38%**
Contingent Liabilities	**$387,011**	**$355,000**	**$355,000**	**($5,000)**	**-1.41%**
Total FTE	**25**	**26**	**26**		**0.00%**

[1] The Treasury Forfeiture Fund is staffed by Departmental Offices employees and positions are funded via reimbursable agreement. The FTE are shown here for clarity, but are also reflected in the Departmental Offices chapter in the reimbursable FTE total.
[2] For fiscal years 2018 and 2019, Treasury will revise Strategic Support (formerly known as Super Surplus) based on enacted appropriations and submit a plan to Congress if funding is available, once more is known about actual collections and expenses.
[3] FY 2018 full-year appropriations were not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2018 (Division D of P.L. 115-56, as amended) and that the 2017 enacted rescission recurs in FY 2018.

Summary

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

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

Explanation of Budget Activities

Mandatory ($450,000 from revenue/offsetting collections)

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

Secretary's Enforcement Fund ($10,000,000 from revenue/offsetting collections)

Secretary's Enforcement Fund (SEF) expenses are funded from revenue from equitable shares received from Department of Justice (DOJ) or U.S. Postal Service (USPS) forfeitures. These shares are proportionate to Treasury's participation in the overall investigative effort that led to a DOJ or USPS forfeiture. SEF revenue is available for federal law enforcement-related purposes of any bureau participating in the Fund.

Strategic Support (TBD from revenue/offsetting collections)

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

Contingent Liabilities ($350,000 from revenue/offsetting collections)

TEOAF tracks future remission payments to third parties as contingent liabilities. However, these amounts are not recorded as obligations from the Fund until the Department of Justice grants the petition for remission. The third parties are predominantly victims of crimes that triggered the forfeiture (e.g., Ponzi scheme or kleptocracy victims). Amounts recorded are significant because remission payments from multiple years are recorded and carried forward. The amounts change constantly as payments are made and amounts for new remission cases are added. TEOAF considers the amounts recorded as contingent liabilities as unavailable and believes that consideration of contingent liabilities provides a more accurate representation of the financial position of the Fund.

Legislative Proposals

P.L. 114-113 rescinded $3,800,000,000 of the $3,838,800,000 forfeited by BNP Paribas in 2015 and prohibited Treasury from obligating the remaining balance. However, the remaining balance will remain in the Fund unless returned to the General Fund. Return of these funds to Treasury is being done solely to remove them from the Fund's account, but will not count as savings because the funds are already precluded from obligation.

TEOAF Performance Highlights

Budget Activity	Performance Measures	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Target	FY 2019 Target
Treasury Forfeiture Fund	Percent of Forfeited Cash Proceeds Resulting from High-Impact Cases	98.25	89.09	81.79	80.0	80.0

Description of Performance

The TEOAF continues to measure the performance of the participating law enforcement bureaus through the use of the performance measure: percent of forfeited cash proceeds resulting from high impact cases. This measures the percentage of forfeited cash proceeds resulting from high impact cases, which are cases resulting in a cash forfeiture deposit equal to or greater than $100,000.

Focusing on strategic cases and investigations that result in high impact forfeitures will do the greatest damage to criminal organizations while accomplishing the ultimate objective, which is to disrupt and dismantle criminal activity. Member law enforcement bureaus participating in the Fund have met or exceeded the performance target since FY 2013. However; the performance declined from 89.09 percent to 81.79 percent from FY 2016 to FY 2017. This is attributable to large rescissions leading to no Strategic Support funding available to the participating agencies in FY 2015 and FY 2016. For FY 2018 and FY 2019, the target will remain at 80 percent. The Fund maintains a target of 80 percent because some cases may be important to pursue, even if they are not high-impact cases and result in deposits of less than $100,000.

Bureau of Engraving and Printing

Program Summary by Budget Activity

Dollars in Thousands

	FY 2017	FY 2018	FY 2019	FY 2018 TO FY 2019	
Budget Activity	**Actual**	**Estimated**	**Estimated**	**$ Change**	**% Change**
Manufacturing	$712,074	$839,484	$896,430	56,946	6,78%
Total Cost of Operations	**$712,074**	**$839,484**	**$896,430**	**$56,946**	**6.78%**
Total FTE	**1,818**	**1,842**	**1,836**	**(6)**	**-0.33%**

Summary

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

BEP's FY 2019 budget funds the following projects:

Increasing the Department of the Treasury's Efficiency and Effectiveness by Streamlining Operations: BEP and the United States Mint will streamline certain functions by migrating BEP's online sales and marketing presence to the Mint's recently modernized E-Commerce infrastructure and services platform and centrally coordinating non-IT procurements, creating economies of scale and reducing expenses. In addition, the Budget requests the authority for BEP to print security documents for states. Many states are unable to find an American printing firm to produce the documents. These states are turning to foreign companies or lowering their security standards.

Banknote Design and Development: In FY 2019, BEP will continue working with the Federal Government's Advanced Counterfeit Deterrent Steering Committee to research and develop future currency designs for the next family of redesigned notes that will enhance and ensure the security and integrity of U.S. currency.

Meaningful Access: BEP continues its work to ensure that U.S. currency notes are accessible for domestic and international users, including the blind and visually impaired.

Retooling: BEP is in the process of a multi-year effort to retool its manufacturing processes with state-of–the-art intaglio printing presses, electronic inspection systems and finishing equipment. In order to ensure that BEP will meet the yearly currency order, the Federal Reserve Board (FRB) and BEP developed and established short, medium and long-term strategic equipment replacement plans for the U.S. Currency Program.

BEP Workforce: Throughout FY 2019, BEP will continue to develop, execute, and communicate Employee Engagement Plans and the Federal Employee Viewpoint Survey annual results. In addition to implementing BEP Human Capital Plan initiatives, BEP will continue to fill personnel gaps in needed Science, Technology, Engineering and Mathematics skill sets. BEP is also adding resources in technology development and feature testing areas.

Currency Quality Assurance (CQA) Program: BEP has partnered with the FRB to reinvent its quality management program based on the best practices of leading manufacturers. In collaboration with its stakeholders, BEP developed a robust CQA program that began in 2014 and will continue to mature in 2019. BEP now builds quality into production processes.

New International Organization for Standardization (ISO) Requirements: ISO has published updated standards that BEP must follow to maintain certification. To pass recertification, BEP must align its Quality Management System to the ISO 9001:2015 standard and its Environment Management System to the ISO 14001:2015 standard no later than September 2018.

Replacement DC Production Facility (DCF): BEP's current Washington, DC facility has an aging and outdated infrastructure with multiple floors and wings, which drives up costs and adversely impacts quality of the currency. BEP requests legislative authority to purchase land and construct a new, smaller, more efficient currency production facility in the National Capital Region. The FRB supports this project. The proposal would save $579 million over 10 years, with an additional $22 million in savings in 2029, 2020 and 2031. With a new facility, BEP would be able to reduce its space by 28 percent and reduce its annual operating costs by $38 million. Alternately BEP would renovate the existing Main and Annex Buildings to ensure its ability to meet its mission.

Western Currency Facility Expansion: Producing the next family of redesigned notes requires that BEP purchase and install new equipment to support the new designs. The expansion will provide the space and infrastructure necessary to successfully meet the new production requirements.

BEP FY 2019 Budget Highlights

Dollars in Thousands

Bureau of Engraving and Printing	FTE	Materials	Operating & Capital	Total
FY 2018 Estimated	**1,842**	$289,149	$550,335	$839,484
Changes to Base				
Maintaining Current Levels (MCLs)			$7,957	$7,957
Pay Annualization			1,195	1,195
Non-Pay			6,762	6,762
Subtotal Changes to Base			7,957	7,957
Total FY 2019 Base	**1,842**	**$289,149**	**$558,292**	**$847,441**
Program Changes				
Program Decreases	**(6)**	**($9,667)**	**($5,140)**	**($14,807)**
Implement Single Note Inspection for $100 and $20 Notes		(9,667)	(533)	(10,200)
50-subject $5 Note Production Begins			(3,707)	(3,707)
Authorize and Implement Phased Retirement	(5)		(700)	(700)
Consolidate Transactional HR Services	(1)		(200)	(200)
Program Increases			**64,000**	**64,000**
DC Production Facility Replacement			16,820	16,820
Western Currency Facility Expansion			46,976	46,976
Subtotal Program Changes	**(6)**	**(9,667)**	**58,656**	**48,989**
Total FY 2019 Estimated	1,836	$279,482	$616,948	$896,430

FY 2019 Budget Adjustments

Adjustment to Estimates

Maintaining Current Level (MCLs)

Pay Annualization +$1,195,000 / +0 FTE

Funds are required for annualization of the January 2018 pay-raise.

Non-Pay +$6,762,000 / +0 FTE

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

Implement Single Note Inspection for $100 and 200 Notes -$10,200,000 / -0 FTE

BEP is implementing this additional production process that will increase manufacturing efficiencies.

50 Subject $5 Note Production Begins -$3,707,000 / -0 FTE

Implementing 50 Subject $5 note production will improve manufacturing efficiencies and increase productivity.

Authorize and Implement Phased Retirement -$700,000 / -5 FTE

Offering a Phased Retirement program at BEP will allow managers to provide mentoring opportunities for employees while increasing access to the decades of institutional knowledge and experience that these experienced employees can provide.

Consolidate Transactional HR Services - $200,000 / -1 FTE

BEP will provide employees with standardized and centralized human resources (HR) processes by consolidating transactional HR services with a Shared Service Provider.

DC Production Facility Replacement +$16,820,000 / +0 FTE

These funds will be used to develop the requirements to support the new facility project.

Western Currency Facility Expansion +$46,976,000 / +0 FTE

Expansion of the Western Currency Facility is needed to meet redesign currency program requirements.

Legislative Proposals

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

BEP also requests legislative authority to purchase land and construct a new, smaller, more efficient currency production facility in the National Capital Region with a goal of reducing the federal footprint. The FRB supports this project. Without this new authority, BEP would have to renovate the existing Main and Annex Buildings to accommodate the state-of-the-art equipment necessary to produce the next family of redesigned notes.

BEP Performance Highlights

Budget Activity	Performance Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Target	FY 2019 Target
Manufacturing	Manufacturing Costs For Currency (Dollar Costs Per Thousand Notes Produced)	42.35	44.25	43.58	50.0	48.0
Manufacturing	Manufacturing Costs For Currency (Dollar Costs Per Thousand Notes Produced)	42.35	44.25	43.58	50.0	48.0
Manufacturing	Percent of Currency Notes Delivered Returned Due to Defects	0.0000003	0.0000003	0.0000008	0.0001	DISC
Manufacturing	Currency Notes Delivered Returned Due to Defects (parts per million)	N/A	N/A	N/A	N/A	<1 ppm
Manufacturing	Best Places to Work in Federal Government Ranking	74	97	38	Upper Quartile	Upper Quartile
Manufacturing	Lost Time Accident Rate per 100 Employees	1.65	1.77	1.60	1.80	1.90

Key: DISC – Discontinued

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. The measure is based on contracted price factors, productivity improvements and the mix of denominations ordered. Actual performance against standard cost depends on BEP's ability to meet spoilage, efficiency and capacity utilization goals. In FY 2017 the cost of manufacturing was lower than anticipated; the actual result realized was $43.58 per 1,000 notes produced against a target of $48.00. BEP's target for this performance metric in FY 2018 and FY 2019 is $48.00 per 1,000 notes produced.

The Percent of Currency Notes Returned Due to Defects is an indicator of BEP's ability to provide a quality product. BEP's FY 2017 target for this performance metric was 0.0001 percent, and the actual result realized for this measure was 0.0000008 percent. This performance indicator will be replaced in FY 2019 with Currency Notes Returned Due to Defects (parts per million (ppm)). BEP's target for this performance metric will be held constant at <1 ppm for FY 2018 and FY 2019.

BEP's Best Places to Work in the Federal Government Ranking is based on the results of the Partnership for Public Service data on three questions in the Federal Employee Viewpoint Survey. BEP's FY 2017 ranking was 38 out of 150. The Partnership will issue updated rankings early in FY 2018 including more agency components. BEP will continue to target an improvement and strives to be in the upper quartile in rank.

The Lost Time Accident Rate per 100 employees measures BEP's ability to reduce injuries and illnesses in the workplace. BEP's FY 2017 Lost Time Accident rate was at 1.60 cases per 100 employees, lower than the target of 1.80 cases per 100 employees. BEP 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's target will be held at 1.80 cases per 100 employees for FY 2018 and will increase to 1.90 cases per 100 employees in FY 2019.

United States Mint

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2017 Actual	FY 2018 Estimated	FY 2019 Estimated	FY 2018 to FY 2019 $ Change	FY 2018 to FY 2019 % Change
Manufacturing	$2,203,909	$2,944,784	$2,970,276	$25,492	0.87%
Total Resources	**$2,203,909**	**$2,944,784**	**$2,970,276**	**$25,492**	**0.87%**
Total FTE	**1,645**	**1,705**	**1,705**	**0**	**0.00%**

Summary

The Mint operates under the United States Mint's Public Enterprise Fund (PEF), as codified at 31 U.S.C. § 5136. The Mint generates revenue through the sale of circulating coins to the Federal Reserve Banks (FRB), numismatic products to the public, and bullion coins to authorized purchasers. All circulating and numismatic operating expenses along with capital investments incurred for the Mint's operations and programs are paid out of the PEF. By law, all funds in the PEF are available without fiscal year limitation. Revenues determined to be in excess of the amount required by the PEF are transferred to the United States Treasury General Fund. The Mint's key priorities for FY 2019 include:

- Circulating - Efficiently and effectively mint and issue approximately 14.5 billion circulating coins in FY 2019 to meet the needs of commerce.
- Numismatic Program Bullion Products - Mint and issue bullion coins to meet customer demand efficiently and effectively.
- Other Numismatic Products - Produce and distribute numismatic products in sufficient quantities, through appropriate channels, to make them accessible, available, and affordable to people who choose to purchase them. Design, strike and prepare for presentation Congressional Gold Medals.

FY 2019 United States Mint estimated total revenues are $3,288,893,000, total expenses are $2,970,276,000 of which $40,500,000 are for capital investments, and net results are $258,617,000 in earnings.

In an effort to align more closely with Treasury's strategic goal of achieving operational excellence, the Bureau of Engraving and Printing (BEP) and the Mint will streamline certain functions by migrating BEP's online numismatic sales and marketing presence to the Mint's recently modernized E-Commerce infrastructure and services platform and centrally coordinating non-IT procurements, creating economies of scale and reducing expenses.

The Mint proposes to seek the authority for the Secretary to prescribe the composition of the nickel, dime, and quarter-dollar coins. This authorization would give the Secretary the flexibility to implement small changes to the copper-nickel circulating coin metal compositions, with little or no impact to the vending industry and general public.

Mint supports the Treasury Strategic goals of Boosting U.S. Economic Growth and Achieving Operational Excellence.

US Mint FY 2019 Budget Highlights

Dollars in Thousands

United States Mint	FTE	Materials	Operating & Capital	Total
FY 2018 Original Estimate	**1,801**	**$2,240,000**	**$454,784**	**$2,694,784**
Adjustment to Estimate - Metals Due to Forecasted Decrease in Circulating Coin Production		($30,000)		($30,000)
Adjustment to Estimate - Metals Due to Forecasted Increase in Numismatic Coin Metals Prices		$280,000		$280,000
Adjustment to FTE Requirements	(96)			
Revised FY 2018 Estimated Resources	**1,705**	**2,490,000**	**454,784**	**2,944,784**
Changes to Base				
Maintaining Current Levels (MCLs)			$5,492	$5,492
Pay Annualization			$1,011	$1,011
Non-Pay			$4,481	$4,481
Subtotal Changes to Base			$5,492	$5,492
Total FY 2019 Base	**1,705**	**$2,490,000**	**$460,276**	**$2,950,276**
Program Changes				
Program Increases		$20,000		$20,000
Metals Due to Forecasted Increase in Circulating Coin Production		$20,000		$20,000
Subtotal Program Changes		$20,000		$20,000
Total FY 2019 Estimated	**1,705**	**$2,510,000**	**$460,276**	**$2,970,276**

FY 2019 Budget Adjustments

Adjustment to Estimates
Maintaining Current Level (MCLs)
Pay Annualization +$1,011,000 / +0 FTE

Funds are required for the annualization of the 2018 pay-raise.

Non-Pay +$4,481,000 / +0 FTE

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

Program Increases
Metals Due to Forecast Increase in Circulating Coin Production +$20,000,000 / +0 FTE

FRB demand for circulating coins is forecasted to increase slightly from FY 2018 to FY 2019 (from 14.0 to 14.5 billion coins). This increase coupled with forecasted increases in metal prices results in an increase in overall production costs for the circulating program. Explanation of Budget Activities

Manufacturing $2,970,276,000 from revenue/offsetting collections

The Mint has one budget activity: Manufacturing. This encompasses the bureau's two major programs: circulating coinage and numismatic products, including bullion coins, collector coins, and national medals.

Circulating Coinage Program

Circulating coinage includes the minting and issuing of pennies, nickels, dimes, and quarter-dollars. The Mint delivers circulating coinage to the FRBs in quantities to support their service to commercial banks and other financial institutions. The Mint recognizes revenues from the sale of circulating coins at face value when they are shipped to the FRBs. The Mint will continue to mint and issue circulating quarter-dollar coins honoring America's national parks and other national sites, in accordance with the America the Beautiful National Parks Quarter Dollar Coin Act of 2008 (Public Law 110-456). In 2018, the Mint will release quarters honoring Pictured Rocks National Lakeshore (Michigan), Apostle Islands National

Lakeshore (Wisconsin), Voyageurs National Park (Minnesota), Cumberland Island National Seashore (Georgia), and Block Island National Wildlife Refuge (Rhode Island). In 2019, the Mint will release quarters honoring Lowell National Historical Park (Massachusetts), American Memorial Park (North Mariana Islands), War in the Pacific National Historical Park (Guam), San Antonio Missions National Historical Park (Texas), and Frank Church River of No Return Wilderness (Idaho).

Numismatic Program
Bullion Coin Program

The Mint produces and issues gold, silver, and platinum bullion coins to authorized purchasers through the American Eagle, American Buffalo, and America the Beautiful Silver Bullion Coin Programs to fulfill investor demand. Demand for bullion coins is greatly influenced by the performance of other investment options, such as equities 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 Mint's numismatic program provides high-quality versions of circulating coinage, precious metal coins, commemorative coins, and medals for sale directly to the public. For some numismatic products, authorizing legislation specifies program requirements, such as design theme, mintage level, and duration of product availability. Other programs are structured by law to grant the Secretary of the Treasury discretion in determining product specifications.

The Mint will continue to mint and issue $1 coins commemorating the important contributions made by Indian tribes and individual Native Americans to the development and history of the United States in accordance with the Native American $1 Coin Act (Public Law 110-82).

Commemorative coins are authorized by law to recognize and honor people, places, events, institutions, and other subjects of historic or national significance. In 2018, the Mint has authorization to mint commemorative coins for two programs: the World War I American Veterans Centennial Commemorative Coin (Public Law 113-212) and the Breast Cancer Awareness Commemorative Coin (Public Law 114-148). In 2019, the Mint has authorization to mint commemorative coins for two programs: the Apollo 11 50th Anniversary Commemorative Coin (Public Law 114-282) and the American Legion 100th Anniversary Commemorative Coin (Public Law 115-65).

Mint Performance Highlights

Budget Activity	Performance Measures	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Target	FY 2019 Target
Manufacturing	Customer Satisfaction Index (%)	89.5	91.0	91.7	90.0	9.0
Manufacturing	Seigniorage per Dollar Issued ($)	0.49	0.52	0.45	0.49	0.43
Manufacturing	Safety Incident Recordable Rate	3.42	2.53	1.96	2.75	2.75
Manufacturing	Numismatic Sales Units (Million Units)	5.4	4.2	3.9	3.5	3.5

Description of Performance

Customer Satisfaction Index (CSI)

The Mint conducts a quarterly survey of a random sample of active numismatic customers. The survey is intended to capture customer satisfaction with the Mint's service performance as a coin products supplier and with the quality of specific products. The CSI is a single quantitative score of the survey results. By the end of FY 2017, the CSI reached 91.7 percent, exceeding its 90.0 percent target. The Mint anticipates the FY 2018 and FY 2019 CSI ratings will remain steady. The performance target for CSI is 90.0 percent for both FY 2018 and FY 2019.

Seigniorage per Dollar Issued

Seigniorage per dollar issued is the financial return on circulating operations, calculated as seigniorage divided by the total face value of circulating coins shipped to the FRBs. It measures the cost effectiveness of minting and issuing the United States' circulating coinage. Seigniorage per dollar issued was $0.45 in FY 2017, below the performance target of $0.48. FY 2017 results fell below the target as a result of a 14 percent decrease in circulating shipment volumes combined with a four percent increase in the cost of metal. FY 2018 and FY 2019 seigniorage per dollar issued performance targets are set at $0.43 each year.

Safety Incident Recordable Rate

Safety incident recordable rate is the number of injuries and illnesses meeting the Occupational Safety and Health Administration recording criteria per 100 full-time workers. The safety incident recordable rate was 1.96 recordable injuries and illnesses per 100 full-time workers in FY 2017, which is well below the 2.82 target and significantly below the industry average rate of 5.2 for metal forging and stamping manufacturers. The performance targets for this measure are 2.75 for both FY 2018 and FY 2019.

Numismatic Sales Units

The numismatic sales unit metric measures public demand for coin products sold from numismatic operations. Numismatic sales units totaled 3.9 million in FY 2017, falling short of the 4.4 million target. The primary driver for this was a shortfall in sales of annual precious metal coins, partially due to an overabundance of coin products available on the secondary market. Compounding the weakness in core product sales was the conclusion of the Presidential $1 Coin program and the lack of market enthusiasm for the FY 2017 commemorative coins. Numismatic sales performance targets have been established at 3.5 million units for both FY 2018 and FY 2019.

Office of Comptroller of the Currency

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2017 Actual	FY 2018 Estimated	FY 2019 Estimated	FY 2018 TO FY 2019 $ Change	% Change
Supervise	$993,680	$1,213,352	$1,124,318	($89,034)	-7.34%
Regulate	$92,151	$112,523	$104,266	($8,257)	-7.34%
Charter	$24,426	$29,825	$27,637	($2,188)	-7.34%
Total Cost of Operations	**$1,110,257**	**$1,355,700**	**$1,256,221**	**($99,479)**	**-7.34%**
FTE	**3,908**	**3,945**	**3,987**	**42**	**1.06%**

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

Summary

The Office of the Comptroller of the Currency (OCC) was created by Congress in 1863 to charter national banks; oversee a nationwide system of banking institutions; and ensure national banks are safe and sound, competitive and profitable, and capable of serving in the best possible manner the banking needs of their customers.

As of September 30, 2017, the OCC supervised 944 national bank charters and 50 federal branches of foreign banks in the United States with total assets of approximately $11.3 trillion, and 353 federal savings associations with total assets of approximately $760 billion. In total, the OCC supervises approximately $12.1 trillion in financial institution assets.

The OCC has established three goals outlined in its strategic plan that help support a strong economy for the American public: 1) A vibrant and diverse system of national banks and federal savings associations that supports a robust U.S. economy; 2) "One OCC" focused on collaboration, innovation, coordination, and process efficiency; 3) An OCC that is firmly positioned to continue to operate independently and effectively into the future. To achieve its goals and objectives, the OCC organizes its programs under three activities: 1) Supervise, 2) Regulate, and 3) Charter. Effective supervision and a comprehensive regulatory framework are the key tools that the OCC uses to ensure that national banks and federal savings associations operate in a safe and sound manner and that they provide fair access to financial services and fair treatment of their customers. A robust chartering program allows new entrants into the financial services sector while ensuring that they have the necessary capital, managerial, and risk management processes to conduct activities in a safe and sound manner.

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

The OCC's nationwide staff of bank examiners conducts on-site reviews of banks and provides sustained supervision of these institutions' operations. Examiners analyze asset quality, capital adequacy, earnings, liquidity, and sensitivity to market risk for all banks, and assess compliance with federal consumer protection laws and regulations.

Examiners also evaluate management's ability to identify and control risk, and assess banks' performance in meeting the credit needs of the communities in which they operate, pursuant to the Community Reinvestment Act (CRA).

In supervising banks, the OCC has power to:

- Approve or deny applications for new charters, branches, capital, or other changes in corporate or banking structure;
- Take supervisory and enforcement actions against banks that do not comply with laws and regulations or that otherwise engage in unsafe or unsound practices;
- Remove and prohibit officers and directors, negotiate agreements—both formal (i.e., public) and informal (i.e., non-public)—to change banking practices, and issue cease-and-desist orders as well as Civil Money Penalties (CMP); and
- Issue rules and regulations, legal interpretations, supervisory guidance, and corporate decisions governing investments, lending, and other practices.

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

Explanation of Budget Activities

Supervise ($1,213,352,000 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, the financial services industry, and the economic and regulatory environment.

Regulate ($112,523,000 from revenue / offsetting collections)

The Regulate Program supports the OCC's strategic goal of a vibrant and diverse system of national banks and federal savings associations that supports a robust U.S. economy. Specifically, the Regulate Program consists of ongoing activities that result in the establishment of regulations, policies, operating guidance, and interpretations of general applicability to national banks and federal savings associations. These regulations, policies, and interpretations may establish system-wide standards, define acceptable national banking and federal savings association practices, provide guidance on risks and responsibilities facing national banks and federal savings associations, or prohibit (or restrict) national banking or federal savings association practices deemed to be imprudent or unsafe. They also establish standards for ensuring fair access to financial services and fair treatment of national bank and federal savings association customers. This program includes establishing examination policies and handbooks; interpreting administrative, judicial, and congressional proceedings; and establishing the applicable legal and supervisory framework for new financial services and products.

Charter ($29,825,000 from revenue/offsetting collections)

The Charter Program consists of ongoing activities that result in the chartering of national banks and federal savings associations and the evaluation of the permissibility of structures and activities of national banks and federal savings associations and their subsidiaries. This includes the review and approval of national banks and federal savings association charters, federal branches and agencies, mergers, acquisitions, conversions, business combinations, corporate reorganizations, changes in control, operating subsidiaries, branches, relocations, and subordinated debt issuances. By supporting the entry of new products and institutions into the financial system with a national charter in a manner consistent with safety and soundness, the Charter Program supports the OCC's strategic goals of assuring safety and soundness while allowing national banks and federal savings associations to offer a full competitive array of financial services.

Legislative Proposals

OCC has no legislative proposals.

OCC Performance Highlights

Budget Activity	Performance Measures	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Target	FY 2019 Target
Charter	Percentage of Licensing Applications and Notices Completed within Established Timeframes	97.0	98.0	96.0	95.0	95.0
Supervise	Percentage of National Banks and Federal Savings Associations with Composite CAMELS Rating 1 or 2	91.0	93.0	94.0	90.0	90.0
Supervise	Rehabilitated National Banks And Federal Savings Associations As A Percentage Of Problem National Banks One Year Ago (CAMEL 3,4, or 5)	39.0	43.0	40.0	40.0	40.0
Supervise	Percentage of National Banks and Federal Savings Associations With Consumer Compliance Rating of 1 or 2	96.0	98.0	97.0	94.0	94.0
Supervise	Total OCC Costs Relative To Every $100,000 in Bank And Federal Savings Associations Assets Regulated ($)	9.37	9.65	9.49	10.00	10.00
Supervise	Percentage of National Banks and Federal Savings Associations That Are Categorized As Well Capitalized	95.0	96.0	97.0	95.0	95.0

Description of Performance

The OCC charters, regulates and supervises all national banks and federal savings associations, as well as supervises federal branches and agencies of foreign banks. The primary goal of the OCC's Supervise Program is to ensure that these institutions operate in a safe and sound manner and in compliance with laws requiring fair treatment of their customers and fair access to credit and financial products. The OCC also monitors risks and threats to the stability of the federal banking system through its regular examinations of the institutions it supervises and other monitoring.

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

The composite CAMELS (Capital adequacy, Asset quality, Management, Earnings, Liquidity, and Sensitivity to market risk) rating reflects the overall condition of a bank. Bank regulatory agencies use the Uniform Financial Institutions Rating System, CAMELS, to provide a general framework for evaluating all significant financial, operational, and compliance factors inherent in a bank. The rating scale is 1 through 5 of which 1 is the highest rating granted. CAMELS ratings are assigned at the completion of every supervisory cycle or when there is a significant event leading to a change in CAMELS. Through September 30, 2017, 94 percent of national banks and federal savings associations earned composite CAMELS rating of either 1 or 2.

To ensure fair access to financial services and fair treatment of bank customers, the OCC evaluates a bank's compliance with consumer laws and regulations. Bank regulatory agencies use the Uniform Financial Institutions Rating System, Interagency Consumer Compliance Rating, to provide a general framework for assimilating and evaluating significant consumer compliance factors inherent in a bank. Each financial institution is assigned a consumer compliance rating based on an evaluation of its present compliance with consumer protection and civil rights statutes and regulations and the adequacy of its operating systems designed to ensure continuing compliance. Ratings are on a scale of 1 through 5 in increasing order of supervisory concern. National banks and federal savings associations continue to show strong compliance with consumer protection regulations with 97 percent earning a consumer compliance rating of either 1 or 2 through September 30, 2017.

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 96 percent of applications and notices within the time standard through September 30, 2017.

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.

International Programs

Program Summary

Dollars in Thousands

	FY 2017 Enacted	FY 2018 Annualized CR Rate	FY 2019 Request	FY 2018 to FY 2019	
				$ Change	% Change
Multilateral Development Banks (MDBs)	**$1,571,014**	**$1,560,345**	**$1,348,122**	***($212,223)***	***-13.60%***
International Development Association (IDA)	$1,197,128	$1,188,998	$1,097,010	*($91,988)*	*-7.74%*
Int'l Bank for Reconstruction and Development (IBRD)	$5,963	$5,923	$0	*($5,923)*	*-100.00%*
Inter-American Development Bank (IDB)	$21,940	$21,791	$0	*($21,791)*	*-100.00%*
African Development Fund (AfDF)	$214,332	$212,876	$171,300	*($41,576)*	*-19.53%*
African Development Bank (AfDB)	$32,418	$32,198	$32,417	*$219*	*0.68%*
Asian Development Fund (AsDF)	$99,233	$98,559	$47,395	*($51,164)*	*-51.91%*
Food Security	**$53,000**	**$52,640**	**$0**	***($52,640)***	***-100.00%***
Global Agriculture and Food Security Program (GAFSP)	$23,000	$22,844	$0	*($22,844)*	*-100.00%*
Int'l Fund for Agricultural Development (IFAD)	$30,000	$29,796	$0	*($29,796)*	*-100.00%*
Environmental Trust Funds	**$146,563**	**$145,568**	**$68,300**	***($77,268)***	***-53.08%***
Global Environment Facility (GEF)	$146,563	$145,568	$68,300	*($77,268)*	*-53.08%*
Treasury Office of Technical Assistance (OTA)	**$30,000**	**$29,796**	**$30,000**	***$204***	***0.68%***
TOTAL	**$1,800,577**	**$1,788,349**	**$1,446,422**	***($341,927)***	***-19.12%***

Summary

The Treasury Department requests $1.4 billion for International Programs in FY 2019. In recognition of the Administration's prioritization on national defense and security as well as a streamlined Federal Government that makes the best possible use of taxpayer dollars, we will support the most critical investments in multilateral development institutions, while ensuring that U.S. contributions are set at an appropriate level relative to our partner countries. These investments by Treasury's International Programs strengthen U.S. national security, economic growth, and influence by advancing a more secure, economically prosperous, and Democratic world. In recent years, Treasury has driven shareholder support for the implementation of key reforms at the multilateral development banks (MDBs) aimed at improving governance, development effectiveness, and financial efficiency, and Treasury continues to pursue additional major reforms at several of the institutions. These include improved monitoring and evaluation, stronger independent compliance functions, more efficient use of capital, and a larger allocation of lending to the world's poorest countries.

Multilateral Development Banks
Our request includes $1.3 billion for the multilateral development banks (MDBs). The MDBs play key roles in the effort to increase global economic growth and reduce poverty, which advances U.S. foreign policy objectives of sustaining peace and stability, promoting security, and combatting terrorism.

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

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

African Development Bank (AfDB): $32.4 million towards the eighth of eight installments under the AfDB's Sixth General Capital Increase (GCI-6).

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

Environmental Trust Funds
Global Environment Facility (GEF): $68.3 million in support of GEF programs over the seventh replenishment (GEF-7; FY 2019 – FY 2022), including towards the first of four installments to GEF-7.

Food Security
Global Agriculture and Food Security Program (GAFSP): No funding is requested in FY 2019.

International Fund for Agricultural Development (IFAD): No funding is requested in FY 2019.

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

Summary of FY 2019 Appropriations Language

A full-year 2018 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2018 (Division D of P.L. 115–56, as amended). The amounts included for 2018 reflect the annualized level provided by the continuing resolution.

DEPARTMENTAL OFFICES

SALARIES AND EXPENSES

For necessary expenses of the Departmental Offices including operation and maintenance of the Treasury Building and Freedman's Bank Building; hire of passenger motor vehicles; maintenance, repairs, and improvements of, and purchase of commercial insurance policies for, real properties leased or owned overseas, when necessary for the performance of official business; executive direction program activities; international affairs and economic policy activities; domestic finance and tax policy activities, including technical assistance to state and local entities; and Treasury-wide management policies and programs activities, $201,751,000: Provided, That of the amount appropriated under this heading— (1) not to exceed $700,000 is for official reception and representation expenses; (2) not to exceed $258,000 is for unforeseen emergencies of a confidential nature to be allocated and expended under the direction of the Secretary of the Treasury and to be accounted for solely on the Secretary's certificate; and (3) not to exceed $24,000,000 shall remain available until September 30, 2020, for— (A) the Treasury-wide Financial Statement Audit and Internal Control Program; (B) information technology modernization requirements; (C) the audit, oversight, and administration of the Gulf Coast Restoration Trust Fund; (D) the development and implementation of programs within the Office of Critical Infrastructure Protection and Compliance Policy, including entering into cooperative agreements; (E) operations and maintenance of facilities; and (F) international operations.

OFFICE OF TERRORISM AND FINANCIAL INTELLIGENCE

SALARIES AND EXPENSES

For the necessary expenses of the Office of Terrorism and Financial Intelligence to safeguard the financial system against illicit use and to combat rogue nations, terrorist facilitators, weapons of mass destruction proliferators, money launderers, drug kingpins, and other national security threats, $159,000,000: Provided, That of the amounts appropriated under this heading, $10,000,000 shall remain available until September 30, 2020.

CYBERSECURITY ENHANCEMENT ACCOUNT

SALARIES AND EXPENSES

For salaries and expenses for enhanced cybersecurity for systems operated by the Department of the Treasury, $25,208,000, to remain available until September 30, 2021: Provided, That amounts made available under this heading shall be in addition to other amounts available to Treasury offices and bureaus for cybersecurity.

DEPARTMENT-WIDE SYSTEMS AND CAPITAL INVESTMENTS PROGRAMS

(INCLUDING TRANSFER OF FUNDS)

For development and acquisition of automatic data processing equipment, software, and services and for repairs and renovations to buildings owned by the Department of the

Treasury, $4,000,000, to remain available until September 30, 2021: Provided, That these funds shall be transferred to accounts and in amounts as necessary to satisfy the requirements of the Department's offices, bureaus, and other organizations: Provided further, That this transfer authority shall be in addition to any other transfer authority provided in this Act: Provided further, That none of the funds appropriated under this heading shall be used to support or supplement "Internal Revenue Service, Operations Support" or "Internal Revenue Service, Business Systems Modernization".

OFFICE OF THE INSPECTOR GENERAL

SALARIES AND EXPENSES

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, $36,000,000, including hire of passenger motor vehicles; of which not to exceed $100,000 shall be available for unforeseen emergencies of a confidential nature, to be allocated and expended under the direction of the Inspector General of the Treasury; of which up to $2,800,000 to remain available until September 30, 2020, shall be for audits and investigations conducted pursuant to section 1608 of the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (33 U.S.C. 1321 note); and of which not to exceed $1,000 shall be available for official reception and representation expenses.

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses of the Treasury Inspector General for Tax Administration in carrying out the Inspector General Act of 1978, as amended, including purchase and hire of passenger motor vehicles (31 U.S.C. 1343(b)); and services authorized by 5 U.S.C. 3109, at such rates as may be determined by the Inspector General for Tax Administration; $161,113,000, of which $5,000,000 shall remain available until September 30, 2020; 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

(CANCELLATION)

Of the unobligated balances available under this heading, $400,000,000 are hereby permanently cancelled not later than September 30, 2019.

(INCLUDING RETURN OF FUNDS)

In addition, of amounts in the Treasury Forfeiture Fund, $38,800,000 from funds paid to the United States Government by BNP Paribas S.A. as part of, or related to, a plea agreement dated June 27, 2014, entered into between the Department of Justice and BNP Paribas S.A., and subject to a consent order entered by the United States District Court for the Southern District of New York on May 1, 2015, in United States v. BNPP, No. 14 Cr. 460 (S.D.N.Y.), are hereby returned to the General Fund of the Treasury.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND PROGRAM ACCOUNT

To carry out the Riegle Community Development and Regulatory Improvements Act of 1994 (subtitle A of title I of Public Law 103–325), including services authorized by section 3109 of title 5, United States Code, but at rates for individuals not to exceed the per diem rate equivalent to the rate for EX-3,

$14,000,000, to be used for administrative expenses, including administration of CDFI fund programs and the New Markets Tax Credit Program: Provided, That during fiscal year 2019, none of the funds available under this heading are available for the cost, as defined in section 502 of the Congressional Budget Act of 1974, of commitments to guarantee bonds and notes under section 114A of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4713a): Provided further, That commitments to guarantee bonds and notes under such section 114A shall not exceed $500,000,000 through December 31, 2019: Provided further, That such section 114A shall remain in effect until December 31, 2019.

SPECIAL INSPECTOR GENERAL FOR THE TROUBLED ASSET RELIEF PROGRAM

SALARIES AND EXPENSES

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

FINANCIAL CRIMES ENFORCEMENT NETWORK

SALARIES AND EXPENSES

For necessary expenses of the Financial Crimes Enforcement Network, including hire of passenger motor vehicles; travel and training expenses of non-Federal and foreign government personnel to attend meetings and training concerned with domestic and foreign financial intelligence activities, law enforcement, and financial regulation; services authorized by 5 U.S.C. 3109; not to exceed $12,000 for official reception and representation expenses; and for assistance to Federal law enforcement agencies, with or without reimbursement, $117,800,000, of which not to exceed $34,335,000 shall remain available until September 30, 2021.

BUREAU OF THE FISCAL SERVICE

SALARIES AND EXPENSES

For necessary expenses of operations of the Bureau of the Fiscal Service, $330,837,000; of which not to exceed $4,210,000, to remain available until September 30, 2021, is for information systems modernization initiatives; and of which $5,000 shall be available for official reception and representation expenses. In addition, $165,000, to be derived from the Oil Spill Liability Trust Fund to reimburse administrative and personnel expenses for financial management of the Fund, as authorized by section 1012 of Public Law 101–380.

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

SALARIES AND EXPENSES

For necessary expenses of carrying out section 1111 of the Homeland Security Act of 2002, including hire of passenger motor vehicles, $114,427,000, of which $5,000,000 shall remain available until September 30, 2020; of which not to exceed $6,000 shall be available for official reception and representation expenses; and of which not to exceed $50,000 shall be available for cooperative research and development programs for laboratory services and provision of laboratory assistance to State and local agencies with or without reimbursement.

UNITED STATES MINT PUBLIC ENTERPRISE FUND

Pursuant to section 5136 of title 31, United States Code, the United States Mint is provided funding through the United States Mint Public Enterprise Fund for costs associated with the production of circulating coins, numismatic coins, and protective services, including both operating expenses and capital investments: Provided, That the aggregate amount of new liabilities and *obligations incurred during fiscal year 2019 under such section 5136 for circulating coinage and protective service capital investments of the United States Mint shall not exceed $30,000,000.*

INTERNAL REVENUE SERVICE

TAXPAYER SERVICES

For necessary expenses of the Internal Revenue Service to provide taxpayer services, including pre-filing assistance and education, filing and account services, taxpayer advocacy services, and other services as authorized by 5 U.S.C. 3109, at such rates as may be determined by the Commissioner, $2,241,000,000; of which not less than $8,890,000 shall be for the Tax Counseling for the Elderly Program; of which not less than $12,000,000 shall be available for low-income taxpayer clinic grants; of which not less than $15,000,000, to remain available until September 30, 2020, shall be available for a Community Volunteer Income Tax Assistance matching grants program for tax return preparation assistance; and of which not less than $206,000,000 shall be available for operating expenses of the Taxpayer Advocate Service: Provided, That of the amounts made available for the Taxpayer Advocate Service, not less than $5,000,000 shall be for identity theft casework.

ENFORCEMENT

For necessary expenses for tax enforcement activities of the Internal Revenue Service to determine and collect owed taxes, to provide legal and litigation support, to conduct criminal investigations, to enforce criminal statutes related to violations of internal revenue laws and other financial crimes, to purchase and hire passenger motor vehicles (31 U.S.C. 1343(b)), and to provide other services as authorized by 5 U.S.C. 3109, at such rates as may be determined by the Commissioner, $4,628,204,000, of which not to exceed $50,000,000 shall remain available until September 30, 2020, and of which not less than $60,257,000 shall be for the Interagency Crime and Drug Enforcement program: Provided, That of the funds provided under this paragraph, $4,628,204,000 is provided to meet the terms of section 251(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. In addition, not less than $204,643,000 for tax activities under this heading, including tax compliance to address the Federal tax gap: Provided, That such amount is additional new budget authority for tax activities, including tax compliance to address the Federal tax gap, as specified for purposes of section 251(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

OPERATIONS SUPPORT

For necessary expenses of the Internal Revenue Service to support taxpayer services and enforcement programs, including rent payments; facilities services; printing; postage; physical security; headquarters and other IRS-wide administration activities; research and statistics of income; telecommunications; information technology development, enhancement, operations, maintenance, and security; the hire of passenger motor vehicles (31 U.S.C. 1343(b)); the operations of the Internal Revenue Service Oversight Board; and other services as authorized by 5 U.S.C. 3109, at such rates as may be determined by the Commissioner; $4,155,796,000, of which not to exceed $250,000,000 shall remain available until September 30, 2020; of which not to exceed $10,000,000 shall remain available until expended for acquisition of equipment and construction, repair and renovation of facilities; of which not to exceed $1,000,000 shall remain available until September 30, 2021, for research; of which not to exceed $20,000 shall be for official reception and *representation expenses: Provided, That not later than 30 days after the end of each quarter, the Internal Revenue Service shall submit a report to the Committees on Appropriations of the House of Representatives and the Senate and the Comptroller General of the United States detailing the cost and schedule performance for its major information technology investments, including the purpose and life-cycle stages of the investments; the reasons for any cost and schedule variances; the risks of such investments and strategies the Internal Revenue Service is using to mitigate such risks; and the expected developmental milestones to be achieved and costs to be incurred in the next quarter: Provided further, That the Internal Revenue Service shall include, in its budget justification for fiscal year 2019, a summary of cost and schedule performance information for its major information technology systems: Provided further, That of the funds provided under this paragraph, $4,155,796,000 is provided to meet the terms of section 251(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. In addition, not less than $156,928,000 for tax activities under this heading, including tax compliance to address the Federal tax gap: Provided, That such amount is additional new budget authority for tax activities, including tax compliance to address the Federal tax gap, as specified for purposes of section 251(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.*

BUSINESS SYSTEMS MODERNIZATION

For necessary expenses of the Internal Revenue Service's business systems modernization program, $110,000,000, to remain available until September 30, 2021, for the capital asset acquisition of information technology systems, including management and related contractual costs of said acquisitions, including related Internal Revenue Service labor costs, and contractual costs associated with operations authorized by 5 U.S.C. 3109: Provided, That not later than 30 days after the end of each quarter, the Internal Revenue Service shall submit a report to the Committees on Appropriations of the House of Representatives and the Senate and the Comptroller General of the United States detailing the cost and schedule performance for CADE 2 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 10 percent of any appropriation made available in this Act to the Internal Revenue Service may be transferred to any other Internal Revenue Service appropriation upon the advance notification of the Committees on Appropriations.*

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

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

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

SEC. 105*. The Internal Revenue Service shall issue a notice of confirmation of any address change relating to an employer making employment tax payments, and such notice shall be sent to both the employer's former and new address and an officer or employee of the Internal Revenue Service shall give special consideration to an offer-in-compromise from a taxpayer who has been the victim of fraud by a third party payroll tax preparer.*

SEC. 106*. None of the funds made available under this Act may be used by the Internal Revenue Service to target citizens of the United States for exercising any right guaranteed under the First Amendment to the Constitution of the United States.*

SEC. 107*. None of the funds made available in this Act may be used by the Internal Revenue Service to target groups for regulatory scrutiny based on their ideological beliefs.*

SEC. 108*. Section 9503(a) of title 5, United States Code, is amended by striking the clause "Before September 30, 2013" and inserting "before September 30, 2022".*

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

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

ADMINISTRATIVE PROVISIONS—DEPARTMENT OF THE TREASURY

(INCLUDING TRANSFERS OF FUNDS)

SEC. 114*. Appropriations to the Department of the Treasury in this Act shall be available for uniforms or allowances therefor, as authorized by law (5 U.S.C. 5901), including maintenance, repairs, and cleaning; purchase of insurance for official motor vehicles operated in foreign countries; purchase of motor vehicles without regard to the general purchase price limitations for vehicles purchased and used overseas for the current fiscal year; entering into contracts with the Department of State for the furnishing of health and medical services to employees and their dependents serving in foreign countries; and services authorized by 5 U.S.C. 3109.*

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

SEC. 116*. Not to exceed 2 percent of any appropriation made available in this Act to the Internal Revenue Service may be transferred to the Treasury Inspector General for Tax Administration's appropriation upon the advance notification of the Committees on*

Appropriations of the House of Representatives and the Senate: Provided, That no transfer may increase or decrease any such appropriation by more than 2 percent.

SEC. 117*. None of the funds appropriated in this Act or otherwise available to the Department of the Treasury or the Bureau of Engraving and Printing may be used to redesign the $1 Federal Reserve note.*

SEC. 118*. The Secretary of the Treasury may transfer funds from the "Bureau of the Fiscal Service-Salaries and Expenses" to the Debt Collection Fund as necessary to cover the costs of debt collection: Provided, That such amounts shall be reimbursed to such salaries and expenses account from debt collections received in the Debt Collection Fund.*

SEC. 119*. None of the funds appropriated or otherwise made available by this or any other Act may be used by the United States Mint to construct or operate any museum without the prior notification of the Committees on Appropriations of the House of Representatives and the Senate, the House Committee on Financial Services, and the Senate Committee on Banking, Housing, and Urban Affairs.*

SEC. 120*. None of the funds appropriated or otherwise made available by this or any other Act or source to the Department of the Treasury, the Bureau of Engraving and Printing, and the United States Mint, individually or collectively, may be used to consolidate any or all functions of the Bureau of Engraving and Printing and the United States Mint without the advance notification of the House Committee on Financial Services; the Senate Committee on Banking, Housing, and Urban Affairs; and the Committees on Appropriations of the House of Representatives and the Senate.*

SEC. 121*. Funds appropriated by this Act, or made available by the transfer of funds in this Act, for the Department of the Treasury's intelligence or intelligence related activities are deemed to be specifically authorized by the Congress for purposes of section 504 of the National Security Act of 1947 (50 U.S.C. 414) during fiscal year 2019 until the enactment of the Intelligence Authorization Act for Fiscal Year 2019.*

SEC. 122*. Not to exceed $5,000 shall be made available from the Bureau of Engraving and Printing's Industrial Revolving Fund for necessary official reception and representation expenses.*

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

SEC. 124*. (a) Not later than 60 days after the end of each quarter, the Office of Financial Research shall submit reports on its activities to the Committees on Appropriations of the House of Representatives and the Senate, the Committee on Financial Services of the House of Representatives and the Senate Committee on Banking, Housing, and Urban Affairs.*

(b) The reports required under subsection (a) shall include—

(1) the obligations made during the previous quarter by object class, office, and activity;

(2) the estimated obligations for the remainder of the fiscal year by object class, office, and activity;

(3) the number of full-time equivalents within each office during the previous quarter;

(4) the estimated number of full-time equivalents within each office for the remainder of the fiscal year; and

(5) actions taken to achieve the goals, objectives, and performance measures of each office.

(c) At the request of any such Committees specified in subsection (a), the Office of Financial Research shall make officials available to testify on the contents of the reports required under subsection (a).

***SEC. 125**. Within 45 days after the date of enactment of this Act, the Secretary of the Treasury shall submit an itemized report to the Committees on Appropriations of the House of Representatives and the Senate on the amount of total funds charged to each office by the Franchise Fund including the amount charged for each service provided by the Franchise Fund to each office, a detailed description of the services, a detailed explanation of how each charge for each service is calculated, and a description of the role customers have in governing in the Franchise Fund.*

***SEC. 126**. During fiscal year 2019—*

(1) none of the funds made available in this or any other Act may be used by the Department of the Treasury, including the Internal Revenue Service, to issue, revise, or finalize any regulation, revenue ruling, or other guidance not limited to a particular taxpayer relating to the standard which is used to determine whether an organization is operated exclusively for the promotion of social welfare for purposes of section 501(c)(4) of the Internal Revenue Code of 1986 (including the proposed regulations published at 78 Fed. Reg. 71535 (November 29, 2013)); and

(2) the standard and definitions as in effect on January 1, 2010, which are used to make such determinations shall apply after the date of the enactment of this Act for purposes of determining status under section 501(c)(4) of such Code of organizations created on, before, or after such date.

***SEC. 127**. Amendments to Community Development Financial Institutions Bond Program. Section 114A of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4713a) is amended—*

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

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

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

***SEC. 129**. Amounts made available under the heading "Office of Terrorism and Financial Intelligence" shall be available to reimburse the "Departmental Offices—Salaries and Expenses" account for expenses incurred in such account for reception and representation expenses to support activities of the Financial Action Task Force."*

Mandatory Funding Levels for the FY 2019 President's Budget – Treasury Chapter

(Dollars in Millions, Includes Legislative Proposals)

Appropriations (Dollars in Millions)	FY 2017 Actual	FY 2018 Estimated	FY 2019 Estimated	FY 2019 $ Change	FY 2019 % Change
Federal Interest Liabilities to States	0	1	1	0	0.0%
Interest on Public Debt	456,955	504,280	559,012	54,732	10.9%
Interest on Uninvested Funds	8	12	12	0	0.0%
Interest Paid to Credit Financing Accounts	8,352	10,835	11,367	532	4.9%
Payment to the Resolution Funding Corporation	2,628	2,628	2,628	0	0.0%
Refunding Internal Revenue Collections, Interest	1,148	1,267	1,483	216	17.0%
Restitution of Forgone Interest	1,587	732	0	(732)	-100.0%
Other Interest	(44,607)	(51,267)	(53,655)	(2,388)	4.7%
INTEREST PAYMENTS	$426,071	$468,488	$520,848	$52,360	11.2%
MANDATORY ACCOUNTS					
Build America Bond Payments	3,629	3,645	3,903	258	7.1%
Capital Magnet Fund, Community Development Financial Institutions	118	8	0	(8)	-100.0%
Check Forgery Insurance Fund	15	10	10	0	0.0%
Cheyenne River Sioux Tribe Terrestrial Wildlife Habitat Restoration Trust Fund	1	1	1	0	0.0%
Claims, Judgments, and Relief Acts	3,320	2,255	2,252	(3)	-0.1%
Community Development Financial Institutions Fund Program Account	2	4	1	(3)	-75.0%
Comptroller of the Currency	1,216	1,241	1,279	38	3.1%
Continued Dumping and Subsidy Offset	47	40	43	3	7.5%
Exchange Stabilization Fund	129	263	434	171	65.0%
Federal Financing Bank	1,825	2,103	2,371	268	12.7%
Federal Reserve Bank Reimbursement Fund	524	586	608	22	3.8%
Federal Tax Lien Revolving Fund	1	0	0	0	0.0%
Financial Agent Services	791	841	831	(10)	-1.2%
Financial Research Fund	90	73	73	0	0.0%
Fiscal Service Debt Collection	164	176	219	43	24.4%
Grants for Specified Energy Property in Lieu of Tax Credits, Recovery Act	1,003	47	0	(47)	-100.0%
GSE Mortgage-backed Securities Purchase Program Account	3	2	2	0	0.0%
Gulf Coast Restoration Trust Fund	297	176	335	159	90.3%
Hope Reserve Fund	78	8	0	(8)	-100.0%
Internal Revenue Collections for Puerto Rico	365	379	391	12	3.2%
IRS Informant Payments	22	32	32	0	0.0%
IRS Miscellaneous Retained Fees	393	415	414	(1)	-0.2%
IRS Private Collection Agent Program	3	27	32	5	18.5%
Office of Financial Stability	122	79	63	(16)	-20.3%
Payment of Government Losses in Shipment	1	1	1	0	0.0%
Payment to Issuer of New Clean Renewable Energy Bonds	40	37	40	3	8.1%
Payment to Issuer of Qualified Energy Conservation Bonds	39	36	39	3	8.3%
Payment to Issuer of Qualified School Construction Bonds	673	743	795	52	7.0%
Payment to Issuer of Qualified Zone Academy Bonds	52	58	62	4	6.9%
Payment Where American Opportunity Credit Exceeds Liability for Tax	3,469	3,859	3,993	134	3.5%
Payment Where Certain Tax Credits Exceed Liability for Corporate Tax	626	594	520	(74)	-12.5%
Payment Where Child Tax Credit Exceeds Liability for Tax	19,408	18,995	33,551	14,556	76.6%
Payment Where Earned Income Credit Exceeds Liability for Tax	59,749	56,763	57,135	372	0.7%
Payment Where Health Coverage Tax Credit Exceeds Liability for Tax	25	29	31	2	6.9%
Payment Where Small Business Health Insurance Tax Credit Exceeds Liability for Tax	6	19	17	(2)	-10.5%
Presidential Election Campaign Fund	27	26	27	1	3.8%
Refundable Premium Tax Credit and Cost Sharing Reductions	45,629	39,909	36,553	(3,356)	-8.4%
Reimbursements to Federal Reserve Banks	138	149	158	9	6.0%
Small Business Lending Fund Program Account	5	58	6	(52)	-89.7%
Terrorism Risk Insurance Program	2	46	127	81	176.1%
Travel Promotion Fund	93	93	0	(93)	-100.0%
Treasury Forfeiture Fund	118	1,464	1,523	59	4.0%
Troubled Asset Relief Program Account	10	0	0	0	0.0%
Troubled Asset Relief Program Equity Purchase Program	6	0	0	0	0.0%
Subtotal, MANDATORY ACCOUNTS	$144,274	$135,290	$147,872	$12,582	9.3%
Offsets:					
Treasury Mandatory Offsetting Receipts	(30,712)	(12,253)	(25,176)	(12,923)	105.5%
Treasury Offsetting Collections	(3,385)	(3,617)	(4,094)	(477)	13.2%
TOTAL, DEPARTMENT OF THE TREASURY	$536,248	$587,908	$639,450	$51,542	8.8%

Total Treasury Department Mandatory Budget

The Treasury Department Mandatory Budget includes $639 billion dollars in interest payments, mandatory accounts, and offsetting receipts and collections (offsets). These accounts and the estimated budget authority are summarized above. Account totals include the effects of FY 2019 policy proposals. For more detailed descriptions of each account, please see the Department of the Treasury chapter in the FY 2019 Appendix, Budget of the U.S. Government at: http://www.whitehouse.gov/omb/budget.

Interest Payments - $521 billion
These are permanent, indefinite funds for interest payments. This includes Interest on the Public Debt, which consists of all interest paid on Treasury securities and sold to the public and to Federal Government trust Funds, revolving funds and deposit funds. Treasury interest payment accounts also consist of Refunds on Internal Revenue Collections interest, Interest on Uninvested Funds, Interest paid to Credit Financing Accounts, Federal Interest Liabilities to the States, and Payments to the Resolution Funding Corporation.

Mandatory Accounts - $148 billion
These are accounts for which the Congress has given the Department of Treasury permanent authority to expend funds as appropriations. These include appropriations that fund a number of programs under Treasury jurisdiction such as the Terrorism Risk Insurance Program and the Treasury Forfeiture Fund. Other accounts that fall under mandatory programs include all Internal Revenue Service refundable tax credit accounts, certain user fees, and informant payments. The Department is also a custodian for a number of government accounts and funds listed in this section and further detailed in the FY 2019 Appendix, Budget of the U.S. Government.

Offsets - $29 billion
Offsets include payments to the Government that are not credited directly to expenditure accounts (offsetting receipts) and payments credited directly to accounts from which they will be spent (offsetting collections). The receipts offset gross budget authority and outlays at the agency or bureau level. The collections offset gross budget authority and outlays at the account level.

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