

## Departmental Offices Program Summary by Budget Activity

Dollars in thousands

Budget Activity	FY 2012	FY 2013	FY 2014	FY 2012 TO FY 2014	
	Enacted	Annualized CR Rate	Request	\$ Change	% Change
Executive Direction	\$37,219	\$37,450	\$36,244	(\$975)	-2.62%
International Affairs and Economic Policy	\$59,277	\$59,645	\$55,475	(\$3,802)	-6.41%
Domestic Finance and Tax Policy	\$71,451	\$71,892	\$86,052	\$14,601	20.43%
Terrorism and Financial Intelligence	\$100,000	\$100,601	\$97,738	(\$2,262)	-2.26%
Treasury-wide Management and Programs	\$40,441	\$40,687	\$36,266	(\$4,175)	-10.32%
<b>Subtotal, Departmental Offices - S &amp; E</b>	<b>\$308,388</b>	<b>\$310,275</b>	<b>\$311,775</b>	<b>\$3,387</b>	<b>1.10%</b>
Offsetting Collections - Reimbursables	\$69,502	\$69,502	\$69,502	\$0	0.00%
<b>Total Program Operating Level</b>	<b>\$377,890</b>	<b>\$379,777</b>	<b>\$381,277</b>	<b>\$3,387</b>	<b>0.90%</b>
Direct FTE	1,199	1,199	1,171	(28)	-2.34%
Reimbursable FTE	172	172	132	(40)	-23.26%
<b>Total FTE</b>	<b>1,371</b>	<b>1,371</b>	<b>1,303</b>	<b>(68)</b>	<b>-4.96%</b>

### Summary

Departmental Offices (DO), as the headquarters bureau for the Department of the Treasury, provides leadership in economic and financial policy, terrorism and financial intelligence, financial crimes, and general management. The Secretary of the Treasury has the primary role of formulating and managing the domestic and international tax and financial policies of the federal government. Through effective management, policies, and leadership, the Treasury Department protects our national security through targeted financial actions, promotes the stability of the nation's financial markets, and ensures the government's ability to collect revenue and fund its operations.

The FY 2014 budget request supports DO's leading role in accomplishing the Treasury strategic goals:

- *Repair and Reform the Financial System and Support the Recovery of the Housing Market.*

- *Enhance U.S. Competitiveness and Promote International Financial Stability and Balanced Global Growth.*
- *Protect our National Security through Targeted Financial Actions.*
- *Pursue Comprehensive Tax and Fiscal Reform.*
- *Manage the Government's Finances in a Fiscally Responsible Manner.*

DO also provides critical support and leadership to implement the Department's priority goals: *Increase electronic transactions with the public to improve service and prevent fraud and reduce costs* as well as *Increase voluntary tax compliance.*

Total resources requested to support DO activities for FY 2014 are \$381,277,000 including \$311,775,000 from direct appropriations and \$69,502,000 from offsetting collections and reimbursable programs.

## DO FY 2014 Budget Highlights

Dollars in Thousands

Departmental Offices - S & E	FTE	Amount
FY 2012 Enacted	1,199	\$308,388
FY 2013 Annualized CR Rate	1,199	\$310,275

Changes to Base:

Adjustment to Request	(12)	(\$9,059)
Non-recur CR Adjustment	-	(\$1,887)
2013 One-time Office moves and Building Maintenance	-	(\$1,650)
2013 Treasury-wide Management Savings	(5)	(\$1,374)
2013 Administrative and Management Savings	(4)	(\$2,031)
2013 International Affairs Program Reductions	(3)	(\$2,117)
Maintaining Current Levels (MCLs):	-	\$3,663
Pay-Raise	-	\$1,678
Non-Pay	-	\$1,985
Non-Recurring Costs:	-	(\$1,380)
One-time contract costs	-	(\$1,380)
Efficiency Savings:	(13)	(\$5,889)
Policy Office savings and staff reductions	(14)	(\$2,306)
Management and Administrative savings and staff reductions	(6)	(\$1,915)
Non-salary reductions	-	(\$806)
Contract support cuts	7	(\$630)
Rationalize cost sharing across functions	-	(\$232)
Transfers:	(8)	(\$1,800)
Office of Financial Innovation and Transformation	(8)	(\$1,800)
Subtotal Changes to Base	(33)	(\$14,465)
<b>Total FY 2014 Base</b>	<b>1,166</b>	<b>\$295,810</b>

Program Changes:

Program Decreases:	-	(\$1,435)
Terrorism and Financial Intelligence contract reductions	-	(\$821)
Training/Background investigation contract reductions	-	(\$69)
International Affairs travel reductions	-	(\$225)
International Affairs contract reductions	-	(\$320)
Program Increases:	5	\$17,400
Financial Capability Innovation Fund	1	\$5,000
Gulf Coast Restoration Trust Fund	3	\$2,400
Gulf Coast Restoration Trust Fund Direct Component	-	\$5,000
State Small Business Credit Initiative	-	\$2,000
Treasury-wide Audit	-	\$1,500
Treasury Evidence and Evaluation (incl. Intl Affairs Evaluator)	1	\$1,500
<b>Total FY 2014 Request</b>	<b>1,171</b>	<b>\$311,775</b>

## FY 2014 Budget Adjustments

### Adjustment to Request

*Non-recur CR Adjustment -\$1,887,000 / +0 FTE*

The across-the-board 0.612 percent increase provided in the CR through March 27, 2013 is non-recurred.

*2013 One-time Office moves and Building Maintenance -\$1,650,000 / +0 FTE*

One-time FY 2012 funding supported repairs of the electrical transformer vaults and the reallocation and reconfiguration of office space in support of DO's leased office space reduction effort.

*2013 Treasury-wide Management Savings -\$1,374,000 / -5 FTE*

Savings will be achieved through the elimination of positions and the reduction of management program activities.

*2013 Administrative and Management Savings -\$2,031,000 / -4 FTE*

Savings will be achieved through the elimination of positions and more efficient use of administrative activities.

*2013 International Affairs Program Reductions -\$2,117,000 / -3 FTE*

The Office of International Affairs (IA) will achieve savings by streamlining operations and seeking reduced reporting requirements. This reduction includes a reallocation of 2 FTE for the Treasury attaché program.

### Maintaining Current Levels (MCLs)

*Pay-Raise +\$1,678,000 / +0 FTE*

The President's Budget proposes a one percent pay-raise for federal employees in 2014.

*Non-Pay +\$1,985,000 / +0 FTE*

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

## Non-Recurring Costs

### *One-time contract costs -\$1,380,000 / +0 FTE*

Reductions include: \$1,000,000 for FY 2013 contract transition requirements for DO IT infrastructure; \$350,000 for Office of Emergency Programs contracts that supported Treasury-wide and DO standards for operations performance planning and a Workforce Preparedness Initiative; and \$30,000 for personally identifiable information compliance software.

## Efficiency Savings

### *Policy Office savings and staff reductions -\$2,306,000 / -14 FTE*

DO policy offices propose the following efficiencies: Domestic Finance will cut spending by \$658,000 including elimination of three positions. The Office of Foreign Assets Control will eliminate six positions totaling \$930,000. The Office of International Affairs will eliminate two administrative positions for a savings of \$150,000. The Office of the Secretary will eliminate two positions and reduce non-salary expenses for a savings of \$324,000. The Office of the General Counsel will eliminate one position and delay hiring for savings of \$244,000. The proposed savings do not impact the direct mission of DO.

### *Management and Administrative savings and staff reductions -\$1,915,000 / -6 FTE*

Savings of \$175,000 will be achieved through the elimination of one position in the Office of Strategic Planning and Performance Improvement and delayed hiring in the Office of the Chief Human Capital Officer. Savings of \$1,298,000 will be achieved through utility savings, eliminating the employee-parking subsidy, and reducing support for contracted services. Savings of \$442,000 will be achieved by not backfilling four positions within the DO Operations organization, and one position in the Office of Privacy, Transparency, and Records.

### *Non-salary reductions -\$806,000 / +0 FTE*

The Office of Terrorism and Financial Intelligence will generate savings of \$419,000 through the reduction of travel, training, and subscriptions. The Treasurer of the United States will reduce travel by \$21,000, and management and administrative offices will take various non-salary reductions, totaling \$366,000.

### *Contract support cuts -\$630,000 / +7 FTE*

DO will achieve contract efficiencies without any impact on mission by reducing its shipping contracts by \$50,000, converting an emergency management program assistant contractor position to a federal position for savings of \$150,000, converting six contractor positions in DO Operations to federal positions for a savings of \$180,000, and rationalizing the cost sharing between DO S&E and Working Capital Fund (WCF) for the Treasury Operations Center, saving \$250,000.

### *Rationalize cost sharing across functions -\$232,000 / +0 FTE*

The Office of International Affairs (IA) will consolidate and renegotiate contracts for services such as private financial market information subscriptions to achieve \$157,000 in savings. IA will also achieve \$75,000 in savings by rationalizing costs and functions between the DO Salaries and Expenses (DO S&E) and the Office of Technical Assistance (OTA), which is funded by the International Affairs budget and allocated through the Department of State, Foreign Operations, and Related Agencies appropriation.

## Transfer

### *Office of Financial Innovation and Transformation -\$1,800,000 / -8 FTE*

Treasury proposes to realign the Office of Financial Innovation and Transformation (FIT) from the Office of the Fiscal Assistant Secretary in DO to the Bureau of the Fiscal

Service (Fiscal Service). This proposed realignment would transfer eight FTE and \$1.8 million in appropriated resources from the DO S&E base to the Fiscal Service S&E base. Placing FIT within the Fiscal Service will improve the planning and implementation of FIT's initiatives by more closely aligning strategic direction with operational implementation which is performed by Fiscal Service. The Fiscal Assistant Secretary will continue to provide high-level policy guidance and oversight of FIT under this structure.

### **Program Decreases**

#### *Terrorism and Financial Intelligence contract reductions -\$821,000 / +0 FTE*

TFI will reduce contractor support by \$121,000. An additional \$700,000 reduction will affect intelligence analysis and related services. This decrease reduces TFI reliance on contractor personnel, thereby saving taxpayer dollars. TFI staff will be realigned when necessary to address surge workload requirements.

#### *Training/Background investigation contract reductions -\$69,000 / +0 FTE*

TFI will reduce non-salary expenses in the area of training and the administration of background investigations. Treasury will eliminate 10-15 investigations annually by reviewing the requirements for previously cleared personnel to maintain access to classified information prior to commencing security clearance renewal investigations. Depending upon the type of clearance, the costs vary greatly.

#### *International Affairs travel reductions -\$225,000 / +0 FTE*

IA will evaluate alternatives to some travel, in order to achieve the same programmatic output at a lower cost.

#### *International Affairs contract reductions -\$320,000 / +0 FTE*

IA will save \$185,000 by terminating two personnel contracts that provide several policy offices access to surge administrative capacity. Additionally, IA will not backfill departing, non-mission critical, locally employed staff working with Treasury Attachés at select posts around the world, generating approximately \$135,000 in savings.

### **Program Increases**

#### *Financial Capability Innovation Fund +\$5,000,000 / +1 FTE*

Treasury requests \$5,000,000 and one FTE to administer a Financial Capability Innovation initiative that will support development of financial access and financial capability tools targeted to low- and moderate income persons, to encourage savings and improve their financial management capabilities.

#### *Gulf Coast Restoration Trust Fund +\$2,400,000 / +3 FTE*

The Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act) established the Gulf Coast Restoration Trust Fund (Trust Fund) to hold 80 percent of the civil and administrative penalties collected from parties responsible for the *Deepwater Horizon* oil spill. The newly established Gulf Coast Restoration Council and Treasury will administer the penalties supporting environmental and economic restoration of the Gulf Coast region. The RESTORE Act gives Treasury significant new programmatic responsibilities relating to expenditures from the Trust Fund, including: performing certain ministerial duties regarding the investment; deposit and disbursement of funds; establishing compliance and auditing procedures; and providing independent oversight of the states to ensure that amounts in the Trust Fund are expended as intended.

*Gulf Coast Restoration Trust Fund Direct Component +\$5,000,000 / +0 FTE*

Funds are requested for administration of the components of the Gulf Coast Restoration Trust Fund; these include the Direct component and Centers of Excellence Research Grants Program. In administering these components, Treasury will stand up all the of the functions of a grant program and hire contractors with subject matter expertise to review grant applications, issue grants, and administer awarded grants.

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

Recipients of federal transfers under the State Small Business Credit Initiative (SSBCI) manage programs that improve access to capital for small businesses. The SSBCI will expand individualized technical assistance to state-level program managers in order to increase the effectiveness and rate of deployment of SSBCI funds. Since the SSBCI ends in 2017, some states may not find it worthwhile to independently invest in key staff to build capacity. This expansion of current efforts will provide individualized technical assistance to an additional 10 states that received transfers under SSBCI of approximately \$13 million each. Technical assistance services will include training and support for program design, operations, and outreach to financial institutions provided by field staff. State-level programs are designed to catalyze private lending or investing to small businesses at a ratio of \$10 in private funds to \$1 in SSBCI funds. Enabling an additional 10 states to fully deploy credit support under SSBCI could result in up to \$1.3 billion in private loans to or investment in small business.

*Treasury-wide Audit +\$1,500,000 / +0 FTE*

Treasury anticipates the current audit fees will increase by \$1,500,000 beginning with the FY 2013 audit period and continue at the increased rate through FY 2017. The previous fixed-price contract contained five option years ending in FY 2012. A new contract containing multiple option years is being competed and will be executed commencing with the FY 2013 audit period.

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

**Financial Education:** Treasury requests \$1,335,000 for the Office of Consumer Policy to conduct research and evaluation in the areas of financial education and financial access in an effort to identify scalable, effective, evidence-based policy interventions. Efforts will include research and demonstrations to test the efficacy of policy interventions designed to increase the financial readiness and strengthen the financial knowledge of young people. This initiative is in line with the stated focus of the Financial Literacy and Education Commission (FLEC), a 21-member interagency working group of which Treasury serves as chair, and recommendations from the President's Advisory Council on Financial Capability. Treasury will also conduct research to identify barriers to financial access, particularly among low- to moderate-income households, and potentially implement pilot demonstrations to test strategies for increasing access to high quality financial products.

**International Affairs:** The Office of International Affairs requests \$165,000 and 1 FTE to build capacity in the use of evidence and evaluation to help shape resource allocations and improve performance across IA's portfolio. Initial projects for IA's program evaluator will leverage data from the Multilateral Development Banks to better mitigate threats to national security, expand

export opportunities for American businesses, and address global challenges in areas like food security and the environment. The Program Evaluator would work closely with programmatic and operational staff to identify and develop sources of performance data across the portfolio to be integrated into the budgeting process.

### **Explanation of Budget Activities**

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*Executive Direction (\$36,244,000 from direct appropriations, \$4,774,000 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 (\$55,475,000 from direct appropriations, \$1,358,000 from reimbursable resources)*

Monitors domestic and international economic conditions and collects and analyzes financial data.

*Domestic Finance and Tax Policy (\$86,052,000 from direct appropriations, \$12,215,000 from reimbursable resources)*

Monitors and provides economic and financial policy expertise in the areas of domestic finance and tax policy.

*Terrorism and Financial Intelligence (\$97,738,000 from direct appropriations, \$32,797,000 from reimbursable resources)*

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

*Treasury-wide Management and Programs (\$36,266,000 from direct appropriations, \$18,358,000 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**

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Departmental Offices has no legislative proposals.

### **New Mandatory Program Proposals**

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*Pay for Success*

Treasury proposes \$300 million in a one-time capped mandatory appropriation to establish a new Pay for Success Incentive Fund, which non-profit intermediaries and state and local governments will be able to leverage to provide credit enhancements and success-based payments to investors in public programs that impact families and communities. The Fund is designed to encourage innovation, and accelerate the use of evidence-based approaches by lowering the risk associated with initial investments, and encouraging state and local governments to support programs that will yield federal savings.

## DO Performance by Budget Activity

Budget Activity	Performance Measure	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
		Actual	Actual	Actual	Target	Target
International Affairs and Economic Policy	Percentage of MDB Grant and Loan Proposals Containing Satisfactory Frameworks for Results Measurement	92.5	94.0	94.0	92.0	100.0
Domestic Finance and Tax Policy	Variance between estimated and actual receipts (annual forecast) (%)	5.8	4.4	3.8	4.5	4.5
Terrorism and Financial Intelligence	Impact of TFI programs and activities	7.4	7.6	8.1	8	8.5
Treasury-wide Management and Programs	Procurement Savings	236.7	325.9	243.6	95.0	TBA

Key: DISC - Discontinued and B - Baseline

### Description of Performance

The following performance measures provide a snapshot of the FY 2013 DO performance plan:

Percentage of MDB Grant and Loan Proposals Containing Satisfactory Framework for Results Measurement: This monitors the percentage of project proposals containing satisfactory performance measures in order to help ensure accountability in the lending and grant making of the MDBs. In FY 2012, 94 percent of proposals had performance measures, which met Treasury's target of 90 percent. IA's target for this measure is 92 percent in FY 2013 and 94 percent in FY 2014.

Variance between estimated and actual receipts (annual forecast) (%): As part of managing the government's central operating account and cash position, the Office of Fiscal Projections (OFP) forecasts federal receipts, outlays, and debt transactions to ensure that adequate funds are available daily to cover federal payments. To determine its overall effectiveness, OFP measures the variance between actual and projected government receipts and outlays. The actual variance for FY 2012 was 3.8 percent for receipts, significantly lower than the 5.0 percent target

for FY 2012, and a 0.6 percentage improvement over FY 2011. The target for FY 2013 and FY 2014 is 4.5 percent.

Impact of TFI Programs and Activities: In order to gauge its performance, TFI created a composite measure consisting of three program office focus areas related to its mission and strategic goals, including customer outreach, increasing budget production of intelligence products, and implementing IT modernization projects. TFI exceeded its performance target on this composite measure. The FY 2014 goal for this metric is 8.5.

Treasury-wide Procurement savings: This goal measures percentage saved based on contract spending (excluding metals). The metric supports Treasury's goal to advance efficiency and cost-effectiveness in the Department's acquisition activities. In FY 2012, Treasury realized \$243.6 million in acquisition savings versus its \$92 million goal. The FY 2013 target is \$95 million and the FY 2014 target is projected to be similar.