

## Departmental Offices - S & E

### Program Summary by Budget Activity

(Dollars in thousands)

Appropriation	FY 2008	FY 2009		FY 2010		
	Enacted	ARRA 1/	Enacted	Request	\$ Change	% Change
<b>Salaries and Expenses</b>	<b>\$248,360</b>	<b>\$131,000</b>	<b>\$278,870</b>	<b>\$302,388</b>	<b>\$23,518</b>	<b>8.4%</b>
Executive Direction	\$20,749	\$0	\$21,619	\$22,383	\$764	3.5%
Economic Policies and Programs	\$44,242	\$0	\$45,910	\$44,749	(\$1,161)	-2.5%
Financial Policies and Programs	\$29,465	\$1,000	\$36,038	\$47,580	\$11,542	32.0%
Terrorism and Financial Intelligence	\$56,775	\$0	\$62,098	\$64,611	\$2,512	4.1%
Treasury-wide Management and Programs	\$18,505	\$130,000	\$21,600	\$22,779	\$1,179	5.5%
Administration Programs	\$78,624	\$0	\$91,604	\$100,286	\$8,682	9.5%
<b>Subtotal, Departmental Offices - S &amp; E</b>	<b>\$248,360</b>	<b>\$131,000</b>	<b>\$278,870</b>	<b>\$302,388</b>	<b>\$23,518</b>	<b>8.4%</b>
Offsetting Collections - Reimbursables	\$19,800	\$0	\$38,642	\$33,842	(\$4,800)	-12.4%
<b>Total Program Operating Level</b>	<b>\$268,160</b>	<b>\$131,000</b>	<b>\$317,512</b>	<b>\$336,230</b>	<b>\$18,718</b>	<b>5.9%</b>

1/ ARRA funding includes \$123 Million for IRS and \$7 Million for FMS.

### Explanation of Request

The Fiscal Year (FY) 2010 President's Budget Request for the Salaries and Expenses appropriation provides new resources to develop superior capabilities in Offices of Domestic Finance and Tax Policy, as well as various management areas within the Department of the Treasury. In order to meet current and future economic challenges, Treasury staff must maintain vast expertise in an array of complex finance and government fields. The Budget supports this need, particularly in the areas of housing finance, capital markets, and tax administration. The Budget also provides resources for the Afghanistan Threat Finance Cell and covers administrative expenses associated with the tax credit exchange programs authorized in the American Recovery and Reinvestment Act of 2009.

DO's top priorities and proposed initiatives support each of the Department's strategic goals; Effectively Manage U.S. Government Finances; Ensure U.S. and World Economies Perform at Full Potential; Prevent Terrorism and Promote the Nation's Security Through Strengthened International Financial Systems; and Promote Management and Organizational Excellence

Total resources requested to support DO activities for FY 2010 are \$336,230,000, including \$302,388,000 from direct appropriations and \$33,842,000 from offsetting collections and reimbursable programs.

### Purpose of Program

Departmental Offices, as the headquarters bureau for the Department of the Treasury, provides leadership in such critical areas as economic and financial policy, terrorism and financial intelligence, financial crimes, and general management. The Secretary of the Treasury has the primary role in formulating and managing the domestic and international tax and financial policies of the Federal Government. Through effective management, policies, and leadership, the Treasury Department develops and implements strategies to counter terrorist financing and money laundering, promotes the stability of the nation's financial markets and ensures the government's ability to collect revenue.

## DO FY 2010 Budget Highlights

(Dollars in thousands)

Appropriation	Amount
<b>FY 2009 Enacted</b>	<b>278,870</b>
Changes to Base:	
Maintaining Current Levels (MCLs):	\$4,913
Across the Board program reduction	(1,464)
Non-Pay Inflation Adjustment	1,531
Pay Annualization	1,587
Pay Inflation	3,259
Initiative Annualization:	\$1,731
DF - Debt Management Office Analytical Support	307
GSE Support	464
OGC - General Counsel Support for CFIUS	338
OIA - Counterintelligence and Security Capabilities Enhancement	622
Subtotal FY 2010 Changes to Base	\$6,644
<b>Total FY 2010 Base</b>	<b>285,514</b>
Program Changes:	
Program Reinvestment:	(\$2,110)
International Affairs Reduction	(2,110)
Program Increases:	\$18,984
Domestic Finance Staffing	8,731
Tax Policy Staffing	4,863
Management Staffing	3,000
Recovery Act Program Support	400
Afghanistan Threat Finance Cell and International Dues	790
CIO Treasury Foreign Intelligence Network (TFIN)	1,200
Subtotal FY 2010 Program Changes	\$16,874
<b>Total FY 2010 President's Budget Request</b>	<b>302,388</b>

## FY 2010 Budget Adjustments

### FY 2009 Enacted

The FY 2009 enacted direct appropriation for DO is \$278,870,000.

### Maintaining Current Levels (MCLs)

#### *Adjustments Necessary to Maintain*

*Current Levels +\$4,913,000 / +0 FTE* Funds are requested for: FY 2010 cost of the January 2009 pay increase of \$1,587,000; proposed January 2010 pay raise of \$3,259,000; and non-labor related items such as contracts, travel, supplies, equipment and GSA rent adjustments of \$1,531,000. In addition, there is an across the board program reduction of \$1,464,000.

### Initiative Annualization

**DF - Debt Management Office Analytical Support +\$307,000 / +2 FTE** Annualization of the FY 2009 Domestic Finance initiative to modify the debt management system and provide dedicated analytical staff.

### **GSE Support +\$464,000 / +4 FTE**

Annualization of the FY 2009 Domestic Finance initiative provided for the executing and managing of the Government Sponsored Enterprises (GSE) program. The funding is used for program personnel and their administrative expenses as well as audit and consulting services.

### **OGC - General Counsel Support for CFIUS +\$338,000 / +2 FTE**

Annualization of the FY 2009 initiative which provided legal support to the Office of the Assistant General Counsel (OGC) for IA. Additional resources will enable IA and OGC to meet the increased demand to support clients on the Treasury-chaired Committee on Foreign Investment in the United States.

### **OIA - Counterintelligence and Security Capabilities Enhancement +\$622,000 / +3 FTE**

Annualization of the FY 2009 initiative which augmented the Department's efforts to address current and emerging threats that affect its national security mission. These include: preventing espionage in the Department; thwarting adversarial threats to our personnel, programs, and facilities; and identifying and mitigating threats from compromise of Treasury critical programs or theft.

### **Program Reinvestment**

#### **International Affairs Reduction -\$2,110,000 / -4 FTE**

The Department considers its attaché program to be a valuable asset for building relationships with foreign officials and working with local U.S. industry and agency representatives to advance U.S. interests, but it does recognize that with current economic conditions a partial amount of the funding for

this program must be realigned to other offices that are focused on the domestic economic situation. The Department has identified funds in the attaché program, and will reallocate these resources to meet the increased workload on the Office of Domestic Finance for the initiative described in the program increases section below.

### **Program Increases**

**Domestic Finance Staffing +\$8,731,000 / +26 FTE** In order to meet current and future economic challenges, Treasury must maintain a vast expertise in complex finance and government fields, particularly housing finance, small business and capital markets. In support of this objective, this initiative will fund additional staff in the Office of Domestic Finance, including two new Deputy Assistant Secretary (DAS) positions: one DAS for Housing Finance, Small Business and Consumer Issues and one DAS for Capital Markets. The two DASs will lead teams designed to support the economic research and modeling for these critical areas.

**Tax Policy +\$4,863,000 / +15 FTE** To ensure Treasury possesses capabilities sufficient to support rigorous analysis and implementation of revenue policy, the Budget includes funding for an additional 15 tax specialists in Treasury's Office of Tax Policy. These new tax specialists will apply tax expertise in the following key areas: (1) the financial crisis; (2) the financial stimulus plan; (3) climate change; and (4) health care reform.

**Management Staffing +\$3,000,000 / +13 FTE** DO has identified a number of staffing shortfalls in the areas of Treasury-wide human capital, IT and procurement policy. The Office of the Chief Information Officer (OCIO) needs additional staff to support the increasingly sophisticated technology needs of Treasury leadership and policy offices. As the Department takes on broader and more complex financial and fiscal issues,

policymakers and advisors require more IT support and programs for their work, in order to effectively meet these needs. The new staff will support the implementation of new procurement requirements associated with the Administration's efforts for increased transparency in Federal contracting, as well as provide additional support to process large, complex IT contracts. In addition, the additional HR staff and privacy directives staff will ensure that Treasury's directives, both for HR and otherwise, are codified and made accessible to Treasury employees.

**Recovery Act Program Support +\$400,000 / +1 FTE** In accordance with sections 1602 and 1603 of the American Recovery and Reinvestment Act of 2009 (Recovery Act), the Secretary is implementing two new grant programs: (1) Grants to States for Low-Income Housing Projects in Lieu of Low-Income Housing Tax Credits and (2) Grants for Specified Energy Property in Lieu of Tax Credits. Funding is requested to continue the administration of these programs in FY 2010.

**TFI Afghanistan Threat Finance Cell and International Dues +\$790,000 / +1 FTE** Resources are requested to provide designated Treasury staff for the Afghanistan Threat Finance Cell and support annual dues to international anti-money laundering organizations. The Afghanistan Threat Finance Cell (ATFC) was established in FY 2009 on the model of the successful Iraq Threat Finance Cell as a joint Treasury, State and Defense Department initiative. Treasury requests resources to provide one dedicated, full-time staff member for this important effort. Treasury leads the United States delegation at the Asia-Pacific Group and the Financial Action Task Force, international bodies dedicated to combating money laundering and terrorist financing, and strengthening the financial systems of member states. Treasury requests funds to support dues payments.

**CIO Treasury Foreign Intelligence Network (TFIN) +\$1,200,000 / +0 FTE** Provide on-going Operations and Maintenance (O&M) support for the TFIN system, including program management, O&M managed services provider contractor support, telecommunications and circuit costs, hardware and software maintenance, and technology refresh.

**Terrorism and Financial Intelligence (\$64,610,000 from direct appropriations and \$5,637,000 from reimbursable programs)** Develops and implements strategies to counter terrorist financing and money laundering.

**Treasury-wide Management and Programs (\$22,779,000 from direct appropriations and \$4,575,000 from reimbursable programs)** Provides strategic plans, and policy direction in the fields of human resources, information technology security, and financial administration that include the formulation and management of the budget.

**Administration Programs (\$100,286,000 from direct appropriations and \$12,216,000 from reimbursable programs)** Provides operational support and shared services to all offices within DO. Activities include accounting, budget, human resources, information technology, procurement, facilities support and travel services.

## Explanation of Budget Activities

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### Salaries and Expenses

**Executive Direction (\$22,383,000 from direct appropriations and \$1,092,000 from reimbursable programs)** Provides direction and policy formulation to the Department, and interacts with Congress and the public on Departmental policy matters.

**Economic Policies and Programs (\$44,749,000 from direct appropriations and \$5,097,000 from reimbursable programs)** Monitors domestic and international economic conditions and collects and analyzes financial data, including foreign credits and credit guarantees.

**Financial Policies and Programs (\$47,580,000 from direct appropriations and \$5,225,000 from reimbursable programs)** Monitors and provides economic and financial policy expertise in the areas of domestic finance and tax policy.

### Legislative Proposals

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The Budget proposes one new Administrative Provisions. The Provision would authorize a permanent indefinite authority to establish new Treasury fund symbols for the payment of tax refunds and related interest by Alcohol and Tobacco Tax & Trade Bureau, Customs and Border Protection, and the Bureau of Alcohol, Tobacco, Firearms and Explosives.

The proposed Administrative Provision will greatly improve the efficiency of the payment of various types of tax refunds and related interest.

## DO Performance by Budget Activity

Budget Activity	Performance Measure	FY 2006	FY 2007	FY 2008		FY 2009	FY 2010
		Actual	Actual	Actual	Target Met?	Target	Target
Economic Policies and Programs	Number of new trade and investment negotiations underway or completed (Oe)	N/A	N/A	14	Baseline	6	2
Terrorism and Financial Intelligence	Number of countries that are assessed for compliance with the Financial Action Task Force (FATF) 40 + 9 recommendations (Ot)	5	6	12	Yes	Discontinued	Discontinued
Treasury-wide Management and Programs	Completed investigations of EEO complaints within 180 days (%) (Oe)	20	52	56	Yes	50	50
Treasury-wide Management and Programs	Injury and illness rate Treasurywide - including DO (Oe)	1	0	1.29	Yes	Discontinued	Discontinued

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Customer Satisfaction

### Description of Performance

The Treasury Department is committed to participating in the negotiation and implementation of international agreements, which help to remove trade and investment barriers and stimulate domestic and global growth. Treasury's Office of International Affairs advises and assists in the formulation and execution of U.S. international economic and financial policy. In FY 2008, the office met or exceeded its targets for all of its performance measures. During the year, the office modified its measure related to trade and investment negotiations to broaden its scope and added a new measure related to the enactment, implementation and enforcement of US trade law and international agreements. For FY 2009 and FY 2010, it is anticipated that completion of new international trade and investment agreements will be challenged by protectionist sentiment associated with the global recession. Commitments by G-20 nations to resume the World Trade Organization's Doha Round of trade negotiations and limit protection are extremely favorable, but the performance results of FY 2008 are likely to be. The Department is continuing in its efforts to develop and replace performance measures for the Offices of International

unrepeatable in the current climate. Performance targets for FY 2009 and FY 2010 for both measures have consequently been set to reflect these economic challenges.

Departmental Offices are primarily responsible for managing Treasury-wide management programs and initiatives. For FY 2008, DO met or exceeded its performance measures related to Equal Opportunity Employment and Department-wide injury and illness rates. During FY 2008 the Office of the Deputy Assistant Secretary for Human Resources / Chief Human Capital Officer (DASHR/CHCO) began using two performance measures to assess how well employee expectations align with organization performance. DASHR/CHCO also implemented its first human capital operating plan to ensure steady progress towards the goals laid out in the Human Capital Strategic Plan. These new initiatives have significantly improved insight into human capital programs and additional measures are being developed to determine the effectiveness of strategies articulated in the plan.

Affairs, Economic Policy, Domestic Finance, Foreign Asset Control, Intelligence and Analysis, and Terrorism Financing and

Financial Crimes to improve alignment with the 2007-2012 Treasury Strategic Plan. In FY 2008 the Office of Technical Assistance established two new, comprehensive performance measures to assess the

effectiveness of assistance programs for client countries. Additional measures of this type are currently being considered for other policy offices