



DEPARTMENT OF THE TREASURY

The President's 2016 Budget is designed to bring middle class economics into the 21st Century. This Budget shows what we can do if we invest in America's future and commit to an economy that rewards hard work, generates rising incomes, and allows everyone to share in the prosperity of a growing America. It lays out a strategy to strengthen our middle class and help America's hard-working families get ahead in a time of relentless economic and technological change. And it makes the critical investments needed to accelerate and sustain economic growth in the long run, including in research, education, training, and infrastructure.

These proposals will help working families feel more secure with paychecks that go further, help American workers upgrade their skills so they can compete for higher-paying jobs, and help create the conditions for our businesses to keep generating good new jobs for our workers to fill, while also fulfilling our most basic responsibility to keep Americans safe. We will make these investments, and end the harmful spending cuts known as sequestration, by cutting inefficient spending and reforming our broken tax code to make sure everyone pays their fair share. We can do all this while also putting our Nation on a more sustainable fiscal path. The Budget achieves about \$1.8 trillion in deficit reduction, primarily from reforms to health programs, our tax code, and immigration.

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The Department of the Treasury's mission is to 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.



To support this mission, the FY 2016 President's Budget requests \$14.3 billion in annual discretionary appropriations for Treasury's operating accounts. Of this amount, \$667 million is provided through a program integrity cap adjustment to improve the integrity of the tax system and reduce the deficit by \$41 billion over the next ten years. In addition, the Budget proposes \$2.9 billion for Treasury's International Assistance programs in order to promote our national security, open new markets for U.S. exporters, and address key global challenges such as food security and the environment.

Funding Highlights:

- The President's FY 2016 Budget provides \$14.3 billion for Treasury's operating accounts and \$2.9 billion for Treasury's international assistance programs in **discretionary** funding. This includes:
 - Promoting economic growth, poverty reduction, action on climate change, and security through Multilateral Development Bank (MDB) investments in developing and emerging economies, including in infrastructure, energy, health, education, and governance.
 - Investing \$12.9 billion, including a program integrity initiative, in the Internal Revenue Service (IRS) to restore taxpayer services to acceptable levels and adequately fund tax enforcement to make sure corporations, the wealthiest, and ordinary American workers all play by the same rules.
 - Funding to increase transparency and accountability in federal financial management and implement the Digital Accountability Transparency Act of 2014 (DATA Act).

Reforms:

- Proposes legislation to increase the U.S. quota in the International Monetary Fund and reduce by an equal amount the U.S. participation in the New Arrangements to Borrow while preserving the U.S.'s veto and influence in this important institution.
- Proposes a multi-year program integrity cap adjustment for the IRS, including \$667 million in FY 2016 for additional resources for critical tax enforcement and compliance functions that reduce the deficit and help narrow the tax gap by nearly \$6 for every \$1 spent, with total savings of \$41 billion over the next 10 years.
- Continues the comprehensive review of U.S. coin and currency production.
- Proposes funding to transform Treasury's digital services with the greatest impact to taxpayers and businesses so they are easier to use and more cost-effective to build and maintain.



Supports International Assistance Programs: The Budget proposes to increase the U.S. quota in the IMF and simultaneously reduce, by an equal amount, U.S. participation in the IMF's New Arrangements to Borrow. This language is necessary to complete IMF reforms that preserve the U.S. veto at the IMF and U.S. influence in the global economy, without increasing the current U.S. financial commitment to the IMF.

The request also provides funding for the Multilateral Development Banks (MDBs), including the World Bank and regional development banks, to promote global economic growth, poverty reduction, and security. The MDBs finance investments in developing and emerging economies, including in infrastructure, health, energy, education, and governance. This support fosters private sector development; facilitating new markets for U.S. exports. In addition to meeting our current MDB commitments, the Budget addresses prior unmet commitments, which have grown to levels that seriously damage U.S. credibility and leadership.

Broad-based economic growth requires countries to address complex challenges, therefore the Budget includes funding for multilateral funds that help combat food insecurity and safeguard development investments across the globe from the impacts of climate change, including through the Green Climate Fund. These funds leverage resources from other donor countries and the private sector.

Invests in a High-Performing Internal Revenue Service: FY 2015 marked five years of Congress reducing the Internal Revenue Service's (IRS) funding, which is now \$1.2 billion lower than in FY 2010. As a result, taxpayers are facing longer wait times on the phone, and it is taking longer for the IRS to respond to taxpayer correspondence. A sustained deterioration in taxpayer service combined with reduced enforcement activity could create serious long-term risk for the U.S. tax system, which is based on voluntary compliance.

The Budget provides the IRS with \$12.3 billion in base discretionary resources, an increase of \$1.3 billion from FY 2015 enacted level, to restore taxpayer services to acceptable levels. Funds are also provided to continue major IT projects, which aim to protect taxpayer information, modernize antiquated systems, continue development of a state-of-the-art online taxpayer experience, and build efficiencies throughout the agency, while continuing to fund system development due to new legislative mandates.

Increases Transparency in Federal Financial Management: The Budget provides funding for efforts to increase transparency and accountability in federal financial management and implement the Digital Accountability Transparency Act of 2014 (DATA Act). The DATA Act requires additional federal spending data to be displayed on USAspending.gov and establishment of government-wide financial data standards for federal funds made available to, or expended by, federal agencies and entities receiving these funds.

Supports Economic Growth and Opportunity: The Budget proposes a series of investments to help small businesses and distressed communities and homeowners. It includes \$233.5 million for the Community Development Financial Institutions (CDFI) Fund to promote economic development investments in low-income and underserved communities, including \$35 million



for the Healthy Food Financing Initiative to increase the availability of affordable, healthy food options for Americans living in food deserts. The Budget also proposes to extend the CDFI Bond Guarantee Program until FY 2017 and provides \$1 billion in commitment authority in order to provide access to inexpensive, long-term credit for critical economic development projects around the country, including multi-family rental properties, charter schools, and health care centers in low-income communities.

The Budget proposes a new authorization of \$1.5 billion for a second round of the State Small Business Credit Initiative to build on the momentum of the program's first round, strengthen the federal government's relationship with state economic development agencies, and provide capital to America's diverse community of entrepreneurs. Under the proposal, \$1 billion will be competitively awarded to States best able to target local market needs, promote inclusion, attract private capital for start-up and scale-up businesses, strengthen regional entrepreneurial ecosystems, and evaluate results among other factors. An additional \$500 million will be allocated to States according to a need-based formula.

It also proposes authorization of \$300 million for a Pay for Success fund which will be designed to ensure that taxpayers get better returns by exclusively paying for projects that show measurable outcomes resulting in greater federal savings and programmatic efficiency.

Supports the Office of Terrorism and Financial Intelligence: The Budget provides funding to continue Treasury's twin mission to disrupt and dismantle the financial networks that support terrorist organizations, proliferators of weapons of mass destruction, and drug traffickers, among other criminals, and protect the U.S. financial system from abuse by criminal actors. These efforts include supporting priority national security issues such as enforcing sanctions against Iran, imposing sanctions against Russia to support stability in Ukraine, undermining the Islamic State of Iraq and the Levant's finances, and enhancing global financial transparency in the fight against money laundering.