Department of the Treasury Strategic Plan

Fiscal Years 2012-2016

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Message from the Secretary

September 2011

We are pleased to submit the Strategic Plan of the Department of the Treasury for fiscal years 2012-2016. The Department's long-term goals focus on financial, economic, tax, security, and fiscal sustainability. Our strategic priorities over the next two years are focused on increasing lending to small business so they can expand and create jobs, increasing voluntary tax compliance, and increasing the number of electronic transactions with the public. The Department will also wind down emergency economic programs established in 2008 and 2009 and will continue to pursue responsible deficit reduction policies.

In this strategic plan, Treasury has clearly articulated its organizational core values and revised its mission to focus on maintaining a strong economy and creating economic and job opportunities. We have set forth our goals for the next four years and succinctly stated our strategies to achieve them. In addition, we have revised our measures and indicators where appropriate, and have implemented a robust quarterly performance review process that drives continuous improvement in our work.

As our economy continues to strengthen, Treasury's strategic plan guides our efforts to protect the nation's economic and financial infrastructure, support U.S. leadership in the global economy, and promote job growth and shared prosperity.

Sincerely,

Timothy F. Geithner
Secretary of the Treasury

Mission

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

The Treasury Department's mission is focused on promoting economic prosperity and ensuring the financial security of the United States. The Department is responsible for a wide range of activities, including advising the President on economic and financial issues, encouraging sustainable economic growth, and helping ensure a stable financial system. The Department of the Treasury operates and maintains systems that are critical to the nation's financial infrastructure, such as the production of coins and currency, disbursement of payments to the American public, revenue collection, and borrowing funds necessary to run the federal government. Treasury works to ensure that the new rules from the Dodd-Frank Wall Street Reform and Consumer Protection Act provide necessary protections against the financial excess that contributed to the recent financial crisis, while preserving the benefits of financial innovation.

The Department works with other federal agencies, foreign governments, public stakeholders, and international financial institutions to encourage global economic growth, raise standards of living, and, to the extent possible, predict and prevent economic and financial crises. The Treasury Department also performs a critical and far-reaching role in enhancing national security by working with foreign governments to strengthen their financial systems, implementing economic sanctions against foreign threats to the U.S., identifying and targeting the financial support structures of national security threats, and improving the safeguards of the international financial system.

Core Values

Service – Serve the American people and work for their benefit
Integrity – Aspire to the highest ethical standards of honesty, trustworthiness, and dependability
Transparency – Promote openness, information-sharing, and collaboration
Adaptability –Effectively respond to changing circumstances
Objectivity – Encourage independent views
Respect– Value the dignity, talent and diverse perspectives of people in the organization

Strategic Framework for the Department of the Treasury

The Treasury Department's strategic framework is a summary of our goals and strategies. This framework provides the basis for performance planning and continuous improvement.

Strategic Goals	Strategies
Goal 1: Repair and Reform the Financial System	Implement strong, comprehensive regulatory reform to restore stability and accountability to the financial system Effectively manage and exit emergency interventions and programs Develop and implement programs to support mortgage availability and reduce avoidable foreclosures Develop and implement long-term, comprehensive solutions for our nation's system of housing finance Promote the implementation of strong international financial standards
Goal 2: Enhance Economic Growth, Competitiveness, and Sustainability	Preserve confidence in U.S. financial assets Promote balance and sustainable growth Encourage private and foreign investment the U.S. economy Work effectively through multilateral institutions to promote economic growth, protect our national security, and address global threats Promote free trade and investment
Goal 3: Reform and Simplify the U.S. Tax Code	Develop comprehensive proposals to reform and simplify the Tax Code Develop and implement administrative initiatives to increase tax compliance Educate policymakers and the public on tax policy and compliance Publish effective administrative guidance on interpreting and implementing the Tax Code Enter into bilateral and multilateral agreements that facilitate enforcement of the Tax Code and encourage cross-border trade and investment

Goal 4: Combat Illicit Financial Activity to Advance National Security and the Integrity of the Financial System	Collect, analyze, and disseminate financial and other information concerning illicit financing and national security threats Disrupt and dismantle the financial networks of national security threats Shape policy, laws, and regulations to safeguard the U.S. and international financial system Coordinate with partners in the foreign policy, law enforcement, and intelligence communities to support anti-illicit finance efforts
Goal 5: Foster a Prudent Use of Taxpayer Resources to Operate the Federal Government	Optimize the cash and debt portfolio Expand use of electronic transactions Modernize financial systems and standardize accounting practices Operate the Department efficiently, and transparently with a focus on workforce development and individual accountability

Strategic Priorities of the Department of the Treasury

The Department established three Priority Goals or strategic priorities for FY 2012 and FY 2013 to drive its focus and achieve measurable results for the American people in the next two years. Priority Goals are achievable within eighteen to twenty-four months and are linked to our strategic plan goals, which are long-term.

Increase Small Business Access to Capital
Small business owners have faced disproportionate challenges in the aftermath of the recession and financial crisis. The banking and credit component of the economic crisis was especially damaging for smaller firms, which are more dependent on bank loans for financing than are larger firms. While the initial TARP authority was used to invest in large banks and thrifts, subsequent efforts broadened the reach of the program to invest across more and smaller financial institutions and increased Small Business Administration (SBA) loan guarantees. But since small businesses are overwhelmingly reliant on banks for access to capital, we have continued to support, develop, and implement programs that could help community banks provide it. This priority goal is related to the strategic goal: "Repair and Reform the Financial System."

Increase Voluntary Tax Compliance
Reliance on a voluntary compliance tax system requires effective taxpayer services to enable taxpayers to understand and meet their tax obligations and effective enforcement to ensure that all businesses and individuals pay the tax they owe. Improvement of both service and enforcement, along with reforms to simplify the tax law and regulations, are essential to ensure that the U.S. tax system remains the most effective and fairest voluntary compliance system in the world. This priority goal is related to the strategic goal: "Reform and Simplify the U.S. Tax Code."

Significantly Increase the Number of Electronic Transactions with the Public
The safety, security, efficiency, and reliability of Treasury transactions are paramount to maintaining public trust. Billions of transactions for payments to recipients, savings bonds purchases, and tax collections are executed each year. Increasing the number of electronic transactions with the public will reduce costs, reduce errors, decrease the public's vulnerability to fraud, increase convenience for recipients and taxpayers, and reduce the Department's environmental impact. This priority goal is related to the strategic goal of "Foster a Prudent Use of Taxpayer Resources to Operate the Federal Government."

Strategic Goals of the Department of the Treasury

Strategic Goal 1: Repair and Reform the Financial System

The recent financial crisis with its attendant recession, job losses, and foreclosures, required the Department to take extraordinary actions to preserve the functioning of financial and housing markets and restore confidence in the integrity of the financial system. As these repairs took hold, the Administration and Congress worked together to enact the Dodd-Frank Wall Street Reform and Consumer Protection Act[1], providing new rules to restore a vibrant, fair, and competitive financial system while striking the right balance between incentives for innovation and competition and adequate protections for consumers and investors.

Strategies

Implement strong, comprehensive regulatory reform to restore stability and accountability to the financial system

The Dodd-Frank Act reforms will restore the banking system to its core purposes of helping Americans save for their future and help translate those savings into the investments that will support entrepreneurialism, grow our economy, spur job creation and boost American competitiveness. These comprehensive reforms will:

- Allow the government to make sure that the risks taken by banks to enable businesses to expand and prosper do not threaten the health of the economy as a whole
- Help level the playing field, so community banks can compete fairly with the nation's largest financial firms
- Restore the American financial system so that it can develop innovative ways to provide credit and capital

Today, Treasury and federal financial regulatory agencies are designing and implementing these new protections and working to consolidate responsibility and authority. The Treasury Department is leading the effort in several areas, including the establishment of the Financial Stability Oversight Council (FSOC), the Office of Financial Research (OFR), the Consumer Financial Protection Bureau (CFPB), and the Federal Insurance Office (FIO).

Treasury is also coordinating important rulemakings that will help address fundamental flaws in the financial system that contributed to the financial crisis. These include rulemakings on risk retention and, the Volker rule, and for non-bank and financial market utility designations. The risk retention rulemaking will improve the alignment of interests between mortgage originators, securitizers, and investors. The Volcker rule seeks to separate speculative activity from deposit insurance and discount window borrowing that is provided to banks. The rulemakings for non-bank and financial market utility designations will subject non-bank financial firms and financial market utilities to heightened standards if their material financial distress could threaten broader financial stability. Treasury also contributes to international efforts to set new regulatory

[1] Public Law 111-203-Dodd-Frank Wall Street Reform and Consumer Protection Act can be accessed electronically at: http://www.gpo.gov/fdsys/pkg/PLAW-111publ203.

standards on bank capital adequacy and liquidity as part of Basel III efforts.

Effectively manage and exit emergency interventions and programs

The actions taken by TARP, along with other emergency measures, prevented a catastrophic collapse of the U.S. financial system and helped pave the way for economic recovery. Today, banks are better capitalized, and the weakest parts of the financial system no longer exist. The credit markets that small businesses and consumers depend on have reopened. Businesses can raise capital, and mortgage rates are at historic lows.

Now, Treasury is unwinding the extraordinary assistance that was provided during the crisis at a responsible pace. The Department has moved quickly to reduce the financial system's dependence on emergency support from the government and to return our financial institutions to private hands as quickly as possible. The initial bank investments by TARP represented 75 percent of the entire banking system assets. Today, that percentage is only about 10 percent of the banking system assets. Taxpayers have now recovered more than 100 percent (approximately $255 billion) of the approximately $245 billion in total funds disbursed for TARP investments in banks (inclusive of dividends, interest and other income). Treasury currently estimates that bank programs within TARP will ultimately provide a lifetime positive return of nearly $21 billion. Progress also continues with repayment from AIG and the automotive industry.

The TARP investment programs taken as a whole—including financial support for banks, AIG, the domestic auto industry, and targeted initiatives to restart the credit markets—are expected to result in very little or no cost to the American taxpayer. Additionally, the human resources that were devoted to this rescue effort will be re-deployed to other areas of Treasury as needed.

Develop and implement programs to support mortgage availability and reduce avoidable foreclosures

Treasury's efforts to help support recovery in the housing market include a range of programs to help homeowners avoid foreclosure and support mortgage availability. Since January 2009, Treasury has worked with Congress to implement tax credits for first time homebuyers, support state and local housing agencies, and bolster neighborhood stabilization and community development programs. We have also implemented mortgage modification and refinancing initiatives, in addition to providing continued financial support for Fannie Mae and Freddie Mac to ensure broad credit availability. To date, the Home Affordable Modification Program has helped over 700,000 homeowners receive permanent mortgage modifications. Treasury is also implementing additional housing programs, including the Unemployment Program, Principal Reduction Alternative, FHA Short Refinance Program, and the Hardest Hit Fund.

Treasury is continuing to improve its efforts to strengthen housing programs in light of evolving challenges in the housing market, including directing the largest mortgage servicers participating in the Making Home Affordable Program to assign homeowners applying for assistance a single point of contact and publishing on-going, detailed servicer assessment reports for the ten largest participants. We are also implementing new programs to help homeowners struggling with unemployment or who are underwater on their mortgages, as well as helping homeowners

transition to more affordable housing through short sales and deeds-in-lieu of foreclosure

We support several near-term reforms aimed at mortgage servicing and foreclosure processing, including establishing national standards for mortgage servicing and reforming mortgage servicing compensation to align industry standards.

Develop and implement long-term, comprehensive solutions for our nation's system of housing finance

While reforms have already begun since placing Fannie Mae and Freddie Mac into conservatorship, such as closely monitoring business operations and strengthening underwriting standards, more needs to be done. A measured pace for implementing these reforms is necessary to preserve widespread access to affordable mortgages for creditworthy borrowers and to support the nation's economic recovery. In February 2011, the Administration published its plan for long-term reform for the housing finance market. Key elements include:

- Paving the way for a robust private mortgage market by reducing government support for housing finance, and winding down Fannie Mae and Freddie Mac on a responsible timeline;
- Addressing fundamental flaws in the mortgage market to protect borrowers, help ensure transparency for investors, and increase the role of private capital; and
- Targeting the government's vital support for affordable housing in a more effective and transparent manner.

Promote the implementation of strong international financial standards

The United States is best served by leading the enactment of the strongest financial standards to set an example for other nations and by continuing our active engagement internationally. Consequently, our objective in international discussions and negotiations with other major financial centers is to lead a "race to the top" in the areas of financial regulation that must be coordinated globally. Meeting this challenge of promoting cooperation and alignment around the world on strong regulatory policies consistent with the Dodd-Frank Act lies at the heart of the Treasury's daily work with our foreign counterparts.

Treasury's international financial regulatory agenda is focused on several key areas:

- **Strengthening capital, liquidity, and leverage standards:** Working with other domestic and international regulators, our objective is to implement a global capital standard that requires banks to maintain robust balance sheets that will withstand future financial shocks without taxpayer assistance.
- **Reducing the systemic risk from large, interconnected financial firms:** The Dodd-Frank Act created the Financial Stability Oversight Council, which has a leading role in several important regulatory decisions, including designating the largest, most interconnected firms for heightened prudential standards. Similarly, working with international regulators, as well as through the Financial Stability Board and other finance ministries, our objective is to develop additional capital requirements specifically for Global Systemically Important Financial Institutions (G-SIFIs).

- **Establishing resolution authority for G-SIFIs:** The Dodd-Frank Act established a special resolution regime that provides federal regulators with strong authorities to resolve financial institutions that pose a systemic threat to the broader financial system. Because the financial system has become globalized, our international objectives are to ensure that other countries adopt strong national resolution authorities and to establish a set of principles to develop an effective cross-border resolution system.
- **Regulating Over-The-Counter derivatives:** The market for derivatives traded outside of regulated exchanges—or, "over-the-counter"—grew explosively in the decade leading up to the financial crisis, creating a lack of transparency and regulation. Our objective is to ensure international convergence across derivatives markets to prevent firms from moving activities to jurisdictions with lower standards, which would increase risks to the global financial system.

Indicators and Measures[2]

TARP lifetime cost estimate
This measure is the Department's best estimate of what TARP will ultimately cost the taxpayer. This estimate is subject to market conditions and the performance of specific financial institutions over time.

Income received from dividends, interest, warrants and repayments of TARP investments
In addition to its investments being repaid, the Department has generally received dividends on the preferred stock and interest payments on the loans from the institutions participating in TARP programs. These payments are a return on Treasury's TARP investment. Treasury also receives warrants in connection with most of its investments, which provides an opportunity for taxpayers to realize profit on investments.

Rolling percent of investments remaining (overall and bank-only)
The Department will measure the percent of all income sources based on the amount of TARP investment. Income sources include repayments, dividends, interest, warrants, and gains and other income less write-offs and any realized losses. These percentages are calculated for all TARP programs collectively. Separate calculations are made for bank support programs.

Housing scorecard indicators (from the joint Treasury-HUD publicly available scorecard)[3]
Both the Department of the Treasury and the Department of Housing and Urban Development use a number of indicators to assess the housing market. Housing prices, new and existing home sales, mortgage rates, number of homeowners refinancing mortgages, foreclosures, savings from reduced mortgage payments, and the number of people served by housing counselors are examples of these indicators.

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[2] Please note that the indicators and measures for each strategic goal are a sample of what the Department looks at and are not comprehensive.
[3] The Housing Scorecard is available here:
http://portal.hud.gov/hudportal/HUD?src=/initiatives/Housing_Scorecard.

Meeting milestone dates in the Dodd-Frank Act

The Act contains several dates that serve as milestones for assessing progress. Treasury tracks progress against these dates. Some milestones include the transfer of CFPB and the establishment of FSOC.

Strategic Goal 2: Enhance Economic Growth, Competitiveness, and Sustainability

Treasury will strengthen economic growth in the U.S. and global economy by working with our partners and international financial institutions to elevate broad-based economic growth, further developing the private sector, and providing support for developing economies.

Strategies

Preserve confidence in U.S. financial assets

Implementation of the Dodd-Frank Act reforms will play an important role in preserving and restoring confidence in U.S. financial assets among both domestic and international investors. The Dodd-Frank Act's reforms will reduce risks that markets or institutions will fail, provide regulators with enhanced oversight authorities, and improve the transparency of both markets and institutions. These significant improvements to the financial system should provide investors with increased confidence about their ability to make informed investments in U.S. financial assets in the wake of the financial crisis and attract capital to the United States.

With respect to the government's obligations, Treasury continues to pursue sound debt management practices to finance the government at the lowest cost over time and ensure that Treasury maintains adequate cash balances available to cover expenses. Treasury will also provide safe, secure U.S. notes and coins that are readily accepted by all coin and currency users and customers. These practices, in combination with providing as much transparency to the markets as possible, will help preserve investors' confidence in Treasury securities and other government-backed obligations.

Promote balanced and sustainable growth

Our goal is to promote continued global economic recovery and the implementation of economic reforms among our trading partners. These efforts will include:

- Stronger norms for exchange rate policies that will help accommodate the changes in economic forces ahead for the global economy
- A better set of incentives to promote external sustainability and reduce the risk of the re-emergence of large trade and current account imbalances
- A stronger consensus on policy measures that can help emerging economies manage the risks that can come with large flows of capital
- Credible multi-year reforms in advanced economies to restore fiscal sustainability and economic growth

Encourage private and foreign investment in the U.S. economy

Domestically, Treasury responded to the financial crisis by implementing the Dodd-Frank Act, and repairing the fundamental flaws in the system that contributed to the crisis. These actions will eventually help restore confidence and spur private investment in our economy. As part of our broader financial reform efforts, Treasury's housing finance reform plan will reduce the role of government in the housing market and will ensure that private capital is the dominant source for mortgage credit in the future. Treasury will increase small business investment and job creation with the establishment of the Small Business Lending Fund (SBLF) and State Small

Business Credit Initiative (SSBCI). Treasury also encourages private investment in communities across the country through the Community Development Financial Institutions (CDFI) Fund.

Internationally, this Administration is strongly committed to an open investment policy. Foreign investment is vital to economic growth, job creation, and productivity. Our objective is to ensure that the United States continues to be the most attractive place for businesses to locate, invest, grow, and create jobs by:

- Continuing to encourage foreign investment in the United States economy
- Honoring our obligation to protect our national security by reviewing foreign investments in U.S. businesses through the Committee on Foreign Investment in the United States (CFIUS)
- Continuing to ensure that our national security obligations and our openness to foreign investment are not at odds. In accordance with law, CFIUS focuses narrowly on potential national security concerns, not broader economic or national policies, and is therefore wholly consistent with our open investment policy. We will also maintain a CFIUS process that is timely and efficient.

Work effectively through multilateral institutions to promote economic growth, protect our national security, and address global threats

We will continue to use our leadership position in the multilateral development banks (MDBs) to:

- **Support job creation in the United States:** Treasury will continue to promote policy frameworks in emerging and frontier markets that support strong economic growth and openness to trade and investment. MDBs help create leading export markets. In the past decade, U.S. exports to emerging markets have grown significantly.
- **Protect our national security:** Treasury will work to ensure that the MDBs continue to take on challenges in difficult environments, where U.S. national security interests are at stake. On these and other issues, our efforts in cooperation with our international partners reduce the risk of instability abroad and support our broader foreign policy goals.
- **Foster freedom and opportunity:** For countries undertaking difficult political transitions toward greater freedom, it is vital that citizens associate new and fragile political freedoms with material improvements in their standard of living. In these countries, Treasury will advocate strong MDB assistance to stabilize economies in the short term and, over the medium term, to invest in private sector growth, and promote greater accountability, transparency, and the fair rule of law.
- **Address global threats:** MDBs are currently on the front lines in addressing global challenges, such as climate change and food security. Through advocacy in the MDBs, engagement in the international climate finance negotiations, and bilateral contributions to climate funds, we will continue to help countries prepare and respond to the impacts of climate change. We will also continue to play a leadership role in ongoing multilateral efforts to reduce chronic hunger, which impacts almost one billion people every day.
- **Alleviate poverty and deprivation:** Treasury will work to ensure that MDB investments are targeted in those areas where they will have the greatest impact and that strong performance benchmarks are included in project design.

Promote free trade and investment
Treasury will continue to work with the U.S. Trade Representative in pursuing a strong trade agenda that will help our economy grow, increase U.S. exports, and support and create good jobs for American workers. We will work to:

- Complete the pending trade agreements with Korea, Colombia, and Panama.
- Pursue normal trade relations with Russia as it joins the World Trade Organization (WTO).
- Establish a high-standard 21st century Asia-Pacific trade agreement.
- Renew a robust program for trade adjustment assistance to support Americans who need training and other services when their jobs are affected by trade.

Indicators and Measures

Impact of Technical Assistance for Fragile States
Treasury evaluates the degree to which the U.S. presence is positively impacting policy and operations in these countries by measuring the average of all self-reported project impact ratings where the Office of Technical Assistance has a presence in a participating country.

Percentage increase in small business lending by recipients of SBLFs
Treasury will monitor the increase in small business lending volume over a given time frame.

Percentage of eligible areas served by Community Development Financial Institution (CDFI) awardees
The Department will track the number of CDFI program eligible census tracts served by CFDIs divided by the total number of eligible tracts.

Strategic Goal 3: Reform and Simplify the U.S. Tax Code

The Treasury Department will lead Administration efforts to create a tax system that is simpler, fairer, and stronger. Our corporate income tax system, in particular, includes numerous special tax incentives that make a high statutory tax rate necessary to raise the same amount of revenue. Targeted, deficit-neutral corporate income tax reform will prompt people to invest in opportunities with the highest financial return. A more competitive tax system will allow the market, rather than the tax system, to drive investment. This targeted, deficit-neutral corporate tax reform effort will put American workers and companies in a more competitive position internationally.

Strategies

Develop comprehensive proposals to reform and simplify the Tax Code
The Department will develop proposals for corporate income tax reform that repeal provisions that distort investment and lower the maximum statutory corporate rate. This will make U.S. businesses and workers more competitive without adding to the deficit. In addition, the Department will develop tax legislative proposals for the annual budget that increase efficiency and economic growth, promote compliance, and simplify the Tax Code.

Develop and implement administrative initiatives to increase tax compliance
The Department will simplify tax administration by streamlining and modernizing existing rules and procedures. In particular, Treasury will seek to reduce the burden of compliance with tax laws by reducing recordkeeping requirements and expanding the use of simplified "safe harbor" rules that eliminate liability for unintentional tax underpayment.

Educate policymakers and the public on tax policy and compliance
The Department will communicate with policymakers, interested parties, and the public about matters related to tax policy. Both traditional and innovative communications channels will ensure that the Department reaches a wide audience of policymakers and interested laypersons. These activities will improve understanding of the Tax Code at all levels of public discourse, which will also promote voluntary compliance.

Publish effective administrative guidance on interpreting and implementing the Tax Code
Regulations and other administrative guidance that clearly explains the tax law and illustrates its application to common situations both encourages and facilitates voluntary compliance. The Department will implement the Tax Code through administrative guidance that provides, to the greatest extent possible, general rules that are practical, and understandable to taxpayers as well as tax practitioners. Treasury will also target those areas of the Tax Code in which the statutory language requires explanation or amplification.

Enter into bilateral and multilateral agreements that facilitate enforcement of the Tax Code and encourage cross-border trade and investment
Our income tax treaties and tax information exchange agreements (TIEA) are important components of our tax laws. Tax treaties eliminate tax barriers to cross-border trade and

investment by providing greater certainty to taxpayers regarding foreign tax liabilities and reducing the risk of double taxation. Tax information exchange under tax treaties and TIEAs plays an instrumental role in preventing tax evasion. The Department will strengthen our network of tax treaties and TIEAs by modernizing existing agreements and negotiating agreements with new treaty partners that will foster cross-border trade and investment and facilitate enforcement of our tax laws.

Indicators and Measures

Voluntary compliance
The Department measures the portion of total income taxes due, reported, and paid by the scheduled due date.

Number of tax proposals partially or completely enacted into law
The Department will measure the number of tax legislative proposals that increase tax compliance, simplify tax administration, and reduce taxpayer burden. Treasury tracks proposals in the annual budget and those developed in the legislative process throughout the year.

Number of administrative initiatives implemented
To increase the rate of voluntary compliance by helping taxpayers understand and pay the proper amount of tax due, the Department tracks the number of IRS and Office of Tax Policy administrative initiatives partially or completely implemented. Treasury tracks the publication of regulatory or other administrative guidance that increases tax compliance, simplifies tax administration, and reduces taxpayer burden.

Number of new bilateral and multilateral agreements
To measure our improvement in information exchange and transparency on tax policy issues, the Department tracks the number of new bilateral and multilateral agreements that incorporate improved information on tax issues.

Degree of involvement in international organizations
The Department tracks the degree to which the Office of Tax Policy is involved in international organizations promoting transparency and information exchange to combat tax evasion.

Strategic Goal 4: Combat Illicit Financial Activity to Advance National Security and the Integrity of the Financial System

All national security threats and criminal organizations depend on financial and support networks to survive. Treasury uses financial means to track, degrade, and disrupt threats to national security from terrorists, WMD proliferators, drug traffickers, intransigent regimes, and other criminals, while keeping financial systems accessible to legitimate users.

Strategies

Collect, analyze, and disseminate financial and other information concerning illicit financing and national security threats

Financial intelligence data helps identify the infrastructure of terrorist and criminal organizations. It is uniquely reliable and allows Treasury to track, deter, and disrupt threats. The Department of the Treasury has unique access to valuable financial information and conducts all-source analysis to develop a picture of support networks that can be shared with the intelligence community, law enforcement, foreign authorities, and the private sector in support of the national security policy of the U.S. Government. Identifying areas vulnerable to terrorism and financial crime helps law enforcement and other authorities better target resources to address these risks. Treasury components collaborate internationally with counterparts around the world to prevent, deter, and disrupt national security threats.

Disrupt and dismantle the financial networks of national security threats

Treasury exercises a broad range of intelligence, regulatory, policy, and enforcement authorities and uses tools to track and disrupt illicit finance networks. Through these means, the Department seeks to degrade the financial and other support networks of terrorists, weapons proliferators, drug traffickers, intransigent regimes, and other criminals. By doing so, Treasury impairs the ability of individual actors and organizations to carry out criminal activities or attacks against the United States, its allies, and interests worldwide.

Treasury imposes economic and trade sanctions against national security threats and criminal organizations and their networks, ensuring their targets suffer commercial costs and losses. The Department's identification of these entities reinforces foreign or domestic law enforcement action against these targets. Treasury's work significantly influences the private sector to respond and implement sanctions against these entities. The exposure of these targets in domestic or foreign media helps deter them and others from similar conduct.

Shape policy, laws, and regulations to safeguard the U.S. and international financial system

The Department of the Treasury administers the Bank Secrecy Act, enforces regulations to reduce illicit financing and money laundering, and ensures compliance with sanctions. The Department leverages its relationships with counterparts in foreign governments, banking, and financial service industries to encourage voluntary compliance with existing laws and regulations.

Coordinate with partners in the foreign policy, law enforcement, and intelligence communities to support anti-illicit finance efforts
The Department of the Treasury plays a unique role by linking law enforcement and intelligence communities with financial institutions and regulators, as well as with other sectors, and will continue to improve its integration into the broader intelligence community. Internationally, Treasury exchanges information with partner financial intelligence units.

Indicators and Measures

Ability to effectively collect, disseminate, and analyze financial intelligence
The Department evaluates the timeliness, accuracy, and relevance of its analysis of financial intelligence to ensure that it effectively collects, analyzes, and disseminates financial intelligence.

Impact of economic sanctions
Treasury assesses its impact of economic sanctions by the number of designations and identifications and the level of compliance with sanctions domestically and internationally.

Impact of policymaking, outreach, and diplomacy
The Department evaluates its impact of policymaking, outreach, and diplomacy through its identification of, demonstrated action in key regions against, and development of timely and relevant financial and economic initiatives to combat vulnerabilities and threats to the financial system.

Impact of activities to create safer and more transparent financial systems
The Treasury Department surveys regulators and law enforcement on whether regulations and guidance are understandable, analytical reports are valuable, and financial data is assessable and valuable.

Strategic Goal 5: Foster a Prudent Use of Taxpayer Resources to Operate the Federal Government

The Treasury Department is responsible for managing the finances of the U.S. Government. Sound fiscal management ensures a foundation for economic growth and financial stability. It also enables the continual operation of essential government services and allows the government to meet its financial obligations with minimal borrowing costs. The responsibility of managing the government's finances includes collecting money due to the United States, making payments, borrowing and investing when appropriate, and performing other central accounting functions. To ensure that funds are available to cover federal payments on a daily basis, Treasury produces forecasts of the government's cash requirements. The Department also provides quality, customer-centered service and transparent accounting information to the American public.

The Department strives to maintain public trust and confidence in U.S. and international economic and financial systems by ensuring it is efficient, effective, accountable, and transparent. Effective departmental management enables the accomplishment of program goals and achievement of organizational excellence.

Strategies

Optimize the cash and debt portfolio
Reaching the best mix of cash and debt to finance the federal government lowers the cost to provide goods and services to citizens. Treasury is modernizing the system for forecasting Treasury's daily cash position and improving the accuracy of the fiscal projections used to make key debt management decisions. Treasury also strives for transparency through regular and predictable debt auctions as well as the consistency of securities offered to the public. The ultimate objective of managing cash and debt portfolios is to lower the borrowing cost for the federal government.

Expand the use of electronic transactions
Treasury is replacing outdated and inefficient paper-based processes with streamlined electronic ones. These processes will cost taxpayers less while reducing the Department's environmental impact. To achieve this, Treasury increased electronic payments and collections, and eliminated paper retail debt securities.

Modernize financial systems and standardize accounting practices
The federal government currently operates using varied financial systems and accounting practices which lead to challenges in communication and coordination. Modernizing and standardizing these systems and practices will improve decision making about resource use and provide more value to taxpayers. Treasury is working to:

- Promote the use of an e-invoicing solution throughout the federal acquisition and financial management communities
- Reduce differences in financial reporting from federal sources, promote government-wide data standards
- Improve the accuracy of federal contracts and payments

Operate the Department efficiently, transparently, and with a focus on workforce development and individual accountability

Treasury seeks to create an organization with exemplary leadership; innovative and collaborative processes; sustainable operations; and a culture of excellence, integrity and teamwork. Excellent management is imperative to the Department of the Treasury as it allows policy offices to focus on addressing national and global challenges while capitalizing on opportunities to best serve the American people. The Department will continue with its funding strategy to use the savings generated through cost-cutting efforts to pay for priority initiatives. Base spending will be reviewed, taking aim at non-value added work, and decisions will be made to consolidate and reorganize as necessary.

Treasury will focus on key procurement spending areas, quantifying potential savings and implementing common purchase agreements at the Treasury or Government-wide level. The Department will also model workforce attrition to assist in workforce planning, identify true skill gaps, implement mentoring programs, maximize workforce flexibilities, and create more meaningful training and development plans. Treasury has shortened the amount of time it takes to respond to public inquiries and FOIA requests. The Department will continue to improve its emergency planning exercises to provide assurance that critical functions will be maintained in the event of a local or national emergency and minimize service interruptions.

Indicators and Measures

Percentage of Treasury payments made electronically

Treasury tracks the percentage of electronic payments made to recipients, which includes transfers through the automated clearinghouse and wire transfer payments through the FEDWIRE system.

Percentage of total federal government receipts collected electronically

The Department measures the percentage of receipts collected electronically. Electronic collections data are retrieved from the CA$H-LINK system, which encompasses eight collection systems including: Electronic Federal Tax Payment Systems, Card Acquiring Service, and Pay.gov.

Amount of delinquent debt collected

Treasury tracks the total amount of delinquent debt collected through debt collection tools operated by Debt Management Services.

Mean absolute monthly forecast error on a cumulative basis for budget receipts, outlays, and non-marketable debt and mean absolute daily error in cash balance projections

The Office of Fiscal Projections (OFP) regularly projects factors that contribute to the cash and debt position of the United States. Further, the overall cash balance itself is forecasted. Accurate forecasts promote better decision making in optimizing the cash portfolio and debt portfolio.

Best Places to Work ranking
Treasury tracks its Best Places to Work rankings as an indicator of employee satisfaction. The Partnership for Public Service draws on the Office of Personnel Management's Federal Employee Viewpoint Survey to rank agencies and their subcomponents.

Percent of new hires with highest performance rating retained after two years
The Department will track the percent of new hires with performance ratings of outstanding that have been retained after two years and state this as a ratio to the retention rate of other new hires.

Average time to complete a new FOIA request
The Department tracks the average time it takes to complete a new FOIA request, as a way of measuring response to public inquiries.

Percent of small business procurement targets met
The Department tracks whether it meets targets related to small business procurement, including HUB Zone businesses, women-owned businesses, service disabled veteran-owned businesses, and small disadvantaged businesses.

External Factors

In the long term, Treasury must anticipate and address a variety of challenges, which include:

- **Strengthening Economic Recovery:** Treasury's core mission is to monitor, strengthen, and protect the U.S. economy. We carry out this mission in ways that range from establishing new financial regulatory reforms, to negotiating international agreements, supporting lending to small businesses and community investments, combating terrorist financing networks, and responsibly managing U.S. finances.
- **Managing Resources Responsibly:** As the steward of the nation's finances, Treasury is in a leadership role to meet the fiscal imperative to reduce the deficit. In a fiscal environment focused on deficit reduction, Treasury plays a central role in assisting the Federal Government to spend wisely. As a key contributor to the President's Budget, the Department also works with Congress and other agencies to promote fiscally-sustainable, pro-growth tax and budget policies.
- **Working with International Partners:** Few of the key challenges facing the U.S. today involve only our own country. On issues as diverse as trade, financial regulatory reform, combating money-laundering, terrorist financing, and addressing climate change, the Treasury Department employs vigorous diplomacy with countries around the globe.
- **Combating National Security Threats and Financial Crime:** The Treasury plays a unique role in combating illicit uses of funds, and leverages intelligence and economic resources to fight trade in weapons and drugs, terrorist financing, and other financial crimes. Since financial crime trends and patterns evolve rapidly and cross international borders, it is important that the Department work with other nations and organizations to combat terrorism, proliferation of weapons of mass destruction (WMDs), drug trafficking, and international crime.
- **Responding to rapid changes in technology:** Technological advancement offers the opportunity to increase efficiencies and provide better services using fewer taxpayer resources. At the same time, technology generates new risks related to privacy, counterfeiting, and cybersecurity. Treasury continues to adjust its strategies to take advantage of the benefits of technology for the consumer, such as electronic payments, while countering technological threats.

Evaluating Progress

The Department manages the implementation of its strategic plan and evaluates its programs through a quarterly review process in accordance with the requirements of the Government Performance and Results Modernization Act of 2010. The quarterly reviews clarify and align bureau and office-level goals with agency-wide goals to help drive continuous improvement.

Consultation Efforts

Treasury consulted with its stakeholders, including the public, federal agency partners, and congressional contacts, in preparing its 2012-2016 strategic plan.