U.S. Department of the Treasury
FY 2011 Budget in Brief

Summary of FY 2011 President's Budget

Appropriated Accounts – Bureau Program Detail

Non-Appropriated Accounts – Bureau Program Detail

Treasury International Programs

Supplemental Information

The information presented in this FY 2011 Budget in Brief is accurate and complete as of February 1, 2010. Any updated information will be reflected in the budget available on the Treasury Department website, www.treas.gov.

FY 2011 President's Budget by Function

(Dollars in Thousands)

	FY 2009		FY 2010	FY 2011		
	Enacted	ARRA	Enacted	President's Budget	Increase/ Decrease	Percent Change
Management & Financial	$745,583	$238,000	$890,192	$892,141	$1,949	0.2%
Departmental Offices Salaries and Expenses*	278,870	131,000	304,888	346,401	41,513	13.6%
Dept-wide Systems & Capital Invest. Programs	26,975		9,544	22,000	12,456	130.5%
Office of Inspector General	26,125		29,700	30,269	569	1.9%
Treasury IG for Tax Administration	146,083	7,000	152,000	155,452	3,452	2.3%
Special IG for TARP	0		23,300	49,600	26,300	112.9%
Community Development Financial Institutions Fund	107,000	100,000	246,750	250,000	3,250	1.3%
Financial Crimes Enforcement Network	91,465		111,010	100,419	(10,591)	-9.5%
Alcohol & Tobacco Tax and Trade Bureau	99,065		103,000	106,168	3,168	3.1%
Less Offsetting Fees	0		0	*-106,168*	*(106,168)*	*100.0%*
Net, ATTB	99,065		103,000	0	(103,000)	-100.0%
Treasury Forfeiture Fund**	-30,000		-90,000	-62,000	28,000	-31.1%
Fiscal Service Operations	$417,137	$0	$426,376	$411,238	$15,138	3.6%
Financial Management Service	239,785		244,132	235,253	(8,879)	-3.6%
Bureau of the Public Debt	187,352		192,244	185,985	(6,259)	-3.3%
Less Offsetting Fees	*-10,000*		*-10,000*	*-10,000*	*0*	*0.0%*
Net, BPD	177,352		182,244	175,985	(6,259)	-3.4%
Tax Administration	$11,522,598	$80,000	$12,146,123	$12,633,270	$487,147	4.0%
IRS Taxpayer Services	2,293,000		2,278,830	2,321,975	43,145	1.9%
IRS Enforcement	5,117,267		5,504,000	5,797,400	293,400	5.3%
IRS Operations Support	3,867,011		4,083,884	4,108,000	24,116	0.6%
IRS Business Systems Modernization	229,914		263,897	386,908	123,011	46.6%
IRS Health Insurance Tax Credit Administration	15,406	80,000	15,512	18,987	3,475	22.4%
Total, Treasury Appropriations Committee	$12,685,318	$318,000	$13,462,691	$13,936,649	$473,958	3.5%
Treasury International Programs	$1,578,802		$2,128,670	$3,065,176	$936,506	44.0%
International Financial Institutions	1,493,802		2,043,670	2,957,176	913,506	44.7%
Technical Assistance	25,000		25,000	38,000	13,000	52.0%
Debt Restructuring	60,000		60,000	70,000	10,000	16.7%
Total	$14,264,120	$318,000	$15,591,361	$17,001,825	$1,410,464	9.0%

*ARRA funding includes $122 Million for IRS, $6 Million for FMS and $3 Million for DO.

**In both FY 2009 and FY 2010, the Administration proposed a permanent cancellation of a portion of the Fund's unobligated balances. In both of these years, Congress enacted appropriations legislation that made the rescissions temporary.

Overview

The Department of the Treasury continues to play a leading role in stabilizing the economy and reforming our financial system following one of the worst crises since the Great Depression. The Department's FY 2011 Budget supports the critical work that Treasury is doing to ensure that the financial industry plays by new, safer rules, and to spur growth in the face of unacceptably high unemployment.

The FY 2011 Budget provides $13.9 billion to fund activities at the Department's ten appropriated bureaus. The Budget provides almost $474 million more than the FY 2010 enacted level, a 3.5 percent increase. The Budget also includes $3.065 billion to fund Treasury's International Programs.

The Department has set three high priority performance goals for FY 2010 and FY 2011:

- Repair and reform the financial system;
- Increase voluntary tax compliance; and
- Significantly increase the number of cost-saving, paperless transactions with the public.

These goals reflect key areas of concern to the Department and the American people. The Budget supports work toward these goals as discussed below. See the High Priority Performance Goals section for measures, milestones, and indicators of success at achieving these goals.

<u>Goal 1: Repair and reform the financial system</u>

The Department is engaged in a broad array of programs to stabilize the financial system, put in place new rules to help prevent the recurrence of a crisis similar to the one that just occurred and promote long-term stability.

Financial Regulatory Reform – The Department is working with Congress to enact legislation to reform an outdated and ineffective financial regulatory system. The goals are simple: to promote more robust supervision and regulation of financial firms, especially the largest, most complex and most interconnected firms that can pose the greatest risk to overall stability; to establish comprehensive regulation of financial markets, including those now largely outside the regulatory ambit; to protect consumers and investors; provide the government with more powerful tools to manage financial crises and resolve failing firms that can threaten overall stability; and to improve international cooperation. Further information on the Department's reform efforts can be found at http://financialstability.gov/roadtostability/regulatoryreform.html or the Regulatory Reform chapter of this document. Additionally, the Department is engaged internationally through the Financial Stability Board, the G-20 and other forums to develop high-quality financial standards and processes around the globe to help avert future crises.

Expanding Treasury's Policymaking and Analysis Capacity – The FY 2011 Budget continues efforts begun in FY 2010 to provide additional resources for the Offices of Domestic Finance, Tax Policy, and Economic Policy. The events of the past year have demonstrated that the Department needs to expand the capacity of the Department in order to more effectively respond to current and future financial challenges.

These efforts include providing an additional $16.7 million for the Office of Domestic Finance to:

- Expand expertise in capital markets, including in securities market structure and housing finance;
- Conduct significant research projects drawing on interdisciplinary expertise in areas such as finance, economics, and law; and
- Provide leadership in developing and implementing financial regulatory policy.

The FY 2011 Budget also provides an additional $2.4 million to the Office of Tax Policy for new tax specialists, who will:

- Analyze recently emerging issues critical to the development of tax policies; and
- Provide rapid response to financial crises, support the financial stimulus plan, and provide timely tax analysis for climate change and health care related provisions.

Additionally, the Budget includes $2 million to expand the Office of Economic Policy to:

- Address the demand for more economic analysis and ensure swift, effective analysis of policies and shifting events in the housing and financial sectors; and

- Create a data analysis unit to maintain the Department's large financial and non-financial databases.

Evaluation Initiative – As part of the Administration's government-wide initiative to strengthen program evaluation, the request includes funds to support four substantive program evaluations at a total cost of $5.3 million. These evaluations include:

- Testing alternative mortgage modification strategies;
- Testing the impact of financial innovations in community development;
- A study linking data on individual mortgages to administrative data to better assess mortgage risk, including the factors associated with success of mortgage modification programs; and
- A combined study to evaluate different approaches to no-fee debit cards and Volunteer Income Tax Assistance (VITA) prepaid cards.

Emergency Economic Stabilization Act (EESA) Programs – The Troubled Asset Relief Program (TARP), established under EESA, has played a significant role in averting a potentially catastrophic collapse of the American financial system. As a result of improved financial conditions and careful stewardship of the program, the ultimate cost to the taxpayer of TARP investments is likely to be significantly lower than previously estimated. However, challenges remain in the form of rising foreclosures and a persistently high unemployment rate. For these reasons, the Department announced the extension of TARP authority until October 3, 2010. The Department will continue trying to help responsible homeowners avoid foreclosure, and will implement additional ways to get needed credit to job-creating small businesses. To ensure appropriate oversight of TARP activities, the Budget provides $49.6 million for the Special Inspector General for the Troubled Asset Relief Program (SIGTARP).

Housing Government Sponsored Enterprise (GSE) Programs – Using authority granted under the Housing and Economic Recovery Act of 2008 (HERA), the Department has sought to stabilize and repair the two largest GSEs, the Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac), as well as the Federal Home Loan Banks (FHLB). These efforts have restored investor confidence that the GSEs will continue to play their critical roles in maintaining the smooth functioning of the nation's housing and mortgage markets. Treasury has helped ensure the viability of the GSEs by purchasing over $200 billion in GSE mortgage-backed securities, and has helped state and local housing finance agencies obtain needed financing to aid low- and moderate-income Americans. The Department will continue to promote stability in the GSE securities market and ensure the viability of the GSEs.

Community Development Financial Institutions (CDFI) Fund – The FY 2011 Budget will expand the availability of affordable credit in distressed communities by providing a 30 percent increase in funding for the CDFI Fund's core merit-based grant program – the CDFI Program – and continued robust support for Native Initiatives. The Budget also includes resources for two new initiatives: the Healthy Food Financing Initiative (HFFI) and the Bank On USA initiative. HFFI will provide grants and loans to help expand the availability of healthy foods in distressed communities, while Bank on USA will promote access to affordable and appropriate financial services and basic consumer credit products for households without access to such products and services.

Recovery Act Activities – Under the American Recovery and Reinvestment Act of 2009 (Recovery Act), Treasury administers cash assistance, payments in lieu of tax credits, and over 50 tax relief provisions, which will deliver over $300 billion in assistance to American families and businesses. In addition, the Department is easing the fiscal crisis of state and local governments through the creation and expansion of innovative, low-cost borrowing tools.

ARRA increased access to financing in economically distressed communities by expanding existing Community Development Financial Institutions (CDFI) and Native American CDFI Assistance programs. The Build America Bond (BAB) program has attracted new investors to the municipal bond market and reduced borrowing costs for state and local governments hard hit by the decline in tax revenues. BAB issuances in 2009, totaling nearly $64 billion, have been used to finance hospital and school construction, as well as other public infrastructure projects around the country. New cash payments in lieu of tax credits for investments in low-income housing and renewable energy established by the Recovery Act injected $4 billion into state housing agency budgets and $2 billion into the renewable energy industry. These sums attracted new private sector investment at better than a 2-to-1 ratio. One-time Economic Recovery Payments issued by the Financial Management Service in 2009 helped to ease the financial strain on 55 million Social Security beneficiaries and veterans. The Making Work Pay provision allowed American workers and families to keep more of what they earned. The expanded First-Time Homebuyer tax credit enabled taxpayers to receive a credit towards home purchases.

Goal 2: Increase voluntary tax compliance

The tax gap, or difference between the amount owed under tax law and the amount actually paid on time, is estimated to be $345 billion. Addressing this gap through improved voluntary compliance is a top priority of the Department. The Department proposes to improve compliance through targeted changes to the tax code and further investment in tax enforcement, taxpayer services, and Internal Revenue Service (IRS) systems modernization.

Tax Compliance and Debt Collection Legislative Proposals – The Budget includes a number of legislative proposals that will improve tax collection efficiency and lead to increased collections with minimum additional burden on taxpayers. These proposals include efforts to expand information reporting, improve compliance by businesses, strengthen tax administration, expand penalties, and improve debt collection activities. In total these proposals are expected to increase collections by $26 billion over the next ten years. Further information on these proposals can be found in the Treasury 2010 Green Book (available at http://www.treas.gov/offices/tax-policy/).

Tax Enforcement – The Budget provides nearly $250 million in new enforcement initiatives to improve compliance. These initiatives are expected to produce $1.946 billion in additional annual enforcement revenues once the new hires reach full potential in FY 2013 (see table below for return on investment (ROI) figures). FY 2011 initiatives will build on the foundation established in the FY 2010 Budget to address international tax evasion, and reduce noncompliance by businesses and high net-worth taxpayers. The new funding will focus on complex international enterprise structures and transactions. It also will be used to increase audit coverage of business and high-income taxpayer returns, as well as increase efforts to bring taxpayers who fail to file or pay their tax debt into compliance.

Return on Investment for Enforcement Initiatives

Dollars in Millions						
	First Year (FY 2011)			Full Performance (FY 2013)		
FY 2011 Enforcement Investment	Cost	Revenue	ROI	Cost	Revenue	ROI
All Enforcement Initiatives	$247.4	$719.8	2.9	$209.6	$1,946.2	9.3
Direct Revenue Producing Initiatives	$236.9	$719.8	3.0	$200.6	$1,946.2	9.7
Address Business and Individual International Compliance	121.1	300.8	2.5	101.3	812.2	8.0
Reduce the Reporting Compliance Tax Gap	77.7	211.7	2.7	65.8	659.6	10.0
Reduce the Nonfiling and Underpayment Tax Gap	38.1	207.3	5.4	33.5	474.4	14.2
Other Enforcement Initiatives	$10.5	$0.0	0.0	$9.0	$0.0	0.0

Taxpayer Service – Quality taxpayer service is an important complement to enforcement efforts. Recent legislation has increased the volume of calls to 1-800 service lines at the IRS, leading to longer wait times and unanswered calls. The FY 2011 Budget provides $20.9 million to increase the level of service for 1-800 lines to achieve a 75 percent call answer rate, up from the FY 2009 rate of 70 percent. The Budget also includes $25 million for infrastructure improvements to IRS.gov. This multi-year project will improve self-service, reduce taxpayer burden, increase compliance, reduce costs, and continue to position IRS.gov as the preferred choice for taxpayer service.

IRS Systems Modernization – The Budget provides $386.9 million for the IRS's Business Systems Modernization account, a significant investment in advancing tax administration. These resources will allow for the completion of the new taxpayer account database in 2011, making this new service available for the 2012 filing season. The new database will improve taxpayer service through faster refunds and resolution of taxpayer account issues, eliminate notices based on out-of-date information, and allow daily mailing of notices which will reduce spikes in telephone call volumes associated with the current weekly mailing of notices.

Goal 3: Significantly increase the number of paperless transactions with the public

The Department is committed to moving to paperless processing throughout its bureaus and programs, including increasing the number of payments and collections made electronically. The Department will in-crease the use of electronic benefit pay-ments, business tax filings, and savings bond issuances. The actions will streamline inter-governmental process and will enhance service to the general public.

Efforts will include working to transition Treasury employees to electronic earnings and leave statements; transition federal benefits payments to electronic systems; a reduction in the number of tax forms distributed to taxpayers by the IRS; the release of proposed regulations to move to a paperless Treasury; and a comprehensive effort to inform the public of the changes and the alternatives that are available.

Financial Innovation and Transformation Program – The FY 2011 Budget provides $17 million to develop shared, government-wide financial solutions associated with agency financial management services (e.g., invoice processing, cash collections, interagency agreement management). This effort will increase efficiency and reduce unnecessary paperwork by offering agencies central automated solutions for transactions processing and financial report production.

International Programs

The Department's Request includes $3.065 billion in total funding for International Programs and reflects the President's commitment to meet major global challenges – poverty, hunger and climate change – through multilateral institutions and processes. $2.957 billion in funding is requested for the multilateral development banks (MDBs), including $408.4 million dollars for the U.S. contribution to a new multilateral food security fund, which will allow for an initial contribution of $475 million when combined with 2010 funds, and $635 million for international efforts to combat global climate change and to help developing countries respond to its impacts. The MDB request also includes $1.285 billion for the International Development Association and $106.6 million for the first of five annual payments to the Asian Development Bank's (AsDB) recently-approved General Capital Increase (GCI). As part of Treasury's pledge to pay back the significant unmet U.S. commitments to these the MDBs, the Department is requesting $76 million in funds for MDB arrears. Finally, the Department is re-questing $108 million for our debt restructuring and technical assistance programs, with which Treasury will continue to support much-needed debt relief and promote economic growth by strength-ening capacity of core institutions in countries around the world, including Afghanistan, Pakistan and other fragile states.

Fiscal Prudence

In recognition of the current fiscal outlook and in order to partially offset the cost of high priority investments, Treasury's FY 2011 Budget includes savings of $314.6 million in Department discretionary funding and additional savings in mandatory programs. The Budget proposes reductions in funding for three bureaus, where efficiency-improving changes will offset inflation increases, as well as other savings. Highlights include:

- IRS savings – $167 million;
- U.S. Mint – legislative proposal would authorize the Secretary to approve alternative coinage materials to reduce coin production costs;
- Bureau of Engraving and Printing – legislative proposal to repeal the contract limit for distinctive currency paper to potentially increase competition and lower costs;
- Financial Management Service admin-istrative savings and legislative proposals – $13 million;
- Terrorism Risk Insurance Program – eliminates nearly $250 million in Federal subsidies to insurance companies for terrorism insurance. These subsidies are no longer necessary given the robust private market for such insurance, and domestic terrorism insurance policies are now sufficiently available and affordable to meet demand;
- Bureau of Public Debt administrative savings and facility consolidation – $9 million;
- Departmental Offices administrative savings – $11 million; and
- CDFI reductions from two programs to free up resources for investments in the core

CDFI program and two new innovative programs – $105 million.

Securing Americans Value and Efficiency (SAVE) – The Department is actively reviewing, and in some cases already implementing, savings ideas provided by Treasury employees as part of the President's SAVE challenge. Many of these ideas are included in the administrative savings and paperless transition proposals listed above. Other examples include:

- Combine support functions between bureaus – Departmental management is working with the bureaus to promote greater use of Treasury's Administrative Resource Center.
- Reduce energy consumption – the Department will reduce its Greenhouse Gas emissions by 33 percent over the next 10 years.
- Expand use of New Hire Database in tax administration – the Department is proposing legislation as part of the Budget that will expand the IRS' access to information in the database to improve compliance.

The Department will continue to review all SAVE proposals from our employees and implement the most promising.

Funding the Alcohol and Tobacco Tax and Trade Bureau (TTB) with Annual Licensing & Registration Fees - The FY 2011 Budget proposes to shift the cost of paying for regulating the alcohol and tobacco industries from the general taxpayer to the industries themselves by funding TTB with annual licensing and registration fees, totaling $106 million a year. This practice is standard for most regulatory agency funding.

Offsetting Cancellation - The FY 2011 Budget includes a $62 million proposed permanent cancellation from the unobligated balances of the Treasury Forfeiture Fund.

High Priority Performance Goals

Mission: *Maintain a strong economy and create economic and job opportunities by promoting the 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, manage the U.S. Government's finances and resources effectively.*

The Department of the Treasury develops a 5-year strategic plan, as well as an annual performance plan and annual report on our progress. As part of developing the FY 2011 Budget and performance plan, the Department of the Treasury has also identified a limited number of high priority performance goals that will be a particular focus over the next two years. These goals are a subset of those used to regularly monitor and report performance. To view the full set of performance information please visit: http://www.treas.gov/offices/management/budget/planningdocs/

Goal 1: Repair and reform the financial system

Measures and milestones:

- Complete up to four million trial mortgage loan modifications by December 31, 2012.
- Implement strong, comprehensive regulatory reform to restore stability and accountability to the financial system.

Indicators:

- Mortgage interest rates.
- Cost of credit to businesses.

Goal 2: Increase voluntary tax compliance

Measures and milestones:

- Make progress against the Tax Gap through improved service and enhanced enforcement of the tax laws:
  - Achieve over four million document matching closures in a year in FY 2011 (where IRS information does not match taxpayer reported information).
  - Implement the new Customer Account Data Engine database and processing platform by December 2011, doubling the number of taxpayers receiving refunds on a five-day cycle.
- Assist Americans in voluntarily meeting their tax obligations:
  - Increase individual income tax filers' American Customer Satisfaction Index to 69 percent.
  - Improve telephone level of service to 75 percent by the end of FY 2011.

Goal 3: Significantly increase the number of paperless transactions with the public

Measures and milestones:

- Increase electronic payment, collections, and savings bonds transactions by 33 percent by the end of FY 2011.
- Increase individual tax return E-file rate to 81 percent.

FY 2011 President's Budget by Strategic Goal

(Dollars in Thousands)

Treasury Goal/Objective	Effectively Managed US Government Finances		U.S. and World Economies Perform at Full Economic Potential		Prevented Terrorism & Promoted Nation's Security		Management and Organizational Excellence		Total	
	Direct $	Reimb. $	Direct $	Reimb. $	Direct $	Reimb. $	Direct $	Reimb. $	Direct $	Reimb. $
Management & Financial	$70,533	$7,667	$360,992	$12,400	$207,888	$29,704	$314,728	$16,921	$954,141	$66,692
Departmental Offices Salaries and Expenses	70,533	6,142	110,992	10,875	105,969	9,704	58,907	7,121	346,401	33,842
Dept-wide Systems & Capital Invest. Program					1,500		20,500		22,000	0
Office of Inspector General							30,269	8,500	30,269	8,500
Treasury IG for Tax Administration							155,452	1,300	155,452	1,300
Special Inspector General for TARP							49,600		49,600	
Community Development Financial Institutions Fund			250,000						250,000	0
Financial Crimes Enforcement Network					100,419	20,000			100,419	20,000
Alcohol & Tobacco Tax and Trade Bureau		1,525		1,525					0	3,050
Fiscal Service Operations	$411,238	$238,840	$0	$0	$0	$0	$0	$0	$411,238	$238,840
Financial Management Service	235,253	216,730							235,253	216,730
Bureau of the Public Debt	175,985	22,110							175,985	22,110
Tax Administration	$12,361,836	$128,158	$0	$0	$271,434	$16,434	$0	$0	$12,633,270	$144,592
IRS Taxpayer Services	2,321,975	34,159							2,321,975	34,159
IRS Enforcement	5,590,511	45,072			206,889	16,434			5,797,400	61,506
IRS Operations Support	4,043,455	48,927			64,545				4,108,000	48,927
Business Systems Modernization	386,908								386,908	0
Health Insurance Tax Credit Administration	18,987								18,987	0
Total, Treasury Appropriations Committee [1/]	$12,843,607	$374,665	$360,992	$12,400	$479,322	$46,138	$314,728	$16,921	$13,998,649	$450,124
Treasury International Programs	3,065,176								3,065,176	0
Total, Appropriated Level	$15,908,783	$374,665	$360,992	$12,400	$479,322	$46,138	$314,728	$16,921	$17,063,825	$450,124
Non Appropriated Bureaus	$0	$0	$0	$4,024,623	$0	$0	$0	$176,213	$0	$4,200,836
Treasury Franchise Fund								176,213	0	176,213
Office of Financial Stability				297,749					0	297,749
Bureau of Engraving and Printing				588,000					0	588,000
U.S. Mint				2,062,607					0	2,062,607
Office of the Comptroller of the Currency				831,400					0	831,400
Office of Thrift Supervision				244,867					0	244,867
Subtotal, Direct $	$15,908,783		$360,992		$479,322		$314,728		$17,063,825	
Subtotal, Reimbursable $		$374,665		$4,037,023		$46,138		$193,134		$4,650,960
Total, Treasury Level	$16,283,448		$4,398,015		$525,460		$507,862		$21,714,785	

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

(Direct and Reimbursable)

Appropriation	FY 2009 Actual			FY 2010 Estimated			FY 2011 President's Budget		
	Direct	Reimb.	Total	Direct	Reimb.	Total	Direct	Reimb.	Total
Departmental Offices Salaries and Expenses	1,089	124	1,213	1,266	137	1,403	1,342	137	1,479
Administrative Expenses, Recovery Act	276	0	276	1,200	0	1,200	0	0	0
Office of Inspector General	108	0	108	150	0	150	154	0	154
Treasury IG for Tax Administration	797	3	800	835	3	838	835	3	838
Special Inspector General for the TARP	29	0	29	133	0	133	160	0	160
Community Development Financial Institutions Fund	60	0	60	84	0	84	90	0	90
Financial Crimes Enforcement Network	311	2	313	331	1	332	327	1	328
Alcohol & Tobacco Tax and Trade Bureau	511	8	519	535	15	550	0	562	562
Financial Management Service	1,629	268	1,897	1,698	285	1,983	1,568	271	1,839
Bureau of the Public Debt	1,006	0	1,006	1,042	0	1,042	1,009	0	1,009
Internal Revenue Service	92,577	792	93,369	95,069	956	96,025	96,419	961	97,380
Subtotal, Treasury Appropriated Level	98,393	1,197	99,590	102,343	1,397	103,740	101,904	1,935	103,839
Office of Financial Stability	86	0	86	260	0	260	271	0	271
Working Capital Fund	0	190	190	0	226	226	0	222	222
Treasury Franchise Fund	0	944	944	0	1,003	1,003	0	1,043	1,043
Bureau of Engraving and Printing	0	1,944	1,944	0	2,050	2,050	0	2,000	2,000
U.S. Mint	0	1,812	1,812	0	1,955	1,955	0	1,955	1,955
Office of the Comptroller of the Currency	0	3,104	3,104	0	3,216	3,216	0	3,263	3,263
Office of Thrift Supervision	0	1,051	1,051	0	1,065	1,065	0	1,082	1,082
Terrorism Insurance Program	9	0	9	10	0	10	10	0	10
Total	98,488	10,242	108,730	102,613	10,912	113,525	102,185	11,500	113,685

Summary of FY 2011 Increases and Decreases

(Dollars in Thousands)

	DO	DSCIP	OIG	TIGTA	SIGTARP	CDFI	FINCEN	TTB	TEOAF	FMS	BPD	IRS	Total
FY 2010 Enacted	$304,888	$9,544	$29,700	$152,000	$23,300	$246,750	$111,010	$103,000	($90,000)	$244,132	$182,244	$12,146,123	$13,462,691
FERS Percentage Adjustment	374	0	47	46	9	22	104	128	0	369	188	16,392	17,679
Non-Pay Inflation Adjustments	1,762	0	56	343	278	85	804	500	0	843	1,005	36,121	41,797
Pay Annualization Adjustments	935	0	115	636	702	54	192	325	0	933	651	47,473	52,016
Pay Inflation Adjustments	2,513	0	294	1,917	296	128	556	837	0	2,415	1,327	119,537	129,820
Maintaining Current Levels	$5,584	$0	$512	$2,942	$1,285	$289	$1,656	$1,790	$0	$4,560	$3,171	$219,523	$241,312
Base Realignment	0	0	0	0	25,015	0	0	0	0	0	0	3,494	28,509
Rescission/User Fee Adjustment	0	0	0	0	0	0	0	0	90,000	0	10,000	0	100,000
Non-Recurring Costs	(2,500)	(9,544)	0	0	0	0	(8,250)	(3,500)	0	0	0	(32,680)	(56,474)
Transfers	0	0	0	0	0	0	0	0	0	0	0	0	0
Efficiency/Savings	(10,603)	0	(5)	(276)	0	(151)	(3,997)	(622)	0	(13,439)	(9,430)	(157,958)	(196,481)
Adjustments to Base	($13,103)	($9,544)	($5)	($276)	$25,015	($151)	($12,247)	($4,122)	$90,000	($13,439)	$570	($187,144)	($124,446)
FY 2010 Base	$297,369	$0	$30,207	$154,666	$49,600	$246,888	$100,419	$100,668	$0	$235,253	$185,985	$12,178,502	$13,579,557
Program Decreases	0	0	0	0	0	(109,150)	0	0	0	0	0	(9,000)	(118,150)
Program Reinvestments	0	0	0	0	0	0	0	0	0	0	0	2,792	2,792
Program Increases	49,032	22,000	62	786	0	112,262	0	5,500	0	0	0	460,976	650,618
FY 2011 President s Budget	$346,401	$22,000	$30,269	$155,452	$49,600	$250,000	$100,419	$106,168	$0	$235,253	$185,985	$12,633,270	$14,114,817
Offsetting Fees and Cancellation of Unobligated Balances	0	0	0	0	0	0	0	(106,168)	(62,000)	0	(10,000)	0	(178,168)
FY 2011 President s Budget less Offsetting Fees	$346,401	$22,000	$30,269	$155,452	$49,600	$250,000	$100,419	$0	($62,000)	$235,253	$175,985	$12,633,270	$13,936,649

Departmental Offices - S & E

Program Summary by Budget Activity

(Dollars in thousands)

Appropriation	FY 2009		FY 2010	FY 2011		
	ARRA	Enacted	Enacted	Request	$ Change	% Change (Plus Admin Allocation)*
Executive Direction	$0	$21,619	$21,983	$38,587	$16,604	76%
Economic Policies and Programs	$0	$45,910	$47,249	$70,562	$23,313	49%
Financial Policies and Programs	$0	$36,038	$48,580	$91,212	$42,632	88%
Terrorism and Financial Intelligence	$0	$62,098	$64,611	$102,613	$38,002	59%
Treasury-wide Management and Programs	$0	$21,600	$22,679	$43,426	$20,747	91%
Administration Programs	$0	$91,604	$99,786	$0	($99,786)	(100.0%)
Subtotal, Departmental Offices - S & E	**$131,000****	**$278,869**	**$304,888**	**$346,401**	**$41,513**	**13.6%**
Offsetting Collections - Reimbursables	$0	$18,500	$33,842	$33,842	$0	-
Total Program Operating Level	**$131,000****	**$297,369**	**$338,730**	**$380,243**	**$41,513**	**13.6%**

*FY 2011 numbers and percentage changes reflect the reallocation of the Administration Programs dollars to their respective budget activities, resulting in across-the-board increases to the other budget activities.

**ARRA funding includes $122 million for IRS, $6 million for FMS, and $3 million for DO

Explanation of Request

The Fiscal Year (FY) 2011 President's Budget Request for the Salaries and Expenses appropriation provides new resources to develop superior analytical capacity in the Offices of Domestic Finance, Economic Policy and Tax Policy; to bolster intelligence efforts in support of anti-money laundering and the financing of counterterrorism programs; to ensure that the US and other governments can coordinate more effectively on economic and other policies to ensure a stable international economy; to generate procurement influenced savings; and to support critical economic recovery policies and programs.

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 by enhancing the capacity of Treasury's core analysis functions in Domestic Finance, Economic Policy and Tax Policy. These core investments will strengthen the Administration's effort to ensure a full recovery from the financial crisis and to prevent future crises. The Budget also provides resources for the Office of Intelligence Analysis through the Global Finance Initiative, to improve intelligence collection and dissemination in support of the Department's worldwide anti-money laundering and the financing of counter-terrorism program efforts. Finally, the Budget provides additional support for the critical American Recovery and Reinvestment Act of 2009.

Departmental Offices (DO) 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 2011 are $380,243,000 including $346,401,000 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 to the Department through the promotion of policies geared toward developing a strong and stable economy. The Secretary of the Treasury plays a primary role in the formulation and management of domestic and international economic policies of the United States, specifically in the areas of finance, tax, terrorism and financial intelligence policies. Through effective management and leadership, the Department of the Treasury develops and implements strategies to promote the stability of the nation's financial markets, ensure the integrity of the financial system, and enhance the government's ability to collect revenue, and serves as a world leader for best practices in the area of counterterrorist financing and anti-money laundering.

DO FY 2011 Budget Highlights
(Dollars in thousands)

Appropriation	Amount
FY 2010 Enacted	304,888
Changes to Base:	
Base Realignment:	$0
Maintaining Current Levels (MCLs):	$5,584
FERS % Change	374
Non-Pay Inflation Adjustment	1,762
Pay Annualization	935
Pay Inflation	2,513
Non-Recurring Costs:	($2,500)
National Academy of Science Transfer	(2,500)
Efficiencies Savings:	($10,603)
DO IT Contract Savings	(5,300)
DAS Operations	(1,700)
Operations Center	(1,500)
Centralized Services	(500)
TFI and IA Office Savings	(1,603)
Subtotal FY 2011 Changes to Base	($7,519)
Total FY 2011 Base	297,369
Program Changes:	
Program Increases:	$49,032
Domestic Finance Capacity Building	16,681
IA Multilateral Meeting Support	6,739
Program Evaluations	5,292
OIA Global Finance Initiative	3,600
Cyber Security	3,000
Alpha Computers Modeling Systems	2,750
Procurement Improvements	2,500
Tax Policy Capacity Building	2,400
Recovery Act	2,000
Economic Policy Capacity Building	2,000
Global Tax Forum	1,000
OIA Counterproliferation	770
OIA IT Connectivity/Information Sharing	300
Subtotal FY 2011 Program Changes	$49,032
Total FY 2011 Budget Request	**$346,401**

FY 2011 Budget Adjustments

FY 2010 Enacted

The FY 2010 enacted direct appropriation for DO is $304,888,000.

Base Realignment

Base Realignment +$0 / +16.5 FTE

This realigns Secure Communications positions previously located within the Treasury Working Capital Fund. These positions were moved back into DO because they only support DO, and not other bureaus.

Maintaining Current Levels (MCLs)

Adjustments Necessary to Maintain Current Levels +$5,584,000 / +0 FTE

Funds are requested for the increase in agency retirement contribution percentages for GS employees from 11.2% to 11.5% for FY 2011 as required by OPM, for non-pay related items such as contracts, travel, supplies, equipment and GSA rent, for the FY 2011 pay increase, and the FY 2011 cost of the 2010 pay raise.

Non-Recurring Costs

National Academy of Science Transfer -$2,500,000 / +0 FTE

Nonrecur of the National Academy of Science Transfer from FY 2010.

Efficiencies Savings

Departmental Offices IT Contract Savings -$5,300,000 / +0 FTE

Savings will be realized through more efficient use of and reduced IT consumption. These savings will be realized proportionally across all of DO because of the re-alignment of the Administration Programs budget activity based on a per capita ratio.

Deputy Assistant Secretary of Operations -$1,700,000 / +0 FTE

Reduction will be realized through more efficient use and reduced consumption of utilities and a streamlined space plan. These improvements will be shared at a per capita level across DO as a result of the re-alignment of Administration Programs dollars based on a proportional spread.

Treasury Operations Center -$1,500,000 / +0 FTE
Efficiencies will be gained through consolidating portions of existing offices within the new combined Treasury Operations Center (TOC). The combined TOC will use fewer contract communications officers and need less IT and telecommunications and subscriptions support.

Centralized Services -$500,000 / +0 FTE
Reduction will be realized through a decrease in the overall cost of IT servers previously funded through the Working Capital Fund. This savings is shared proportionally across DO.

Terrorism and Financial Intelligence and International Affairs (TFI and IA) Office Savings -$1,603,000 / -3 FTE
IA will achieve $587,000 in savings by reducing three positions supporting the markets room and TFI will achieve $1.016 million in savings by reducing travel costs, overseas support, FOIA compliance, general administration, and training.

Program Increases

Domestic Finance Capacity Building +$16,681,000 / +24 FTE
To more effectively respond to the financial crisis and to promote stronger and more equitable financial regulations going forward, the Department of Treasury needs additional resources to support more robust institutional capability within the Office of Domestic Finance. Additional resources will enable Domestic Finance to provide expert advice to the current Administration as well as future administrations, promoting a strong economy while maintaining fiscal discipline.

International Affairs Multilateral Meetings Support G7, G-20, and APEC Meetings +$6,739,000 / +0 FTE
The Administration is increasing the number of ministerial meetings it normally hosts in order to ensure that the US and other governments can coordinate more effectively on economic and other policies to ensure a stable international economy. This increase includes $400,000 in funding for official reception and representation expenses.

Program Evaluations +$5,292,000 / +0 FTE
As part of the Administration's government-wide initiative to strengthen program evaluation, the request includes funds to support four substantive program evaluations at a total cost of $5.766 million, of which $474,000 can be funded out of existing administrative funding for the Office of Financial Stability. These evaluations include (1) Testing alternative mortgage modification strategies; (2) Evaluating CDFI Financial Innovations; (3) Linking mortgage/ administrative data to assess mortgage risk; and (4) A combined study to evaluate different approaches to no-fee debit cards and Volunteer Income Tax Assistance (VITA) prepaid cards.

These studies are just a few of 23 evaluation proposals specifically approved by the Office of Management and Budget for 2011 to strengthen the quality and rigor of Federal program evaluation.

Office of Intelligence and Analysis Global Finance Initiative +$3,600,000 / +10 FTE
This builds upon the FY 2009 Global Finance Initiative to further leverage intelligence that informs and enables senior Treasury leaders in the formulation of policy and the execution of Treasury authorities, and allows the Office of Intelligence and Analysis (OIA) to play a critical role in coordinating global finance intelligence issues across the Intelligence Community.

Cyber Security +$3,000,000 / +0 FTE

These base resources are used for department-wide policy implementation of the Cyber Security program, and are not developmental. The reallocation would eliminate the challenges associated with a recurring program funded through an account which is developed as a zero-based budget, by providing a permanent funding stream for the ongoing operations and maintenance of the program. The Cyber Security program helps ensure the protection of Treasury systems and information against threats. The program provides greater protection against network intrusions, which can result in significant disruptions and delays in its business activities.

Alpha Computers Modeling Systems +$2,750,000 / +0 FTE

Alpha computers are large scale computer systems which support several critical applications for Departmental Offices, including the Office of Tax Policy tax models, the Federal Financing Bank Loan Management System, Economic Policy modeling, the Treasury Library catalog application and Domestic Finance applications. These computers were purchased and installed in FY 2005 to meet the large scale processing and data storage requirements of these policy offices. Since these systems will be over six years old and are no longer manufactured by the vendor, this initiative will replace these systems with Intel-based 64 bit blade servers.

Procurement Improvements +$2,500,000 / +10 FTE

Treasury requires additional centralized procurement resources to identify, manage, execute, and make sustainable our initiative to generate (a) procurement savings, (b) additional strategic sourcing efforts within Treasury and across government and (c) systemic process improvements.

Tax Policy Capacity Building +$2,400,000 / +8 FTE

The Office of Tax Policy (OTP) is requesting eight new positions. These specialists will ensure that OTP can respond to new challenges of the financial crisis, support the financial stimulus plan, and address key tax policy issues such as climate change and health care. OTP will use these new resources to ensure that tax policies allow the Department of Treasury and the President to respond in a more flexible manner to new challenges and ensure policy revisions are made to support Administration priorities in these key areas.

Recovery Act +$2,000,000 / +3 FTE

Treasury requests three staff members and additional contract funds for an interagency agreement between the National Renewable Energy Research Lab and Treasury to review application for the Cash Payments for Specified Energy Property in Lieu of Tax Credits. These three additional staff members and additional contract support provide a vital function, managing a high profile program which is showing direct impacts to the American people.

Economic Policy Capacity Building +$2,000,000 / +6 FTE

The Office of Economic Policy (OEP) develops and analyzes policies in the housing and financial sectors. Demand for services has risen sharply. OEP needs additional specialized expertise to: analyze economic events and make policy proposals, understand how recent and future policy actions affect the economy, and use all available data efficiently. OEP needs staff expertise to provide analysis in utilizing various government and private databases which differ in structure and content. OEP requests resources to add economists and to create a small Data Analysis unit. The unit will maintain the large financial and nonfinancial databases needed to assess the financial and economic situation and support policy analyses.

Global Tax Forum +$1,000,000 / +0 FTE

The Global Forum was previously funded through the Organization for Economic Co-operation and Development (OECD) budget, but as part of a restructuring to become a more independent body, it is moving to a new funding structure that will require members of the Global Forum to fund it themselves (entirely outside the regular OECD budget). Declaration of the G-20 Heads of State on Strengthening the Financial System issued after the London summit in April 2009 calls on the Global Forum to conduct and strengthen objective peer reviews, based on existing processes, and to review its structure. On September 1-2, 2009, the Global Forum met in Mexico and began the process of implementing this new mandate. Treasury estimates that its contribution for continued U.S. participation this G-8 and G-20 commitment, initiated at the behest of the United States, will be at least $1 million.

Office of Intelligence and Analysis Counterproliferation +770,000 / + 2 FTE

OIA leads Treasury's effort to identify, monitor, and assess the evolution of proliferation finance networks and supports the use of targeted financial measures against them. OIA proposes to expand these activities to ensure Treasury's continued progress in disrupting proliferation networks as they evolve and adapt, as well as to respond to emerging proliferation threats posed by state and non-state actors

Office of Intelligence and Analysis IT Connectivity /Information Sharing +300,000 / + 0 FTE

Resources dedicated to this initiative will help implement the Identity and Access Management capability in support of the National Intelligence Strategy Enterprise Objective, improve information integration and information sharing. This capability will establish an enterprise capability within the sensitive compartmentalized information (SCI) computer networks.

Explanation of Budget Activities

Salaries and Expenses

Executive Direction ($38,587,700 from direct appropriations and $3,371,000 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 ($70,562,000 from direct appropriations and $7,342,000 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 ($91,212,000 from direct appropriations and $8,123,000 from reimbursable programs)

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

Terrorism and Financial Intelligence (TFI) ($102,613,000 from direct appropriations and $9,357,000 from reimbursable programs)

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

Treasury-wide Management and Programs ($43,426,500 from direct appropriations and $5,649,000 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 (No funding)
For FY 2011, Treasury will allocate administrative expenses for Departmental Offices by operational budget activity, instead of maintaining a separate budget activity for administrative expenses. This will give oversight officials a better understanding of the full cost of each program within Departmental Offices.

Legislative Proposals

Departmental Offices has no legislative proposals.

DO Performance by Budget Activity

Budget Activity	Performance Measure	FY 2007	FY 2008	FY 2009			FY 2010	FY 2011
		Actual	Actual	Target	Actual	Target Met?	Target	Target
Terrorism and Financial Intelligence	Impact of TFI programs and Activities (Oe)	-	-	Baselined	7.81	Yes	7.4	7.6
Treasury-wide Management Policies and Programs	Complete investigations of EEO complaints within 180 days (%) (Oe)	51.6	56	50	65	Yes	65	65
Treasury-wide Management Policies and Programs	Injury and illness rate Treasurywide-including DO (Oe)	1	0	Disc	Disc	N/A	Disc	Disc
Treasury-wide Management Policies and Programs	Number of material weaknesses closed (significant management problems identified by GAO, the IGs and/or the bureaus) (Oe)	0	2	n/a	n/a	n/a	1	1
Treasury-wide Management Policies and Programs	Percent of complainants informally contacting EEO (for the purposes of seeking counseling or filing a complaint) who participate in the ADR process (Oe)	29	45	30	35	Yes	35	40
Financial Policies and Programs	Release Federal Government-wide Statements on time (Oe)	Yes	Yes	Meet Deadline	Was Met	No	Meet Deadline	Meet Deadline

Key: Oe - Outcome Measure, E - Efficiency Measure, and Ot - Output/Workload Measure
Disc - Discontinued

Description of Performance

DO is continuing to work to develop more meaningful performance measures for policy offices.

In fiscal year 2009, the Department discontinued using previous TFI Budget Activity performance measures. These measures are now used as indicators for the new composite measure that was developed in fiscal year 2009. TFI introduced and began to apply a composite performance measure in fiscal year 2009 to improve the assessment of its impact.

The offices comprising the Treasury Wide Management (TWM) budget activity are committed to ensuring accountability and a well understood strategic direction in order to build a world-class organization. In FY 2009, offices have worked to objectively monitor their progress toward program outcomes and Treasury's strategic objectives.

Beginning in fiscal year 2008 the Office of the Deputy Assistant Secretary of Human

Resources-Chief Human Capital Officer (DASHR-CHCO) identified two performance measures to assess the effectiveness of human capital at the Treasury Department. First, how effective is Treasury at recognizing employee performance and second, does Treasury have the needed talent to achieve organizational success.

For fiscal year 2009 Treasury received an overall score of 73 percent in employee performance, based on six bureaus receiving a passing score (OPM considers 80 points a "passing score" for agency bureaus). Agency bureaus that did not receive a passing score were required to submit and begin execution of an improvement plan. Treasury received a 59.9 percent overall positive rating for the Talent Index and 65.7 percent overall positive rating for the Job Satisfaction Index. For the Performance Culture Index, Treasury received an overall positive rating score of 56.8 percent.

In fiscal 2010 Treasury will review and update all human capital metrics as part of a strategy to improvement human capital strategic at the Treasury Department.

For FY 2011, Treasury has made the decision to allocate administrative expenses for Departmental Offices by operational budget activity, instead of maintaining a separate budget activity just for administrative expenses. Where necessary, performance assessment will accommodate for this level increase, so that performance results will maintain historical comparability with prior years' results.

OMB revised the accelerated December 15, 2009 deadline to February 16, 2010 and we are on target to meet the revised deadline for the FY 2009 Financial Report of the United States Government (FR). The statutory deadline for the FR is March 31, 2010.

In FY 2009, Treasury's Office of International Affairs (IA) exceeded all targets for its performance measures related to trade and investment. For FY 2009, 94 percent of Multilateral Development Bank (MDB) grant and loan proposals contained satisfactory results measurement frameworks, exceeding the Department's target of 90 percent. In FY 2008, the Office of Technical Assistance established two new performance measures to assess the effectiveness of assistance programs for client countries. The average rating in FY 2009 was 3.7 for traction and 3.1 for impact, out of a possible score of 5.0. Performance targets for FY 2010 and FY 2011 for IA measures have been set to reflect current economic conditions.

Department-wide Systems and Capital Investments Program

Program Summary by Budget Activity
(Dollars in thousands)

Appropriation	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Request	FY 2011 $ Change	FY 2011 % Change
Department-wide Systems and Capital Investments Program	$26,975	$9,544	$22,000	$12,456	130.5%
Total Appropriated Resources	**$26,975**	**$9,544**	**$22,000**	**$12,456**	**130.5%**

Explanation of Request

The Department-wide Systems and Capital Investments Programs (DSCIP) request includes funds for the Enterprise Content Management program and the Financial Innovation and Transformation program.

Enterprise Content Management (ECM): A key Treasury initiative for 2011 is the elimination of paper-based processes and transactions. The ECM program is an essential element of this initiative as it will provide a common approach across Treasury to modernizing document-based business processes. FY 2011 funding will allow the program to continue, with a focus on enhancing mission effectiveness, reducing total cost of ownership by promoting economies of scale, and enabling all Treasury bureaus to progress toward a paperless environment.

Financial Innovation and Transformation: DSCIP funding is also requested to be used to develop and expand efforts to support shared government-wide financial solutions associated with agency financial management services (e.g., invoice processing, cash collections, interagency agreement management), an effort coordinated through a newly established Office of Financial Innovation and Transformation (OFIT). This program will be tasked with developing options for streamlining the processing of financial transactions and information. For example, the program will develop innovations available to agencies including allowing users and stakeholders to access certain financial information or append this information without requiring the movement of the data. This will also streamline processes and allow for more transparency of information to the public.

Purpose of Program

The Department-wide Systems and Capital Investments Program (DSCIP) is authorized to be used by or on behalf of the Treasury Department's bureaus, at the Secretary's discretion, to improve infrastructure, modernize business processes and increase efficiency through technology investments.

DSCIP FY 2011 Budget Highlights
(Dollars in thousands)

Appropriation	Amount
FY 2010 Enacted	9,544
Changes to Base:	
Non-Recurring Costs:	($9,544)
Zero Base DSCIP	(9,544)
Subtotal FY 2011 Changes to Base	($9,544)
Program Changes:	
Program Increases:	$22,000
Enterprise Content Management Program	5,000
Financial Innovation and Transformation Program	17,000
Subtotal FY 2011 Program Changes	$22,000
Total FY 2011 Base	
Total FY 2011 Budget Request	**22,000**

FY 2011 Budget Adjustments

FY 2010 Enacted

The FY 2010 enacted direct appropriation for DSCIP is $9,544,000.

Non-Recurring Costs

Zero Base DSCIP -$9,544,000 / +0 FTE

DSCIP is a zero-based budget.

Program Increases

Enterprise Content Management Program +$5,000,000 / +0 FTE

Using the requested FY 2011 funds, Treasury will utilize the systems integration contract vehicle to implement the second phase of the ECM solution, including deployment of the next set of prioritized bureau capabilities and infrastructure identified during the independent assessment (such as modular hardware and virtual machine technology to enable a scalable and incremental build-out of the ECM platform).

Financial Innovation and Transformation Program +$17,000,000 / +0 FTE

This initiative will develop and expand efforts to support shared, government-wide financial solutions associated with agency financial management services. This program will streamline processes and allow for more transparency of information. This program will be coordinated through a newly established Office of Financial Innovation and Transformation (OFIT).

Explanation of Budget Activities

Salaries and Expenses

Department-wide Systems and Capital Investments Program ($22,000,000 from direct appropriations)

The Department-wide Systems and Capital Investments Programs (DSCIP) request includes funds for the Enterprise Content Management program and the Financial Innovation and Transformation program.

Enterprise Content Management (ECM): A key Treasury initiative for 2011 is the elimination of paper-based processes and transactions. The ECM program is an essential element of this initiative as it will provide a common approach across Treasury to modernizing document-based business processes. FY 2011 funding will allow continuation of the program, with a focus on enhancing mission effectiveness, reducing total cost of ownership by promoting economies of scale, and enabling all Treasury bureaus to progress toward a paperless environment.

Financial Innovation and Transformation: DSCIP funding is also requested to be used to develop and expand efforts to support shared government-wide financial solutions associated with agency financial management services (e.g., invoice processing, cash collections, interagency agreement management); an effort coordinated through a new Office of Financial Innovation and Transformation (OFIT). This program will be tasked with developing options for streamlining the processing of financial transactions and information. For example, the program will develop innovations available to agencies including allowing users and stakeholders to access certain financial information or append this information without requiring the movement of the data. This will also streamline processes and allow for more transparency of information to the public.

Legislative Proposals

DSCIP has no legislative proposals for FY 2011.

Description of Performance

The Treasury Department has four strategic goals:

- Effectively manage U.S. government finances;
- Ensure U.S. and world economies perform at full economic potential;
- Prevent terrorism and promote the nation's security through strengthened international financial systems; and,
- Ensure management and organizational excellence.

The Department uses DSCIP funds to make investments necessary to facilitate achievement of these goals.

ECM Program Performance will be measured through the identification and collection of performance metrics. Measures and results to be achieved include reduced cost of maintaining paper, standardized shared services, increased efficiency/productivity of staff through automated workflow, reduced time required to share information, and reduced management reporting burden.

There are a number of benefits to the Bureaus and Government at large to be realized:

- Greater protection of information and security
- Improved regulatory compliance
- Improved data collection and quality
- Improved process workflow and information sharing
- Quicker and more accurate management reporting
- Development of Treasury-wide ECM standards

Financial Innovation and Transformation program performance will be measured by assessing the costs and performance of the government's current financial management processes and measuring the results of the new system in reducing costs and improving financial performance. Expected results are:

- Reduced costs and elimination of duplicative financial information.
- Streamlined processes between vendors and government agencies.
- Improvements in agency and government-wide financial data.
- Financial reports that support policy making and management decision making.
- Transparency of information.

Office of Inspector General

Program Summary by Budget Activity

(Dollars in thousands)

Appropriation	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Request	FY 2011 $ Change	FY 2011 % Change
Audit	$20,116	$22,869	$23,306	$437	1.9%
Investigations	$6,009	$6,831	$6,963	$132	1.9%
Subtotal, Office of Inspector General	**$26,125**	**$29,700**	**$30,269**	**$569**	**1.9%**
Offsetting Collections - Reimbursables	$7,381	$8,000	$10,000	$2000	25.0%
Total Program Operating Level	**$33,506**	**$37,700**	**$40,269**	**$2,569**	**6.8%**

Explanation of Request

The Fiscal Year (FY) 2011 President's Budget request for the Office of Inspector General (OIG) will be used to provide critical audit and investigative services, ensuring the effectiveness and integrity of Treasury's programs and operations. The OIG will continue to address mandated requirements related to (1) audits of the Department's financial statements, (2) information security, and (3) failed institutions regulated by the Office of the Comptroller of the Currency or the Office of Thrift Supervision resulting in material losses to the deposit insurance fund (material loss is defined as the greater of $25 million or 2 percent of the institution's assets). To the extent that resources are available, the OIG will conduct audits of the Department's highest risk programs and operations. Five of those programs and operations are discussed below. This list is not all inclusive, and risks change over time and circumstance.

Programs to Ensure the Safety and Soundness of the Nation's Financial Markets – The wave of bank failures that started in 2008 underscore the need for increased audit coverage of a more prospective nature. The material loss reviews are a backward look at the quality of supervision as it relates to the failed institution under review. The OIG believes that it is just as important for regulators to address emerging risks in financial markets and products. The subprime mortgage crises was a costly lesson that serves to remind us that regulators need to anticipate, recognize, and control business practices that create unreasonable risk.

Another area that the OIG believes requires vigorous oversight is Treasury's responsibilities under the Housing and Economic Recovery Act of 2008. Treasury has taken on an important role to complement the Federal Housing Finance Agency's September 2008 decision to place Fannie Mae and Freddie Mac in conservatorship.

Programs to Promote Economic Recovery - With the enactment of the American Recovery and Reinvestment Act of 2009 (Recovery Act), Treasury was provided with, among other things, over $4 billion for low-income housing projects and specified energy properties of which the OIG has jurisdiction or joint jurisdiction with the Treasury Inspector General for Tax Administration. Additionally, the Community Development Financial Institutions Fund received a $100 million supplement to its fiscal year 2009 funding round for qualified program applicants through FY 2011. This FY 2009 funding nearly doubles the amount made available to the Fund through FY 2011.

Programs to Combat Terrorist Financing and Money Laundering – Treasury faces unique challenges in carrying out its responsibilities under the Bank Secrecy Act (BSA) and USA Patriot Act to prevent and detect money laundering and terrorist financing. Past audits and Congressional hearings have surfaced serious regulatory gaps in the detection of and/or timely enforcement action against financial institutions for BSA and related violations. Furthermore, with the current distress facing so many financial institutions throughout our country, we believe that there is an increased risk that compliance with BSA may have deteriorated further and may continue to worsen.

Efforts to Ensure the Security of Treasury's Information Systems -- The Department faces serious challenges in bringing its systems into compliance with information technology security policies, procedures, standards, and guidelines. In its FY 2008 Federal Information Security Management Act independent audit, the OIG continued to report deficiencies in the Department's information security programs and practices.

Treasury's Management of Capital Investments -- Treasury needs to ensure that large acquisitions of systems and other capital investments are properly managed. The Department's record in this regard has been mixed at best. While the OIG has reported that Treasury was able to complete a high priority national security system upgrade, the upgrade was delayed. Treasury also failed to implement other major system develop efforts successfully, such as BSA Direct and IRS's web-based Electronic Fraud Detection System.

The requested funding will also allow OIG to continue to prevent fraud, waste and abuse, at all Treasury non-IRS bureaus and offices, including investigating complaints of alleged employee misconduct, and allegations of fraud and other crimes involving Treasury programs, performing oversight of the Treasury's police operations at the Bureau of Engraving and Printing and the U.S. Mint, continue reviewing and investigating instances where the U.S. Mint's Coin Redemption and Bureau of Engraving and Printing's Currency Redemption Programs are used to facilitate money laundering, structuring, and other unlawful activities, and conducting proactive efforts to detect, investigate, and deter electronic crimes and other threats to the Department's physical and cyber critical infrastructure.

Resources required to support OIG operations for FY 2011 are $30,269,000 from direct appropriations, and $10,000,000 from offsetting collections and reimbursable agreements for contract financial statement audits of other Treasury bureaus.

Purpose of Program

The Treasury OIG plays a major role in support of the Department of the Treasury's goal to ensure accountability and transparency, to protect the integrity of the Department, and to improve overall efficiency and effectiveness in Treasury programs and operations. OIG conducts audits and investigations of eight Treasury bureaus and all non-IRS Treasury offices in accordance with the Inspector General Act, as amended, to (a) promote economy, efficiency, and effectiveness in the administration of Treasury programs and operations, (b) prevent and detect fraud, waste, and abuse in Treasury programs and operations; and (c) keep the Secretary and the Congress fully and currently informed about problems, abuses, and deficiencies in Treasury programs and operations.

There is also appropriated to the Department of the Treasury funds specifically identified for the annual audit of the Treasury-wide Financial Statements. This audit is performed by an independent public accounting firm under the supervision of OIG. These funds are not available for OIG programs and operations.

OIG FY 2011 Budget Highlights
(Dollars in thousands)

Appropriation	Amount
FY 2010 Enacted	29,700
Changes to Base:	
Maintaining Current Levels (MCLs):	$512
FERS % Change	47
Non-Pay Inflation Adjustment	56
Pay Annualization	115
Pay Inflation Adjustment	294
Efficiencies Savings:	($5)
Procurement Savings	(5)
Subtotal FY 2011 Changes to Base	$507
Total FY 2011 Base	30,207
Program Changes:	
Program Increases:	$62
CIGIE Fees	62
Subtotal FY 2011 Program Changes	$62
Total FY 2011 Budget Request	**30,269**

FY 2011 Budget Adjustments

FY 2010 Enacted
The FY 2010 enacted direct appropriation for OIG is $29,700,000.

Maintaining Current Levels (MCLs)
Adjustments Necessary to Maintain Current Levels +$512,000 / +0 FTE
Funds are requested for: FERS % Change of +$47,000; non-labor related items such as contracts, travel, supplies, equipment and GSA rent adjustments of +$56,000; FY 2011 cost of the January 2010 pay increase of +$115,000; and proposed January 2011 pay raise of +$294,000.

Efficiencies Savings
Procurement Savings -$5,000 / +0 FTE 3.5% Procurement Savings to be achieved through improved efficiencies and economies in the procurement process.

Program Increases
CIGIE Fees +$62,000 / +0 FTE
Funds are requested for Treasury OIG's share of Council of Inspectors General for Integrity and Efficiency (CIGIE) cost of CIGIE operations. This funding will specifically support coordinated government-wide activities that identify and review areas of weakness and vulnerability in federal programs and operations with respect to fraud, waste, and abuse.

Explanation of Budget Activities

Salaries and Expenses
Audit ($23,306,000 from direct appropriations and $10,000,000 from reimbursable programs)
The Office of Audit conducts audits of eight Treasury bureaus and all non-IRS Treasury offices; produces more than 60 products annually; and provides firsthand, unbiased perspectives and recommendations for improving the economy, efficiency, and effectiveness of Treasury programs and operations. The Office of Audit has recently been challenged to keep up with an increasing number of bank failures that require dedicated resources to conduct mandated material loss reviews. The requested funding will better enable OIG to meet those requirements. The requested funding will also be used by OIG to provide initial oversight of more than $4 billion for low-income housing projects and specified energy properties grants authorized by the American Recovery and Reinvestment Act (Recovery Act). The Office also responds to requests by Treasury officials and the Congress for specific work. Reimbursable funding supports agreements for contract audits of other Treasury-wide financial statements.

Investigations ($6,963,000 from direct appropriations)
The Office of Investigations prevents, detects and investigates complaints of fraud, waste and abuse at eight Treasury bureaus and all non-IRS Treasury offices. This includes the detection and prevention or deterrence of employee misconduct and fraud, or related financial crimes within or directed against Treasury. The Office of Investigations refers

its cases to the Department of Justice and state or local prosecutors for criminal prosecution or civil litigation, or to agency officials for corrective administrative action.

Legislative Proposals

Treasury OIG has no legislative proposals for FY 2011.

OIG Performance by Budget Activity

Budget Activity	Performance Measure	FY 2007	FY 2008	FY 2009			FY 2010	FY 2011
		Actual	Actual	Target	Actual	Target Met?	Target	Target
Audit	Number of completed audit products (Ot)	64	64	60	68	Y	62	62
Investigations	Percentage (%) of all cases that were accepted by prosecutors, referred for agency action, or closed during the fiscal year and were completed within 18 months of case initiation (E)	NA	NA	B	92	Y	70	70

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and B=baseline

Description of Performance

In FY 2008, the Office of Audit performed or supervised contractors to meet its financial statement and information security mandated audit requirements. It also performed mandated material loss reviews of failed financial institutions supervised by Treasury. Furthermore, the Office of Audit directed its self-initiated work toward addressing Treasury's major management and performance challenges. The Office of Audit completed 64 audit products, and met all statutory completion requirements.

In FY 2008, the Office of Investigations continued investigating all reports of fraud, waste and abuse and other criminal activity. The Office of Investigations referred 93 investigations for criminal prosecution, civil litigation, or corrective administrative action. The Office of Investigations undertook a thorough review of their performance measure methodology, and has developed better and more realistic measures with which to gauge their investigative performance. These new measures went into effect in FY 2009, and will be evaluated through the year.

In FY 2009, the OIG maintained performance at a level consistent with FY 2008, and continued to direct a significant portion of its limited resources to conducting the increasing number of material loss reviews of failed banks. Furthermore, the OIG began providing oversight of more than $4 billion for low-income housing projects and specified energy properties grants authorized by the American Recovery and Reinvestment Act (Recovery Act). The OIG also closed 94 investigative cases.

FY 2010 resources will enhance OIG's ability to conduct material loss reviews required as a result of the increasing number of bank failures and OIG will continue to direct its remaining resources to auditing Treasury programs: to ensure the safety and soundness of the nation's financial markets; to promote economic recovery; to combat terrorist financing and money laundering; to ensure the security of treasury's information systems, and; to improve Treasury's management of capital investments.

As in FY 2010, the FY 2011 requested resources will maintain the OIG's ability to conduct material loss reviews of failed banks and critical and high risk Treasury programs and processes.

Inspector General for Tax Administration

Program Summary by Budget Activity

(Dollars in thousands)

Appropriation	FY 2009		FY 2010	FY 2011		
	ARRA	Enacted	Enacted	Request	$ Change	% Change
Audit	$5,600	$55,186	$57,421	$58,725	$1,304	2.3%
Investigations	$1,400	$90,897	$94,579	$96,727	$2,148	2.3%
Subtotal, Inspector General for Tax Administration	**$7,000**	**$146,083**	**$152,000**	**$155,452**	**$3,452**	**2.3%**
Offsetting Collections - Reimbursables	$0	$900	$1,300	$1,300	$0	-
Total Program Operating Level	**$7,000**	**$146,983**	**$153,300**	**$156,752**	**$3,452**	**2.3%**

Explanation of Request

The FY 2011 President's Budget request for Treasury Inspector General for Tax Administration (TIGTA) will be used to continue to provide critical audit, investigative, and inspection and evaluation services, ensuring the integrity of tax administration on behalf of the nation's taxpayers. While there are a number of critical areas where TIGTA will provide oversight, highlights of TIGTA's investigative and audit priorities include:

- Adapting to the Internal Revenue Service's (IRS) continuously evolving operations and mitigating intensified risks associated with modernization, security, addressing the tax gap, and human capital challenges facing the IRS;
- Responding to threats and attacks against IRS employees, property, and sensitive information;
- Improving the integrity of IRS operations by detecting and deterring fraud, waste, abuse or misconduct by IRS employees;
- Conducting comprehensive audits, inspections, and evaluations that include recommendations for monetary benefits and enhancing IRS's service to taxpayers;
- Informing the American people, Congress, and the Secretary of the Treasury of problems and progress made to resolve them; and.
- Overseeing IRS efforts to implement the 56 tax provisions of the American Recovery and Reinvestment Act of 2009.

Total resources required in FY 2011 to support TIGTA's mission are $156,752,000, including $155,452,000 from direct appropriations, and approximately $1,300,000 from reimbursable agreements.

Purpose of Program

TIGTA was created by Congress as a part of the *Internal Revenue Service Restructuring and Reform Act of 1998 (*RRA 98*)*. TIGTA's audits, investigations, inspections and evaluations protect and promote the fair administration of the American tax system. TIGTA conducts audits that advise the American people, Congress, the Secretary of the Treasury, and IRS management of high-risk issues, problems, and deficiencies related to the administration of IRS programs and operations. TIGTA's audit recommendations improve IRS systems and operations, while maintaining fair and equitable treatment of taxpayers. TIGTA's investigations ensure the integrity of IRS employees, contractors, and other tax professionals; provide for infrastructure security; and protect the IRS from external attempts to threaten or corrupt the administration of the tax laws. TIGTA's

Office of Inspections and Evaluations (I&E) provides responsive, timely, and cost-effective inspections and evaluations of IRS challenge areas. TIGTA's oversight is essential to the efficiency and equity of the IRS's tax administration system. TIGTA ensures that taxpayers can have confidence that the IRS collects more than $2 trillion in tax revenue in an effective and efficient manner.

TIGTA FY 2011 Budget Highlights
(Dollars in thousands)

Appropriation	Amount
FY 2010 Enacted	152,000
Changes to Base:	
Maintaining Current Levels (MCLs):	$2,942
FERS % Change	46
Non-pay Inflation Adjustment	343
Pay Annualization	636
Pay Inflation Adjustment	1,917
Efficiencies Savings:	($276)
Procurement Savings	(276)
Subtotal FY 2011 Changes to Base	$2,666
Total FY 2011 Base	154,666
Program Changes:	
Program Increases:	$786
CIGIE Fees	332
Increase Related to IRS Growth	454
Subtotal FY 2011 Program Changes	$786
Total FY 2011 Budget Request	**155,452**

FY 2011 Budget Adjustments

FY 2010 Enacted

The FY 2010 enacted direct appropriation for TIGTA is $152,000,000.

Maintaining Current Levels (MCLs)

Adjustments Necessary to Maintain Current Levels +$2,942,000 / +0 FTE

Funds are requested for: FERS % Change of +$46,000; non-labor related items such as contracts, travel, supplies, equipment and GSA rent adjustments of $343,000; FY 2011 cost of the January 2010 pay increase of $636,000; and proposed January 2011 pay raise of $1,917,000.

Efficiencies Savings

Procurement Savings -$276,000 / +0 FTE

TIGTA continues to work with procurement staff and vendors to identify procurement savings without compromising program quality.

Program Increases

CIGIE Fees +$332,000 / +0 FTE

Funds for Council of Inspectors General on Integrity and Efficiency (CIGIE) will specifically support coordinated government-wide activities that identify and review areas of weakness and vulnerability in federal programs and operations with respect to fraud, waste and abuse.

Increase Related to IRS Growth +$454,000 / +0 FTE

Since TIGTA is charged with overseeing the IRS, increasing the size and workload of the IRS generates additional work for TIGTA. Just as the IRS will need additional agents and specialists to accomplish their work, TIGTA will use the FY 2011 program increase to enhance critical oversight responsibilities. In addition, the Admin-istration is placing an renewed emphasis on addressing illegal overseas tax evasion and closing tax loopholes and make it more profitable for companies to create jobs in the United States. The $454,000 program increase would help fund this effort.

Explanation of Budget Activities

Salaries and Expenses

Audit ($58,725,000 from direct appropriations and $551,000 from reimbursable programs)

The Office of Audit's (OA) mission is to provide comprehensive coverage and oversight of all aspects of the IRS's daily operations. Audits not only focus on the economy and efficiency of IRS functions but also ensure that taxpayers' rights are protected and the taxpaying public is adequately served. In FY 2009, audit reports produced potential financial benefits of approximately $14.7 billion, and potentially impacted approximately 23 million taxpayer accounts in areas such as taxpayer burden, rights and entitlements, taxpayer privacy and security, protection/use of resources, reliability of information, and increased revenue/revenue protected. Each fiscal year, OA develops an annual audit plan that communicates oversight priorities to Congress, the Department of the Treasury, and the IRS. This plan strikes a balance between statutory audit coverage and high risk audit work. The statutory coverage includes audits mandated by the IRS Restructuring and Reform Act of 1998, as well as reviews that address computer security and financial management. The high-risk workload includes issues pertaining to the IRS's modernization efforts, its major management challenges, its progress in achieving its strategic goals, as well as Congressional and other stakeholder requests for audit coverage.

Investigations ($96,727,000 from direct appropriations and $749,000 from reimbursable programs)

While most Offices of Inspectors General focus primarily on fraud, waste, and abuse, TIGTA's mission is more extensive. TIGTA has the statutory respon-sibility to protect the integrity of tax administration and to protect the ability of the IRS to collect revenue for the Federal government. To accomplish this, TIGTA investigates allegations of criminal violations and administrative misconduct by IRS employees, protects the IRS against external attempts to corrupt tax administration, and ensures IRS employee safety and IRS data and infrastructure security. The following summaries highlight TIGTA's investigative efforts in these three core areas:

Employee Integrity:

IRS employee misconduct can hinder the IRS's ability to collect revenue for the Federal Government. Fifty percent of TIGTA's current investigations involve alleged employee misconduct. In addition to unauthorized access (UNAX) investigations, employee misconduct investigations include allegations of extortion, theft, false statements, and financial fraud. TIGTA also administers a proactive integrity program to help detect IRS employees who might be committing fraud and other misconduct. From October 1, 2008 to September 30, 2009, TIGTA initiated 41 proactive investigative initiatives.

Employee and Infrastructure Security:

Congressional concern regarding the magnitude of uncollected revenue has prompted the IRS to intensify enforcement activities. Heightened enforcement is likely to cause a rise in external threats to IRS employees and infrastructure. Both TIGTA's proactive and reactive investigations are critical to mitigating future risks. TIGTA maintains IRS employee and infrastructure security by conducting investigations into incidents that threaten IRS employees, facilities, and infrastructure. TIGTA's highest priority complaints involve threats and assaults against IRS employees. TIGTA works aggressively and takes swift action to protect IRS employees, to include the providing of armed escorts. In October 2008, the Inspector General Reform Act of 2008 was signed into law, which allows TIGTA to provide physical security to protect IRS employees against external threats. TIGTA also operates a Criminal Intelligence Program that develops and facilitates pertinent information regarding potential threats to IRS employees and operations. This program includes participation in the FBI sponsored Joint Terrorism Task Forces nationwide. In addition, TIGTA has a System Intrusion and Network Attack Response Team to defend against hackers who attempt to compromise the data integrity of taxpayer information stored in IRS computer systems. From October 2008 through September 2009, OI closed 331 investigations of assaults and/or threats made against IRS employees and facilities.

External Attempts to Corrupt Tax Administration:
TIGTA is statutorily mandated to investigate external attempts to corrupt tax administration, which includes criminal misconduct by non-employees, such as, impersonation of IRS employees, interference with the administration of internal revenue laws, bribery, misuse of Treasury names, symbols, etc., contract fraud, and tax practitioner fraud relating to thefts of taxpayer remittances and refunds.

Legislative Proposals

TIGTA has no legislative proposals for FY 2011.

TIGTA Performance by Budget Activity

Budget Activity	Performance Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2009 Target Met?	FY 2010 Target	FY 2011 Target
Audit	Percentage of Audit Products Delivered When Promised to Stakeholders (Oe)	68	65	65	81	Y	65	65
Audit	Percentage of Recommendations Made That Have Been Implemented (Oe)	90	84^	83	91	Y	83	83
Investigations	Percentage of Results from Investigative Activities (Oe)	81	78	78	83	Y	79	79

Key: Oe - Outcome Measure, E - Efficiency Measure, and Ot - Output/Workload Measure
^This number has been updated since the Fiscal Year 2010 Budget in Brief.

Description of Performance

- Issued 142 audit, inspection, and evaluation reports, identifying approximately $14.7 billion in potential financial benefits (i.e., costs savings, increased or protected revenue, reliability of management information, taxpayer rights and entitlements, and inefficient use of resources).
- Closed 83 percent of the 3,325 final closed investigations which generated results, including 1,427 cases of employee misconduct referred for action and 171 cases accepted for criminal prosecution with final legal action.

Special Inspector General for TARP

Program Summary by Budget Activity

(Dollars in thousands)

Mandatory and Discretionary Levels	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Request	FY 2011 $ Change	FY 2011 % Change
Salaries and Expenses	**$65,000**	**$23,300**	**$49,600**	**$26,300**	**113%**
Salaries and Expenses	$50,000	$23,300	$49,600	$26,300	113%
Public Private Investment Fund (PPIP)	$15,000	$0	$0	$0	0%
Mandatory Funding	**$65,000**				
Discretionary Funding		**$23,300**	**$49,600**	**$26,300**	**113%**
Total Mandatory and Discretionary	**$65,000**	**$23,300**	**$49,600**	**$26,300**	**113%**
Available no-year funds - S&E		$20,100		($20,100)	-100%
Available PPIP funds[1]	$0	$5,000	$5,000	$0	0.00%
Total Program Operating Level	**$65,000**	**$48,400**	**$54,600**	**$6,200**	**13%**

Program Summary by Budget Activity	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Request	FY 2011 $ Change	FY 2011 % Change
Audit	$27,900	$20,700	$23,200	$2,500	12%
Investigation	$37,100	$27,700	$31,400	$3,700	13%
Total SIGTARP by Budget Activity	**$65,000**	**$48,400**	**$54,600**	**$6,200**	**13%**

[1] SIGTARP expects that it will expend approximately $5,000,000 per year for FY 2010, FY 2011 and FY 2012 in a manner consistent with P.L. 111-22.

Explanation of Request

The 2011 President's Budget request for the Special Inspector General for Troubled Asset Relief Program (SIGTARP) includes funding to support the Department of the Treasury's strategic outcome of effectively managing the U.S. Government's finances as they relate to the Troubled Asset Relief Program (TARP). SIGTARP's top priority is to promote transparency in the management and operation of TARP, ensuring the satisfaction of the public's right to know how Treasury decides to invest the public's money, how it manages the assets it obtains, and how TARP recipients use these funds.

Purpose of Program

SIGTARP's mission is to advance economic stability by promoting the efficiency and effectiveness of TARP management, through transparency, through coordinated oversight, and through robust enforcement against those, whether inside or outside of Government, who waste, steal or abuse TARP funds.

Transparency

Promoting transparency in the management and operation of TARP is one of SIGTARP's primary roles. Through EESA, the American taxpayer has been asked to fund - to the tune of hundreds of billions of dollars - an unprecedented effort to stabilize the financial system and promote economic recovery; in this context, the public has a right to know how that money is being spent. Transparency is a powerful tool to ensure that all those managing TARP funds will act appropriately, consistent with the law and in the best interests of the country.

Coordinated Oversight
SIGTARP plays a vital role in promoting the economy and efficiency in the management of TARP and views its oversight role both prospectively (by advising TARP managers on issues relating to internal controls and oversight, for example) and retrospectively (by assessing the effectiveness of TARP activities over time and suggesting improvements and making recommendations for positive change). SIGTARP closely coordinates its oversight activities with the other TARP oversight bodies to ensure maximum oversight coverage and to avoid redundant and unduly burdensome requests.

Robust Enforcement
SIGTARP's third primary role is to prevent, detect and investigate cases of fraud, waste and abuse of TARP funds and programs. SIGTARP, through its own investigative resources and through partnership with other relevant law enforcement agencies, is committed to robust criminal and civil enforcement against those, whether inside or outside of Government, who waste, steal or abuse TARP funds.

In 2011, SIGTARP will continue to design and conduct programmatic audits of Treasury's TARP operations, as well as recipients' compliance with their obligations under relevant law and contract. SIGTARP will also conduct and supervise criminal and civil investigations into any parties suspected of TARP-related fraud, waste, or abuse. And SIGTARP must remain flexible at all times to respond to future changes to TARP programs.

SIGTARP FY 2011 Budget Highlights
(Dollars in thousands)

Appropriation	Amount
FY 2010 Enacted	23,300
Adjustments to FY 2010 Enacted	
FY 2010 Base Realignment	$25,015
Maintaining Current Levels (MCLs):	$1,285
FERS % Change	$9
Non-Pay Inflation Adjustment	278
Pay Annualization	702
Pay Inflation	296
Subtotal Adjustments to FY 2010 Enacted	$26,300
Total FY 2011 Base	49,600
Total FY 2011 President's Budget Request	**49,600**
Available funds from Pub. Law No. 111-22 (PPIP)	$5,000
Total FY 2011 Budgetary Resources	**54,600**

FY 2011 Budget Adjustments

FY 2010 Enacted
The FY 2010 enacted direct appropriation for SIGTARP is $23,300,000.

Maintaining Current Levels (MCLs)
Adjustments Necessary to Maintain Current Levels +$1,285,000 / +0 FTE Funds are requested for: FY 2011 FERS increase of $9,000 for the increase in agency retirement contribution percentages for GS employees from 11.2% to 11.5% as required by OPM; FY 2011 cost of the January 2010 pay increase of $702,000; proposed January 2011 pay raise of $296,000; and non-labor related items such as contracts, travel, supplies, equipment and GSA rent adjustments of $278,000. In addition, there is an FY 2010 Base Realignment of $25,015,000.

Explanation of Budget Activities

Salaries and Expenses

Audit ($21,000,000 from direct appropriation) conducts, supervises, and coordinates programmatic audits with respect to

Treasury's operation of TARP and the recipients' compliance with their obligations under relevant law and contracts; evaluates TARP policies and procedures; and provides technical assistance to Treasury.

Investigation ($28,600,000 from direct appropriations) supervises and conducts criminal and civil investigations into those persons and entities, whether inside or outside of government, who waste, steal, or abuse TARP funds.

Legislative Proposals

SIGTARP has no legislative proposals for FY 2011.

SIGTARP Performance by Budget Activity

Budget Activity	Performance Measure	FY 2007	FY 2008	FY 2009			FY 2010	FY 2011
		Actual	Actual	Target	Actual	Target Met?	Target	Target
Audit	Percentage of Recommendations Implemented (%) (Oe)	NA	NA	B	100	Yes	70	70
Investigation	Percentage of investigations accepted by prosecutors (%) (Oe)	NA	NA	B	95	Yes	50	55

Key: Oe- Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and B - Baseline

Description of Performance

SIGTARP is continuing to set challenging performance goals with positive results. The Audit Division continues to review TARP policies and procedures including TARP agreements. With respect to TARP agreements, SIGTARP recommended that Treasury require program participants to use their best efforts to account for their use of TARP funds and to report periodically to Treasury concerning such use.

In the interests of maximizing criminal and civil enforcement, the Investigation Division coordinates closely with other law enforcement agencies with the goal of forming law enforcement partnerships, including task force relationships, across the Federal government to leverage SIGTARP's expertise and unique position.

Community Development Financial Institutions Fund

Program Summary by Budget Activity
(Dollars in thousands)

Appropriation	FY 2009		FY 2010	FY 2011		
	ARRA	Enacted	Enacted	Request	$ Change	% Change
Community Development Financial Institutions Program	$90,000	$59,750	$107,600	$140,000	$32,400	30.3%
Bank Enterprise Award Program	N/A	$22,000	$25,000	$0	($25,000)	(100.0%)
Native Initiatives	$8,000	$8,500	$12,000	$12,000	$0	0%
Capital Magnet Fund	N/A	N/A	$80,000	$0	($80,000)	(100.0%)
Administration	$1,933	$10,550	$13,797	$23,000	$5,000	27.8%
New Markets Tax Credit Program Administration*	$67	$4,200	$4,203	Inc.		
Financial Education and Counseling	N/A	$2,000	$1,000	$0		
Hawaii Financial Ed and Counseling	N/A	N/A	$3,150	$0		
Bank on USA Initiative	N/A	N/A	N/A	$50,000		
Healthy Food Financing Initiative	N/A	N/A	N/A	$25,000		
Total Appropriated Resources	**$100,000**	**$107,000**	**$246,750**	**$250,000**	**$3,250**	**1.3%**

**NMTC administration is rolled up into the Administration budget activity for the FY 2011 Budget request*

Explanation of Request

The FY 2011 request for the Community Development Financial Institutions (CDFI) Fund) will ensure that the CDFI Fund meets its mission of expanding the capacity of financial institutions to provide credit, capital, and financial services to underserved populations and communities in the United States. Through its various programs and initiatives, the CDFI Fund enables locally based organizations to further goals such as economic development that supports the expansion of affordable housing, small businesses, community facilities, and community development financial services.

Total resources required to support CDFI Fund activities for FY 2011 are $250,000,000 from direct appropriations.

Purpose of Program

The CDFI Fund expands the availability of credit, investment capital, and financial services in distressed urban and rural communities, and carries out the Community Development Banking and Financial Institutions Act of 1994. The CDFI Fund's investments work toward building private markets, creating healthy local tax revenues (through job creation, business development, commercial real estate and housing development and homeownership), and empowering residents by stimulating the creation and expansion of diverse community development financial institutions (CDFIs, which provide basic banking services to underserved communities and financial literacy training). The CDFI Fund provides infusions of capital to institutions that serve economically distressed communities and low-income individuals. The CDFI Fund's activities leverage millions of private sector investment dollars from banks, foundations, and other funding sources.

The CDFI Fund will implement two new initiatives beginning in FY 2011. The Bank on USA Initiative will promote access to affordable and appropriate financial services and basic consumer credit products for households without access to such products and services. These households face a number of problems, including high fees for alternative financial services such as check-cashing; barriers to saving and building credit; and increased exposure to risks such as fraud and theft. The Healthy Food Financing Initiative will support CDFIs for the purpose of increasing the availability of affordable, healthy foods in underserved urban and rural communities, particularly through the development or equipping of grocery stores and other healthy food retailers.

CDFI FY 2011 Budget Highlights

(Dollars in thousands)

Appropriation	Amount
FY 2010 Enacted	246,750
Changes to Base:	
Maintaining Current Levels (MCLs):	$289
FERS % Change	22
Non-Pay Inflation Adjustment	85
Pay Annualization	54
Pay Inflation Adjustment	128
Efficiencies Savings:	($151)
Procurement Savings	(151)
Subtotal FY 2011 Changes to Base	$138
Total FY 2011 Base	246,888
Program Changes:	
Program Decreases:	($109,150)
Bank Enterprise Award Program	(25,000)
Capital Magnet Fund	(80,000)
Financial Education and Counseling	(1,000)
Hawaii Financial Ed and Counseling	(3,150)
Program Increases:	$112,262
Bank on USA Initiative	50,000
Healthy Food Financing Initiative	25,000
CDFI Program	32,400
Administration	4,862
New Markets Tax Credit Program	Inc.
Subtotal FY 2011 Program Changes	$3,112
Total FY 2011 Budget Request	**250,000**

FY 2011 Budget Adjustments

FY 2010 Enacted

The FY 2010 enacted direct appropriation for the CDFI Fund is $246,750,000.

Maintaining Current Levels (MCLs)

Adjustments Necessary to Maintain Current Levels +$289,000 / +0 FTE

Funds are requested for: FY 2011 cost of the January 2010 pay increase of $54,000; proposed January 2011 pay raise of $128,000; the cost of the increase in the FERS agency contribution percentage of $22,000, and non-labor related items such as contracts, travel, supplies, equipment and GSA rent adjustments of $85,000.

Efficiencies Savings

Procurement Savings -$151,000 / +0 FTE

Achieve procurement savings by reducing non-competitive actions and implementing the use of social-economic programs such as 8(a) and small business set-asides. Other methods used to achieve savings are proper acquisition planning, strategic sourcing (use of agency and government-wide contract vehicles) in order to obtain better pricing for commonly acquired goods and services.

Program Decreases

Capital Magnet Fund (CMF) -$80,000,000 / +0 FTE

The CDFI Fund is proposing not to fund the CMF in FY 2011. Treasury will undertake a careful review of the impact of FY 2010 funding, and future resource decisions will be informed by this analysis.

Bank Enterprise Award (BEA) Program - $25,000,000 / +0 FTE

The CDFI Fund is proposing not to fund the BEA Program in FY 2011. Instead, the Fund will evaluate the enhancements made to the program in FY 2009 and FY 2010 and apply this analysis to future funding and programmatic decisions.

Financial Education and Counseling - $1,000,000 / +0 FTE

The CDFI Fund is proposing not to fund the Financial Education and Counseling Pilot Program in FY 2011. The Bank on USA initiative will employ an educational campaign to improve the financial awareness of the underbanked and unbanked.

Hawaii Financial Ed and Counseling - $3,150,000 / +0 FTE

The CDFI Fund is proposing not to fund the Hawaii Financial Education and Counseling Program is FY 2011. The Bank on USA initiative will employ an educational campaign to improve the financial awareness of the underbanked and unbanked.

Program Increases

CDFI Program +$32,400,000 / +0 FTE

The FY 2011 budget request seeks to increase funding to support the increased demand for CDFI Program awards. In FY 2010, the CDFI Fund received 408 applications requesting $467.4 million in assistance, a 97 percent increase from the $237.7 million requested through the original, pre-Recovery Act application solicitation of the FY 2009 round. CDFIs use these awards to increase their overall capacity, and their ability to offer loans, investments and other financial services in underserved communities.

Through the CDFI Program, the CDFI Fund will continue and expand the Capacity-Building Initiative launched in that will make new, specialized technical assistance and training available to CDFIs nationwide, enabling them to expand their lending activities and to spur economic growth in the communities they serve.

Bank on USA Initiative +$50,000,000 / +0 FTE

The Bank on USA Initiative will promote access to affordable and appropriate financial services and basic consumer credit products for households without access to such products and services. These households face a number of problems, including high fees for alternative financial services such as check-cashing; barriers to saving and building credit; and increased exposure to risks such as fraud and theft.

Healthy Food Financing Initiative +$25,000,000 / +0 FTE

To support the Healthy Food Financing Initiative for the purpose of increasing the availability of affordable, healthy foods in underserved urban and rural communities, particularly through the development or equipping of grocery stores and other healthy food retailers.

Administration +$4,863,000 / +6 FTE

Resources will be realigned to cover additional administrative support costs for IT enhancements, to analyze the outcomes and impact of the CDFI Fund's programs, and to stand up and administer two high-priority initiatives—the Bank on USA Initiative and the Healthy Food Financing Initiative. The CDFI Fund will set aside funds to cover costs associated with the projected move from its current location, prior to the lease expiration in early 2012, and to retain and re-allocate Recovery Act staff to monitor a growing portfolio of awards.

Additionally, resources will be utilized to administer and oversee a rapidly growing number of NMTC allocations and Community Development Entities (CDEs), in addition to assessing how changing economic conditions have affected the investment environment for NMTCs.

Explanation of Budget Activities

Salaries and Expenses

Community Development Financial Institutions Program ($140,000,000 from direct appropriations)

The CDFI Program uses federal resources to invest in and build the capacity of CDFIs to serve low-income people and communities lacking adequate access to affordable financial products and services. The CDFI Program provides monetary awards for financial assistance to further economic development (job creation, business financing, and commercial real estate development); affordable housing (housing development and homeownership); and community development financial services (provision of basic banking services to underserved communities and financial literacy training). The CDFI Program also provides technical assistance awards to help start-up and existing CDFIs build their capacity to serve their target markets through the acquisition of consulting services, technology purchases, and staff/board training.

New Markets Tax Credit Program (included in Administration appropriations)

The NMTC Program attracts private sector capital into low-income communities. Community Development Entities apply to the CDFI Fund for allocations of tax credits in annual competitive rounds. The CDEs, in turn, provide tax credits to private investors in low-income communities. In addition to awarding tax credits, the CDFI Fund monitors CDE compliance with the terms of their allocation agreements. The amount requested in this account funds the administrative expenses of the NMTC Program.

Native Initiatives ($12,000,000 from direct appropriations)

The Native Initiatives comprises two components: (i) the Native American CDFI Assistance (NACA) Program through which financial assistance and technical assistance awards are provided to build the capacity of new or existing Native CDFIs serving Native Communities, and (ii) complementary capacity-building initiatives that seek to foster the development of Native CDFIs through training and technical assistance. The CDFI Fund achieves these objectives through the NACA Program, which provides financial assistance and technical assistance awards to new or existing Native CDFIs, and a complementary series of training programs called Expanding Native Opportunities. These training programs foster the development of new Native CDFIs, strengthen their operational capacity, and guide them in the creation of important financial education and asset building programs for their communities.

Administration ($23,000,000 from direct appropriations)

Administration encompasses the CDFI Fund's operational support and management activities for each of the award and tax credit programs it administers. This includes finalizing the terms of assistance agreements with awardees, making disbursements, and monitoring awardee compliance with the terms of their three-year award assistance and seven-year allocation agreements. In addition, resources will be utilized for a business application enhancement upgrade, external program research evaluations, and to find adequate office space and take the necessary steps to move the operations of the headquarters of the CDFI Fund in a rapid, seamless, and cost-effective manner.

CDFI Performance by Budget Activity

Budget Activity	Performance Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2009 Target Met?	FY 2010 Target	FY 2011 Target
CDFI Program	Administrative costs per Financial Assistance (FA) application processed (E)	7,180	7,200	6,920	3,283	Y	DISC	DISC
CDFI Program	Dollars of private and non-CDFI Fund investments that CDFIs are able to leverage because of their CDFI Fund Financial Assistance ($ millions) (Oe)	778	621	635	1,298	Y	600*	700*
CDFI Program	Number of full-time equivalent jobs created or maintained in underserved communities by businesses financed by CDFI Program Awardees (Oe)	35,022	29,539	30,000	70,260	Y	85,000	85,000
New Markets Tax Credit Program	Community Development Entities' (CDEs) annual investments in low-income communities ($ billions) (Oe)	2.5	3.3	2.5	3.6	Y	2.5	2.5
Native Initiatives	Administrative costs per number of Native American CDFI Assistance (NACA) applications processed ($)(E)	13,510	10,990	9,090	3,162	Y	DISC	DISC
Native Initiatives	Annual percentage increase in the total assets of Native CDFIs (%) (Oe)	19	19	15	23	Y	15	19

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, M - Management/Cust. Satisfaction, and DISC - Discontinued *Note that the matching funds requirement was waved by Congress for FY 2009 and FY 2010 due to the economic crisis. The performance data for FY2010 and 2011 will be based on the prior year activity (2009 and 2010 respectively) and the targets are set at half the level indicated by trends prior to the financial crisis.

Description of Performance

In FY 2009, CDFIs reported leveraging from private investment in the prior year nearly $1.3 billion (based on reporting from program year 2008 results), which was more than double the target of $635 million; this success was largely due to increased program funding which was met by private sector commitments before the full onset of the financial crisis. As a result, CDFIs helped provide funds for projects that created or maintained 70,260 jobs, which exceeded the target of 30,000 jobs.

In FY 2009, the NMTC Program competitively awarded $6.5 billion in NMTC allocation authority to CDEs, including both Recovery Act rounds, which provided tax credit allocation authority to Community Development Entities (CDEs) for targeted investments in low-income communities. As reported in FY 2009 (based on reporting from program year 2008 results), cumulative investments in low-income communities by CDEs rose to $12.5 billion (exceeding the performance target by $1.1 billion), and an annual increase of $3.6 billion over the prior year (exceeding the annual target by $1.1 billion).

In FY 2009, the Native Initiatives, which provides financial assistance, technical assistance, and training to Native CDFIs and other Native entities seeking to become or create Native CDFIs, registered a 23 percent increase in the total assets of Native CDFIs in the program year.

Financial Crimes Enforcement Network

Program Summary by Budget Activity

(Dollars in thousands)

Appropriation	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Request	FY 2011 $ Change	FY 2011 % Change
BSA Administration and Analysis	$82,287	$101,694	$91,151	($10,543)	(10.4%)
Regulatory Support Programs	$9,178	$9,316	$9,268	($48)	(0.5%)
Subtotal, Financial Crimes Enforcement Network	**$91,465**	**$111,010**	**$100,419**	**($10,591)**	**(9.5%)**
Offsetting Collections - Reimbursables	$6,000	$20,000	$20,000	$0	-
Total Program Operating Level	**$97,465**	**$131,010**	**$120,419**	**($10,591)**	**(8.1%)**

Explanation of Request

The Financial Crimes Enforcement Network (FinCEN) FY 2011 President's Budget request includes funding to safeguard the nation's financial system from the abuses of financial crime, including terrorist financing, money laundering, and other illicit activity.

Total resources required to support FinCEN activities for FY 2011 are $120,419,000 including $20,000,000 from offsetting collections and reimbursable agreements.

Purpose of Program

The mission of FinCEN, a bureau within Treasury's Office of Terrorism and Financial Intelligence, is to enhance U.S. national security, deter and detect criminal activity, and safeguard financial systems from abuse by promoting transparency in the U.S. and international financial systems. FinCEN fulfills its mission, goals and priorities by: administering the Bank Secrecy Act (BSA); supporting law enforcement, intelligence, and regulatory agencies through sharing and analysis of financial intelligence; enhancing international anti-money laundering and counter-terrorist financing efforts and cooperation; and networking people, entities, ideas, and information.

FinCEN FY 2011 Budget Highlights

(Dollars in thousands)

Appropriation	Amount
FY 2010 Enacted	111,010
Changes to Base:	
Maintaining Current Levels (MCLs):	$1,656
FERS % Change	104
Non-Pay Inflation Adjustment	804
Pay Annualization	192
Pay Inflation Adjustment	556
Non-Recurring Costs:	($8,250)
Non-Recur Funding	(8,250)
Efficiencies Savings:	($3,997)
Efficiency Savings	(2,083)
IT and Procurement Savings	(1,914)
Subtotal FY 2011 Changes to Base	($10,591)
Total FY 2011 Base	100,419
Total FY 2011 Budget Request	**100,419**

FY 2011 Budget Adjustments

FY 2010 Enacted

The FY 2010 enacted direct appropriation for FinCEN is $111,010,000.

Maintaining Current Levels (MCLs)

Adjustments Necessary to Maintain Current Levels +$1,656,000 / +0 FTE

Funds are requested for: FERS % Change of +$104,000; non-labor related items such as contracts, travel, supplies, equipment and GSA rent adjustments of +$804,000; FY 2011 cost of the January 2010 pay increase of +$192,000; and proposed January 2011 pay raise of +$556,000.

Non-Recurring Costs

Non-Recur Funding -$8,250,000 / +0 FTE
Non-recur funding received in FY 2010 for the Information Technology (IT) Modernization initiative. FinCEN will seek alternate funding from the Treasury Forfeiture Fund to fully implement the planned IT Modernization.

Efficiencies Savings

Efficiency Savings -$2,083,000 / -4 FTE
Reductions were identified as the result of business process efficiencies from consolidation of IT Infrastructure; expansion of shared services for administrative functions; reduction of discretionary travel and training; employee attrition savings; and other related savings.

IT and Procurement Savings -$1,914,000 / +0 FTE
Savings were identified from a consolidation of commercial database contracts; spreading out investments for non-critical IT systems over a longer period; and reduction of other non-critical contractual services.

Explanation of Budget Activities

Salaries and Expenses

BSA Administration and Analysis ($91,151,000 from direct appropriations and $20,000,000 from reimbursable programs)
This activity comprises FinCEN's efforts to administer the BSA, including promulgating regulations, providing outreach and issuing guidance to the regulated industries, providing oversight of BSA compliance, initiating enforcement actions, and, with the Internal Revenue Service (IRS), managing the information filed by the regulated industries, as well as analytic activities. Analytical programs include support to U.S. law enforcement and international Financial Intelligence Units (FIUs) in combating financial fraud and crime by facilitating the exchange of investigative information; identifying foreign and domestic financial fraud, money laundering, and terrorist financing trends, patterns, and techniques; and liaison with and support of intelligence initiatives within the intelligence community and Treasury. This activity also incorporates efforts to support large-scale, complex law enforcement investigations involving financial fraud, terrorist financing, money laundering, and other financial crimes. Finally, this activity includes FinCEN's IT Modernization initiative, which will ensure the effective management, accessibility, dissemination, and use of the highly sensitive confidential information collected under the BSA. This effort will improve government-wide efforts to detect criminal activity, including tax and financial fraud.

Regulatory Support Programs ($9,268,000 from direct appropriations)
This activity supports implementation, strengthening and clarification of the Anti-Money Laundering (AML) program, recordkeeping, and reporting requirements of the BSA for financial institutions subject to those requirements. FinCEN will also continue efforts with the IRS, especially related to the Money Services Business (MSB) industry, to ensure compliance, respond to public inquiries, distribute forms and publications, and support collection and maintenance of the BSA data. These resources support IRS BSA compliance activities for non-banking financial institutions, especially related to the MSB industry.

Legislative Proposals

FinCEN does not have any legislative proposals for FY 2011.

FinCEN Performance by Budget Activity

Budget Activity	Performance Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2009 Target Met?	FY 2010 Target	FY 2011 Target
BSA Administration & Analysis	Average time to process enforcement matters (in Years) (E)	1.1	0.7	1	1	Y	1	1
BSA Administration & Analysis	Percentage of FinCEN's Regulatory Resource Center Customers rating the guidance received as understandable (Oe)	91	94	90	94	Y	90	90
BSA Administration & Analysis	Percentage of customers satisfied with the BSA E-Filing (Oe)	94	93	90	94	Y	90	90
BSA Administration & Analysis	Percentage of domestic law enforcement and foreign financial intelligence units finding FinCEN's analytical reports highly valuable (Oe)	82	83	80	81	Y	81	82

Key: Oe - Outcome Measure, E - Efficiency Measure, and Ot - Output/Workload Measure

Description of Performance

In the regulatory area, FinCEN's goal to provide financial institutions with understandable guidance is critical to institutions establishing AML programs that comply with the BSA. FinCEN exceeded its goal of 90 percent with 94 percent of its customers rating the guidance received as understandable. FinCEN also works closely with its regulatory partners to take enforcement action against financial institutions that systemically and egregiously violate the provisions of the BSA, including imposing civil money penalties when appropriate. Timely enforcement action is essential to deter non-compliance with the BSA. In FY 2009, FinCEN met its target to process enforcement matters within 1 year.

In the analytical area, FinCEN supports domestic law enforcement and international FIU partners by providing analyses of BSA information. To assess the effectiveness of this analysis, FinCEN measures the percentage of customers that find these analytic reports highly valuable. This measure closely ties to how BSA information is used by law enforcement and international FIUs to identify, investigate, and prevent abuse of the financial system. In FY 2009, FinCEN met its target of 80 percent with 81 percent.

In the efficient management, safeguarding, and use_of BSA information, FinCEN conducts a survey of the users of the BSA E-Filing system to determine the overall satisfaction level and to identify where improvements are needed. The FY 2009 target was to maintain at least a 90 percent satisfaction level, and FinCEN surpassed its target with 94 percent.

Alcohol and Tobacco Tax and Trade Bureau

Program Summary by Budget Activity

(Dollars in thousands)

Appropriation	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Request	FY 2011 $ Change	FY 2011 % Change
Collect the Revenue	$50,524	$51,500	$53,084	$1,584	3.1%
Protect the Public	$48,541	$51,500	$53,084	$1,584	3.1%
Subtotal, Alcohol and Tobacco Tax and Trade Bureau	**$99,065**	**$103,000**	**$106,168**	**$3,168**	**3.1%**
Offsetting Collections - Reimbursables	$5,154	$4,234	$3,050	($1,184)	(28.0%)
Total Program Operating Level	**$104,219**	**$107,234**	**$109,218**	**$1,984**	**1.9%**

Note: FY 2011 Total Appropriated Resources includes $106,168 (dollars in thousands) in offsetting receipts collections from licensing and registration fee revenues. TTB's entire budget for FY 2011 is to be funded from licensing and registration fees, to cover both the Collect the Revenue and Protect the Public Budget Activities. The 547 FTE for FY 2011 excludes 15 FTE from the Puerto Rico reimbursable.

Explanation of Request

In FY 2011, the Alcohol and Tobacco Tax and Trade Bureau (TTB) will continue to focus its efforts on helping industry members comply with alcohol, tobacco, firearms and ammunition laws and regulations, in the interest of collecting all appropriate excise taxes and promoting a marketplace for alcohol beverages that complies fully with federal production, labeling, advertising, and marketing standards. The FY 2011 President's budget request enables TTB to continue its programs and activities necessary to meet the performance measures supporting TTB's strategic goals of collecting revenue and protecting the public.

Total resources required to support TTB activities for FY 2011 are $109,218,000, including $106,168,000 in offsetting collections from annual fee receipts, and $3,050,000 from other offsetting collections and reimbursable programs.

Purpose of Program

TTB serves as the nation's primary federal authority in the regulation of the alcohol and tobacco industries. TTB is responsible for the administration and enforcement of two major areas of federal law affecting those industries, namely; those sections of the Internal Revenue Code associated with the collection of excise taxes on alcohol, tobacco, firearms, and ammunition, and the Federal Alcohol Administration Act, which provides for the regulation of those engaged in the alcohol beverage industry and the protection of consumers of alcohol beverages.

Collect the Revenue - TTB is charged with collecting alcohol, tobacco, firearms, and ammunition excise taxes. These products generate nearly $21 billion in tax revenue annually, making TTB the third largest tax collection agency in the federal government. Alcohol and tobacco taxes collected by TTB are remitted to the Department of the Treasury General Fund. Firearms and ammunition excise taxes are remitted to the Fish and Wildlife Restoration Fund under provisions of the Pittman-Robertson Act of 1937.

The excise taxes collected by TTB come from taxes imposed and collected at the producer and importer level of operations. Members of the regulated industries paying excise taxes are distilleries, breweries, bonded wineries, bonded wine cellars, manufacturers of paper and tubes for tobacco products, manufacturers of tobacco products, and manufacturers and importers of firearms and ammunition. About 200 of the largest taxpayers account for 98 percent of the annual excise tax collected. In FY 2009, the majority of taxes collected were from tobacco (62 percent) and alcohol (36 percent), with the remainder from firearms and ammunition (2 percent).

Strategies used to collect the revenue rightfully due include identifying any gaps in tax payment, identifying any illegal entities or individuals operating outside the excise tax system, developing a balanced field approach of audits and investigations that target non-compliant industry members, and establishing an identifiable presence within all of industry that encourages voluntary compliance.

Protect the Public - TTB works to ensure the integrity of the alcohol and tobacco industries and of beverage alcohol products found in the marketplace, and regulates roughly 50,000 alcohol and tobacco businesses. Under this activity, TTB enforces federal laws related to the issuance of permits to industry members and the production, labeling, advertising, and marketing of alcohol products. TTB conducts these activities through investigations, application reviews, laboratory testing, and educational programs. TTB works with industry, foreign and state governments, and other interested parties to make it easier to comply with regulatory requirements and maintain the appropriate level of oversight to ensure public safety. Education, partnerships, and open communication are paramount strategies in facilitating compliance with regulatory requirements.

TTB FY 2011 Budget Highlights
(Dollars in thousands)

Appropriation	Amount
FY 2010 Enacted	103,000
Changes to Base:	
Maintaining Current Levels (MCLs):	$1,790
FERS % Change	128
Non-Pay Inflation Adjustment	500
Pay Annualization	325
Pay Inflation Adjustment	837
Non-Recurring Costs:	($3,500)
Two Year Funding for Special Agents	(3,500)
Efficiencies Savings:	($622)
Business Process Reengineering	(213)
Reconfiguration of Field Offices	(112)
Procurement Savings (includes VOIP)	(297)
Subtotal FY 2011 Changes to Base	($2,332)
Total FY 2011 Base	100,668
Program Changes:	
Program Increases:	$5,500
Implement Annual Licensing & Registration Fee	5,500
Subtotal FY 2011 Program Changes	$5,500
Total FY 2011 Budget Request	**106,168**
Annual Licensing and Registration Fees	(106,168)
Total FY 2011 Budget Request (Net)	

FY 2011 Budget Adjustments

FY 2010 Enacted

The FY 2010 enacted direct appropriation for TTB is $103,000,000.

Maintaining Current Levels (MCLs)

Adjustments Necessary to Maintain Current Levels +$1,790,000 / +0 FTE

Funds are requested for: A FERS percentage rate change of $128,000; non-labor related items such as contracts, travel, supplies, equipment and GSA rent adjustments of $500,000; FY 2011 cost of the January 2010 pay increase of $325,000; and proposed January 2011 pay raise of $837,000.

Non-Recurring Costs

Two Year Funding for Special Agents -$3,500,000 / +0 FTE

Under the FY 2010 appropriation, two-year funding was designated for law enforcement agents and related support staff to target tobacco smuggling and diversion criminal activities.

The FY 2010 carry forward balance from this multi-year account will be used to cover this activity in FY 2011.

Efficiencies Savings

Business Process Reengineering -$213,000 / +0 FTE

Savings realized by the introduction of automation and redesigned business processes to ensure bureau operations are efficiently and effectively managed.

Reconfiguration of Field Offices -$112,000 / +0 FTE

Savings from the reconfiguration of bureau field offices.

Procurement Savings (VOIP) -$297,000 / +0 FTE

Resulting savings from the implementation of new technology (Voice Over Internet Protocol) that will lower the cost of communication services as compared to traditional phone services.

Program Increases

Implement Annual Licensing & Registration Fee +$5,500,000 / +12 FTE

Funds are needed to implement the proposed legislation designed to establish a permanent program for FY 2011 and each fiscal year thereafter, requiring the payment of annual fees from alcohol and tobacco industry members. The $5.5 million in program costs are principally recurring costs, and will cover labor and other program operating costs. This program will conduct key business activities including the mailing and processing of returns, issuance of non compliance letters, maintaining a client registry, responding to customer inquiries, along with processing of collections and accounting for the revenues.

Adjustments to Request Annual Fee

Annual Licensing and Registration Fees - $106,168,000 / +0 FTE

Annual special receipts (annual fees) will reduce direct funding. The receipts from the annual fee program will be budgeted and accounted for as offsetting collections.

Explanation of Budget Activities

Salaries and Expenses

Collect the Revenue ($53,084,000 from direct appropriations and $1,525,000 from reimbursable programs)

The FY 2011 President's Budget request is $53,084,000 from offsetting collections (annual fees) and $1,525,000 from reimbursable programs, for a total operating level of $54,609,000. The Collect the Revenue activity works toward providing the most effective and efficient systems for the collection of tax revenue, eliminating or preventing tax evasion and other criminal conduct, and providing high quality service while imposing the least regulatory burden on taxpayers. This program includes projects designed to allow taxpayers to report and pay excise taxes electronically.

Protect the Public ($53,084,000 from direct appropriations and $1,525,000 from reimbursable programs)

The FY 2011 President's Budget request is $53,084,000 from offsetting collections (annual fees) and $1,525,000 from reimbursable programs, for a total operating level of $54,609,000. The Protect the Public activity ensures the integrity of products and industry members in the marketplace, ensures compliance with laws and regulations by regulated industries, and provides information to the public as a means to prevent consumer deception. Under this activity, TTB enforces compliance with federal laws related to the issuance of permits to industry members and the production, importation, exportation, labeling, advertising, and marketing of alcohol products. TTB conducts investigations, application reviews, laboratory testing, and educational programs in support of its mission.

Legislative Proposals

Extend Pay Demonstration Project: TTB proposes to continue the Pay Demonstration Project by amending the General Provision language to extend the program for one additional year.

Annual Licensing and Registration Fee Program: Legislation will be proposed to allow TTB to establish a permanent program for FY 2011 and for future fiscal years requiring the payment of annual fees from its industry members. The annual fees will be collected from approximately 400,000 businesses each year. This includes retailers and wholesale dealers in liquors and beer; every proprietor of distilled spirits plants, bonded wine cellars, bonded wine warehouses, and tax-paid wine bottling houses; every brewer; denatured spirits, recovery, and tax-free users (industrial alcohol); and non-beverage domestic drawback claimants. Tobacco importers, retailers, and wholesalers are also included. These fees will support the bureau's core mission and the funds will be used to continue to provide benefits to retailers, wholesalers, breweries, wineries, distilleries, and industrial alcohol businesses. In particular, TTB's efforts help ensure that alcohol and tobacco products are not contaminated, misbranded or illegally marketed, and prevent dishonest persons from entering into the alcohol and tobacco distribution system. This promotes fair competition among all industry members. Regulation of these industries also protects the public against adulterated alcohol products, and misleading labels and advertisements.

TTB Performance by Budget Activity

Budget Activity	Performance Measure	FY 2007	FY 2008	FY 2009			FY 2010	FY 2011
		Actual	Actual	Target	Actual	Target Met?	Target	Target
Collect the Revenue	Amount of revenue collected per program dollar (E)	0	313	300	427	Yes	400	400
Collect the Revenue	Percent of voluntary compliance from large taxpayers in filing tax payments timely and accurately (in terms of revenue)(Oe)	0	94	85	94	Yes	92	92
Protect the Public	Average number of days to process an original permit application at the National Revenue Center (E)	0	64	72	64	Yes	72	72
Protect the Public	National Revenue Center (NRC) customer satisfaction survey results (%)(Oe)	0	90	85	89	Yes	85	85
Protect the Public	Percent of electronically filed Certificate of Label Approval applications (%) (E)	51	62	53	74	Yes	78	85
Protect the Public	Percentage of importers identified by TTB as illegally operating without a Federal permit (%)(Oe	0	22	19	15	Yes	19	18

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, DISC - discontinued, and B - baseline

Description of Performance

The bureau continues to collect the federal excise taxes due on its regulated commodities in a highly efficient manner, and continues to help industry members comply with alcohol and tobacco laws and regulations. During FY 2009, TTB met all of its targeted performance goals, while showing continued improvements in performance scores. The bureau plans to continue to monitor its performance, and will continue to capture performance information on program operations to both measure and improve the effectiveness of its programs.

The investments in the Collect the Revenue activity resulted in the following performance highlights and accomplishments during FY 2009:

- Collected $21 billion in excise taxes, interest, and other revenues from alcohol, tobacco, firearms, and ammunition industries from 6,800 excise taxpayers having operations that resulted in tax payments during the year.
- Expanded the e-filing program to allow all excise taxpayers to file and pay taxes, and file monthly operational reports, electronically through the Pay.gov system. The number of Pay.gov registrants is over 4,900.
- Processed $473 million in cover-over payments to Puerto Rico and $8 million to the U.S. Virgin Islands. Federal excise taxes collected on rum produced in Puerto Rico and the Virgin Islands that are subsequently imported into the United States are "covered-over" (or paid into) the treasuries of Puerto Rico and the Virgin Islands.
- Processed $269 million in drawback claims. Under current law, persons who use non-beverage alcohol in the manufacture of medicines, food products,
- flavors, extracts, or perfume and other non-potable products may be eligible to claim drawback of excise taxes paid on distilled spirits used in their products. The TTB laboratory analyzes and approves a product formula before a company can manufacture a product and file a claim.

The investments in Protect the Public activity have resulted in the following performance highlights and accomplishments during FY 2009:

- Processed 124,966 Certificate of Label Approval (COLAs) applications through the bureau's COLAs Online system for electronic filing of label applications. About 74 percent of the applications were filed electronically. The Federal Alcohol Administration Act requires importers and bottlers of alcoholic beverages to obtain a COLA prior to introduction of the product into commerce.
- Issued 5,533 original permits and approved 17,755 amended permits. TTB issues original and amended permits to persons who are engaged in the alcohol and tobacco industries. TTB screens applications to prevent unqualified persons from engaging in operations. Illicit activity in these industries has the potential to be highly lucrative so it is crucial that organized crime and terrorists are kept out of these industries.
- Initiated more than 1,300 field application investigations of industry members regarding applications, consumer complaints, tax fraud, trade practice violations, and product and labeling integrity verifications.

Financial Management Service

Program Summary by Budget Activity

(Dollars in thousands)

Appropriation	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Request	$ Change	% Change
Payments	$147,717	$150,395	$142,537	($7,858)	(5.2%)
Collections	$21,521	$21,911	$21,690	($221)	(1.0%)
Government-wide Accounting and Reporting	$70,547	$71,826	$71,026	($800)	(1.1%)
Subtotal, Financial Management Service	**$239,785**	**$244,132**	**$235,253**	**($8,879)**	**(3.6%)**
Offsetting Collections - Reimbursables	$228,010	$234,690	$216,730	($17,960)	(7.7%)
Total Program Operating Level	**$467,795**	**$478,822**	**$451,983**	**($26,839)**	**(5.6%)**

*The FY 2009 figure does not include $7 million received from the American Recovery and Reinvestment Act.

Explanation of Request

The Financial Management Service (FMS) FY 2011 President's Budget request focuses on continued implementation of modernization initiatives in FMS' payments, collections, debt collection, and government-wide accounting functions. One such initiative is the Financial Information Reporting Standardization (FIRST), which will enhance and improve operations by improving accuracy and integrating budgetary and government-wide accounting with proprietary information. Another initiative is the Collections and Cash Management Modernization (CCMM) program, which is streamlining, modernizing and improving the process of Treasury's collections and cash management programs.

The Department is committed to moving to paperless processing throughout its bureaus and programs, including increasing the number of payments and collections made electronically. FMS will play a critical role through an increasing use of electronic benefit payments and collections. This will help streamline intergovernmental processes and enhance service to the general public.

FMS strives to consistently look for ways to increase the number of payments and collections made electronically. The Paperless Treasury initiative will move FMS closer to an all-electronic organization. Two important components of this initiative include: the phasing in of government benefit check recipients to electronic deposit and requiring all businesses with $2,500 or more in quarterly tax liability to pay electronically. The use of electronics will allow FMS to improve the accuracy and efficiency of transactions and operations, eliminate paper-based processes, and contribute to increasing electronic transactions within government and with the public.

Total resources required to support FMS activities for FY 2011 are $451,983,000, including $235,253,000 from direct appropriations, and $216,730,000 from offsetting collections and reimbursable programs.

Purpose of Program

The Financial Management Service (FMS) plays a key role in supporting the Department of the Treasury's strategic goal of managing the United States Government's finances effectively by operating as the financial manager and principal fiscal agent for the Federal Government. This role includes managing the nation's finances by collecting money due to the United States, disbursing its payments, and performing central accounting functions.

As the Government's financial manager, FMS oversees a daily cash flow in excess of $60 billion, disbursing 85 percent of the Federal Government's payments. These payments include income tax refunds, Social Security benefits, veterans' benefits and other Federal payments to individuals and businesses. FMS also administers the world's largest collection system, collecting over $2.8 trillion in FY 2009. FMS provides cash management guidance to Federal Program Agencies (FPAs), maintains the Government's accounting books, and compiles and publishes government-wide financial information used to monitor the Government's financial status. Finally, FMS serves as the Government's central debt collection agency for delinquent non-tax debt.

FMS FY 2011 Budget Highlights
(Dollars in thousands)

Appropriation	Amount
FY 2010 Enacted	244,132
Changes to Base:	
Maintaining Current Levels (MCLs):	$4,560
FERS % Change	369
Non-Pay Inflation Adjustment	843
Pay Annualization	933
Pay Inflation Adjustment	2,415
Efficiencies Savings:	($13,439)
Payment Modernization/Operational	(3,020)
Realignment PM/DMS	(3,390)
Elimination of Paper-Based Process	(4,429)
IT Efficiency Savings	(2,600)
Subtotal FY 2011 Changes to Base	($8,879)
Total FY 2011 Base	235,253
Total FY 2011 Budget Request	**235,253**

FY 2011 Budget Adjustments

FY 2010 Enacted

The FY 2010 enacted direct appropriation for FMS is $244,132,000.

Maintaining Current Levels (MCLs)

Adjustments Necessary to Maintain Current Levels +$4,560,000 / +0 FTE

Funds are requested for: A FERS percentage rate change of $389,000, FY 2011 cost of the January 2010 pay increase of $933,000; proposed January 2011 pay raise of $2,415,000; and non-labor related items such as contracts, travel, supplies, equipment and GSA rent adjustments of $843,000.

Efficiencies Savings

Payment Modernization/Operational Efficiency -$3,020,000 / -60 FTE

The Payment Application Modernization (PAM) Project streamlines the FMS payments. PAM will replace the current mainframe-based software applications used to disburse approximately one billion federal payments annually, which along with other modernization efforts will result in operational efficiencies savings.

Realignment PM/DMS -$3,390,000 / -30 FTE

Consolidation of Debt Management and Payment Management business processes will allow FMS to assure operational continuity and maximize use of its call centers.

Elimination of Paper-Based Process - $4,429,000 / -35 FTE

The implementation of several IT systems will eliminate current paper processes. For example, the implementation of the Judgment Fund Internet Claims System (JFICS) allows federal agencies to submit their claims for payment electronically to the Judgment Fund. FMS is in the process of rolling out JFICS to federal agencies which will eliminate paper and result in savings to FMS. Additionally, FMS plans to analyze its administrative needs and redistribute resources to critical areas.

IT Efficiency Savings -$2,600,000 / +0 FTE

FMS will consolidate several software contracts and move applications from the Bureau of Public Debt server and expects to gain efficiency savings from its transition to broadband.

Explanation of Budget Activities

Salaries and Expenses

Payments ($142,537,000 from direct appropriations and $131,060,000 from reimbursable programs)
FMS issues and distributes payments, develops and implements Federal payment policy and procedures, promotes the use of electronics in the payment process, and assists agencies in converting payments from paper checks to Electronic Funds Transfer (EFT). This activity also includes controlling and providing financial integrity to the payments process through reconciliation, accounting, and claims activities. Included in this activity is the claims activity which settles claims against the United States. These claims result from Federal Government checks that have been forged, lost, stolen, or destroyed. FMS collects monies from those parties liable for fraudulent or otherwise improper negotiation of Government checks. It also includes processing claims and reclamations for EFT payments.

Collections ($21,690,000 from direct appropriations and $1,419,000 from reimbursable programs)
FMS collects revenues needed to operate the Federal Government through the management of the Federal Government's collections infrastructure. In FY 2009, FMS collected $2.86 trillion, of which 83 percent was collected electronically, through a network of more than 9,000 financial institutions. It also manages the collection of Federal revenues such as individual and corporate income tax deposits, customs duties, loan repayments, and fines and proceeds from leases.

Debt Collection ($80,036,000 from reimbursable programs)
The Debt Collection activity collects delinquent Government and child support debt by providing centralized debt collection, oversight, and operational services to FPAs and states as required by the Debt Collection Improvement Act (DCIA) of 1996 and related legislation. The services include, but are not limited to, collecting delinquent debts through Cross-Servicing and offsetting Federal payments, providing a database for use as a tool for barring delinquent debtors, providing post-judgment collection, advising and educating agencies towards improving debt management, and referrals to the Department of Justice.

Government-wide Accounting and Reporting ($71,026,000 from direct appropriations and $4,215,000 from reimbursable programs)
The Government-wide Accounting and Reporting activity maintains the Federal Government's books and accounts for its monetary assets and liabilities by operating and overseeing the Government's central accounting and reporting system. It also works with Federal agencies to adopt uniform accounting and reporting standards and systems and provides support, guidance, and training to assist FPAs in improving their government-wide accounting and reporting responsibilities. FMS gathers and publishes government-wide financial information which is used in establishing fiscal and debt management policies and is also used by the public and private sectors to monitor the Government's financial status. These publications include: the Daily Treasury Statement, the Monthly Treasury Statement, the Treasury Bulletin, the Combined Statement of the United States Government, and the Financial Report of the United States Government (FR).

Legislative Proposals

Debt Collection
Authorize Post-Levy Due Process
This proposed amendment to 26 U.S.C. § 6330 would allow the IRS to levy the payment of a

federal contractor who owes delinquent taxes, and provide the taxpayer with notice and an opportunity for an administrative collection due process (CDP) hearing, and for judicial review, within a reasonable time after the levy. The IRS currently has this authority for levies against state tax refunds and to collect federal employment taxes.

Under the automated Federal Payment Levy Program, Treasury matches federal tax liabilities against federal payments to contractors. When a match occurs, IRS issues the CDP notice but cannot levy the payment until the CDP requirements are complete. By this time the payment has already been made and the opportunity for levy is lost. This proposal would remedy this situation by allowing the IRS to levy the payment at the time the payment is identified.

Allow IRS to Levy 100 Percent of All Vendor Payments

This proposed amendment to 26 U.S.C. § 6331(h)(3) would allow IRS to continuously levy up to 100% of federal payments made to all federal vendors who owe delinquent taxes, not only vendors of "goods or services." Currently, continuous levies of payments made to vendors of "goods or services" allow for collection from up to 100% of the levied payment, whereas continuous levies of other payments attach to no more than 15% of the payment.

The current law excludes from the 100 percent continuous levy authority a sizable number of federal vendor payments, most notably payments related to the purchase or lease of real estate by the Federal Government, but also payments for other purchases such as intellectual property or software. As an operational matter, without this legislative change, it is not feasible for FMS to automate the continuous levy of vendor payments because of the significant changes to systems and accounting practices required across a wide array of agencies to allow for the differentiation between payments to vendors of "goods or services" versus other vendor payments. To identify vendor real estate payments, for example, would require more than 30 agencies to change the manner in which they code payments certified to FMS, as well as months of testing and verification of agency compliance. In addition, IRS would be relying upon the ability of agencies to accurately classify vendor payments in order to avoid improper seizure.

Authorize FMS to Deduct Fees from Amounts Collected from Levies of Federal Payments Rather Than Have Fees Paid Out of IRS's Appropriation

This proposal improves the way FMS collects fees from IRS to cover FMS's costs in developing and operating the Federal Payment Levy Program (FPLP), which utilizes the Treasury Offset Program (TOP) to process levies of federal payments to collect delinquent tax debts. Rather than IRS paying fees from its annual discretionary appropriation pursuant to the Economy Act, this proposal would allow FMS to retain directly a portion of the levied funds. The proposal would ensure that sufficient funds are available to cover the costs of the program, and it is consistent with how other federal agencies reimburse FMS for collecting nontax debts through TOP. The proposal would modify the way that FMS recovers its transaction fees for processing IRS levies by permitting FMS to add the fee to the liability being recovered, thereby shifting the cost of collection to the delinquent taxpayer. The offset amount would be included within the 15-percent limit on continuous levies against income.

Allow The Offset of Certain Federal Benefit Payments to Collect Delinquent Child Support Debts.

This proposal would authorize the collection of delinquent, state-enforced child support debts from Social Security, Black Lung, and Railroad Retirement benefit payments in the same way that such payments are currently offset to collect federal nontax debts. Under current law, FMS offsets up to 15% of a benefit payment to collect nontax debts, and the amount of $750 per month is exempt from offset. Although States may directly request a benefit agency to garnish benefit payments to collect delinquent child support debts, this proposal provides a cost-efficient way for States to collect support from payments that States have been unable to identify as a source of funding from the delinquent child support obligor.

While many federal benefit payments are statutorily protected from collection actions, the Debt Collection Improvement Act of 1996, as codified at 31 U.S.C. § 3716(c)(3)(A)(i), expressly waived any statutory limitation for purposes of offset under section 3716 to collect federal nontax debts. Section 3716(h)(3), however, provides that the statutory waiver does not apply to collection of debts owed to States, which includes child support. The proposed language amends 3716(h)(3) to include child support debts in the waiver.

Allow Offset of Federal Income Tax Refunds to Collect Delinquent State Income Taxes for Debtors Who Currently Reside in Other States

Under current law, federal tax refunds may be offset to collect delinquent state income tax obligations only if the delinquent taxpayer resides in the state collecting the tax. This proposal will allow FMS to offset federal income tax refunds to collect delinquent state tax obligations regardless of where the debtor resides.

75 days after the fiscal year-end. However, for FY 2009, some agencies that were significantly impacted by the substantial reporting requirements of the American Recovery and Reinvestment Act were granted reporting deadline extensions, which consequently impact the timing of the FR, now scheduled for February 16, 2010. The FR presents a picture of government-wide finances that complements the traditional Federal Government budget information. Additionally, FMS issued 100 percent of its government-wide accounting reports accurately and timely. FMS will continue to revamp and implement government-wide accounting processes to provide more useful and reliable financial information on a regular basis. FMS will continue moving forward on the Financial Information and Reporting Standardization (FIRST) initiative. This initiative integrates budget and financial reports from FPAs. FIRST will improve the consistency of the budgetary and proprietary accounting data recorded in agency financial statements and reported to FMS through its trial balance.

FMS Performance by Budget Activity

Budget Activity	Performance Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2009 Target Met?	FY 2010 Target	FY 2011 Target
Payments	Percentage of paper check and Electronic Funds Transfer (EFT) payments made accurately and on time (Oe)	100	100	100	100	Y	100	100
Collections	Percentage collected electronically of total dollar amount of Federal government receipts (Oe)	79	80	80	84	Y	80	82
Debt Collection	Amount of delinquent debt collected through all available tools ($ billions) (Ot)	3.76	4.41	3.90	5.03	Y	4.65	4.84
Government-wide Accounting and Reporting	Percentage of Government-wide accounting reports issued accurately (Oe)	100	100	100	100	Y	100	100
Government-wide Accounting and Reporting	Percentage of Government-wide accounting reports issued timely (E)	100	100	100	100	Y	100	100

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, DISC – discontinued, and B – baseline

Description of Performance

Payments: In FY 2009, FMS issued nearly 1 billion non-Defense payments worth almost $2.7 trillion to a wide variety of recipients, such as those who receive Social Security benefits, IRS tax refunds, and veterans' benefits. Nearly eighty-one percent of all payments disbursed were issued via direct deposit. Additionally, in FY 2009, FMS disbursed over 54.9 million Economic Recovery Act Payments (ERP) totaling $13.7 billion dollars with 85 percent of the payments made by EFT. FMS expects total ERP payments disbursed will be over 55 million valued at over $13.8 billion.

In FY 2011, FMS will continue to expand the use of electronic media to deliver Federal payments. Electronic media provides a safer, more secure and reliable method of payment for recipients. It also decreases the number of paper checks issued, which minimizes costs and inefficiencies associated with the delivery of non-electronic benefits.

Collections: In FY 2009, FMS collected $2.86 trillion, of which 83 percent was collected electronically, through a network of more than 9,000 financial institutions. FMS is in the process of developing a comprehensive effort to streamline, modernize, and improve the processes and systems supporting Treasury's collections and cash management program. This effort, Collections and Cash Management Modernization, will improve financial performance by enabling FMS and government agencies to more effectively manage financial transaction information and improve the efficiency of the collections information reporting processes.

Debt Collection: In FY 2009, FMS collected $5.07 billion in delinquent debt, which includes $239,162,817 from Economic Recovery Payments to satisfy delinquent Child Support, Federal Non Tax and State Debt. As a result of FMS continued program improvements, total debt collections since the enactment of the DCIA are over $42.5 billion through FY 2009. FMS will continue to enhance FedDebt, a comprehensive system that integrated FMS existing collection programs: Cross-Servicing and the Treasury Offset Program.

Government-wide Accounting and Reporting: FMS has consistently released the Financial Report of the United States Government (FR)

Bureau of the Public Debt

Program Summary by Budget Activity

(Dollars in thousands)

Appropriation	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Request	FY 2011 $ Change	FY 2011 % Change
Wholesale Securities Services	$23,438	$24,492	$24,234	($258)	(1.1%)
Government Agency Investment Services	$17,723	$16,264	$16,162	($102)	(0.6%)
Retail Securities Services	$139,109	$142,645	$136,327	($6,318)	(4.4%)
Summary Debt Accounting	$7,082	$8,843	$9,262	$419	4.7%
Subtotal, Bureau of the Public Debt	**$187,352**	**$192,244**	**$185,985**	**($6,259)**	**(3.3%)**
Offsetting Collections - Reimbursables	$21,196	$22,110	$22,773	$663	3.0%
Total Program Operating Level	**$208,548**	**$214,354**	**$208,758**	**($5,596)**	**(2.6%)**

Note: Total Appropriated Resources include $10,000,000 in projected user fee collections.

Explanation of Request

The FY 2011 President's Budget request for the Bureau of the Public Debt (BPD) includes funding to support the Department of the Treasury's strategic outcome of financing the government at the lowest possible cost over time. Public Debt's top priority is to ensure that the most efficient systems are in place to conduct borrowing operations and deliver securities services to investors. Public Debt will contribute to Treasury's overall paperless initiative by increasing the issuance of savings bonds electronically including moving to all electronic issuance for payroll savings bond sales.

Total resources to support Public Debt activities in FY 2011 are $208,758,000, including $185,985,000 from direct appropriations, of which $10,000,000 are user fees, and $22,773,000 from offsetting collections.

Purpose of Program

BPD's mission is to borrow the money needed to operate the federal government, account for the resulting debt, and provide reimbursable support services to federal agencies. In carrying out its mission and vision, Public Debt annually auctions and issues more than $8 trillion in Treasury bills, notes, bonds and Treasury Inflation-Protected Securities (TIPS); administers on Treasury's behalf its regulatory responsibilities for the government securities market; ensures reliable systems and processes are in place for issuing, transferring, paying interest on and redeeming Treasury securities; issues and redeems more than 70 million paper savings bonds each year; administers in excess of $4 trillion in investments for more than 250 federal trust funds; and provides timely and accurate information on the public debt.

In support of Treasury's strategic outcome of government financing at the lowest possible cost over time, Public Debt's top priority is to guarantee operational readiness to meet the government's critical financing needs by ensuring the most efficient systems are in place to conduct borrowing operations and deliver securities services to investors. To that end, the bureau continues to enhance its auction process. The Treasury Automated Auction Processing System (TAAPS) provides simple bid-entry, quick and easy access to data and superior reliability and security.

BPD FY 2011 Budget Highlights
(Dollars in thousands)

Appropriation	Amount
FY 2010 Enacted	192,244
Changes to Base:	
Base Realignment:	$0
FTE Adjustment	-
Maintaining Current Levels (MCLs):	$3,171
FERS Percentage Change	188
Non-Pay Inflation Adjustment	1,005
Pay Annualization	651
Pay Inflation Adjustment	1,327
Efficiencies Savings:	($9,430)
Revise Issuing Agent Fee Structure	(1,900)
Reduce Paying Agent Fees	(2,500)
Consolidate Parkersburg Facilities	(1,800)
Program Efficiencies	(1,000)
Procurement Savings	(1,630)
Reduce Travel	(200)
Non-Salary Program Efficiencies	(400)
Subtotal FY 2011 Changes to Base	($6,259)
Total FY 2011 Base	185,985
Total FY 2011 Budget Request	**185,985**
User Fees	(10,000)
Total FY 2011 Budget Request (Net)	**175,985**

FY 2011 Budget Adjustments

FY 2010 Enacted

The FY 2010 enacted direct appropriation for BPD is $192,244,000.

Base Realignment

FTE Adjustment +$0 / -21 FTE

Upon review of its FY 2010 proposed financial plan, BPD identified 21 unfunded base FTE which are reflected in this adjustment.

Maintaining Current Levels (MCLs)

Adjustments Necessary to Maintain Current Levels +$3,171,000 / +0 FTE

Funds are requested for: A FERS percentage rate change of $188,000; non-labor related items such as contracts, travel, supplies, equipment and GSA rent adjustments of $1,005,000; FY 2011 cost of the January 2010 pay increase of $651,000; and a proposed January 2011 pay raise of $1,327,000.

Efficiencies Savings

Revise Issuing Agent Fee Structure - $1,900,000 / +0 FTE

Savings due to eliminating the differential paid to paper savings bond issuing agents who submit customer orders electronically rather than by paper applications.

Reduce Paying Agent Fees -$2,500,000 / +0 FTE

Due to an anticipated decrease in the number of savings bonds redeemed, Public Debt is reducing its paying agent fees.

Consolidate Parkersburg Facilities - $1,800,000 / +0 FTE

Public Debt realizes savings by consolidating facilities in Parkersburg.

Program Efficiencies -$1,000,000 / -12 FTE

Savings will be realized in all BPD programs through staff reductions and other efficiencies.

Procurement Savings -$1,630,000 / +0 FTE

Cost savings by streamlining Department-wide procurement operations and reducing external procurement spending.

Reduce Travel -$200,000 / +0 FTE

Public Debt realizes savings from a reduction in travel.

Non-Salary Program Efficiencies -$400,000 / +0 FTE

Public Debt realizes savings from non-salary program efficiencies.

Adjustments to Request User Fee

User Fees -$10,000,000 / +0 FTE

For $100 account maintenance fees that Public Debt charges to account holders in the Legacy Treasury Direct system with an account balance of more than $100,000 in par value.

Explanation of Budget Activities

Salaries and Expenses

Wholesale Securities Services ($24,234,000 from direct appropriations and $2,967,000 from reimbursable programs)
Public Debt announces, auctions and issues marketable Treasury bills, notes, bonds and TIPS. This program ensures that the government's critical financing needs are met and oversees an infrastructure that provides for the transfer, custody and redemption of Treasury securities in the wholesale market. Public Debt also administers Treasury's regulations that provide investor protection and maintain the integrity, liquidity and efficiency in the government securities market.

Government Agency Investment Services ($16,162,000 from direct appropriations and $1,979,000 from reimbursable programs)
Public Debt supports federal, state and local government agency investments in non-marketable Treasury securities as well as federal agency borrowing from the Department of the Treasury. There are more than 250 trust and investment funds held by federal agencies. For 18 of the funds, the Secretary of the Treasury, designated by statute, is the managing trustee.

Retail Securities Services ($136,327,000 from direct appropriations, including $10,000,000 from user fee collections, and $16,693,000 from reimbursable programs)
Public Debt serves more than 50 million retail customers who have invested in marketable and savings securities directly with Treasury. Investors may hold these securities in book-entry or paper form. BPD will position Treasury to eliminate new issues of paper savings bonds. The program will continue focusing on improving the quality and efficiency of customer service by formulating and providing recommendations to support skill-based routing, web chat and the use of images in the Treasury Retail E-Services environment.

Summary Debt Accounting ($9,262,000 from direct appropriations and $1,134,000 from reimbursable programs)
This program is key to meeting Public Debt's responsibility to account for the public debt and related interest expense incurred to finance the operations of the federal government. Public Debt produces daily reports on the balance and composition of the public debt, provides the overarching control structure for dozens of subordinate securities systems and reconciles their related transactions and cash flows.

Legislative Proposals

Legislative Proposals

Public Debt has no legislative proposals for FY 2011.

BPD Performance by Budget Activity

	Performance Measure	FY 2007	FY 2008	FY 2009			FY 2010	FY 2011
		Actual	Actual	Target	Actual	Target Met?	Target	Target
Wholesale Securities Services	Percent of auction results released in 2 minutes +/- 30 seconds (Oe)	99.1	100	95	100	Y	95	100
Government Agency Investment Services	Cost per federal funds investment transaction ($) (E)	68.53	64.98	69.11	41.71	Y	45.7	44.92
Government Agency Investment Services	Number of Government Agency Investment Services control processes consolidated (Oe)	3	2	0	0	Y	5	0
Retail Securities Services	Percentage of retail customer service transactions completed within 11 business days (Ot)	99.43	99.86	90	99.83	Y	DISC	DISC
Summary Debt Accounting	Cost per summary debt accounting transaction ($) (E)	9.29	9.11	10.01	8.66	Y	11.81	11.55

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, DISC – discontinued, and B - baseline

Description of Performance

The Bureau of the Public Debt has continued to set challenging performance goals with positive results. To improve performance, Public Debt places a high priority on adopting new technology to increase the security, flexibility and efficiency of financing the needs of the federal government.

In FY 2009, Public Debt released auction results within two minutes, plus or minus 30 seconds, 100 percent of the time, surpassing its performance target of 95 percent. In addition, Public Debt processed over 99 percent of retail customer transactions within 11 business days and met its targeted costs for summary debt accounting and federal funds investment transactions.

The cost per federal funds investment transaction is projected to be $45.70 for FY 2010 and $44.92 for FY 2011. The projected cost per federal funds investment transaction is increasing for FY 2010 due to an increase in support charges and projected constant transaction volumes. The FY 2011 target reflects constant transaction volumes and a reduction in overall general expenditures.

Internal Revenue Service

(Dollars in Thousands)

Appropriation / Budget Activity	FY 2009 ARRA	FY 2009 Enacted[1,2]	FY 2010 Enacted	FY 2011 Request	FY 2011 $ Change	FY 2011 % Change
Taxpayer Services		**$2,293,000**	**$2,278,830**	**$2,321,975**	**$43,145**	**1.89%**
Pre-filing Taxpayer Assistance and Education		661,000	685,063	693,753	8,690	1.27%
Filing and Account Services		1,632,000	1,593,767	1,628,222	34,455	2.16%
Enforcement		**$5,117,267**	**$5,504,000**	**$5,797,400**	**$293,400**	**5.33%**
Investigations		611,601	637,694	651,966	14,272	2.24%
Exam and Collections		4,355,186	4,706,350	4,974,618	268,268	5.70%
Regulatory		150,480	159,956	170,816	10,860	6.79%
Operations Support		**$3,867,011**	**$4,083,884**	**$4,108,000**	**$24,116**	**0.59%**
Infrastructure		875,538	900,852	889,929	($10,923)	-1.21%
Shared Services and Support		1,269,642	1,296,629	1,337,776	41,147	3.17%
Information Services		1,721,831	1,886,403	1,880,295	($6,108)	-0.32%
Business Systems Modernization		**$229,914**	**$263,897**	**$386,908**	**$123,011**	**46.61%**
Health Insurance Tax Credit Administration	**$80,000**	**$15,406**	**$15,512**	**$18,987**	**$3,475**	**22.40%**
Subtotal Internal Revenue Service	**$80,000**	**$11,522,598**	**$12,146,123**	**$12,633,270**	**$487,147**	**4.01%**
Offsetting Collections - Reimbursable		**$113,896**	**$142,169**	**$144,592**	2,423	1.70%
Mandatory Appropriation - User Fees		**165,521**	**187,100**	**194,100**	7,000	3.74%
Total Program Operating Level	**$80,000**	**$11,802,015**	**$12,475,392**	**$12,971,962**	**$496,570**	**3.98%**

[1] FY 2009 Enacted excludes the Recovery Act, Administration Expenses account, funded in the Treasury Departmental Offices ($122M).

[2] FY 2009 Enacted represents the approved FY 2009 Operating Plan.

Explanation of Request

The Internal Revenue Service (IRS) collects the revenue that funds the government and administers the nation's tax laws. In FY 2009, the IRS collected $2.345 trillion in taxes (gross receipts before tax refunds), 95 percent of federal government receipts. In order to protect the flow of revenue to the government, the IRS pursues a robust service and enforcement agenda. The service agenda supports and protects the trillions in revenue that already comes into the Treasury every year from hundreds of millions of taxpayers. The enforcement agenda vigorously pursues those who evade their responsibility to pay the taxes they owe.

Total resources to support the IRS activities for FY 2011 are $12,971,962,000. This includes $12,633,270,000 from direct appropriations, an estimated $144,592,000 from reimbursable programs, and an estimated $194,100,000 from user fees. The direct appropriation is a $487,147,000 increase, or 4.01 percent, more than the FY 2010 enacted level of $12,146,123,000.

The *IRS Strategic Plan 2009-2013* guides program and budget decisions and supports the Department of the Treasury Strategic Plan. The IRS Strategic Plan recognizes the increasing complexity of tax laws, changing business models, expanding use of electronic data and related security risks, accelerating growth in international tax activities, and growing human capital challenges.

The IRS Strategic Plan goals and objectives are:

Improve Service to Make Voluntary Compliance Easier

Enforce the Law to Ensure Everyone Meets Their Obligation to Pay Taxes

To improve service and make voluntary compliance easier, the IRS must:

- Incorporate taxpayer perspectives to improve all service interactions;
- Expedite and improve issue resolution across all interactions with taxpayers, making it easier to navigate the IRS;
- Provide taxpayers with targeted, timely guidance and outreach; and
- Strengthen partnerships with tax practitioners, tax preparers, and other third parties to ensure effective tax administration.

To enforce the law to ensure everyone meets their obligations to pay taxes, the IRS must:

- Proactively enforce the law in a timely manner while respecting taxpayer rights and minimizing taxpayer burden;
- Expand enforcement approaches and tools;
- Meet the challenges of international tax administration;
- Allocate compliance resources using a data-driven approach to target existing and emerging high-risk areas;
- Continue focused oversight of the tax-exempt sector; and
- Ensure that all tax practitioners, tax preparers, and other third parties in the tax system adhere to professional standards and follow the law.

To achieve the service and enforcement goals, the IRS must:

- Make the IRS the best place to work in government;
- Build and deploy advanced information technology systems, processes, and tools to improve IRS efficiency and productivity;
- Use data and research across the organization to make informed decisions and allocate resources; and
- Ensure the privacy and security of data and safety and security of employees.

The FY 2011 President's Budget request for IRS provides the funding needed to implement key strategic priorities to achieve the Strategic Plan goals and objectives.

Enforcement Program: The FY 2011 President's Budget request includes an Enforcement account increase of $293.4 million for investments in strong compliance programs, including a robust international enforcement initiative to address offshore tax evasion. The additional enforcement resources will address underreporting of income associated with international activities and expand enforcement efforts on noncompliance among corporate and high-wealth taxpayers. This increase is supported by a program integrity allocation adjustment that provides additional resources for the enforcement program.

Increased resources for the IRS compliance programs yield direct, measurable results through high return on investment activities. The new enforcement personnel funded through a program integrity allocation adjustment in the FY 2011 President's Budget will generate more than $1.9 billion in additional annual enforcement revenue once the new hires reach full potential in FY 2013. Vigorous enforcement also encourages voluntary compliance, further increasing revenue. The return on investment estimate does not include the revenue impact from the deterrence value of these investments and other IRS enforcement programs, which is conservatively estimated to be at least three times the direct revenue impact.

The tax law is complex and even sophisticated taxpayers can make honest mistakes on their tax returns. Accordingly, helping taxpayers understand their obligations under the tax law is critical to improving compliance. To this end, the IRS remains committed to a balanced program of assisting taxpayers in both understanding the tax law and remitting the proper amount of tax.

Taxpayer Service Program: The FY 2011 President's Budget request includes a Taxpayer Services account increase of $43.1 million. The increase includes $20.9 million to improve telephone level of service, increasing the level of service performance target to 75 percent from 70 percent in FY 2009 and 71 percent in FY 2010.

To continue the effort to move taxpayer service to the internet, and to support the Treasury effort to increase paperless transactions, an additional $25 million in Operations Support will be invested as part of a multi-year effort to improve the IRS.gov website infrastructure and redesign the IRS.gov website to meet taxpayer needs and the growing demand for more electronic services. Technology enhancements, including electronic filing and IRS.gov, allow more taxpayers to reach the IRS through the internet. In 2009, more than 1.7 billion web pages were viewed on www.IRS.gov, and more than 54 million taxpayers checked their refund status by accessing *Where's My Refund?* in English or Spanish on the IRS website. Taxpayers also can use automated features found at 1-800-829-1040. In FY 2011, the IRS will complete the implementation of the Form 1040, *U.S. Individual Income Tax Return*, and supporting forms and schedules, and continue adding new forms and schedules to the electronic business portfolio to further increase web use.

Providing quality taxpayer service is especially important to help taxpayers avoid making unintentional errors. Assisting taxpayers with their questions before they file their returns prevents inadvertent noncompliance and reduces burdensome post-filing notices and other correspondence from the IRS.

In addition to the year-round assistance services previously listed, IRS services include issuance of tax forms and publications, rulings and regulations, Volunteer Income Tax Assistance (VITA) sites, and Tax Counseling for the Elderly (TCE) sites. Many of these sites provide information in both English and Spanish.

Business Systems Modernization: The FY 2011 Budget provides $386.9 million for Business Systems Modernization to complete the new taxpayer account database and continue investments in electronic filing systems. Completion of the core taxpayer account database is the cornerstone of IRS IT modernization that will expedite refunds to 140 million individual taxpayers; and allow the IRS to expand its online services to manage increasing taxpayer service demands.

IRS Tax Preparer Strategy: In January 2010, the IRS announced multiple recommendations to increase oversight of federal tax return preparers, including new registration, testing, and continuing education requirements. The recommendations are intended to better leverage the tax return preparer community with the twin goals of increasing taxpayer compliance and ensuring uniform and high ethical standards of conduct for tax return preparers. Planning and regulation preparation will proceed in FY 2010 with primary implementation of the initial changes anticipated in FY 2011.

Purpose of Program

The IRS serves individuals, businesses, and non-profit organizations, and processed more than 236 million tax returns in 2009. The system of voluntary tax compliance requires the IRS to excel in taxpayer service for those who are trying to meet their obligations under the law and provide a robust enforcement program for those who shirk their responsibilities to their fellow citizens. Most taxpayers comply with the law by filing returns and paying their taxes on time, but some do not comply because they do not understand their obligations under the complex tax laws.

Helping taxpayers understand their obligations under the tax law is critical to improving compliance and addressing the tax gap, the difference between taxes owed and taxes paid on time. To this end, the IRS remains committed to a balanced program of assisting taxpayers to understand the tax law and remit the proper amount of tax and to pursue cases for which noncompliance is willful, even to the point of criminal tax evasion. The IRS remains committed to improving voluntary compliance and reducing the tax gap through both taxpayer service and enforcement.

The FY 2011 President's Budget request seeks funding to improve telephone level of service, to redesign IRS.gov, to support strong international tax and other compliance initiatives, and to complete the new taxpayer account database.

IRS FY 2011 Budget Highlights
(Dollars in thousands)

Appropriation	Taxpayer Services	Enforcement	Operations Support	Business Systems Modernization	Health Insurance Tax Credit Administration	Total
FY 2010 Enacted Budget	**$2,278,830**	**$5,504,000**	**$4,083,884**	**$263,897**	**$15,512**	**$12,146,123**
Changes to Base						
Maintaining Current Levels (MCLs)	**$50,054**	**$110,506**	**$57,884**	**$889**	**$190**	**$219,523**
Pay Annualization	11,643	27,964	7,608	243	15	47,473
Pay Inflation Adjustment	30,534	69,255	19,127	589	32	119,537
Non-Pay Inflation Adjustment	2,495	4,460	29,026		140	36,121
FERS Increased Participation	5,382	8,827	2,123	57	3	16,392
Other Adjustment					**$3,494**	**$3,494**
Resource Adj to Support Recovery Act-HCTC Prgm Expansion					3,494	3,494
Efficiencies/Savings	**(28,023)**	**(7,092)**	**(155,314)**		**(209)**	**(190,638)**
Non-Recur Savings			(32,680)			(32,680)
Increase e-File Savings	(23,186)		378			(22,808)
IT Infrastructure and Process Improvements			(75,000)			(75,000)
Reduce Procurement/Contracting	(2,878)	(2,246)	(19,697)		(179)	(25,000)
Reduce Printing, Travel, and Training	(523)	(1,979)	(7,468)		(30)	(10,000)
Reduce Tuition Assistance Program	(1,436)	(2,867)	(847)			(5,150)
Eliminate Selective Mailing of Forms and Publications			(20,000)			(20,000)
Subtotal Changes to Base	**$22,031**	**$103,414**	**(97,430)**	**$889**	**$3,475**	**$32,379**
FY 2011 Base	**$2,300,861**	**$5,607,414**	**$3,986,454**	**$264,786**	**$18,987**	**$12,178,502**
Program Changes						
Program Reinvestment	**$2,792**					**$2,792**
Submission Processing Consolidation (Atlanta)	2,792					2,792
Program Decrease	**(9,000)**					**(9,000)**
Reduce Taxpayer Service Grant and Advocacy Programs	(9,000)					(9,000)
Program Increases	**$27,322**	**$189,986**	**$121,546**	**$122,122**		**$460,976**
Taxpayer Service Initiatives	**$20,945**		**$25,000**			**$45,945**
Improve IRS.gov			25,000			25,000
Increase Telephone Level of Service	20,945					20,945
Enforcement Initiatives	**$6,377**	**$189,986**	**$51,083**			**$247,446**
Address Business and Individual International Compliance	1,779	97,527	21,780			121,086
Reduce the Reporting Compliance Tax Gap	769	59,687	17,223			77,679
Reduce the Nonfiling and Underpayment Tax Gap	91	28,166	9,924			38,181
Support for Increased Enforcement Activities	3,738		1,262			5,000
Maintain Recovery Act Staffing		4,606	894			5,500
Business Systems Modernization (BSM) Initiative			**$45,463**	**$122,122**		**$167,585**
Continue Migration from Aging Tax Administration System			45,463	122,122		167,585
Subtotal FY 2011 Program Changes	**$21,114**	**$189,986**	**$121,546**	**$122,122**		**$454,768**
Total FY 2011 President s Budget Request	**$2,321,975**	**$5,797,400**	**$4,108,000**	**$386,908**	**$18,987**	**$12,633,270**

FY 2011 Budget Adjustments

The IRS funding increase for FY 2011 is $487,147,000, which includes $219,523,000 for maintaining current levels, a temporary base adjustment of $3,494,000 to support the Recovery Act's expansion of the Health Coverage Tax Credit (HCTC), a decrease of $32,680,000 from non-recurring activities, a decrease of $157,958,000 from efficiencies and savings, and a program increase of $454,768,000 to improve taxpayer service, strengthen enforcement, and complete the new taxpayer account database. By FY 2013, the revenue-producing enforcement investments are projected to increase annual enforcement revenue by $1.9 billion.

The budget request supports these activities by proposing the following initiatives:

- $20,945,000 to increase the telephone level of service, which includes a $9.0 million reallocation from the Taxpayer Advocate Service (TAS), Low-Income Taxpayer Clinic (LITC) Grants program, Tax Counseling for the Elderly (TCE) program and the Volunteer Income Tax Assistance (VITA) Grants program;
- $25,000,000 to improve and redesign the IRS.gov website;
- $247,446,000 to reduce the tax gap by investing in a strong compliance program; and
- $167,585,000 to complete development of the new taxpayer account database and continue investments in electronic filing systems.

FY 2010 Enacted

The FY 2010 enacted level for the IRS is $12,146,123,000, supporting an estimated 95,070 FTE.

Maintaining Current Levels

Adjustments Necessary to Maintain Current Levels +$219,523,000 / 0 FTE Funds are requested for: FY 2011 cost of the January 2010 pay increase of $47,473,000, the proposed January 2011 pay raise of $119,537,000, the cost of the increase in FERS agency contribution percentage of $16,392,000, and non-labor related items such as contracts, travel, supplies, equipment, and a GSA rent adjustment of $36,121,000.

Base Adjustments

Resource Adjustment to Support Recovery Act-HCTC Program Expansion +$3,494,000 / 0 FTE This temporary base increase will provide additional contractor funding for the continued support, sustainability, administration, and operation of the HCTC program. Taxpayer participation in the HCTC program is expected to grow because of the Recovery Act. The additional contractor support will allow HCTC to serve a significantly larger participant population.

Technical FTE Adjustments $0 / -318 FTE This adjustment reflects permanent changes made to ensure FTE levels are fully funded in the base budget.

Efficiencies and Savings

Non-Recur Savings -$32,680,000 / 0 FTE This is the net of reductions of non-recurring, one-time costs associated with the IRS FY 2010 enforcement initiatives (e.g., IT equipment and training).

Increase e-File Savings -$22,808,000 / -472 FTE This decrease is a result of savings from increased electronic filing (e-File), which is projected to lead to fewer returns filed on paper in FY 2011. The number of returns filed electronically is expected to increase substantially in FY 2011 with the addition of the recently enacted Worker, Homeownership, and Business Assistance Act of 2009 (Public Law 111-92), which requires electronic filing by all tax preparers filing more than ten returns in a calendar year.

Information Technology (IT) Infrastructure and Process Improvements -$75,000,000 / 0 FTE The IRS will reduce infrastructure costs through process improvements in IT infrastructure. Initiatives such as the Information Technology Infrastructure Library (ITIL) will allow the IRS to improve the quality of IT services. In addition, the IRS is working to achieve a Capability Maturity Model Integrated (CMMI) certification that will yield efficiencies in software engineering.

Reduce Procurement/Contracting -$25,000,000 / 0 FTE In accordance with Presidential guidance on controlling contracting costs, the IRS will generate savings by improving the effectiveness of existing acquisition practices and reduce the cost of contracts.

Reduce Printing, Travel, and Training -$10,000,000 / 0 FTE The IRS will generate savings by reducing agency-wide printing of selected internal manuals, selected training materials, and other items, non-case related travel and non-technical training.

Reduce Tuition Assistance Program (TAP) -$5,150,000 / 0 FTE The Tuition Assistance Program provides funding to employees for courses that support both career development and the IRS mission. In FY 2011, the IRS will generate savings by restructuring this program.

Eliminate Selective Mailing of Forms and Publications -$20,000,000 / 0 FTE The IRS will generate savings by eliminating the non-mandated notice inserts; the automatic mailing of Form 1040, *U.S. Individual Tax Return*, tax packages; and the automatic mailing of business tax products.

Program Reinvestment

Submission Processing Consolidation (Atlanta) +$2,792,000 / 0 FTE Increased use of e-File has led to consolidation of the individual return processing sites. A portion of the *Increased e-File Savings* will be reinvested to fund the one-time separation costs associated with the September 30, 2011 closure of the Atlanta submission processing site. As the Atlanta consolidation approaches, the IRS will assist employees to find employment either in or outside the organization.

Program Decrease

Reduce Taxpayer Service Grant and Advocacy Programs -$9,000,000 / 0 FTE The FY 2010 appropriation included an additional $3,500,000 to expand Taxpayer Advocate Service case processing activities; $500,000 to increase the LITC grants program; $1,000,000 to increase the TCE program; and $4,000,000 to increase the VITA grants program. This program decrease will realign the programs to the 2010 requested level to fund the *Increase Telephone Level of Service* initiative.

Program Increases

Improve IRS.gov +$25,000,000 / 0 FTE This initiative, part of a multi-year plan, will initiate the migration of IRS web content and applications from the current outdated portal infrastructures to a new consolidated IRS web environment. These funds will enable the IRS to complete the first phase of the migration of the taxpayer-facing content and applications and to begin the second phase of the migration and transition of approximately 35 percent of the public and partner-facing applications to the new environment.

Increase Telephone Level of Service +$20,945,000 / 0 FTE Recent legislation has led to an unprecedented demand for telephone services over the past few years. In addition, the additional complexity of – and time needed to resolve – many phone calls, resulted in a decline in the telephone level of service. This initiative will improve the telephone level of service from a projected 71 percent in FY 2010 to a target of 75 percent in FY 2011 through a program increase of $11.9 million and a $9.0 million reallocation from TAS and the LITC, TCE and VITA grant programs. Without the $9.0 million reallocation, the FY 2011 level of service performance target would be 74 percent.

Address Business and Individual International Compliance +$121,086,000 / +781 FTE This initiative supports the Presidential priority to address offshore tax evasion and builds on the IRS FY 2010 international enforcement initiative. It will allow the IRS to continue its multi-year investment in international tax compliance activities. It increases coverage of the most strategically important international issues, including large enterprises with international components operated by businesses and investors through multiple interrelated financial and tax entities and high-wealth individuals and the complex business enterprises they control.

This initiative will increase examinations of additional international issues pertaining to international structures involving tiered pass-through entities, corporations, and high-wealth individuals by a projected 4,864 cases. The increase in examinations will generate $812.2 million in additional enforcement revenue once the new hires reach full potential in FY 2013.

Reduce the Reporting Compliance Tax Gap +$77,679,000 / +700 FTE This initiative will improve compliance by increasing examination of field and correspondence individual return audits by 61,100 annually; business return audits by 1,200; audits targeting employment, excise, and estate and gift taxes by 9,300; and Automated Underreporter (AUR) document matching individual return audits by 234,000. This request will generate $659.6 million in additional enforcement revenue once new hires reach full potential in FY 2013.

Reduce the Nonfiling and Underpayment Tax Gap +$38,181,000 / +406 FTE This initiative will allow the IRS to broaden its collection coverage and address the tax gap more effectively by increasing staff resources for field collection and the Automated Collection System (ACS) program. The additional staff will produce an additional 144,000 tax delinquency accounts (TDA) (i.e., balance due accounts where returns were filed, but the taxes have not been paid) and 22,500 tax delinquency investigations (TDI) (i.e., investigations of taxpayers with unfiled returns who have not responded to a notice). This request will generate $474.4 million in additional enforcement revenue once new hires reach full potential in FY 2013.

Support of Increased Enforcement Activities +$5,000,000 / +65 FTE Most tax enforcement actions result in downstream Accounts Management activities, including account adjustments, assisted phone calls, amended returns, and installment agreement preparation. This funding will allow the IRS to assist taxpayers to resolve issues early in the enforcement process, pay their taxes, and respond to and close out various enforcement actions. Improving the response to taxpayers who have received enforcement notices should increase revenue and reduce interest paid.

Maintain Recovery Act Staffing +$5,500,000 / +31 FTE Among other responsibilities, the IRS is mandated by the Recovery Act to administer the new bond provisions. The IRS is required to issue a direct payment to the bond issuer. The unique nature of this new role requires continuous compliance reviews and verification throughout the administrative life of the bonds. This initiative will extend IRS staffing resources received in the Recovery Act to administer ongoing Recovery Act bond provisions.

Return on Investment for Enforcement Initiatives

Dollars in Millions	First Year (FY 2011)			Full Performance (FY 2013)		
FY 2011 Enforcement Investment	**Cost**	**Revenue**	**ROI**	**Cost**	**Revenue**	**ROI**
All Enforcement Initiatives	**$247.4**	**$719.8**	**2.9**	**$209.6**	**$1,946.2**	**9.3**
Direct Revenue Producing Initiatives	**$236.9**	**$719.8**	**3.0**	**$200.6**	**$1,946.2**	**9.7**
Address Business and Individual International Compliance	121.1	300.8	2.5	101.3	812.2	8.0
Reduce the Reporting Compliance Tax Gap	77.7	211.7	2.7	65.8	659.6	10.0
Reduce the Nonfiling and Underpayment Tax Gap	38.1	207.3	5.4	33.5	474.4	14.2
Other Enforcement Initiatives	**$10.5**	**$0.0**	**0.0**	**$9.0**	**$0.0**	**0.0**

Business System Modernization (BSM) +$167,585,000 / +156 FTE The BSM increase is a top priority for the IRS and will allow the completion of the new taxpayer account database for the 2012 filing season. The new taxpayer account database will result in faster refunds for taxpayers, improve service accuracy and timeliness, and enhance data security. Completion of the taxpayer account database is a prerequisite for other major initiatives such as significant expansion of online paperless services and next-generation enforcement technologies. The ability of the IRS to support increasingly complex taxpayer service and compliance initiatives will be severely limited until it is completed.

Explanation of Budget Activities

Taxpayer Services

The FY 2011 President's Budget request is $2,321,975,000 in direct appropriations, an estimated $34,159,000 from reimbursable programs, and an estimated $127,000,000 from user fees, for a total operating level of $2,483,134,000. The direct appropriations level is an increase of 1.9 percent from the FY 2010 enacted level. This appropriation funds the following budget activities.

Pre-Filing Taxpayer Assistance and Education ($693,753,000 from direct appropriations and an estimated $1,459,000 from reimbursable programs) This budget activity funds services to assist with tax return preparation, including tax law interpretation, publication, production, and advocate services. In addition, funding for these programs continues to emphasize taxpayer education, outreach, increased volunteer support time and locations, and enhancing pre-filing taxpayer support through electronic media.

Filing and Account Services ($1,628,222,000 from direct appropriations, an estimated $32,700,000 from reimbursable programs, and an estimated $127,000,000 from user fees) This budget activity funds programs that provide filing and account services to taxpayers, process paper and electronically-submitted tax returns, issue refunds, and maintain taxpayer accounts. The IRS continues to make progress in decreasing paper returns and increasing the use of electronic filing and payment methods.

Enforcement

The FY 2011 President's Budget request is $5,797,400,000 in direct appropriations and an estimated $61,506,000 from reimbursable programs for a total operating level of $5,858,906,000. The direct appropriations level is an increase of 5.3 percent from the FY 2010 enacted level and includes additional tax enforcement activities funded through a program integrity allocation adjustment. This appropriation funds the following budget activities.

Investigations ($651,966,000 from direct appropriations and an estimated $50,567,000 from reimbursable programs) This budget activity funds the criminal investigations programs that uncover criminal violations of the internal revenue tax laws and other financial crimes, enforce criminal statutes relating to these violations, and recommend prosecution as warranted. These programs identify and document the movement of both legal and illegal sources of income to identify and document cases of suspected intent to defraud. It provides resources for international investigations involving U.S. citizens residing abroad, non-resident aliens and expatriates and includes investigation and prosecution of tax and money-laundering violations associated with narcotics organizations.

Exam and Collections ($4,974,618,000 from direct appropriations and an estimated $10,245,000 from reimbursable programs) This budget activity funds programs that enforce the tax laws and increase compliance through examination and collection programs that ensure proper payment and tax reporting. It also includes programs such as specialty program examinations (employment tax, excise tax and estate and gift exams), international collections and international examinations. The budget activity also supports appeals and litigation activities associated with exam and collection.

Regulatory ($170,816,000 from direct appropriations and an estimated $694,000 from reimbursable programs) This budget activity funds the development and printing of published IRS guidance materials; interpretation of tax laws; advice on general legal servicing, ruling and agreements; enforcement of regulatory rules, laws, and approved business practices; and supporting taxpayers in the areas of pre-filing agreements, determination letters, and advance pricing agreements. The Office of Professional Responsibility is funded within this budget activity and is responsible for identifying, communicating, and enforcing the Treasury Circular 230 standards of competence, integrity, and conduct of professionals representing taxpayers before the IRS.

Operations Support

The FY 2011 President's Budget request is $4,108,000,000 in direct appropriations, an estimated $48,927,000 from reimbursable programs, and an estimated $67,100,000 from user fees, for a total operating level of $4,224,027,000. The direct appropriation level is an increase of 0.6 percent from the FY 2010 enacted level. This appropriation funds the following budget activities.

Infrastructure ($889,929,000 from direct appropriations, an estimated $398,000 from reimbursable programs, and an estimated $16,100,000 from user fees) This budget activity funds administrative services related to space and housing, rent and space alterations, building services, maintenance, guard services, and non-IT equipment.

Shared Services and Support ($1,337,776,000 from direct appropriations and an estimated $33,110,000 from reimbursable programs) This budget activity funds policy management, IRS-wide support for research, strategic planning, communications and liaison, finance, human resources, and equal employment opportunity and diversity services and programs. It also funds printing and postage, business systems planning, security, corporate training, legal services, procurement, and specific employee benefits programs.

Information Services ($1,880,295,000 from direct appropriations, an estimated $15,419,000 from reimbursable programs, and an estimated $51,000,000 from user fees) This budget activity funds staffing, equipment, and related costs to manage, maintain, and operate the information systems critical to the support of tax administration programs. The IRS business programs rely on these systems to process tax and information returns, account for tax revenues collected, send bills for taxes owed, issue refunds, assist in the selection of tax returns for audit, and provide telecommunications services for all business activities, including the public's toll-free access to tax information.

Business Systems Modernization (BSM)

The FY 2011 President's Budget request is $386,908,000 in direct appropriations. This is an increase of 46.6 percent from the FY 2010 enacted level. This appropriation funds the following budget activity.

BSM ($386,908,000 from direct appropriations) This budget activity funds the planning and capital asset acquisition of information technology (IT) to continue the modernization of IT systems and to complete the new taxpayer account database. The completion of the core taxpayer account database is the cornerstone of modernization and is a prerequisite to the development of the next generation of IRS service and enforcement initiatives. The integration strategy includes a particular focus on enhanced information technology security practices and robust accounting and financial management controls. This activity also funds the ongoing development of the Modernized e-File platform for filing tax returns electronically. It also funds BSM labor and related contract costs.

Health Insurance Tax Credit Administration (HITCA)

The FY 2011 President's Budget request is $18,987,000 in direct appropriations. This is an increase of 22.4 percent from the FY 2010 enacted level. This appropriation funds the following budget activity.

HITCA ($18,987,000 from direct appropriations) This budget activity funds costs to administer a refundable tax credit for health insurance to qualified individuals, which was enacted as part of the Trade Adjustment Assistance Reform Act of 2002.

Legislative Proposals

The FY 2011 President's Budget includes a number of legislative proposals intended to improve tax compliance with minimum taxpayer burden. These proposals will specifically target the tax gap and generate nearly $26 billion over the next ten years. Among other proposals, the Administration proposes to expand information reporting, improve compliance by businesses, strengthen tax administration, and expand penalties.

Expand information reporting – Compliance with the tax laws is highest when payments are subject to information reporting to the IRS. Specific information reporting proposals would:

- Require information reporting for private separate accounts of life insurance companies;
- Require information reporting on payments for services to corporations;
- Require a certified Tin (Taxpayer Identification Number) from contractors;
- Require increased information reporting on certain government payments;
- Increase information return penalties; and
- Require information reporting on expense payments relating to rental property.

Improve compliance by businesses – Improving compliance by businesses of all sizes is important. Specific proposals to improve compliance by businesses would:

- Provide Treasury regulatory authority to require that information returns be filed electronically;
- Require corporations and partnerships with assets of $10 million or more that are required to file Schedule M-3 to file their tax returns electronically;
- Provide Treasury regulatory authority to reduce the current threshold, filing 250 or more returns during a calendar year, to require electronic filing of certain other large taxpayers not required to file Schedule M-3 (such as exempt organizations);
- Implement standards clarifying when employee leasing companies can be held liable for their clients' federal employment taxes; and
- Increase certainty about the rules pertaining to classification of employees as independent contractors.

Strengthen tax administration – The IRS has taken a number of steps under existing law to improve compliance. These efforts would be enhanced by specific tax administration proposals that would:

- Expand IRS access to information in the National Directory of New Hires for tax administration purposes;
- Make repeated willful failure to file a tax return a felony;
- Facilitate tax compliance with local jurisdictions;
- Extend statutes of limitations where state tax adjustments affect federal tax liability;
- Improve the investigative disclosure statute;
- Repeal the requirement of a partial payment with an application for an offer-in-compromise;
- Allow assessment of criminal restitution as tax; and
- Codify "economic substance" doctrine.

Expand penalties – Penalties play an important role in discouraging intentional noncompliance. A specific proposal to expand penalties would:

- Impose a penalty on failure to comply with electronic filing requirements; and
- Clarify that the bad check penalty applies to electronic checks and other forms of payment.

Improve Tax Administration and Other Miscellaneous Proposals

The Administration has put forward additional proposals relating to IRS administrative reforms. These proposals would:

- Improve the foreign trust reporting penalty;
- Apply the Federal Payment Levy Program to contractors before providing Collection Due Process; and
- Clarify that a vendor levy on "goods and services" would not exclude "property".

IRS Performance by Programs

Programs	Performance Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2009 Target	FY 2010 Target	FY 2011 Target
Taxpayer Service	Customer Contacts Resolved per Staff Year - E	7,648	12,634	12,918	10,386	9,398	10,181
	Customer Service Representative (CSR) Level of Service Oe (L)	82.1%	52.8%	70.0%	70.0%	71.0%	75.0%
	Percent of Individual Returns Processed Electronically (%) - Oe (L)	57.1%	57.6%	65.9%	64.0%	70.2%	81.0%
Enforcement	Examination Efficiency - Individual (1040) - E (L)	137	138	138	132	132	128
	Automated Collection System Accuracy (%) - Oe	92.9%	95.3%	94.3%	92.0%	92.5%	94.0%
	AUR Coverage E (L)	2.5%	2.6%	2.6%	2.5%	3.0%	3.4%

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, L - Long-Term Goal

Description of Performance

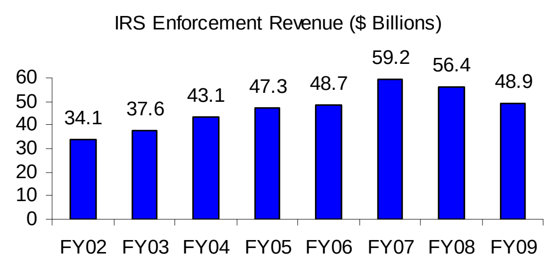
In FY 2009, IRS continued to improve its service and enforcement results. The following is a summary of significant program performance improvements.

Enforcement

Enforcement of the tax laws is an integral component of the IRS effort to enhance voluntary compliance. IRS enforcement activities, such as examination and collection, target elements of the tax gap and remain a high priority. In FY 2009, the IRS expanded its enforcement presence in the international field, continued to pursue high-wealth, noncompliant taxpayers, and initiated action to better leverage the tax return preparer community.

Total enforcement revenue was $48.9 billion in FY 2009. The IRS showed steady progress in increasing its audit coverage:

- Total individual audits increased 2.6 percent;
- Automated Underreporter (AUR) contact closures increased 2.6 percent;
- High-wealth audits increased 11.2 percent; and
- Large corporate audits increased 2.6 percent compared to 2008, a significant achievement given the size (more than $10 million) and complexity of these corporate entities.



In FY 2009, the IRS placed extraordinary focus on detecting and bringing to justice those who hide assets overseas to avoid paying tax. As part of an overall IRS strategy to improve offshore compliance, the IRS implemented initiatives to identify U.S. taxpayers who engaged in offshore tax evasion schemes. In August 2009, the IRS reached agreement with Swiss authorities that will result in the IRS receiving an unprecedented amount of information on taxpayers who evaded their tax obligations by hiding money offshore at UBS. This represents a major step forward for the IRS in its efforts to combat offshore tax evasion and will send a clear message to people hiding income and assets offshore that the IRS will vigorously pursue tax cheats, no matter how remote or secret the location.

At the same time, the IRS established an offshore voluntary disclosures/penalty framework for taxpayers to disclose their offshore activities. The framework provided taxpayers the opportunity to:

- Calculate the total cost of resolving all offshore tax issues;
- Become compliant with U.S. tax laws;
- Make voluntary disclosures that will be used to further the IRS understanding of how foreign accounts and foreign entities are promoted to U.S. taxpayers as ways to avoid or evade tax; and
- Provide data to be used in developing additional IRS strategies to inhibit promoters and facilitators from soliciting new clients.

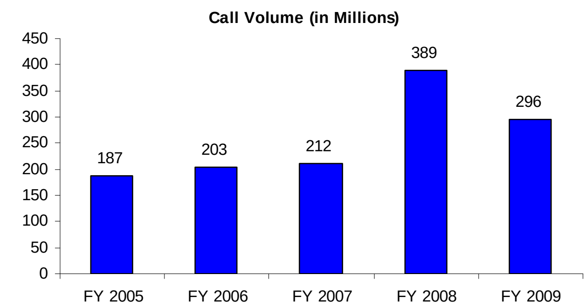
As a result of the offshore voluntary disclosure program that ran through October 15, 2009, more than 14,700 taxpayers with offshore accounts voluntarily came forward to disclose information bringing them back into the U.S. tax system. A key aspect of future international offshore work will be mining the information from people who came forward to identify financial institutions, advisors, and others who promote or otherwise helped U.S. taxpayers hide assets and income offshore.

In FY 2009, the IRS continued to investigate tax, money laundering, and other financial crimes that adversely affect tax administration. Performance levels for the criminal investigation program remained high during FY 2009, with 3,848 completed criminal investigations and 2,105 convictions.

Maintaining a strong enforcement presence in the tax-exempt sector is important to ensure that charitable organizations are not used for non-charitable or illegal purposes. During FY 2009, the IRS increased tax-exempt and government entities compliance contacts by 10 percent over FY 2008 levels.

Taxpayer Service

In FY 2009, the IRS continued to improve its services by providing year-round assistance to millions of taxpayers through multiple channels. Demand for telephone services remained high as taxpayers called to obtain information regarding economic stimulus payments, new Recovery Act credits, and prior year adjusted gross income (AGI) numbers needed for electronic filing. The significant increases in call demand stressed existing resources, resulting in a lower customer level of service. Despite the high call volume, the IRS continued to focus on the accuracy of information provided to taxpayers as both Toll-Free Tax Law and Toll-Free Accounts Accuracy performance surpassed the FY 2008 record-breaking numbers. The following chart shows the call volume from FY 2005 through FY 2009.



The Budget provides a significant investment to increase level of service by adding resources to meet the ever increasing demand and continuing to make efficiency improvements such as automated self-service applications that allow taxpayers to obtain information on less complex issues such as refund inquiries. These improvements free up staff to deal with the more complex tax law issues stemming from the passage of the Recovery Act and the Worker, Homeownership, and Business Assistance Act of 2009.

In FY 2009, there were more than 296 million visits to IRS.gov. Taxpayers visited the website to obtain information on the Recovery

Rebate Credit, to determine if they qualify for the Earned Income Tax Credit (EITC), to track the status of their refunds using the *Where's My Refund?* application, and to get the most up-to-date information on Recovery Act credits. More than 54 million taxpayers used *Where's My Refund?,* a 39 percent increase over the same period in FY 2008. During FY 2009, the IRS received more than 296 million calls and helped more than 6.2 million taxpayers at 401 Taxpayer Assistance Centers. The Budget will continue supporting these self-service options as well as support the development of additional enhancements such as calculators, on-line tools and information on new legislation in an easy, accessible format. In addition, the Budget supports a multi-year effort to improve the IRS.gov website to meet taxpayer needs and the growing demand for more electronic services. The new web environment will improve customer satisfaction by providing an enhanced look and feel, making navigation on the site easier, and improve the user's ability to locate desired information and access applications.

Despite these challenges, the IRS delivered another successful filing season. During FY 2009, the IRS received 144.4 million individual returns, 11.2 million fewer than 2008, when millions of taxpayers filed solely to receive an Economic Stimulus Payment. The number of refunds issued increased 3.5 percent to 111.4 million. The percentage of individual returns filed electronically reached 66 percent, with more than 95 million individual tax returns filed electronically, compared to 89.6 million in 2008, an increase of 6 percent. During 2009, home computer filing increased to more than 32.2 million, an increase of 19 percent.

The IRS provided extensive media coverage and expanded electronic outreach activities to make taxpayers aware of new credits, deductions, and exclusions for which they qualified. A second *Super Saturday* event was held in FY 2009, and the IRS provided more than 11,000 taxpayers with tax assistance and return preparation. The event was the largest one-day outreach service event in IRS history. The IRS also provided assistance to millions of taxpayers by expanding partnerships with nonprofit and community organizations, opening more than 12,100 free tax preparation sites nationwide.

Business System Modernization

In FY 2009, IRS modernization efforts focused on providing more sophisticated tools to taxpayers. The Customer Account Data Engine (CADE), Modernized e-File (MeF), and Account Management Services (AMS) modernization projects delivered the changes necessary for a successful filing season, supported implementation of the Recovery Act provisions, and provided audit trails addressing security vulnerabilities. These core technology systems, used to manage taxpayer data and facilitate service and enforcement work, met schedule estimates for most releases delivering significant business value.

In FY 2009, the IRS revised its CADE strategy to focus on the completion of the new taxpayer account database. The Budget will help the IRS implement the new taxpayer account database for the 2012 filing season. The new database will allow the migration of 140 million individual taxpayers to a modernized, relational database that will support daily processing and result in faster refunds for all individual refund filers. Daily updating of individual taxpayer accounts by 2012 also will improve taxpayer service and accuracy and reduce interest paid on late refunds. The daily processing environment also will have improved data security and allow the development of new tools to combat fraud and improve enforcement activities. Completion of the taxpayer account database is the prerequisite for other major initiatives, including significant expansion of online services and transactions and the next generation of enforcement technologies.

Emergency Economic Stabilization Act Programs

Program Summary by Budget Activity
(Dollars in Thousands)

	Purchase Cap[1]			BA Outlays[2]
	FY 2009	FY 2010	Total	Cohort 2009 and 2010
Capital Purchase Program	$204,617,573	$3,382,427	$208,000,000	- $3,680,719
Public-Private Investment Program	$6,666,667	$23,340,000	$30,006,667	+ $314,542
AIG Investment Program	$69,835,000	$0	$69,835,000	+ $48,147,456
Consumer and Business Lending Initiative	$20,000,000	$40,000,000	$60,000,000	+ $2,194,226
Home Affordable Modification Program[3]	$27,065,760	$21,690,240	$48,756,000	+ $48,756,000
Targeted Investment Program	$40,000,000	$0	$40,000,000	- $4,083,330
Automotive Industry Financing Program	$81,054,933	$3,790,000	$84,844,933	+ $28,208,444
Asset Guarantee Program[4]	$5,000,000	$0	$5,000,000	- $3,014,971
Total	**$454,239,933**	**$92,202,667**	**$546,442,599**	**+ $116,841,648**

[1]Amount applied to the Section 115 Purchase Cap (i.e., the portion of the original $700 billion cap expected to be used).
[2] Estimated program costs (+) or savings (-) over the life of the program, including interest on reestimates and excluding administrative costs.
[3] Includes $1.2 B reduction in TARP purchase authority from the Helping Families Save Their Homes Act of 2009.
[4] Treasury guaranteed up to $5 billion of potential losses incurred on a $301 billion portfolio of loans.

Explanation of Budget Estimate

The Emergency Economic Stabilization Act of 2008 (EESA) established the Office of Financial Stability (OFS) within the Office of Domestic Finance of the Treasury Department to implement the Troubled Assets Relief Program (TARP). The OFS budget includes funding to carry out the authorities vested to the Secretary of Treasury to "purchase, and to make and fund commitments to purchase, troubled assets from any financial institution, on such terms and conditions as are determined by the Secretary." The OFS carries out the mission and objectives of the EESA: ensuring the overall stability and liquidity of the financial system; preventing avoidable foreclosures and helping preserve homeownership; protecting taxpayer interests, and promoting transparency. As a result of improved financial conditions and careful stewardship of the program, the ultimate cost to the taxpayer of TARP investments is likely to be significantly lower than expected. In the FY 2010 budget total impact of the program on the deficit was expected to be $306 billion, but it is now expected to total only $117 billion (see Program Summary by Budget Activity table above). The authority for OFS administrative budget funds is provided in Section 118 of EESA. In FY 2011 OFS plans to obligate $298 million and use 271 FTE, a decrease of $58 million and an increase of 11 FTE from the FY 2010 estimates.

Purpose of Program

Since the passage of EESA in October 2008, the OFS has implemented a number of programs aimed to stabilize the financial system and restore the flow of credit to consumers and businesses. Today there is a broad agreement that because of TARP and other governmental actions, the United States averted a potentially catastrophic failure of the financial system, at a cost considerably less than what was originally projected. EESA programs continue to stabilize and rehabilitate still fragile markets and institutions, while repayments of the government's investments over the past year have already begun.

EESA programs include:

Capital Purchase Program

Pursuant to EESA, the Capital Purchase Program (CPP) - OFS' largest and most significant program under EESA - was launched to bolster the capital position of viable institutions and, in doing so, to build confidence in these institutions and the financial system as a whole. With the additional capital, CPP participants were better equipped to undertake new lending, even while absorbing write downs and charge-offs on loans that were not performing.

OFS initially committed over a third of the total TARP funding, $250 billion, to the CPP, which it eventually lowered to $208 billion. Of the initial $250 billion commitment, OFS invested $125 billion in eight of the country's largest financial institutions. The remaining $125 billion was made available to qualifying financial institutions (QFIs) of all sizes and types across the country, including banks, savings associations, bank holding companies and savings and loan holding companies. QFIs interested in participating in the program had to submit an application to their primary federal banking regulator. The minimum subscription amount available to a participating institution was 1 percent of risk-weighted assets. The maximum subscription amount was the lesser of $25 billion or 3 percent of risk-weighted assets.

As of December 31, 2009, the funding deadline for CPP ended. OFS provided a total of $205 billion in capital to707 institutions in 48 states, including more than 300 small and community banks, helping to enable them to absorb losses from bad assets while continuing to lend to consumers and businesses.

The Budget reflects that financial institutions redeemed $70.7 billion in principal repayments and $9.7 billion in dividends, interest, warrants and fees as of September 30, 2009. Furthermore, the Budget reflects that financial institutions will redeem an additional $59.7 billion in principal repayments and receive over $20.1 billion in dividends, interest, warrants and fees in 2010.

American International Group, Inc. (AIG) Investment Program

Since September 2008, the Federal Reserve and OFS have taken a series of actions related to AIG in order to prevent AIG's disorderly failure and mitigate systemic risks. These actions addressed the liquidity and capital needs of AIG, helping to stabilize the company. OFS provided this assistance by purchasing preferred shares in AIG and also received warrants to purchase common shares in the institution. The assistance provided to AIG was deemed "exceptional assistance" which means that the recipient is subject to greater restrictions under the rules relating to executive compensation.

In November 2008, this assistance was restructured so that AIG had more equity and less debt. OFS purchased $40 billion in cumulative preferred stock from AIG under the TARP, the proceeds of which were used to repay the Federal Reserve loan in part. In April 2009, OFS exchanged the $40 billion in cumulative preferred stock for $41.6 billion in non-cumulative preferred stock and created an equity capital facility, under which AIG may draw up to $29.8 billion as needed in exchange for issuing additional preferred stock to OFS. As of September 30, 2009, AIG had drawn approximately $3.2 billion from the facility.

Targeted Investment Program

OFS established the Targeted Investment Program (TIP) under the TARP in December 2008. The TIP gave the OFS the necessary flexibility to provide additional or new funding to financial institutions that were critical to the functioning of the financial system. Through TIP, OFS sought to prevent a loss of confidence in critical financial institutions, which could result in significant financial market disruptions, threaten the financial strength of similarly situated financial institutions, impair broader financial markets, and undermine the overall economy.

OFS invested $20 billion in each of Bank of America (BofA) and Citigroup under the TIP. These investments provide for annual dividends of 8 percent; and impose greater reporting requirements and harsher restrictions on the companies than under the CPP terms, including restricting dividends to $0.01 per share per quarter, restrictions on corporate expenses, and other measures. The Budget reflects that both Citigroup and Bank of America fully redeemed the Government's TIP investments in 2010. Furthermore, the Budget reflects that Citigroup and Bank of America paid $1.8 billion in dividends in 2009 and an estimated $791 million in additional dividend payments in 2010. Assistance under the TIP is also considered “exceptional assistance”, which means that the recipient is also subject to greater restrictions under the executive compensation rules.

Automotive Industry Financing Program

OFS established the Automotive Industry Financing Program (AIFP) on December 19, 2008, to help prevent a significant disruption to the American automotive industry, which would have posed a systemic risk to financial market stability and had a negative effect on the economy. OFS announced a plan to make emergency loans available from the TARP under the AIFP to General Motors Corporation (GM) and Chrysler LLC (Chrysler) to provide a path for these companies to go potentially through orderly restructurings and achieve viability.

OFS initially provided loans of $13.4 billion to GM and $4 billion to Chrysler under the AIFP to give the companies time to negotiate with creditors and other stakeholders in order to prevent disorderly bankruptcies. Under the terms of the loans, each company was required to prepare a restructuring plan that included specific actions aimed at assuring: (i) the repayment of the loan extended by TARP; (ii) the ability of the company to comply with applicable federal fuel efficiency and emissions requirements and commence the domestic manufacturing of advanced technology vehicles in accordance with federal law; (iii) achievement of a positive net present value; (iv) rationalization of costs, capitalization, and capacity with respect to the manufacturing workforce, suppliers and dealerships of the company; and (v) a product mix and cost structure that is competitive in the U.S. marketplace.

To date, the OFS has provided approximately $85 billion in loans and equity investments to GM, Chrysler, and their respective financing entities.

Asset Guarantee Program

Pursuant to section 102 of EESA, OFS established the Asset Guarantee Program (AGP) with the same objective as the TIP of preserving financial market stability. The AGP, like the TIP, is a targeted program aimed at maintaining the stability of systemically important financial institutions and, thereby, reducing the potential for problems at such an institution to “spillover” to the broader financial system and economy.

The AGP has been applied with extreme discretion and OFS does not anticipate wider use of this program. To date, OFS has used this program to assist Citigroup and began negotiations with Bank of America (BofA) under the AGP which BofA subsequently terminated.

On December 22, 2009, Treasury, the Federal Reserve, the Federal Deposit Insurance Corporation and Citigroup terminated the agreement under which the U.S. government agreed to share losses on a pool of Citigroup assets. The U.S. government parties did not pay any losses under the agreement, and will keep $5.2 billion of $7.0 billion in trust preferred securities as well as warrants for common shares that were issued by Citigroup as consideration for such guarantee. With this termination, the AGP is being terminated at a profit to the taxpayer.

The Consumer and Business Lending Initiative (CBLI)

OFS designed two initiatives to restore consumer and business lending, the Term Asset-Backed Securities Loan Facility (TALF) and the Unlocking Credit for Small Business Initiative.

TALF

The TALF's objective was to stimulate investor demand for certain types of eligible Asset Backed Securities (ABS), specifically those backed by loans to consumers and small businesses, and ultimately, bring down the cost and increase the availability of new credit to consumers and businesses. Under the TALF, the Federal Reserve extends up to $200 billion in three- and five-year non-recourse loans to investors that agree to purchase eligible consumer or small business ABS. OFS provides up to $20 billion of TARP monies in credit protection to the Federal Reserve for losses arising under TALF loans.

The TALF was initially designed for newly or recently originated AAA-rated ABS backed by student loans, auto loans, credit card loans, and loans guaranteed by the SBA. On March 19, 2009, OFS and the Federal Reserve expanded this to include newly or recently issued AAA-rated ABS backed by four additional types of consumer and business loans – mortgage servicing advances, loans or leases relating to business equipment, leases of vehicle fleets, and floor plan loans.

The Federal Reserve had originally authorized using the TALF to make loans through December 31, 2009, however, this has been extended through March 31, 2010.

Unlocking Credit for Small Businesses Program

To help restore the confidence needed for financial institutions to increase lending to small businesses, Treasury announced a program to unlock credit for small businesses on March 16, 2009. Under the program, Treasury announced that it would make up to $15 billion in TARP funds available to purchase securities backed by the Small Business Administration (SBA)-guaranteed portions of loans made under the SBA’s 7(a) loan program. The SBA’s 7(a) program is the SBA’s most basic and widely used loan program.

As of September 30, 2009, no funds had been disbursed under the program; however, activity on the secondary markets on which

SBA-backed securities trade improved significantly in the wake of the program's announcement, contributing to a significant increase in SBA loan volumes. In addition, as part of its commitment to take additional steps to improve the availability of credit to small businesses, Treasury is working with the Small Business Administration to develop and implement additional TARP efforts that will support small banks in increasing lending to small businesses in their communities.

Home Affordable Modification Program

To mitigate foreclosures and help ensure homeownership preservation, Treasury announced a comprehensive $75 billion program, the Home Affordable Modification Program (HAMP), in February 2009. OFS will provide up to $50 billion in funding through the TARP, while Fannie Mae and Freddie Mac agreed to provide up to $25 billion of additional funding. HAMP focuses on creating sustainably affordable mortgage payments for responsible home owners who are making a good faith effort to make their mortgage payments, while mitigating the spillover effects of preventable foreclosures on neighborhoods, communities, the financial system and the economy.

HAMP is built around three core concepts. First, the program focuses on affordability. Second, the HAMP's pay-for-success structure aligns the interests of servicers, investors and borrowers in ways that encourage loan modifications that will be both affordable for borrowers over the long term and cost-effective for investors and taxpayers. Third, the HAMP establishes detailed guidelines for the industry to use in making loan modifications with the goal of encouraging the mortgage industry to adopt a sustainably affordable standard, both within and outside of the HAMP.

Public-Private Investment Fund

Treasury, in conjunction with the Federal Reserve and the FDIC, announced the Public-Private Investment Program (PPIP) on March 23, 2009, as a part of the Financial Stability Plan to help restart the market and provide liquidity for legacy assets, enabling financial institutions to make new loans available to households and businesses. The PPIP is designed to improve the condition of financial institutions by facilitating the removal of legacy assets from their balance sheets. Legacy assets include both real estate loans held on banks' balance sheets (legacy loans) as well as securities backed by residential and commercial real estate loans (legacy securities).

OFS initially announced that it would provide up to $100 billion for the PPIP. Because of improvements in the market, this amount was reduced to $30 billion. Under the PPIP, OFS provides equity and debt financing to newly-formed public-private investment funds (PPIFs) established by private fund managers with private investors for the purpose of purchasing legacy securities. These securities are commercial mortgage-backed securities and non-agency residential mortgage-backed securities. To qualify for purchase by a Legacy Securities PPIP (S-PPIP), these securities must have been issued prior to 2009 and have originally been rated AAA – or an equivalent rating by two or more nationally recognized statistical rating organizations – without ratings enhancement and must be secured directly by the actual mortgage loans, leases, or other assets.

As of November 30, 2009, nine PPIFs have signed agreements with OFS. Following signature of these agreements, each fund manager has up to six months to raise additional private capital to receive the full allocation of the $3.3 billion in matching equity and debt capital from OFS. Assuming that each of the nine fund managers raises enough private capital to receive the full allocation from OFS, the total purchasing power of the PPIFs will be $40 billion, including $10 billion in private capital and the $30 billion OFS commitment. As of September 30, 2009, no fund managers had made any investments and OFS had not disbursed any funds.

Program Evaluation

During FY 2011, OFS is proposing to fund a project to enhance the HAMP's existing standardized set of procedures that servicers must follow to modify loans in order to increase the conversion of offered to modified loans. This would be completed by facilitating and evaluating pilot programs, which some servicers have already implemented on their own book, that are structured differently from the standard loan modifications under HAMP. By assisting these servicers to develop and design statistically sound pilot programs, these successful programs can then be launched on a national scale.

Legislative Proposals

OFS does not have any legislative proposals.

Performance Measures

OFS has established the following Performance Measures:

1) Ensure the Overall Stability and Liquidity of the Financial System,
2) Prevent Avoidable Foreclosures and Preserve Homeownership,
3) Protect Taxpayer Interests, and
4) Promote Transparency

Housing Government Sponsored Enterprise Programs

Program Summary by Budget Activity
(Dollars in Thousands)

Housing Government Sponsored Enterprise Programs	Activity	FY 2009 Actual	FY 2010 Estimated	FY 2011 Estimated	FY 2011 $ Change	FY 2011 % Change
Preferred Stock Purchase Agreements	Obligations	$95,600,000	$69,000,000	$23,000,000	($46,000,000)	-37.68%
GSE MBS Purchase Program	Securities Purchased	$190,574,064	$29,877,874	$0	($29,877,874)	-100.00%
GSE Credit Facility	Loan Levels	$0	$0	$0	$0	0%
New Issue Bond Purchase Program	Securities Purchased	$0	$15,308,598	$0	($15,308,598)	-100.00%
Temporary Credit and Liquidity Program	Securities Purchased	$0	$8,209,840	$0	($8,209,840)	-100.00%

Explanation of Request

The Housing Government Sponsored Enterprise (GSE) Programs consist of five different programs with respect to, Fannie Mae and Freddie Mac, and the Federal Home Loan Banks (FHLBs) outlined below. These programs were created to provide stability to financial markets and promote mortgage affordability while at the same time protecting the taxpayer. These programs include Preferred Stock Purchase Agreements (PSPAs) with Fannie Mae and Freddie Mac, a Mortgage-Backed Securities (MBS) Purchase Program limited to such securities issued by Fannie Mae and Freddie Mac, and a Treasury credit facility for all three entities. In addition to these, Treasury will purchase securities of Fannie Mae and Freddie Mac backed by new housing bonds issued by the Housing Finance Agencies (HFAs), through the New Issue Bond Program ("NIBP") and Treasury will also purchase participation interests in the obligations of Fannie Mae and Freddie Mac under Temporary Credit and Liquidity Facilities that they will issue and administer through the Temporary Credit and Liquidity Program ("TCLP") to provide backstop liquidity and credit for state and local HFAs

These programs are designed to meet the following priorities:

- To promote stability in financial markets.
- To improve the availability of mortgage credit to American homebuyers.
- To ensure investor confidence in the GSEs by maintaining and/or increasing the PSPAs.
- To improve the capacity of State and local HFAs to provide affordable housing resources to working families at the state and local level

The FY 2011 budget estimate anticipates decreases in four of the programs due to reduced draws under the PSPAs as housing market conditions improve; and the expiration of Treasury's authority to make purchases under the GSE MBS Program and the HFA Initiative on December 31, 2009.

Purpose of Program

The function of the PSPAs is to instill confidence in investors that Fannie Mae and Freddie Mac will remain viable entities critical to the functioning of the housing and mortgage markets. The PSPAs will provide funding for each GSE to ensure that each enterprise maintains a positive net worth.

The function of the GSE MBS Purchase Program is to help improve the availability of mortgage credit to American homebuyers and mitigate pressures on mortgage rates. To promote the stability of the mortgage market, Treasury has purchased GSE MBS in the secondary market. By purchasing these guaranteed securities, Treasury sought to broaden access to mortgage funding for current and prospective homeowners as well as to promote market stability.

The function of the GSE Credit Facility is to ensure credit availability to the housing GSEs by providing secured funding on an as needed basis under terms and conditions established by the Secretary of the Treasury to protect taxpayers. Fannie Mae, Freddie Mac, and FHLBs are eligible to borrow under this program if needed. This facility offers liquidity if needed until December 31, 2009. Treasury did not use this program in FY 2010.

The function of the NIBP is to provide stability to financial markets and prevent disruptions in mortgage finance availability by providing a temporary supplemental market for newly issued HFA housing bonds. By temporarily supplementing private demand for HFA production until the market can recover, the NIBP will enable HFAs to keep their lending programs active while they adapt to changing market conditions. The program will support the availability of mortgage credit and affordable rental properties for low and moderate income Americans.

The function of the TCLP is to help relieve current financial strains for HFAs and enable them to continue to serve their important role in providing housing resources to working families. The TCLP will provide HFAs with temporary credit and liquidity facilities to preserve the viability of the HFA infrastructure so that HFAs can continue their Congressionally supported role in helping provide affordable mortgage credit to low and moderate income Americans, as well as continue their other important activities in communities.

Explanation of Budget Activities

Preferred Stock Purchase Agreements ($23 billion in obligations)

This measure enhances market stability by providing additional security to holders of Fannie Mae and Freddie Mac securities, which, in turn, leads to increased mortgage affordability by providing additional confidence to investors in GSE mortgage-backed securities. This commitment also significantly diminishes the potential for mandatory triggering of receivership. To this end, the PSPAs are an effective means of averting systemic risk while at the same time protecting the taxpayer. They are more efficient than a one-time equity injection, in that Treasury will use them only as needed and on terms that the Treasury deems appropriate.

GSE MBS Purchase Program (No funding)

The size and timing of this program is subject to the discretion of the Secretary of the Treasury. The scale of the program is based on developments in the capital markets and housing markets. Given that Treasury can hold these securities to maturity, the spreads between Treasury issuances and GSE MBS should result in a positive return to the Taxpayer. Treasury's authority to purchase GSE MBS expired on December 31, 2009.

GSE Credit Facility Program (No funding)

Loans would be for short-term durations and would in general be expected to be for less than one month but no shorter than one week. The rate on a loan request ordinarily would be based on the daily LIBOR fix for a similar term of the loan plus 50 basis points. The rate is set at the discretion of the Secretary of the Treasury with the objective of protecting the taxpayer, and is subject to change. All loans would be collateralized and collateral is limited to mortgage backed securities issued by Freddie Mac and Fannie Mae and advances made by the FHLBs. No loans were made under this program before Treasury's authority expired on December 31, 2009.

New Issue Bond Program (No funding)

HFAs submitted detailed program participation requests to Treasury's financial agents. In order to haircut the NIBP requests to an acceptable level that could be recommended for adoption. HFAs were able to request that a portion or all of their NIBP allocation be used to issue single or multi-family bonds. HFAs will pay the GSEs and Treasury an amount intended to cover both the cost of financing the newly issued bonds as well as a fee designed to cover risk posed by the HFA. All purchase commitments of related GSE securities occurred before December 31, 2009.

Temporary Credit and Liquidity Program (No funding)

Through Fannie Mae and Freddie Mac, the TCLP will provide replacement credit and liquidity facilities to HFAs that will help reduce the costs of maintaining existing financing for the HFAs. The HFAs will pay the GSEs and Treasury a fee designed to cover risk posed by the HFA. The fee for HFAs to use the TCLP will increase over time. This increasing cost to the HFAs will encourage the HFAs to transition from the TCLF to private market financing alternatives as quickly as possible. All purchase commitments of related GSE securities occurred before December 31, 2009.

Legislative Proposals

The Housing GSE programs have no legislative proposals for FY 2011.

Description of Performance

Performance metrics are currently in development for Housing Government Sponsored Enterprise Programs.

Treasury Franchise Fund

Program Summary by Budget Activity

(Dollars in thousands)

Budget Activity	FY 2009 Actual	FY 2010 Estimated	FY 2011 Estimated	FY 2011 $ Change	FY 2011 % Change
Consolidated/Integrated Administrative Management	$15,261	$0	$0	$0	-
Financial Management Administrative Support Services	$146,400	$167,998	$176,213	$8,215	4.9%
Financial Systems, Consulting and Training	$4,811	$0	$0	$0	-
Total Cost of Operations	**$166,472**	**$167,998**	**$176,213**	**$8,215**	**4.9%**

Explanation of Budget Estimate

Historically, The Treasury Franchise Fund (the Fund) has reported activity in the following budget activities

- Consolidated/Integrated Administrative Management
- Financial Management Administrative Support Systems
- Financial Systems, Consulting and Training

In FY 2011, the Fund is reporting only the Financial Management Administrative Support Systems budget activity, Public Debt's Administrative Resource Center (ARC). The remaining activities were eliminated due to Treasury decisions to transition out of those business lines because they were not consistent with Treasury's core mission or are not advantageous to be offered as a shared service. The Treasury Franchise Fund is projecting a net increase in budgetary resources of approximately five percent for FY 2011. The net increase is comprised of increases due to labor and non-labor price increases and anticipated new customers.

Purpose of Program

The Fund is a revolving fund that supplies financial and administrative services on a fee-for-service basis. The Fund has transformed the administrative support arena in the Federal Government through a shared services business model that offers marketplace success through competition. The Fund became permanent in the Consolidated Appropriations Act, 2005 (Public Law 108-447) and is codified in U.S.C. 322, note. In addition, Public Debt's Administrative Resource Center (ARC) was designated by the Office of Management and Budget (OMB) as a Center of Excellence for Financial Management (FMLoB) and a Shared Services Center for Information Systems Security (ISSLoB). In addition, ARC has critical supporting roles in the Human Resources (HRLoB) and Public Key Infrastructure (PKI) SSP designations of the Department of Treasury.

Since inception, the Fund has been a leader in redefining the processes and methods for delivering administrative products and services to federal customers. The Fund offers one-stop shopping to customers and we use streamlined processes, ensure full accountability, offer competitive prices, and timely services. In FY 2011, the Fund will maintain its commitment to excellence and will meet or exceed all applicable strategic goals and benchmarks.

Explanation of Budget Activities

Consolidated/Integrated Administrative Management (No funding)
In previous fiscal years, FedSource was reported under this budget activity. With Treasury's decision to transition out of the FedSource service line, the Franchise Fund has discontinued this budget activity in 2010.

Financial Management Administrative Support Services ($176,213,000 from reimbursable programs)
This Franchise Fund budget activity includes Public Debt's Administrative Resource Center (ARC), an OMB approved federal shared service provider. ARC provides accounting, procurement, travel, human resources, and information technology services to federal customers and is a Center of Excellence for Financial Management and a Shared Services Center for Information Systems Security (ISSLoB) .

Financial Systems, Consulting and Training (No funding)
In previous fiscal years, the Federal Consulting Group (FCG) and Treasury Agency Services was reported under this budget activity. With Treasury's decision to transition out of these service lines, the Franchise Fund has discontinued this budget activity in 2010.

Legislative Proposals

The Treasury Franchise Fund has no legislative proposals for FY 2011.

TFF Performance by Budget Activity

Budget Activity	Performance Measure	FY 2007	FY 2008	FY 2009			FY 2010	FY 2011
		Actual						Target
Consolidated/Integrated Administrative Management	Operating expenses as a percentage of revenue--Consolidated/Integrated Administrative Management (%)(E)	4	18	DISC	DISC	DISC	DISC	DISC
Financial Management Administrative Support Services	Operating expenses as a percentage of revenue—Financial Management Administrative Support (%) (E)	15	4	12	5	Y	12	12
Financial Systems, Consulting and Training	Operating expenses as a percentage of revenue--Financial Systems, Consulting and Training (%) (E)	7	6	DISC	DISC	DISC	DISC	DISC

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and DISC - Discontinued

Description of Performance

The Fund has defined customer satisfaction and operating expenses as a percentage of revenue as key performance measurement areas.

With the decision to close-out the FedSource business line, all efforts have been focused on ensuring a smooth transition for customers and vendors, providing employees with job placement and separation assistance and minimizing close-out costs. Therefore, The Fund's performance measures are discontinued for this budget activity.

The FY 2010 and FY 2011 target of 12 percent for operating expenses as a percentage of total revenue provides franchise management with a measure that encourages efficiency in administrative operations and helps to assure services are provided at the lowest possible cost. Administrative Resource Center (ARC) again met this performance measure in FY 2009 with a five percent operating expense ratio. and expects to meet them in FY 2010 and FY 2011.

With the decision to transition out of the FCG and TAS business lines, all efforts have been focused on ensuring smooth transitions to their new federal hosts. Therefore, The Fund's performance targets are discontinued for this budget activity.

Bureau of Engraving and Printing

Program Summary by Budget Activity
(Dollars in thousands)

Budget Activity	FY 2009 Actual	FY 2010 Estimated	FY 2011 Estimated	FY 2011 $ Change	FY 2011 % Change
Manufacturing	$469,000	$530,000	$527,000	($3,000)	(0.6%)
Protection and Accountability of Assets	$62,000	$61,000	$61,000	$0	0%
Total Cost of Operations	**$531,000**	**$591,000**	**$588,000**	**($3,000)**	**(0.5%)**

Explanation of Budget Estimate

The Bureau of Engraving and Printing (BEP) began printing currency in 1862. It operates on the basis of authority conferred upon the Secretary of the Treasury by 31 U.S.C. 321(a)(4) to engrave and print currency and other security documents. Operations at BEP are financed by a revolving fund established in 1950 in accordance with Public Law 81-656. This fund is reimbursed through product sales for direct and indirect costs of operations including administrative expenses. In 1977, Public Law 95-81 authorized the Bureau to include an amount sufficient to fund capital investments and to meet working capital requirements in the prices charged for products. This funding mechanism eliminated the need for appropriations from Congress.

BEP's key priorities for FY 2011 include:

- The continued production of the redesigned $100 note. Final developments of the redesigned note will occur in early FY 2010. The Federal Reserve will determine when the redesigned $100 note is issued to the public. The redesign of the $100 note will mark the completion of the current multi-year initiative to implement the most ambitious currency redesign in United States history.
- Continue re-tooling and retrofitting of the currency production process. Successful implementation of new technology will allow BEP to improve productivity, reduce its environmental impact and provide the needed capabilities to produce increasingly more complex currency note designs. This new equipment will ensure that BEP continues to operate in an efficient and cost-effective manner.
- Continued training of the workforce for increasingly sophisticated technology integrated into 21st century manufacturing processes.
- Improve the Nation's currency to better serve the needs of Americans and others around the world, including the blind and visually impaired. To this end, BEP, in coordination with the Department of Treasury, announced the results of a study analyzing options to assist the blind and visually impaired in denominating U.S. currency. While no timetable has been set for future redesigned currency, the next redesign will incorporate changes to make U.S. currency more accessible to those who are blind and visually impaired. The information gathered in the study will be used to help establish a direction for the Department of the Treasury in providing access to U.S. currency for all cash users.
- Continue process improvements as required of an ISO 9001 certified organization, a designation that indicates to current and prospective customers that the Bureau employs a rigorous quality management program.
- Work in concert with the Advanced Counterfeit Deterrent Committee, and other Government agencies to research and develop state-of-the-art counterfeit deterrent features and systems for use in currency notes that will enhance and protect future notes.

Purpose of Program

The mission of the Bureau of Engraving and Printing is to design and manufacture high quality security documents that deter counterfeiting and meet customer requirements for quality, quantity and performance.

BEP's vision is to maintain its position as a world-class securities printer providing its customers and the public superior products through excellence in manufacturing and technological innovation. It strives to produce U.S. currency of the highest quality, as well as many other security documents issued by the Federal Government. Other activities at the Bureau include engraving plates and dies; manufacturing inks used to print security products; purchasing materials, supplies and equipment; and storing and delivering products in accordance with the requirements of customers. In addition, the Bureau provides technical assistance and advice to other Federal agencies in the design and production of documents, which, because of their innate value or other characteristics, require counterfeit deterrence.

The Bureau's top priorities for FY 2011 include the continued re-tooling and retrofitting of the currency production process which will allow BEP to improve productivity, reduce its environmental impact and provide the needed capabilities to produce increasingly more complex currency note designs. This new equipment will ensure that BEP continues to operate in an efficient and cost-effective manner. Another top priority for FY 2011 is the continued production of the redesigned $100 note. Final developments of the redesigned note will occur in early FY 2010. The Federal Reserve will determine when the redesigned $100 note is issued to the public.

Another initiative for FY 2011 will include taking steps to identify, refine and create meaningful access to currency for the blind and visually impaired. While no timetable has been set for future redesigned currency, the next step in currency redesign will include improvements to the Nation's currency to better serve the needs of Americans and others around the world, including the blind and visually impaired. To this end, the Bureau, in coordination with the Department of Treasury, announced the results of a study analyzing options to assist the blind and visually impaired in denominating U.S. currency. The information gathered in the study will be used to help establish a direction for the Department of the Treasury in providing access to U.S. currency for all cash users. In addition, because aggressive law enforcement, effective design, and public education are all essential components of a concerted anti-counterfeiting program, the Bureau will continue its work in 2011 with the Advanced Counterfeit Deterrent Committee to research and develop future currency designs that will enhance and protect future notes.

Explanation of Budget Activities

Manufacturing ($527,000,000 from reimbursable programs)

BEP manufactures high quality security documents that deter counterfeiting. These manufactured products are grouped into two programs: Federal Reserve notes and other security documents. The manufacturing of state-of –the-art currency deters counterfeiting, contributes to public confidence, and facilitates daily commerce ensuring seamless, "business as usual" transactions as new currency designs are introduced to the public.

Protection and Accountability of Assets ($61,000,000 from reimbursable programs)

BEP protects and accounts for its assets by providing effective and efficient product security and accountability during the manufacture and delivery of currency notes to the Federal Reserve which preserves the integrity of the nation's currency. Protection and Accountability of Assets includes the protection of thousands of BEP employees and contractors, facilities and equipment.

Legislative Proposals

Treasury's legislative proposal would repeal the portion of 31 USC Sec. 5114(c) that limits a contract term for the manufacture of distinctive currency paper to four years, and open up the supply of U.S. currency paper to increased competition. Potential suppliers consider four years too short of a payback period for production of this product thus leaving the U.S. with a single source provider of currency paper.

Capital Investments Summary

Major Investments: BEP has no new planned independent major investments for 2011. BEP participates as a partner in significant Treasury-wide enterprise level investments such as T/Net (Treasury's implementation of General Services Administration's (GSA) Networx), Homeland Security Presidential Directive -12 (again through Treasury's partnership with GSA), HRConnect (an Human Resources Line of Business service provider) and Internet Protocol version 6.

BEP Performance by Budget Activity

Budget Activity	Performance Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2009 Met?	FY 2010 Target	FY 2011 Target
Manufacturing for BEP	Manufacturing costs for currency per one thousand notes delivered (E)	$30.25	$29.47	$37.00	$32.77	Yes	$37.00	$37.00
Manufacturing for BEP	Percent of currency notes delivered to the Federal Reserve that meet customer quality requirements. (M)	100.00%	100.00%	99.90%	99.90%	Yes	99.90%	99.90%
Protection and Accountability of Assets	Currency shipment discrepancies (per million notes delivered) (Oe)	0.01%	0.01%	0.01%	0.00%	Yes	0.01%	0.01%
Protection and Accountability of Assets	Security costs per 1000 notes delivered **(E)**	$5.92	$5.63	$5.65	$5.76	No	$5.60	$5.60

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

Description of Performance

Manufacturing Costs for Currency (dollar cost per 1,000 notes produced) is an indicator of manufacturing efficiency and effectiveness of program management. This measure is based on contracted price factors, and anticipated productivity improvements. Actual performance against standard depends on BEP's ability to meet annual spoilage, efficiency, and capacity utilization goals. Performance against this measure has been favorable for the past seven years.

Percent of currency notes delivered to the Federal Reserve that meet customer quality and requirements is a qualitative indicator reflecting the Bureaus' ability to provide a quality product. All notes delivered to the Federal Reserve go through rigorous quality inspections. These inspections endure that all counterfeit deterrent features, both overt and covert are functioning as designed.

Currency Shipment Discrepancies is an indicator of the Bureau's ability to provide effective product security and accountability. This measure refers to product overages or underages of as little as a single currency note in shipments of finished notes to the Federal Reserve Banks expressed as a percentage of total program. For several years, this measure has had an annual target of .01 percent. The Bureau has been able to meet or do better than this target on a regular basis. BEP continually strives to meet its long term goal of 0 percent, and has been able to do so several times.

The measure security cost per 1000 notes delivered reflects the cost of providing product security. The measure is kept at the lowest level possible without compromising the security posture of the Bureau.

BEP strives to reduce the target on an annual basis through a combination of leveraging of the best practices of other federal law enforcement agencies, targeted system investments, and improvements in facility design that incorporate security attributes. In 2009 BEP was unable to meet its target for cost of security. During the last quarter of the fiscal year, BEP responded to the Federal Reserve's need to change the 2009 currency production order due to worldwide changes in the demand for currency. BEP delivered a reduced program as well as a different mix of currency denomination notes; the timing of the reduction did not allow the Bureau to modify security costs in enough time to meet the targeted costs per 1000 notes delivered for the fiscal year. Guarding against theft is the top priority of the BEP security program; in 2010, BEP will produce and deliver the 2010 currency order while continuing to monitor the cost of providing effective and efficient product security and accountability.

United States Mint

Program Summary by Budget Activity
(Dollars in thousands)

Budget Activity	FY 2009 Actual	FY 2010 Estimated	FY 2011 Estimated	FY 2011 $ Change	FY 2011 % Change
Manufacturing	$2,215,183	$1,974,420	$2,013,908	$39,488	2.0%
Protection	$43,318	$47,744	$48,699	$955	2.0%
Total Cost of Operations	**$2,258,501**	**$2,022,164**	**$2,062,607**	**$40,443**	**2.0%**
Capital Investments*	$23,996	$49,948	$54,600	$4,652	9.3%

**Not included in Total Cost of Operations above*

Explanation of Budget Estimate

The United States Mint manufactures and delivers domestic circulating coinage, numismatic coinage, and bullion products. Furthermore, the United States Mint provides security for assets, including the government's stock of gold bullion, silver bullion, coins and coinage metals.

The United States Mint's key priorities for FY 2011 include:

- Efficiently and effectively produce and distribute approximately 9.5 billion coins to meet demand for circulating coins during FY 2011 to enable commerce, an important strategic objective for the Department of the Treasury.
- Mint and issue coins and products required by the America's Beautiful National Parks Quarter-Dollar Coin Act.
- Mint and issue Presidential $1 Coins for circulation to honor the following Presidents: Abraham Lincoln, Andrew Johnson, Ulysses S. Grant and Rutherford B. Hayes
- Mint and issue the Native American $1 Coin.
- Prepare and distribute recurring numismatic and bullion products and sets, as well as other numismatic items, in quantities sufficient to make them accessible, available, and affordable to Americans who choose to purchase them.
- Continue to secure the nation's gold reserves, silver and other assets.
- Mint for sale to the public the United States Army Commemorative Coin.

FY 2011 United States Mint estimated total revenues are $2,217,658,000, total expenses are $2,062,607,000, capital investments are $54,600,000, and net results are $155,015,000.

Purpose of Program

Since FY 1996, the United States Mint has been operating under the United States Mint's Public Enterprise Fund (PEF). As authorized by Public Law 104-52 (31 U.S.C. § 5136), the PEF eliminates the need for appropriations. Proceeds from the sales of circulating coins to the Federal Reserve Banks and numismatic items to the public are the source of funding for operations. Both operating expenses and capital investments are associated with the production of circulating and numismatic coins and coin-related products and protective services. Revenues in excess of amounts required by the PEF are transferred to the United States Treasury General Fund.

Explanation of Budget Activities

Manufacturing ($2,013,908,000 from reimbursable programs)
The United States Mint manufactures and sells products. For budget reporting purposes, these

products are grouped into two programs: Circulating Coinage and Numismatic Program.

Circulating Coinage includes the one-cent coin, 5-cent coin, dime, quarter, half-dollar and dollar used to enable the conduct of trade and commerce. The primary mission of the United States Mint is to enable commerce by minting and issuing circulating coinage to meet the needs of the United States. The United States Mint delivers the circulating coinage to the Federal Reserve Banks for distribution as demanded by commerce.

Beginning in 2010 through 2020, the United States Mint will mint and issue "America's Beautiful National Parks Quarter Dollar Coins" in accordance with Public Law 110-456. This program honors national parks and sites in each of the 50 states in the order in which they were first established as a national park or site. Similar to the issuance of the 50 State Quarters Program, five different coin designs will be issued each year of this program.

Numismatic Program
The Numismatic program prepares and distributes a variety of numismatic products directly to the public. For some numismatic products, authorizing legislation specifies program requirements, such as design theme, mintage level and duration of product availability. Other programs are structured by law to grant the Secretary of the Treasury discretion in determining product specifications. The Numismatic Program includes the American Eagle Program, the American Buffalo Program, the recurring programs, commemorative coins, and medals. The United States Mint also produces bullion coins under American Eagle and American Buffalo Programs to fulfill investor demand. The current FY 2011 budget estimate includes resource needs of $1,302 million to generate $1,350 million in revenues from the sale of these products.

Protection ($48,699,000 from reimbursable programs) The United States Mint secures over $240 billion in market value of the nation's gold reserves, silver, and other assets. The United States Mint Police protects United States Mint assets while safeguarding its employees against potential threats at its facilities across the country. The United States Mint Police addresses possible threats by ensuring good perimeter security at all sites, and increasing coordination with various Federal, state and local law enforcement agencies. It also ensures that proper policies are in place, and procedures followed, in handling the assets used to produce and transport coinage.

Legislative Proposals

This legislative proposal would authorize the Secretary of the Treasury to approve alternative coinage materials to mitigate the effect of high metals prices. Specifically, the proposal would allow the Secretary to explore, analyze, and approve new, less expensive materials for all circulating coins based on factors that he determines to be appropriate. These factors include, but are not limited to, the physical, chemical, metallurgical and technical characteristics of the coins, as well as any other factors necessary to ensure the coins' utility and integrity. Once the agency has a comprehensive inventory of factors and their relative significance, the United States Mint would employ an objective, competitive, and public process to solicit and evaluate proposals for new coinage materials. The United States Mint will continue to produce circulating coinage as currently mandated by Congress.

Capital Investments Summary

The United States Mint's FY 2011 circulating and protection capital request is $24.9 million, which is less than the projected circulating and protection depreciation (capital limit) amount of $25.0 million.

Each year, the United States Mint commits funds for capital projects to maintain, upgrade or acquire physical structures, equipment, physical security, and information technology systems. Total capital projects are estimated to be $54.6 million in FY 2011. This includes approximately $16.4 million for circulating projects, $8.5 million for security improvement projects, and $29.7 million for numismatic projects.

Mint Performance by Budget Activity

Budget Activity	Performance Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2009 Met?	FY 2010 Target	FY 2011 Target
Manufacturing for Mint	Customer Satisfaction Index (%) (Oe)	90.5%	87.5%	88.0%	88.3%	Yes	88%	88%
Manufacturing for Mint	Numismatic Customer Base in millions (Ot)	0.97	1.27	1.4	1.06	No	0.90	1.00
Manufacturing for Mint	Circulating On-Time Delivery (%) (Oe)	N/A	N/A	N/A	N/A	N/A	B	TBD
Protection for Mint	Protection cost per square foot ($) (E)	31.29	31.76	31.75	31.57	Yes	31.75	31.75

Key: Oe - Outcome Measure, E- Efficiency Measure, OT - Output/Workload Measure, M - Management/Cust.Satisfaction, and B - Baseline

Description of Performance

Customer Satisfaction Index (CSI)
A United States Mint contractor conducts a quarterly Customer Satisfaction Measure (CSM) Tracking Survey among a random sample of active customers. The CSM Survey is intended to capture customer satisfaction with the United States Mint's performance as a coin supplier and the quality of specific products. The CSI is a single quantitative score of CSM Survey results. In FY 2009, the United States Mint results were 88.3 percent, exceeding the target of 88 percent and increasing slightly from the FY 2008 result of 87.5 percent.

Numismatic Customer Base
The numismatic customer base consists of the total number of unique purchasers (in millions) with a purchase of at least one numismatic product during the fiscal year. The numismatic customer base measure provides information on the continued and new demand for numismatic products. The FY 2009 numismatic customer base totaled 1.06 million, below the target of 1.40 million. The United States Mint customer retention and acquisition performance declined because the bureau was unable to offer several core numismatic products for sales after January 2009. Economic conditions may have also curtailed customer spending on collectibles from prior years. The United States Mint began to full satisfy bullion demand in the later months of the fiscal year. Consequently, the bureau hopes to offer some numismatic products for sale in FY 2010 that were unavailable in FY 2009.

Circulating On-Time Delivery
On-time delivery to the Federal Reserve Banks (FRB) is the percentage of total scheduled orders shipped on time to the FRB. The United States Mint is responsible for providing the Nation's coinage in sufficient quantity to meet the needs of commerce. To accomplish

this mission, the United States Mint must supply coinage in the quantities and timelines specified by the FRB. The FRB is then responsible for distributing coinage to the commercial banking sector.

Cost per Square Foot

Protection cost per square foot is the Protection Department's total operating cost divided by the United States Mint's area of usable space, which is 90 percent of the total square footage.

The cost per square foot provides a measurement of efficiency over time. Total square footage of usable space at the United States Mint is a stable figure and will only change significantly with major events such as the addition, removal or expansion of a facility. Protection cost per square foot decreased to $31.57 in FY 2009 from $31.76 in FY 2008, below the target of $31.75.

Office of Comptroller of the Currency

Program Summary by Budget Activity

(Dollars in thousands)

Budget Activity	FY 2009	FY 2010	FY 2011		
	Actual	Estimated	Estimated	$ Change	% Change
Supervise	$597,859	$661,039	$694,220	$33,181	5.0%
Regulate	$94,511	$104,499	$109,744	$5,245	5.0%
Charter	$23,628	$26,125	$27,436	$1,311	5.0%
Total Cost of Operations	**$715,998**	**$791,663**	**$831,400**	**$39,737**	**5.0%**

Explanation of Budget Estimate

As of September 30, 2009, The Office of the Comptroller of the Currency (OCC) supervised approximately 1,564 national bank charters and 51 federal branches of foreign banks in the United States (U.S.). Total assets under the OCC supervision were approximately $8.3 trillion or 70 percent of total U.S. commercial banking assets. The average size and complexity of the institutions in the national banking system continue to grow, creating increasing and diverse challenges for the OCC.

The OCC's priorities for fiscal year (FY) 2010 include supervisory issues related to continued adverse changes in national bank asset quality and risk profiles: working with the U.S. Treasury and other supervisors domestically and internationally to strengthen supervisory processes and banks' capital, liquidity, corporate governance, risk management practices; assessing the potential impact of, and ensuring national banks' compliance with any new applicable statutory, regulatory, and accounting standards; identifying and resolving potential problem banks at the earliest possible stage; further enhancing the OCC's supervisory analytical tools, including the joint OCC and Office of Thrift Supervision (OTS) mortgage metrics database and reports; and encouraging national banks to continue to meet the needs of credit worthy borrowers, including appropriate and effective residential mortgage modification programs, and ensuring that they comply with Community Reinvestment Act (CRA), fair lending, and other consumer protection laws and with BSA/AML and USA PATRIOT Act requirements.

Assessing the adequacy of national banks' credit and liquidity risk management and consumer compliance practices, and obtaining corrective action to address any identified safety and soundness and consumer compliance weaknesses will continue to be a major focus of the OCC on-site supervisory activities in FY 2010. Coordination and cooperation with state officials will be a significant focus for the agency. Maintaining and enhancing examiners' skill sets, recruiting entry-level examiners and enhancing their retention at the critical three/four-year point of their careers, and continuing to develop the next generation of bank supervision leadership are also critical initiatives of the OCC.

In FY 2010, an estimated $791,663,000 is needed to fund ongoing OCC operations and address program priorities effectively. Estimated OCC revenue for FY 2010 is $827,100,000.

The OCC collects revenue primarily from semiannual assessments levied on national banks. The OCC receives no appropriated funds from Congress.

Information regarding the Administration's comprehensive regulatory reform proposals is provided in a separate budget chapter.

Purpose of Program

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

As the regulator of national banks, the OCC has established four strategic goals that help support a strong economy for the American public: 1) a safe and sound national banking system; 2) fair access to financial services and fair treatment of bank customers; 3) a flexible legal and regulatory framework that enables the national banking system to provide a full competitive array of financial services; and 4) an expert, highly motivated, and diverse workforce that makes effective use of OCC resources. The OCC organizes its activities under three programs: (1) Supervise, (2) Regulate, and (3) Charter, to achieve the goals and objectives outlined in its strategic plan.

Explanation of Budget Activities

Supervise ($661,039,000 from reimbursable programs)

The Supervise program consists of those ongoing supervision and enforcement activities undertaken to ensure that each national bank is operating in a safe and sound manner and is complying with applicable laws, rules, and regulations relative to the bank and the customers and communities it serves. This program includes bank examinations and enforcement activities; resolution of disputes through the National Bank Appeals process; ongoing monitoring of banks; and analysis of systemic risks and market trends in the national banking system or groups of national banks, the financial services industry, and the economic and regulatory environment.

Regulate ($104,499,000 from reimbursable programs)

The Regulate program consists of those ongoing activities that result in the establishment of regulations, policies, operating guidance, and interpretations of general applicability to national banks. These regulations, policies, and interpretations may establish system-wide standards, define acceptable banking practices, provide guidance on risks and responsibilities facing national banks, or prohibit (or restrict) banking practices deemed to be imprudent or unsafe. This program includes the establishment of examination policies, handbooks, and interpretations for examiners as well as representation of the OCC's regulatory authorities and interpretations in administrative, judicial, and congressional hearings.

Charter ($26,125,000 from reimbursable programs)

The Charter program involves those ongoing activities that result in the chartering of national banks as well as the evaluation of the permissibility of structures and activities of national banks and their subsidiaries. This includes the review and approval of new national bank charters, federal branches and agencies, mergers, acquisitions, conversions, business combinations, corporate reorganizations, changes in control, operating subsidiaries, branches, relocations, and subordinated debt issues.

Capital Investments Summary

The OCC developed a Technology Vision 2012 Roadmap that aligns to the agency's core mission to ensure a safe and sound national banking system for all Americans. In addition, in FY 2009, the OCC established specific IT goals to leverage information technology as a strategic business enabler to support the OCC's strategic goals.

Even though there are no new major IT initiatives planned in FY 2010, the OCC will continue to implement the OCC Technology Vision 2012 Roadmap with a focus on enterprise data analytics and information sharing, optimizing technology solutions for the mobile workforce, aligning IT investment decision making with the enterprise architecture and business objectives and managing the risk to OCC assets and improving internal efficiency and effectiveness.

To address the challenges faced by the OCC mobile workforce, in FY 2010 the OCC will continue the Integrated - Mobile Employee Technical Refresh & Optimization (I-METRO) initiative. I-METRO will provide new laptops, PCs, and other peripheral devices and provide enhanced connectivity and mobile access. This initiative will reduce the costs of desktops, laptops and peripheral devices through a strategic sourcing service management approach. Examiners in the field will now have access to the best providers of wireless services commensurate with the geographic location of their bank examination.

The OCC will continue to modernize the agency's technical infrastructure. The Data Center Modernization & Optimization (DCM&O) initiative began in FY 2009 and focuses on the development and implementtation of strategies and initiatives for infrastructure optimization. The DCM&O will maximize service delivery of the OCC data center and includes investing in human capital by addressing training needs; realigning multiple contract vehicles to better deliver core services and lower total cost of ownership for these services; and improving processes and reducing the number of servers to attain a "green" data center.

OCC Performance by Budget Activity

Budget Activity	Performance Measure	FY 2007	FY 2008	FY 2009			FY 2010	FY 2011
		Actual	Actual	Target	Actual	Target Met?	Target	Target
Supervise	Percent of national banks with composite CAMELS rating 1 or 2	96	92	90	82	N	90	90
Supervise	Percentage of national banks that are categorized as well capitalized	99	99	95	86	N	95	95
Supervise	Percentage of national banks with consumer compliance rating of 1 or 2	97	97	94	97	Y	94	94
Supervise	Rehabilitated national banks as a percentage of problem national banks one year ago (CAMEL 3,4, or 5) (%)	52	47	40	29	N	40	40
Charter	Percentage of licensing applications and notices completed within established timeframes	96	95	95	95	Y	95	95

Description of Performance

The Federal Deposit Insurance Act established a system that classifies insured depository institutions into five categories (well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized) based on their capital levels relative to their risks. Through September 30, 2009, 86 percent of national banks were classified as well capitalized. This decline is reflective of the increasing number of problem national banks whose capital levels have been adversely affected by substantial asset quality problems or who may otherwise meet the minimum ratios to be considered Well Capitalized but are not considered so under Prompt Corrective Action as they are under a capital order, Cease and Desist, Formal Agreement or Prompt Corrective Action Directive to reflect increased risks to their capital. The OCC works closely with problem banks to develop rehabilitation plans. Such plans typically include directives to improve or restore capital levels. More broadly, the OCC is working with other regulators both domestically and internationally to strengthen capital standards and improve credit risk management practices.

The composite CAMELS (**C**apital adequacy, **A**sset quality, **M**anagement, **E**arnings, **L**iquidity, and **S**ensitivity to market risk) rating reflects the overall condition of a bank. Bank regulatory agencies use the Uniform Financial Institutions Rating System, CAMELS, to provide a general framework for evaluating all significant financial, operational, and compliance factors inherent in a bank. The rating scale is 1 through 5 of which 1 is the highest rating granted. CAMELS ratings are assigned at the completion of every supervisory cycle or when there is a significant event leading to a change in CAMELS. Through September 30, 2009, 82 percent of national banks earned composite CAMELS rating of either 1 or 2. The increase in the number of banks with lower composite CAMELS ratings is not unexpected at this stage of the credit cycle and reflects impaired asset quality and earnings that is affecting many banks. Our primary focus is to ensure that CAMELS ratings are an accurate reflection of each bank's current financial position and thus we would not take action to prematurely restore a favorable CAMELS rating even though the current distribution of ratings is below our target. As bank performance and asset quality improves, we would expect CAMELS ratings to adjust accordingly.

Problem banks ultimately can reach a point at which rehabilitation is no longer feasible. The OCC's early identification and intervention with problem banks can lead to successful remediation of these banks. The OCC recommends corrective actions to problem banks for improving their operations and, as a result, 29 percent of banks with composite CAMELS ratings of 3, 4, or 5 one year ago have improved their ratings to either 1 or 2 this year. As with the other measures, this target benchmark has been adversely affected by the underlying economic conditions facing the banking industry. The number of serious problem banks, where successful resolution is more difficult, has increased. In addition, the sharp contraction in certain segments of the economy, including the real estate sector, has resulted in a more rapid deterioration in some banks' financial condition.

To ensure fair access to financial services and fair treatment of bank customers, the OCC evaluates a bank's compliance with consumer laws and regulations. Bank regulatory agencies use the Uniform Financial Institutions Rating System, Interagency Consumer Compliance Rating, to provide a general framework for assimilating and evaluating significant consumer compliance factors inherent in a bank. Each bank is assigned a consumer compliance rating based on an evaluation of its present compliance with consumer protection and civil rights statutes and regulations, and the adequacy of its operating systems designed to ensure continuing compliance. Ratings are on a scale of 1 through 5 in increasing order of supervisory concern. National banks continue to show strong compliance with consumer protection regulations with 97 percent earning a consumer compliance rating of either 1 or 2 through September 30, 2009.

The OCC's timely and effective approval of corporate applications contributes to the nation's economy by enabling national banks to complete various corporate transactions and introduce new financial products and services. Delays in providing prompt decisions on applications and notices can deprive a bank of a competitive or business opportunity, create business uncertainties, or diminish financial results. Time frames have been established for completing each type of application and notice. The OCC completed 95 percent of applications and notices within the time standard through September 30, 2009. Institutions receiving decisions on their cor-porate applications and notices rated the OCC's overall licensing services an average of 1.2. The licensing survey is based on a five-point rating scale, in which 1 indicates outstanding and 5 indicates significantly deficient.

Beginning in FY 2006, the OCC implemented a performance measure that reflects the efficiency of its operations while meeting the increasing supervisory demands of a growing and more complex national banking system. This measure supports the OCC's strategic goal of efficient use of agency resources. The OCC's ability to control its costs while ensuring the safety and soundness of the national banking system benefits all national bank customers.

Office of Thrift Supervision

Program Summary by Budget Activity

(Dollars in thousands)

Budget Activity	FY 2009 Actual	FY 2010 Estimated	FY 2011 Estimated	FY 2011 $ Change	FY 2011 % Change
Supervision of the Thrift Industry	$233,571	$251,145	$244,867	($6,278)	(2.5%)
Total Cost of Operations	**$233,571**	**$251,145**	**$244,867**	**($6,278)**	**(2.5%)**

Explanation of Budget Estimate

The Office of Thrift Supervision (OTS) budget supports it's strategic and performance goals that provide for the proactive supervision of the industry, reduced regulatory burden, and improved credit availability. The budget enables OTS to continue tailoring supervisory examinations to the risk profile of the institutions, while effectively allocating resources to oversee and assess the safety and soundness and consumer compliance record of the thrift industry. OTS works closely with the industry to maintain the profitability, integrity, and viability of the thrift charter.

For FY 2010, OTS estimates that its revenues will total $226,018,000 and its expenditures will be $251,145,000. OTS receives no appropriated funds from Congress. The income of the bureau is derived principally from assessments on savings associations and savings and loan holding companies. Other sources of income include fees, rents, and interest on investments.

Information regarding the Administration's comprehensive regulatory reform proposals is provided in a separate budget chapter.

Purpose of Program

OTS was established by Congress as a bureau of the Department of the Treasury on August 9, 1989. The bureau's mission is to supervise savings associations and their holding companies in order to maintain their safety and soundness and compliance with consumer laws and to encourage a competitive industry that meets America's financial services needs. OTS's vision is to perform, and to be recognized, as the premier regulator of financial institutions and holding companies.

OTS charters, examines, supervises, and regulates federal savings associations insured by the Federal Deposit Insurance Corporation (FDIC). OTS also examines, supervises, and regulates state-chartered savings associations insured by the FDIC and provides for the registration, examination, and regulation of savings and loan holding companies (SLHCs) and other affiliates.

Explanation of Budget Activities

Supervision of the Thrift Industry
($251,145,000 from reimbursable programs)

OTS examines savings associations every 12 – 18 months for safety and soundness and compliance with consumer protection laws and regulations. During these exams, the association's ability to identify, measure, monitor, and control risk is evaluated, including the risk posed by other entities within the corporate structure. When weaknesses are identified, increased supervisory action, including additional field visits, accelerating the normal 12-18 month exam cycle, and/or enforcement action is taken.

The FY 2010 projected assessment revenue is lower than FY 2009 due to the impact of ongoing industry consolidation and recent thrift failures. The bureau has experienced surpluses in recent years which led to an increase in the agency's cash reserves in excess of $200 million. Existing reserves will be sufficient to cover the FY 2010 shortfall. In addition, OTS is limiting permanent new hires and increasing term appointments to fill the need for increased supervision. Additionally, OTS is prudently managing other expenses. With efficient operations and demonstrated prudent use of funds, OTS will be able to continue supervising savings associations and holding companies while maintaining the safety and soundness of the thrift industry.

Capital Investments Summary

OTS has no major IT investments planned for FY 2010.

OTS Performance by Budget Activity

Budget Activity	Performance Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2009 Target Met?	FY 2010 Target	FY 2011 Target
Supervision of the Thrift Industry	Percent of safety and soundness exams started as scheduled (%)	95	94	90	94	Yes	90	90
Supervision of the Thrift Industry	Percent of thrifts that are well capitalized (%)	99	98.4	95	97	Yes	95	95
Supervision of the Thrift Industry	Percent of thrifts with a compliance examination rating of 1 or 2 (%)	97	95.8	90	95	Yes	90	90
Supervision of the Thrift Industry	Percent of thrifts with composite CAMELS ratings of 1 or 2 (%)	93	90	90	84	No	80	80

Description of Performance

OTS will have met all goals relating to (1) Percent of safety and soundness exams started as scheduled (2) A Well-capitalized thrift industry, and (3) Percent of thrifts with COMPLIANCE exam ratings of "1" or "2." The targets for these measures will remain the same for FY 2010.

The fourth goal, Percent of thrifts with COMPOSITE ratings of "1" or "2" will be short approximately 6% of goal for FY 2009 – 84% compared to the performance goal of 90%. The target will not be met due to the challenging economic environment, a housing market downturn, rising unemployment, and lower real estate values. As a result, the banks are reporting an increase in troubled assets, delinquencies, charge-offs, and reserves which have adversely impacting earnings and return on equity. As long as economic challenges continue in FY 2010, it will continue to impact our institution's performance.

OTS plans to maintain its current high level of achievement for its performance measures. The following is a brief description of each performance measure:

OTS examines savings associations every 12-18 months for safety and soundness, compliance and consumer protection laws. OTS performs safety and soundness examinations of its regulated savings associations consistent with statutory authority. When OTS identifies safety and soundness or compliance issues during its risk-focused examinations, it acts promptly to ensure association management and directors institute corrective actions to address supervisory concerns. OTS staff often meets with the savings association's board of directors after delivery of the Report of

Examination to discuss findings and recommendations.

Capital absorbs losses, promotes public confidence and provides protection to depositors and the FDIC insurance fund. Capital provides a financial cushion that can allow a savings association to continue operating during periods of loss or other adverse conditions. The Federal Deposit Insurance Act established a system of prompt corrective action (PCA) that classifies insured depository institutions into five categories (well-capitalized; adequately capitalized; undercapitalized, significantly under-capitalized; and critically undercapitalized) based on their relative capital levels. The purpose of PCA is to resolve the problems of insured depository institutions at the least possible long-term cost to the deposit insurance fund.

The FFIEC first approved a uniform, interagency compliance rating system in 1980. The rating system reflects, in a comprehensive and uniform fashion, the nature and extent of a savings association's compliance with consumer protection statutes, regulations and requirements. The Compliance Rating System is based upon a scale of 1 through 5 in increasing order of supervisory concern.

OTS elected to combine safety and soundness and compliance examinations in 2002 to attain exam efficiencies and to improve risk assessment. Using comprehensive exam procedures, compliance with consumer protection laws is reviewed at more frequent intervals, which has improved the quality of the examination process.

On December 9, 1996, the Federal Financial Institutions Examination Council (FFIEC) adopted the CAMELS rating system (Capital adequacy, Asset quality, Management, Earnings, Liquidity and Sensitivity to market risk) as the internal rating system to be used by the federal and state regulators for assessing the safety and soundness of financial institutions on a uniform basis. The CAMELS rating system puts increased emphasis on the quality of risk management practices. OTS assigns a composite CAMELS rating to savings associations at each examination. OTS adjusts the level of supervisory resources devoted to an association based on the composite rating. The CAMELS rating is based upon a scale of 1 through 5 in increasing order of supervisory concern.

Beginning in FY 2006, OTS included an annual performance measure that reflects the efficiency of its operations while meeting the increasing supervisory demands of a growing and more complex thrift industry. This measure supports OTS's ongoing efforts to efficiently use agency resources. The efficiency measure is impacted by the relative size of the savings associations regulated. Approximately 60 percent of all savings associations have total assets less than $250 million and are generally community-based organizations that provide retail financial services in their local markets. The measure does not include the assets of the holding company enterprises regulated by OTS.

Treasury International Programs

Program Summary by Appropriations Account
(Dollars in Thousands)

Appropriations	FY 2009 Enacted	FY 2010 Enacted	FY 2011 President's Budget	$ Change	% Change
International Financial Institutions	$1,493,802	$2,043,670	$2,957,176	$913,506	44.7%
International Development Association	1,115,000	1,262,500	1,285,000	22,500	2%
Multilateral Food Security Fund			408,400	408,400	100%
Climate Investment Funds		375,000	635,000	260,000	69%
Clean Technology Fund		300,000	400,000	100,000	33%
Strategic Climate Funds		75,000	235,000	160,000	213%
Pilot Program for Climate Resilience		*55,000*	*90,000*		
Forest Investment Program		*20,000*	*95,000*		
Scaling-Up Renewable Energy Program			*50,000*		
Global Environment Facility	80,000	86,500	175,000	88,500	102%
African Development Fund	150,000	155,000	155,940	940	1%
African Development Bank	802				
Asian Development Fund	105,000	105,000	115,250	10,250	10%
Asian Development Bank			106,586	106,586	100%
International Fund for Agricultural Development	18,000	30,000	30,000	0	0%
Inter-American Development Bank:		29,670	46,000	16,330	55%
Multilateral Investment Fund	25,000	25,000	25,000	0	0%
Inter-American Investment Corporation		4,670	21,000	16,330	350%
Debt Restructuring	$60,000	$60,000	$70,000	$10,000	16.7%
Bilateral Debt Relief/HIPC Trust Fund	40,000	40,000	50,000	10,000	25%
Tropical Forest Conservation Act	20,000	20,000	20,000	0	0%
Treasury Technical Assistance	$25,000	$25,000	$38,000	$13,000	52.0%
Total Program Level	$1,578,802	$2,128,670	$3,065,176	$936,506	44.0%

Explanation of Request

President Obama has called for multilateral solutions to today's global challenges, including economic governance, development, climate change, food security, and transnational threats. Treasury is leading efforts to support the President's agenda through specific Department activities:

- Economic governance: Treasury leads the Administration's engagement with the International Financial Institutions (IFIs) to address critical issues regarding economic governance and multilateral support of broader economic priorities.
- Development: Treasury also leads the Administration's engagement with the Multilateral Development Banks (MDBs) to address development priorities.
- Climate change: Treasury is supporting the President's recent climate commitments in Copenhagen through funding of international efforts to combat global climate change and to help developing countries respond to its impacts.
- Food security: As part of the President's commitment to address global hunger and food security, Treasury has designed and launched a new multi-donor trust fund to provide

- financial support for poor countries committed to addressing their internal food security needs.
- Transnational threats: Treasury's Office of Technical Assistance helps strengthen economic capacity of countries around the world, including many countries of vital national security interest to the United States.

Total resources required to support Treasury International Assistance Programs for FY 2011 are $3.065 billion, including contributions to the International Financial Institutions (IFIs) of $2.957 billion, $70.0 million for Debt Restructuring, and $38.0 million for Treasury's International Affairs Technical Assistance Programs.

Purpose of Program

Treasury's International Programs promote economic growth and poverty reduction in developing countries through U.S. participation in the multilateral development banks (MDBs), provide debt relief to poor and heavily indebted countries that have committed to economic reform and poverty reduction, and promote economic growth by working directly with governments around the world to help them strengthen capacity of their core institutions.

International Programs FY 2011 Budget Highlights
(Dollars in Thousands)

	International Financial Institutions	Technical Assistance	Debt Restructuring	Total
FY 2009 Enacted	**$1,493,802**	**$25,000**	**$60,000**	**$1,578,802**
FY 2010 Enacted	**$2,043,670**	**$25,000**	**$60,000**	**$2,128,670**
Increases/(Decreases)	913,506	13,000	10,000	936,506
FY 2011 President's Budget Request	**$2,957,176**	**$38,000**	**$70,000**	$3,065,176

FY 2011 Program Request

International Financial Institutions (IFIs) ($2,957,175,848)

The FY 2011 Budget requests $2.957 billion for U.S. contributions to the multilateral development banks (MDBs), which include$1.838 billion for scheduled annual commitments to these institutions and $76 million to pay a portion of outstanding U.S. arrears, which total just under $1 billion. The budget also includes $635 million towards international efforts to combat global climate change and to help developing countries respond to its impacts and $408.4 million towards a new multi-donor trust fund designed to help developing countries improve food security and reduce poverty, which will allow for an initial contribution of $475 million when combined with 2010 funds.

International Development Association (IDA) ($1,285,000,000)

The request of $1.285 billion includes the third installment of the U.S. three-year commitment to the IDA15 replenishment ($1.235 billion) and $50 million to pay down a portion of arrears to IDA. Through IDA, the World Bank supports 78 of the world's poorest countries by providing the largest source of interest-free loans, grants, and debt relief of any multilateral development institution. Major IDA15 initiatives and policy reforms include: an expanded results measurement system;

improvements to World Bank engagement in fragile and post-conflict states; measures to further improve debt sustainability; and progress towards greater transparency and accountability at the institution. IDA funding is also necessary to meet the U.S. share of the costs of multilateral debt relief for the poorest indebted countries through the Multilateral Debt Relief Initiative (MDRI).

Multilateral Food Security Fund ($408,400,000)

The request provides $408.4 million for the Multilateral Food Security Fund, also known as the Global Agriculture and Food Security Program (GAFSP), a new multi-donor trust fund designed to help developing countries improve food security and reduce poverty. An important component of the Administration's Global Hunger and Food Security Initiative, the fund will be administered by the World Bank and was developed through the leadership of the United States, Canada and Spain. GAFSP will make medium to long-term investments though a variety of international financial institutions in five key areas critical to a comprehensive approach to food security: raising agricultural productivity; linking farmers to markets; reducing risk and vulnerability; improving non-farm rural livelihoods; and technical assistance, institution building, and capacity development. GAFSP will offer financing through a public sector and a private sector window; for both windows, priority will be given to proposals that leverage resources from other domestic and international partners, both public and private. GAFSP will leverage the resources and expertise of the World Bank, International Fund for Agricultural Development (IFAD) and other multilateral institutions that complement and reinforce the efforts of our bilateral food security programs.

Climate Investment Funds (CIF) ($635,000,000)

The request provides $635 million for the Climate Investment Funds, two multilateral trust funds. $400 million is for the Clean Technology Fund (CTF), an effort to reduce the growth of greenhouse gas emissions in emerging economies by catalyzing large-scale private sector investments through financing the additional costs of commercially available cleaner technologies over dirtier, cheaper alternatives. The remaining $235 million is for the Strategic Climate Fund (SCF) suite of three programs which pilot innovative approaches and scaled-up activities aimed at specific climate change-related challenges in developing countries. The SCF is comprised of the Pilot Program for Climate Resilience (PPCR), the Forest Investment Program (FIP), and the Program for Scaling-Up Renewable Energy in Low Income Countries (SREP). The PPCR will help very poor countries better prepare for the unavoidable effects of climate change through innovative development plans, strategies, and projects. The FIP will reduce deforestation in developing countries through improved governance and forest management, and by addressing the drivers of deforestation. The SREP will demonstrate the economic, social and environmental viability of low carbon development pathways in very poor countries.

Global Environment Facility (GEF) ($175,000,000)

In 2010, donor governments will agree to the fifth replenishment of the GEF. The total amount for the fifth replenishment is expected by March 2010. The U.S. commitment will total $680 million, to be paid in four equal installments of $170 million from FY 2011 through FY 2014. During the replenishment negotiations, the

United States has so far achieved important policy reforms to improve the GEF's overall effectiveness, particularly with regard to country owned business plans for GEF funding and resource allocation. The FY 2011 request includes $170 million for the first installment of GEF5 and $5 million for a portion of U.S. arrears to the GEF, for a total request of $175 million.

African Development Fund (AfDF) ($155,940,000)

The request of $155.9 million includes the third of three installments of the U.S. contribution to the AfDF11 replenishment. The African Development Fund (AfDF) is the African Development Bank's concessional window and serves 40 of the poorest countries in Africa, by providing highly concessional loans, grants, and debt relief. Funding of the U.S. AfDF11 commitment is critical to ensuring support for the poorest African countries to counter the impact of the global financial crisis. U.S. financing also supports the implementation of reforms championed by the United States during the replenishment process, such as the performance-based allocation system and the results-measuring system. AfDF11 also created a Fragile States Facility to provide additional assistance to post-conflict countries to accelerate the transition process from conflict and decline to stability and growth. In addition, AfDF funding is necessary to meet the U.S. share of the costs of multilateral debt relief for the poorest indebted countries through the MDRI.

Asian Development Fund (AsDF) ($115,250,000)

The request of $115.3 million is for the second of four installments of the U.S. contribution to the ninth replenishment of the Asian Development Fund (AsDF10). The AsDF, the Asian Development Bank's (AsDB) concessional window, provides development financing for investments in infrastructure, health, education, environment, and private-sector development, as well as policy advice to the poorest countries in the Asia-Pacific region. In the AsDF10 Agreement, the United States secured a number of important policy reforms, including: the completion of a grants framework through which grants will comprise 25 percent or more of assistance; a significant improvement in the results framework governing AsDF and AsDB operations; strengthened anti-corruption practices and safeguards; and increased transparency.

Asian Development Bank (AsDB) ($106,585,848)

The request of $106.6 million is the first of five paid-in capital subscriptions of the U.S. subscription to the fifth General Capital Increase (GCI V) of the Asian Development Bank. The GCI increases the capitalization of the AsDB's Ordinary Capital Resources (OCR) window, which provides market-linked financing to developing member countries of the AsDB. The OCR, considered the hard-loan window, provides development financing for investments in infrastructure, energy, transport, environment, private-sector development, and public sector management. In the GCI V agreement, the United States secured a number of important policy reforms, including: improvements in the environmental safeguards, strengthening risk management and anti-corruption, and increasing resources to the poorest.

International Fund for Agricultural Development (IFAD) ($30,000,000)

The request of $30 million will cover the second of three payments of the U.S. contribution to the International Fund for Agricultural Development's (IFAD's) eighth replenishment, which the U.S. committed to in February 2009. IFAD is the only multilateral development institution focused exclusively on reducing rural poverty and hunger through improving agricultural productivity. Because of its mission and expertise, IFAD plays a key role in supporting the renewed focus on agricultural development and food security. IFAD8 makes key commitments to a number of U.S. priorities: a strengthened results measurement framework; human resources reform; a renewed performance-based allocation system; and a commitment to developing a comprehensive environmental strategy that will help poor farmers adapt to the likely impacts of climate change.

Multilateral Investment Fund (MIF) ($25,000,000)

The request of $25.0 million is for the fourth installment of the U.S. contribution to the first replenishment of the MIF, which the U.S. committed to in April 2005. The MIF works directly with private sector and public sector partners to strengthen the environment for business, build the capabilities and skills standards of the workforce, and broaden the economic participation of smaller enterprises. MIF projects incorporate a significant degree of counterpart financing, with a goal of having 50% of project costs financed by local counterpart contributions. The MIF is providing highly-focused support for private sector development in Latin America and the Caribbean through the provision of technical assistance on regulatory and legal reforms, re-training of the workforce, and increasing productivity and competitiveness of small businesses and micro-enterprises.

Inter-American Investment Corporation (IIC) ($21,000,000)

The request of $21.0 million will clear 50% of current U.S. arrears to the IIC. These arrears must be paid by 2010 in order for the United States to not lose capital shares at the IIC. Any shares lost by the United States likely would be purchased by other shareholder countries. The IIC promotes private small and medium-size enterprises (SMEs) in Latin America and the Caribbean. Through a combination of direct loans to and equity investments in individual companies, lending through private local banks, and participation in regional equity funds, the IIC helps SMEs obtain affordable capital to start up, expand, or modernize their operations.

Debt Restructuring ($70,000,000 from direct appropriations)

The request of $70 million is for the cost of debt restructuring programs, including bilateral Heavily Indebted Poor Countries (HIPC) Initiative debt reduction, the HIPC Trust Fund, and the Tropical Forest Conservation Act (TFCA). The enhanced HIPC Initiative was launched to provide deeper, broader, and faster debt reduction for the poor, heavily-indebted countries that have made a real commitment to economic reform and poverty reduction. For the poorest and most heavily indebted countries, the United States will continue support for bilateral debt relief though the Paris Club of official creditors and the enhanced HIPC Initiative. The request includes a total of $50 million in funding for the cost of debt restructuring programs, including bilateral HIPC and poorest country debt reduction and the HIPC Trust Fund. Under the enhanced HIPC Initiative, funding is currently needed to help satisfy the $75.4 million outstanding U.S. pledge to the HIPC Trust Fund for debt relief from the regional development banks. Twenty million dollars is requested for the TFCA which authorizes debt relief for low and middle-income countries to support conservation of tropical forests. Under the program, treated debt is “redirected” to enable a forest fund in the beneficiary country to make grants to local NGOs and other entities engaged in forest conservation. The United States uses appropriated funds to pay for the budget cost of this debt reduction/redirection.

International Affairs Technical Assistance ($38,000,000 from direct appropriations)

The request for Treasury's Office of Technical Assistance (OTA) is for the International Affairs Technical Assistance Program, which provides highly experienced financial advisors to reform-minded developing countries, transitional economies, and nations recovering from conflict. The program supports economic policy and financial management reforms, focusing on five core areas: revenue policy and administration; government debt issuance and management; budget and financial accountability; banking and financial institutions; and economic crimes. The FY 2011 budget request will support approximately 80 technical assistance projects worldwide. The proposed investment acknowledges OTA's critical role in the Administration's international development and security agenda and will allow OTA to pursue several important objectives in FY 2011. OTA will broaden and deepen its engagements in support of U.S. and Treasury priorities and continue building capacity to counter terrorist finance and financial crimes; encourage investment, growth and job creation through development of capital markets and infrastructure finance; and promote increased access to finance for small- and medium-sized enterprises.

The proposed budget supports OTA's work to strengthen financial infrastructure and combat terrorist financing in Iraq, and other countries of vital national security interest to the U.S. where long-term stability will depend on strong financial governance. By providing increased funding directly to Treasury, OTA will be well-positioned to continue this important work and to respond to new and emerging national security challenges.

Description of Performance

International Financial Institutions:
Responding to crisis and the complex challenges of the 21st century

The IFIs have been "first responders" in the global response to the financial crisis. At the same time, these institutions are responding to increasing calls that they deliver public goods, such as intervention in fragile states and efforts to help developing countries mitigate or adapt to climate change. Full funding of the FY 2011 request for the MDBs is necessary to help ensure that they can continue to serve these critical functions.

In April 2009, President Obama and other G20 leaders called on the World Bank and the regional development banks to dramatically increase their financial support to the developing world. The multilateral development banks (MDBs) successfully responded with $100 billion in additional lending in a matter of months. This important financing has helped to both forestall further spread of the crisis and to mitigate the impact in hard-hit regions like Eastern Europe.

In addition, the MDBs are well positioned to assist us in addressing complex, urgent challenges of the 21st century, including climate change, water and food scarcities and the risk of pandemics. For example, environmental lending - including climate change, clean energy, energy efficiency, natural resources management, and biodiversity - at the Asian Development Bank increased by more than 65% in each of the last two years, and the World Bank has pledged to scale up agriculture lending by as much as 100% over the next three years.

Reforms within International Financial Institutions

Through U.S. leadership in the IFI replenishment negotiations, key policy reforms were initiated, reinforced and extended in the international financial institutions. In recent years, these reforms included:

- Increased grant financing for the poorest countries at IDA, the AfDF, AsDF and other MDBs;
- Greater commitment to transfers of IFI net income to support lending to the poorest countries;
- Development of robust results-based management systems to incorporate measurable performance goals and demonstrate positive results on the ground;
- Increased transparency and accountability;
- Efforts to reduce corruption at institutional, project, country and regional levels.

Results Measurement

The MDBs have worked to develop a new culture dedicated to managing for development results. Treasury has been a strong proponent of this agenda, which will increase the accountability and effectiveness of MDB development efforts. We have seen substantial progress in recent years, with the MDBs laying out targets for their achievements at the project, country and institutional level, such that Treasury believes that over 90% of 2009 MDB projects include a framework that will be adequate to show the project's development results. In the last year, the MDBs have taken a major step forward with their efforts to harmonize their sector-level results indicators, which will allow for comparison across MDBs of accomplishments in sectors as diverse public health, transportation and education.

Transparency and Fighting Corruption

Through U.S. leadership, the MDBs have continued strong efforts to improve transparency, including disclosure of MDB documents and processes, and to fight corruption at the project, country and institutional levels. For example, the World Bank recently revised its disclosure policy. This policy sets a new benchmark for transparency among the IFIs. In addition, we have strongly supported the World Bank's implementation of the recommendations made in the 2007 Volcker Panel Report on the Bank's Department of Institutional Integrity.

Debt Restructuring

The Enhanced Heavily Indebted Poor Country (HIPC) Initiative continues to make more resources available to poor, heavily indebted countries, while providing a framework for growth enhancing reforms. Under the HIPC Initiative, 35 countries had demonstrated sufficient progress on economic reform and commitment to poverty reduction to reach their Decision Points as of the end of FY 2009. These countries benefit from debt relief that, together with MDRI, will lower their stock of debt by over 80%, freeing resources to support poverty reduction and economic growth. In 2008, poverty-reducing expenditures for the Decision Point HIPCs (as of FY 2009) were estimated to be over eight times as large as debt service payments, compared to only two times as large in 2001.

Under the Tropical Forest Conservation Act (TFCA), a total of 15 agreements have been signed with 13 countries, generating more than $218 million over time for tropical forest conservation and providing leading-edge experience in financing of forest protection, which will be needed at large scale to address climate change. The TFCA debt swap mechanism has also developed a unique public/private partnership in which environmental NGOs provide additional funds for debt reduction, increasing the size of individual agreements, and contributing additional expertise in the management of resulting programs. Nine of the 15 TFCA agreements have utilized this public/private mechanism.

Technical Assistance

The Office of Technical Assistance (OTA) provides financial technical assistance worldwide to build the financial management capacity of developing and transition countries. OTA partners with finance ministries, central banks and law enforcement agencies to build the essential financial functions of well-run states: systems to collect revenues, implement national budgets, manage public debt, oversee financial institutions, and combat economic crime. OTA's work complements assistance provided by the international financial institutions and US bilateral assistance. By strengthening the financial management capacity of countries receiving, for example, debt relief, OTA contributes to the broader goal of aid effectiveness. Finally, OTA assistance indirectly supports the private sector by strengthening the financial underpinnings of public services, such as power and infrastructure, upon which private companies depend.

Examples of innovative programming by OTA in FY 2009:

In Guatemala, OTA provides a broad range of financial technical assistance to strengthen the transparency of budget formulation and execution, to improve the management of government debt, and to increase revenue collection. Debt advisors work to create a new public debt law, to introduce standardized fungible dematerialized government securities, enhance auction calendars, eliminate tax distortions, develop strategies for retail distribution of government securities, and strengthen government and central bank communications with the market.

In 2009, OTA created the Infrastructure Finance Experts Corps (IFEC), an initiative focused on strengthening the capacity of Latin American and Caribbean governments to implement Public-Private Partnerships and other means of financing infrastructure projects. Specialists from OTA, in collaboration with the Government of Chile, provide technical assistance to promote well-designed and fiscally sound infrastructure projects. The Government of Costa Rica is hosting the pilot project for the IFEC program, which is focused on helping the Ministry of Finance, along with the Ministry of Public Works and Transportation and the National Concessions Council, to finance a major international airport, a primary commercial seaport, and light rail and toll road projects in the capital San Jose.

OTA's Economic Crimes efforts in Afghanistan have included developing a financial intelligence unit (FIU) staffed and trained to develop, populate, and access a database that contains reports on large cash transactions and suspicious activities from financial service providers. FIU analysis of information in this database supports and is shared with law enforcement in Afghanistan and strengthens the regulatory regime to conform to international norms for preventing money laundering and terrorist financing. OTA efforts in Afghanistan have resulted in greater regional and international information exchange and cooperation including membership in key anti-money laundering groups, an observership by a main financial task force, and Memoranda of Understanding signed with over one dozen financial intelligence units around the world.

Summary of FY 2011 Appropriations Language

Below is a summary of appropriations language changes in the bills being marked up by the House and Senate Appropriations Committees. Please note that brackets indicate which material will be deleted, and italics indicate which material will be inserted.

Departmental Offices

Salaries and Expenses

(Including Transfer of Funds)

For necessary expenses of the Departmental Offices including operation and maintenance of the Treasury Building and Annex; hire of passenger motor vehicles; maintenance, repairs, and improvements of, and purchase of commercial insurance policies for, real properties leased or owned overseas, when necessary for the performance of official business, [$304,888,000, of which not to exceed $21,983,000 is for executive direction program activities; not to exceed $47,249,000 is for economic policies and programs activities, including $1,000,000 that shall be transferred to the National Academy of Sciences for a study by the Board on Mathematical Sciences and Their Applications on the long-term economic effects of the aging population in the United States, to remain available until September 30, 2011, and $1,500,000 that shall be transferred to the National Academy of Sciences for a carbon audit of the tax code as authorized in section 117 of the Energy Improvement and Extension Act of 2008 (Public Law 110-343), to remain available until September 30, 2011; not to exceed $48,580,000 is for financial policies and programs activities; not to exceed $64,611,000 is for terrorism and financial intelligence activities; not to exceed $22,679,000 is for Treasury-wide management policies and programs activities; and not to exceed $99,786,000 is for administration programs activities: Provided, That the Secretary of the Treasury is authorized to transfer funds appropriated for any program activity of the Departmental Offices to any other program activity of the Departmental Offices upon notification to the House and Senate Committees on Appropriations: Provided further, That no appropriation for any program activity shall be increased or decreased by more than 4 percent by all such transfers: Provided further, That any change in funding greater than 4 percent shall be submitted for approval to the House and Senate Committees on Appropriations] *$346,401,000*: *Provided* [further], *That notwithstanding any other provision of law, of the amount appropriated under this heading, up to $1,000,000, may be contributed to the Global Forum on Transparency and Exchange of Information for Tax Purposes, a Part II Program of the Organization for Economic Cooperation and Development, to cover the cost assessed by that organization for Treasury's participation therein: Provided further*, That of the amount appropriated under this heading, not to exceed $3,000,000, to remain available until September 30, [2011] *2012*, is for information technology modernization requirements; not to exceed $200,000 is for official reception and representation expenses; *$400,000 is to support increased international representation commitments of the Secretary;* and not to exceed $258,000 is for unforeseen emergencies of a confidential nature, to be allocated and expended under the direction of the Secretary of the Treasury and to be accounted for solely on his certificate: *Provided further*, That of the amount appropriated under this heading, $6,787,000, to remain available until September 30, [2011] *2012*, is for the Treasury-wide Financial Statement Audit and Internal Control Program, of which such amounts as may be necessary may be transferred to accounts of the Department's offices and bureaus to conduct audits: *Provided further*, That this transfer authority shall be in addition to any other provided in this Act: *Provided further*, That of the amount appropriated under this heading, $500,000, to remain available until September 30, [2011] *2012*, is for secure space requirements: *Provided further*, *That of the amount appropriated under this heading, $1,100,000 to remain available until September 30, 2012, is for salary and benefits for hiring of personnel whose work will require completion of a security clearance investigation in order to perform highly classified work to further the activities of the Office of Terrorism and Financial Intelligence: Provided further*, That of the amount appropriated under this heading, *up to* $3,400,000, to remain available until September 30, [2012] *2013*, is to develop and implement programs within the Office of Critical Infrastructure Protection and Compliance Policy, including entering into cooperative agreements: *Provided further*, That of the amount appropriated under this heading, $3,000,000, to remain available until September 30, [2012] *2013*, is for modernizing the Office of Debt Management's information technology. *(Department of the Treasury Appropriations Act, 2010.)*

Department-wide Systems and Capital Investments Programs

(Including Transfer of Funds)

For development and acquisition of automatic data processing equipment, soft-ware, and services for the Department of the Treasury, [$9,544,000] *$22,000,000*, to remain available until September 30, [2012] *2013: Provided*, [That $4,544,000 is for repairs to the Treasury Annex Building: *Provided further*,] That these funds shall be transferred to accounts and in amounts as necessary to satisfy the requirements of the Department's offices, bureaus, and other organizations: *Provided further*, That this transfer authority shall be in addition to any other transfer authority provided in this Act[: *Provided further*, That none of the funds appropriated under this heading shall be used to support or supplement ``Internal Revenue Service, Operations Support" or ``Internal Revenue Service, Business Systems Modernization"]. *(Department of the Treasury Appropriations Act, 2010.)*

Office of Inspector General

Salaries and Expenses

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, *as amended, $30,269,000, of which* not to exceed $2,000,000 for official travel expenses, including hire of passenger motor vehicles; and *of which* not to exceed $100,000 for unforeseen emergencies of a confidential nature, to be allocated and expended under the direction of the Inspector General of the Treasury [, $29,700,000, of which not to exceed $2,500 shall be available for official reception and representation expenses]. *(Department of the Treasury Appropriations Act, 2010.)*

Treasury Inspector General for Tax Administration

Salaries and Expenses

For necessary expenses of the Treasury Inspector General for Tax Administration in carrying out the Inspector General Act of 1978, *as amended*, including purchase (not to exceed 150 for replacement only for police-type use) and hire of passenger motor vehicles (31 U.S.C. 1343(b)); services authorized by 5 U.S.C. 3109, at such rates as may be determined by the Inspector General for Tax Administration; [$152,000,000] *$155,452,000*, of which not to exceed $6,000,000 shall be available for official travel expenses; of which not to exceed $500,000 shall be available for unforeseen emergencies of a confidential nature, to be allocated and expended under the direction of the Inspector General for Tax Admin-istration [; and of which not to exceed $1,500 shall be available for official reception and representation expenses]. *(Department of the Treasury Appropriations Act, 2010.)*

Treasury Forfeiture Fund

[(Rescission)] *(Cancellation)*

Of the unobligated balances available under this heading, [$90,000,000] *$62,000,000* are [rescinded] *hereby permanently cancelled. (Department of the Treasury Appropriations Act, 2010.)*

Community Development Financial Institutions Fund

Program Account

[(Including Transfer of Funds)]

To carry out the Community Development Banking and Financial Institutions Act of 1994 (Public Law 103-325), including services authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for ES-3, [notwithstanding sections 4707(d) and 4707(e) of title 12, United States Code, $166,750,000] *$250,000,000*, to remain available until September 30, [2011] *2012*; of which $12,000,000 shall be for financial assistance, technical assistance, training and outreach programs, *under sections 105 through 109 of the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4704-4708)*, designed to benefit Native [American, Native Hawaiian, and Alaskan Native] communities and provided primarily through qualified community development lender organizations with experience and expertise in community development banking and lending in Indian country, Native American organizations, tribes and tribal organizations and other suitable providers; of which [$1,000,000 shall be available for the pilot project grant program under section 1132(d) of division A of the Housing and Economic Recovery Act of 2008 (Public Law 110-289); of which $3,150,000 shall be for an additional pilot project grant to an eligible organization located in the State of Hawaii for financial education and pre-home ownership counseling as authorized in section 1132(d) of division A of the Housing and Economic Recovery Act of 2008 (Public Law 110-289), and], *notwithstanding section 4707(d), up to $25,000,000 shall be for a Healthy Food Financing Initiative to provide grants and loans to community development financial institutions for the purpose of offering affordable financing and technical assistance to expand the availability of healthy food options in distressed communities*; of which [up to $18,000,000 may] *$50,000,000 shall be for financial assistance, technical assistance, training and outreach programs to com-munity development financial institutions, other financial service organizations, non-profit organizations, states, and local governments, and partnerships of such entities (or a financial service organization designated as a fiscal agent on behalf of such entity) for the purpose of seeding local initiatives to establish bank accounts for low and moderate-income persons who do not have bank accounts with financial institutions, and providing appropriate financial products and services to underbanked persons, and for the purpose of encouraging such persons to enter into formal banking relationships and access financial services and development services, and to evaluate the results of such efforts; of which up to $23,000,000 may be* used for administrative expenses, including administration of the New Markets Tax Credit; of which up to *$10,200,000 may be used for the cost of direct loans; and of which up to $250,000 may be used for administrative expenses to carry out the direct loan program: Provided, That the cost of direct loans, including the cost of modifying such loans, shall be as defined in section 502 of the*

Congressional Budget Act of 1974: Provided further, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed $25,000,000. [For an additional amount to be transferred to the ``Capital Magnet Fund'', as authorized by section 1339 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 1301 et seq.), as amended by section 1131 of the Housing and Economic Recovery Act of 2008 (Public Law 110-289), to support financing for affordable housing and economic development projects, $80,000,000, to remain available until September 30, 2011: Provided, That, for fiscal year 2010, section 1339(h)(3) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended by section 1131 of the Housing and Economic Recovery Act of 2008 (Public Law 110-289), shall be applied by substituting the term "at least 10 times the grant amount or such other amount that the Secretary may require" for "at least 10 times the grant amount''.] *(Department of the Treasury Appropriations Act, 2010.)*

Special Inspector General for the Troubled Asset Relief Program

Salaries and Expenses

For necessary expenses of the Office of the Special Inspector General in carrying out the provisions of the Emergency Economic Stabilization Act of 2008 (Public Law 110-343), *as amended,* [$23,300,000] *$49,600,000*. *(Department of the Treasury Appropriations Act, 2010.)*

Financial Crimes Enforcement Network

Salaries and Expenses

For necessary expenses of the Financial Crimes Enforcement Network, including hire of passenger motor vehicles; travel and training expenses, including for course development, of non-Federal and foreign government personnel to attend meetings and training concerned with domestic and foreign financial intelligence activities, law enforcement, and financial regulation; not to exceed $14,000 for official reception and representation expenses; and for assistance to Federal law enforcement agencies, with or without reimbursement, [$111,010,000] *$100,419,000*, of which not to exceed $26,085,000 shall remain available until September 30, [2012] *2013*; and of which [$9,316,000] *$9,268,000* shall remain available until September 30, [2011] *2012*: *Provided*, That funds appropriated in this account may be used to procure personal services contracts. *(Department of the Treasury Appropriations Act, 2010.)*

Financial Management Service

Salaries and Expenses

For necessary expenses of the Financial Management Service, [$244,132,000] *$235,253,000* of which not to exceed $9,220,000 shall remain available until September 30, [2012] *2013*, for information systems modernization initiatives; and of which not to exceed $2,500 shall be avail-able for official reception and representation expenses. *(Department of the Treasury Appropriations Act, 2010.)*

Alcohol and Tobacco Tax and Trade Bureau

Salaries and Expenses

For necessary expenses of carrying out section 1111 of the Homeland Security Act of 2002, including hire of passenger motor vehicles, [$103,000,000] *$106,168,000*; of which not to exceed *$5,500,000 for administrative expenses related to implementation of the fees authorized by the Federal Alcohol Administration Act (27 U.S.C. 202), as amended by this Act, to remain available until September 30, 2012; not to exceed* $6,000 for official reception and representation expenses;

not to exceed $50,000 for cooperative research and development programs for laboratory services; and provision of laboratory assistance to State and local agencies with or without reimbursement: *Provided,* That [of the amount appropriated under this heading, $3,000,000, to remain available until September 30, 2011, shall be for the hiring, training, and equipping of special agents and related support personnel] *the sum herein appropriated from the general fund shall be reduced as offsetting collections assessed and collected pursuant to the Federal Alcohol Administration Act (27 U.S.C. 201 et seq.), as amended by this Act, are received during fiscal year 2011, so as to result in a fiscal year 2011 appropriation from the general fund estimated at $0: Provided further, That any amount received in excess of $106,168,000 in fiscal year 2011 shall be available only to the extent provided in subsequent appropriations acts.*
(Department of the Treasury Appropriations Act, 2010.)

United States Mint

Public Enterprise Fund

Pursuant to section 5136 of title 31, United States Code, the United States Mint is provided funding through the United States Mint Public Enterprise Fund for costs associated with the production of circulating coins, numismatic coins, and protective services, including both operating expenses and capital investments. The aggregate amount of new liabilities and obligations incurred during fiscal year [2010] *2011* under such section 5136 for circulating coinage and protective service capital investments of the United States Mint shall not exceed [$26,700,000] *$25,000,000*. *(Department of the Treasury Appropriations Act, 2010.)*

Bureau of the Public Debt

Administering the Public Debt

For necessary expenses connected with any public-debt issues of the United States, [$192,244,000] *$185,985,000*, of which not to exceed $2,500 shall be available for official reception and representation expenses, and of which not to exceed $2,000,000 shall remain available until September 30, [2012] *2013*, for systems modernization: *Provided,* That the sum appropriated herein from the general fund for fiscal year [2010] *2011* shall be reduced by not more than $10,000,000 as definitive security issue fees and Legacy Treasury Direct Investor Account Maintenance fees are collected, so as to result in a final fiscal year [2010] *2011*appropriation from the general fund estimated at [$182,244,000] *$175,985,000*. In addition, [$90,000] *$110,000* to be derived from the Oil Spill Liability Trust Fund to reimburse the Bureau for administrative and personnel expenses for financial management of the Fund, as authorized by section 1012 of Public Law 101-380. *(Department of the Treasury Appropriations Act, 2010.)*

Internal Revenue Service

Taxpayer Services

(Including Transfer of Funds)

For necessary expenses of the Internal Revenue Service to provide taxpayer services, including pre-filing assistance and education, filing and account services, taxpayer advocacy services, and other services as authorized by 5 U.S.C. 3109, at such rates as may be determined by the Commissioner, [$2,278,830,000] *$2,321,975,000*, of which not less than [$6,100,000] *$5,100,000* shall be for the Tax Counseling for the Elderly Program, of which not less than [$10,000,000] *$9,500,000* shall be available for low-income taxpayer clinic grants, of which not less than [$12,000,000] *$8,000,000*, to remain available until September 30, [2011] *2012*, shall be available for a Community Volunteer Income Tax Assistance matching grants [demonstration] program for tax return preparation assistance, and of which [not less than $205,954,000 shall be available for operating expenses of the Taxpayer Advocate Service] *up to $6,000,000 may be transferred as necessary from this account to "Health Insurance Tax Credit Administration" upon advance notification of the Committees on Appropriations: Provided, That this transfer authority shall be in addition to any other transfer authority provided in this Act. (Department of the Treasury Appropriations Act, 2010.)*

Enforcement

(Including Transfer of Funds)

For necessary expenses for tax enforcement activities of the Internal Revenue Service to determine and collect owed taxes, to provide legal and litigation support, to conduct criminal investigations, to enforce criminal statutes related to violations of internal revenue laws and other financial crimes, to purchase (for police-type use, not to exceed 850) and hire passenger motor vehicles (31 U.S.C. 1343(b)), and to provide other services as authorized by 5 U.S.C. 3109, at such rates as may be determined by the Commissioner, [$4,904,000,000] *$5,007,400,000*, of which not less than [$59,206,000] *$60,257,000* shall be for the Interagency Crime and Drug Enforcement program[; and of which not to exceed $126,500 shall be for official reception and representation expenses associated with hosting the Leeds Castle Meeting in the United States during 2010]: *Provided*, That up to $10,000,000 may be transferred as necessary from this account to “Operations Support” solely for the purposes of the Interagency Crime and Drug Enforcement program: *Provided further*, That this transfer authority shall be in addition to any other transfer authority provided in this Act. In addition to amounts made available above, [$600,000,000] *$790,000,000* shall be made available for *additional and/or* enhanced tax enforcement activities. *(Department of the Treasury Appropriations Act, 2010.)*

Health Insurance Tax Credit Administration

For expenses necessary to implement the health insurance tax credit included in the Trade Act of 2002 (Public Law 107-210), [$15,512,000] *$18,987,000*. *(Department of the Treasury Appropriations Act, 2010.)*

Operations Support

For necessary expenses of the Internal Revenue Service to support taxpayer services and enforcement programs, including rent payments; facilities services; printing; postage; physical security; headquarters and other IRS-wide administration activities; research and statistics of income; telecommunications; information technology development, enhancement, operations, maintenance, and security; the hire of passenger motor vehicles (31 U.S.C. 1343(b)); and other services as authorized by 5 U.S.C. 3109, at such rates as may be determined by the Commissioner; [$4,083,884,000] *$4,108,000,000*, of which up to $75,000,000 shall remain available until September 30, [2011] *2012*, for information technology support; *of which up to $65,000,000 shall remain available until expended for acquisition of real property, equipment, construction and renovation of facilities;* of which not to exceed $1,000,000 shall remain available until September 30, [2012] *2013*, for research; of which not [less than] *to exceed* $2,000,000 shall be for the Internal Revenue Service Oversight Board; of which not to exceed $25,000 shall be for official reception and representation[; and of which $290,000,000 shall be made available to support enhanced tax enforcement activities]: *Provided*, That of the amounts provided under this heading, such sums as are necessary shall be available to fully support tax enforcement [and enhanced tax enforcement] activities,

including not less than $325,000,000 to support additional and/or enhanced tax enforcement activities.
(Department of the Treasury Appropriations Act, 2010.)

Business Systems Modernization

For necessary expenses of the Internal Revenue Service's business systems modernization program, [$263,897,000] *$386,908,000*, to remain available until September 30, [2012] *2013*, for the capital asset acquisition of information technology systems, including management and related contractual costs of said acquisitions, including related Internal Revenue Service labor costs, and contractual costs associated with operations authorized by 5 U.S.C. 3109: *Provided*, That, with the exception of labor costs, none of these funds may be obligated until the Internal Revenue Service submits to the Committees on Appropriations [, and such Committees ap-prove,] a plan for expenditure that: (1) meets the capital planning and investment control review requirements established by the Office of Management and Budget, including Circular A-11; (2) complies with the Internal Revenue Service's enterprise architecture, including the modernization blueprint; (3) conforms with the Internal Revenue Service's enterprise life cycle methodology; (4) is approved by the Internal Revenue Service, the Department of the Treasury, and the Office of Management and Budget; (5) has been [reviewed] *received* by the Government Accountability Office; and (6) complies with the acquisition rules, requirements, guidelines, and systems acquisition management practices of the Federal Government. *(Department of the Treasury Appropriations Act, 2010.)*

Administrative Provisions – Internal Revenue Service

(Including Transfer of Funds)

SEC. 101. Not to exceed 5 percent of any appropriation made available in this Act to the Internal Revenue Service or not to exceed 3 percent of appropriations under the heading “Enforcement” may be transferred to any other Internal Revenue Service appropriation upon the advance [approval] *notification* of the Committees on Appropriations.

SEC. 102. The Internal Revenue Service shall maintain a training program to ensure that Internal Revenue Service employees are trained in taxpayers' rights, in dealing courteously with taxpayers, and in cross-cultural relations.

SEC. 103. The Internal Revenue Service shall institute and enforce policies and procedures that will safeguard the confidentiality of taxpayer information.

SEC. 104. Funds made available by this or any other Act to the Internal Revenue Service shall be available for improved facilities and increased staffing to provide sufficient and effective 1-800 help line service for taxpayers. The Commissioner shall continue to make the improvement of the Internal Revenue Service 1-800 help line service a priority and allocate resources necessary to increase phone lines and staff to improve the Internal Revenue Service 1-800 help line service.

SEC. 105. Of the funds made available by this Act to the Internal Revenue Service, not less than [$7,100,000,000] *$8,235,000,000* shall be available only for tax enforcement[. In addition, of the funds made available by this Act to the Internal Revenue Service, and subject to the same terms and conditions, $890,000,000], *of which not less than $1,115,000,000* shall be available for *additional and/or* enhanced tax law enforce-ment, *to be expended subject to the periods of availability applicable under each account*.

[SEC. 106. None of the funds made available in this Act may be used to enter into, renew, extend, administer, implement, enforce, or provide oversight of any qualified tax collection contract (as defined in section 6306 of the Internal Revenue Code of 1986).] *(Department of the Treasury Appropriations Act, 2010.)*

Administrative Provisions—Department of the Treasury

(Including Transfer of Funds)

SEC. 107. Appropriations to the Department of the Treasury in this Act shall be available for uniforms or allowances therefor, as authorized by law (5 U.S.C. 5901), including maintenance, repairs, and cleaning; purchase of insurance for official motor vehicles operated in foreign countries; purchase of motor vehicles without regard to the general purchase price limitations for vehicles purchased and used overseas for the current fiscal year; entering into contracts with the Department of State for the furnishing of health and medical services to employees and their dependents serving in foreign countries; and services authorized by 5 U.S.C. 3109.

SEC. 108. Not to exceed 2 percent of any appropriations in this Act made available to the Departmental Offices--Salaries and Expenses, Office of Inspector General, Financial Management Service, Alcohol and Tobacco Tax and Trade Bureau, Financial Crimes Enforcement Network, and Bureau of the Public Debt, may be transferred between such appropriations upon the advance [approval of] *notification to* the Committees on Appropriations: *Provided*, That no transfer may increase or decrease any such appropriation by more than 2 percent.

SEC. 109. Not to exceed 2 percent of any appropriation made available in this Act to the Internal Revenue Service may be transferred to the Treasury Inspector General for Tax Administration's appropriation upon the advance [approval of] *notification to* the Committees on Appropriations: *Provided*, That no transfer may increase or decrease any such appropriation by more than 2 percent.

SEC. 110. Of the funds available for the purchase of law enforcement vehicles, no funds may be obligated until the Secretary of the Treasury certifies that the purchase by the respective Treasury bureau is consistent with departmental vehicle management principles: *Provided*, That the Secretary may delegate this authority to the Assistant Secretary for Management.

SEC. 111. None of the funds appropriated in this Act or otherwise available to the Department of the Treasury or the Bureau of Engraving and Printing may be used to redesign the $1 Federal Reserve note.

SEC. 112. The Secretary of the Treasury may transfer funds from Financial Management Service, Salaries and Expenses to the Debt Collection Fund as necessary to cover the costs of debt collection: *Provided*, That such amounts shall be reimbursed to such salaries and expenses account from debt collections received in the Debt Collection Fund.

SEC. 113. Section 122(g)(1) of Public Law 105-119 (5 U.S.C. 3104 note), is further amended by striking “[11] *12* years” and inserting “[12] *13* years”.

[SEC. 114. None of the funds appropriated or otherwise made available by this or any other Act may be used by the United States Mint to construct or operate any museum without the explicit approval of the Committees on Appropriations of the House of Representatives and the Senate, the House Committee on Financial Services, and the Senate Committee on Banking, Housing and

Urban Affairs.]

[SEC. 115. None of the funds appropriated or otherwise made available by this or any other Act or source to the Department of the Treasury, the Bureau of Engraving and Printing, and the United States Mint, individually or collectively, may be used to consolidate any or all functions of the Bureau of Engraving and Printing and the United States Mint without the explicit approval of the House Committee on Financial Services; the Senate Committee on Banking, Housing, and Urban Affairs; the House Committee on Appropriations; and the Senate Committee on Appropriations.]

SEC. [116]114. Funds appropriated by this Act, or made available by the transfer of funds in this Act, for the Department of the Treasury's intelligence or intelligence related activities are deemed to be specifically authorized by the Congress for purposes of section 504 of the National Security Act of 1947 (50 U.S.C. 414) during fiscal year [2010] *2011* until the enactment of the Intelligence Authorization Act for Fiscal Year [2010] *2011*.

SEC. [117]115. Not to exceed $5,000 shall be made available from the Bureau of Engraving and Printing's Industrial Revolving Fund for necessary official reception and representation expenses.

SEC. 116. Section 5114(c) of Title 31, United States Code (relating to engraving and printing currency and security documents), is amended by striking "for a period of not more than 4 years".

This section refers to repealing the limit on the contract term for the manufacture of distinctive currency paper to four years and open up the supply of U.S. currency paper to increased competition.

SEC. 117.

(a) Section 5112 of Title 31, United States Code, is amended as follows:

(1) Subsection (a)(2) is amended by striking "and weighs 11.34 grams".

(2) Subsection (a)(3) is amended by striking "and weighs 5.67 grams".

(3) Subsection (a)(4) is amended by striking "and weighs 2.268 grams".

(4) Subsection (a)(5) is amended by striking "and weighs 5 grams".

(5) Subsection (a)(6) is amended by --

(A) Striking "except as provided under subsection (c) of this section,"; and

(B) Striking "and weighs 3.11 grams".

(6) Subsection (b) is amended by striking the first, second, third, fourth, sixth, seventh, and eighth sentences.

(7) Subsection (c) is amended to read as follows: "The Secretary shall prescribe the weight and the composition of the dollar, half-dollar, quarter-dollar, dime, 5-cent, and one-cent coins. In addition, the Secretary shall consider such factors that the Secretary deems, in the Secretary's sole discretion, to be appropriate.".

(b) Section 5113(a) of Title 31, United States Code, is amended by --

(1) Striking "and" and inserting after "dime", ", 5-cent, and one-cent"; and

(2) Striking the second and third sentences.

This section refers to authorizing the Secretary of the Treasury to approve alternative coinage materials to mitigate the effect of high metals prices.

SEC. 118. Section 3716(h)(3) of Title 31, United States Code, is amended by inserting ", other than past-due support being enforced by a State" after "State".

This section refers to allowing the offset of federal income tax refunds to collect delinquent state income taxes for debtors who currently reside in other states.

(Department of the Treasury Appropriations Act, 2010.)

General Provisions—This Act

SEC. 617. The Federal Alcohol Administration Act (27 U.S.C. 201 et seq.) is amended by inserting immediately after "Title II--Alcoholic Beverage Labeling" a new Title III that provides as follows:
"Title III--ANNUAL FEES, ETC.
"Section 301--Authority to Collect Fees.
"Section 302--Reduced fees.
"Section 303--Exemptions and exceptions.
"Section 304--Administrative provisions.
"Section 305--Definitions.
" * * * **
"Annual Fees, Etc.
"§301 AUTHORITY TO COLLECT FEES.
"(a) GENERAL RULE.—The Secretary of the Treasury is authorized to collect a fee for servicesrendered to the regulated community at levels not lower than those provided in subsections (b), (c), and (d), to the extent provided in advance by an appropriations act, to be credited as offsetting collections to the Alcohol and Tobacco Tax and Trade Bureau Salaries and Expenses account, to fund the operations of the Alcohol and Tobacco Tax and Trade Bureau as authorized by 6 U.S.C. 531.
"(b) FEE CATEGORY 1.—Each of the following shall pay a fee of $1,000 per year in respect of each such premises under his control--
"(1) proprietors of a distilled spirits plant;
"(2) proprietors of a bonded wine cellar;
"(3) proprietors of a bonded wine warehouse;
"(4) proprietors of a taxpaid wine bottling house; or
"(5) proprietors of a brewery;
"(6) manufacturers of processed tobacco.
"(c) FEE CATEGORY 2.—Each of the following shall pay a fee of $500 per year--
"(1) wholesale dealers in liquor;
"(2) wholesale dealers in beer;
"(3) wholesale dealers in tobacco products;
"(4) wholesale dealers in processed tobacco;
"(5) importers of tobacco products;
"(6) importers of processed tobacco;
"(7) every person intending to claim eligibility for drawback under section 5131 of the Internal Revenue Code of 1986;
"(d) FEE CATEGORY 3.—Each of the following shall pay a fee of $350 per year--
"(1) retail dealers in liquors;
"(2) retail dealers in beer;
"(3) retail dealers in tobacco products;
"(4) except that every holder of a permit issued under section 5271 of the Internal Revenue Code of 1986, shall be subject to a fee of $300.
"(e) FEE ADJUSTMENT.—The Secretary shall provide for automatic annual fee increases in accordance with the Consumer Price Index, and shall publish a notice of the fee increases in the Federal Register 60 days prior to their effective date.
"§302 REDUCED FEES.—
"(a) IN GENERAL.—Section 301(b) shall be applied by substituting "$500" for "$1,000" with respect to any person (other than one described in section 303(a)) the gross receipts of which (for the most recent taxable year ending before the 1st day of the taxable period to which the fee imposed by section 301(b) relates) are less than $500,000.
"(b) CONTROLLED GROUP RULES.—All persons treated as 1 taxpayer under section 5061(e)(3) of the Internal Revenue Code of 1986 shall be treated as 1 fee payer for purposes of subsection (a).
"(c) CERTAIN RULES TO APPLY.—For purposes of determining gross receipts under subsection (a), the rules contained in subparagraphs (B) and (C) of section 448(c)(3) of the Internal Revenue Code of 1986 shall apply.
"§303. EXEMPTIONS AND EXCEPTIONS.
"(a) EXEMPTION FOR SMALL

PRODUCERS.—Section 301(b) shall not apply with respect to any person who is a proprietor of an eligible distilled spirits plant.

“(b) SALES BY PROPRIETORS OF CONTROLLED PREMISES.—No proprietor of a distilled spirits plant, bonded wine cellar, taxpaid wine bottling house, or brewery, shall be required to pay the fee under section 301(c) on account of the sale at his principal business office as designated in writing to the Secretary, or at his distilled spirits plant, bonded wine cellar, taxpaid wine bottling house, or brewery, as the case may be, of distilled spirits, wines, or beer, which, at the time of sale, are stored at his distilled spirits plant, bonded wine cellar, taxpaid wine bottling house, or brewery, as the case may be, or had been removed from such premises to a taxpaid storeroom operated in connection therewith and are stored therein. However, no such proprietor shall have more than one place of sale, as to each distilled spirits plant, bonded wine cellar, taxpaid wine bottling house, or brewery, that shall be exempt from fee by reason of the sale of distilled spirits, wines, or beer stored at such premises (or removed therefrom and stored as provided in this section), by reason of this subsection.

“(c) SALES BY LIQUOR STORES OPERATED BY STATES, POLITICAL SUBDIVISIONS, ETC.—No liquor store engaged in the business of selling to persons other than dealers, which is operated by a State, by a political subdivision of a State or by the District of Columbia, shall be required to pay any fee under this section 301(c), by reason of selling distilled spirits, wines, or beer to dealers qualified to do business as such in such State, subdivision, or District, if such State, political sub-division, or District has paid the applicable fee under section 301(d)(1) and 301(d)(2) as appropriate, and if such State, political subdivision, or District has paid fee under section 301(c)(1) and 301(c)(2) as appropriate, at its principal place of business.

“(d) CASUAL SALES.—

“(1) SALES BY CREDITORS, FIDUCIARIES, AND OFFICERS OF COURT.—No person shall be deemed to be a dealer by reason of the sale of distilled spirits, wines, beer or tobacco products which have been received by him as security for or in payment of a debt, or as an executor, administrator, or other fiduciary, or which have been levied on by any officer under order or process of any court or magistrate, if such distilled spirits, wines, or beer are sold by such person in one parcel only or at public auction in parcels of not less than 20 wine gallons, or in the case of tobacco products parcels of not less than 50 cartons.

“(2) SALES BY RETIRING PARTNERS OR REPRESENTATIVES OF DECEASED PARTNERS TO INCOMING OR REMAINING PARTNERS.—No person shall be deemed to be a dealer by reason of a sale of distilled spirits, wines, beer or tobacco products made by such person as a retiring partner or the representative of a deceased partner to the incoming, remaining, or surviving partner or partners of a firm.

“(3) RETURN OF LIQUORS OR TOBACCO PRODUCTS FOR CREDIT, REFUND, OR EXCHANGE.—No person shall be deemed to be a dealer by reason of the bona fide return of distilled spirits, wines, beer or tobacco products to the dealer from whom purchased (or to the successor of the vendor's business or line of merchandise) for credit, refund, or exchange.

“(e) DEALERS MAKING SALES ON PURCHASER DEALER'S PREMISES.—

“(1) WHOLESALE DEALERS IN LIQUORS.—No wholesale dealer in liquors who has paid the fee as such dealer shall again be required to pay a fee as such dealer on account of sales of wines or beer to wholesale or retail dealers in liquors, or to limited retail dealers, or of beer to wholesale or retail dealers in beer, consummated at the purchaser's place of business.

“(2) WHOLESALE DEALERS IN BEER.—No

wholesale dealer in beer who has paid the fee as such a dealer shall again be required to pay a fee as such dealer on account of sales of beer to wholesale or retail dealers in liquors or beer, or to limited retail dealers, consummated at the purchaser's place of business.

"(3) WHOLESALE DEALERS IN TOBACCO PRODUCTS OR PROCESSED TOBACCO.—No wholesale dealer in tobacco products or processed tobacco who has paid the fee as such dealer shall again be required to pay a fee as such dealer on account of sales of tobacco products or processed tobacco consummated at the purchasers place of business.

"(f) SALES BY RETAIL DEALERS IN LIQUIDATION.—No retail dealer in liquors, retail dealer in beer or retail dealer in tobacco products, selling in liquidation his entire stock of liquors or tobacco products in one parcel or in parcels embracing not less than his entire stock of distilled spirits, of wines, of beer or of tobacco products to any other dealer, shall be deemed to be a wholesale dealer in liquors, a wholesale dealer in beer, or a wholesaler dealer in tobacco products, as the case may be, by reason of such sale or sales.

"(g) SALES TO LIMITED RETAIL DEALERS AND SALES BY RETAIL DEALERS OF TOBACCO PRODUCTS.—

"(1) RETAIL DEALERS IN LIQUORS.—No retail dealer in liquors who has paid the fee as such dealer under section 301(d) shall be required to pay additional fee under section 301(c) on account of the sale at his place of business of distilled spirits, wines, or beer to limited retail dealers as defined in section 305(d).

"(2) RETAIL DEALERS IN BEER.—No retail dealer in beer who has paid the fee as such dealer under section 301(d) shall be required to pay additional fee under section 301(c) on account of the sale at his place of business of beer to limited retail dealers as defined in section 305(d).

"(3) RETAIL DEALERS IN TOBACCO PRODUCTS.—No retail dealer in tobacco products who has paid the fee under section 301(d) shall be required to an additional fee as a retail dealer in liquors or a retail dealer in beer under section 301(d).

"(h) COORDINATION OF FEES UNDER SECTIONS 301(C).—No fee as a wholesale dealer in liquor shall be charged with respect to a person's activities at any place during a year if such person has paid the fee as a wholesale dealer in beer with respect to such place for such year.

"(i) WHOLESALE DEALERS IN LIQUORS, BEER, TOBACCO PRODUCTS AND PROCESSED TOBACCO AND IM-PORTERS OF TOBACCO PRODUCTS AND PROCESSED TOBACCO.—

"(1) WHOLESALE DEALERS IN LI-QUORS.—No fee shall be charged as a retail dealer in liquor or a retailer dealer in beer on any dealer by reason of the selling, or offering for sale, of distilled spirits, wines, or beer at any location where such dealer is required to pay the fee as a wholesale dealer in liquors.

"(2) WHOLESALE DEALERS IN BEER.—No fee shall be charged as a retail dealer in beer on any dealer by reason of the selling, or offering for sale, of beer at any location where such dealer is required to pay the fee as a wholesale dealer in beer.

"(3) WHOLESALE DEALERS IN TO-BACCO PRODUCTS AND IMPORTER OF TOBACCO PRODUCTS.—No fee shall be charged as a retail dealer in tobacco products on any dealer by reason of the selling or offering for sale of tobacco products at any location where such dealer is required to pay the fee as a wholesale dealer in tobacco products or as an importer of tobacco products.

"(4) IMPORTERS OF TOBACCO PRODUCTS AND PROCESSED TO-BACCO.—No fee shall be charged as an importer of processed tobacco at any location

where such person is required to pay the fee as an importer of tobacco products.

"(5) MANUFACTURERS OF PROCESSED TOBACCO AND IMPORTERS OF PROCESSED TOBACCO.—No fee shall be charted as an importer of processed tobacco at any location where such person is required to pay the fee as a manufacturer of processed tobacco or pay the special tax as a manufacturer of tobacco products under section 5731of the Internal Revenue Code of 1986.

"(j) BUSINESS CONDUCTED IN MORE THAN ONE LOCATION.—

"(1) RETAIL DEALERS AT LARGE.—Any retail dealer in liquors or retailer dealer in beer whose business is such as to require him to travel from place to place in different States of the United States may, under regulations prescribed by the Secretary, cover his activities throughout the United States with the payment of but one fee as a retail dealer in liquors or as a retail dealer in beer, as the case may be.

"(2) DEALERS ON TRAINS, AIRCRAFT, AND BOATS.—Nothing contained in this chapter shall prevent the payment, under such regulations as the Secretary may prescribe, of the fee by--

"(A) persons carrying on the business of retail dealers in liquors, retail dealers in beer or retail dealer in tobacco products on trains, aircraft, boats or other vessels, engaged in the business of carrying passengers; or

"(B) persons carrying on the business of retail dealers in liquors, retail dealers in beer or retail dealers in tobacco products on boats or other vessels operated by them, when such persons operate from a fixed address in a port or harbor and supply exclusively boats or other vessels, or persons thereon, at such port or harbor.

"(3) LIQUOR STORES OPERATED BY STATES, POLITICAL SUBDIVISIONS, ETC.—A State, a political subdivision of a State, or the District of Columbia shall not be required to pay more than one fee as a retail dealer in liquors under section 301(d) regardless of the number of locations at which such State, political subdivision, or District carries on business as a retail dealer in liquors.

"(k)Exception for the United States--Section 301(d)(4) shall not apply to any permit issued to any agency or instrumentality of the United States.

"(l)Exception for certain educational institutions--Section 301(d)(4) shall not apply with respect to any scientific university, college of learning, or institution of scientific research which is issued a permit under section 5271 of the Internal Revenue Code of 1986 and, with respect to any calendar year during which such permit is in effect, procures less than 25 gallons of distilled spirits free of tax for experimental or research use but not for consumption (other than organoleptic tests) or sale.

"§304. ADMINISTRATIVE PROVISIONS.

"(a) COMPUTATION AND PAYMENT OF THE FEES.—All fees charged under this part shall be paid no later than the first day of July in each year, or on commencing any trade or business on which such fee is charged. In the former case, the fee shall be computed for 1 year, and in the latter case it shall be computed from the first day of the month in which the trade or business commenced, to and include the 30th day of June following. The fee shall be paid in the mode and manner that the Secretary shall by regulation prescribe.

"(b) CONDITION PRECEDENT TO CARRY ON BUSINESS.—No person shall be engaged in or carry on any trade or business subject to the fee under this section until he has paid the fee.

"(c) PROCEDURES.—Unless otherwise specified by the Secretary, rules similar to those in section 5733 of the Internal Revenue Code of 1986 shall apply with respect to fees assessed under this part.

“(d) APPLICABLE RULES.—The fees imposed by section 301(b) shall be assessed, collected, and paid in the same manner as taxes, as provided in section 6665(a) of the Internal Revenue Code of 1986.

“(e) CLAIMS COLLECTION.—In addition to the authority in section 304(d), the unpaid fees that are due and owing may be collected pursuant to the Federal Claims Collection Act, 31 U.S.C. Chapter 37.

“(f) REGULATIONS.—The Secretary may issue such regulations as are necessary to carry out this title.

“§305. DEFINITIONS

“(a) BREWER.—Every person who brews beer (except a person who produces only beer exempt from tax under section 5053(e) of the Internal Revenue Code of 1986) and every person who produces beer for sale shall be deemed a brewer.

“(b) DEALER.—When used in sections 301 to 305, the term “dealer” means any person who sells, or offers for sale, any distilled spirits, wines, beer, tobacco products or processed tobacco.

“(c) ELIGIBLE DISTILLED SPIRITS PLANT.—A plant which is used to produce distilled spirits exclusively for fuel use and the production from which does not exceed 10,000 proof gallons per year.

“(d) LIMITED RETAIL DEALER.—When used in sections 301 to 305, the term `limited retail dealer' means any fraternal, civic, church, labor, charitable, benevolent, or ex-servicemen's organization making sales of distilled spirits, wine, or beer on the occasion of any kind of entertainment, dance, picnic, bazaar, or festival held by it, or any person making sales of distilled spirits, wine, or beer to the members, guests, or patrons of bona fide fairs, reunions, picnics, carnivals, or other similar outings, if such organization or person is not otherwise engaged in business as a dealer.

“(e) RETAIL DEALER IN LIQUORS.—When used in sections 301 to 305, the term ‘retail dealer in liquor’ means any dealer, other than a retail dealer in beer or a limited retail dealer, who sells, or offers for sale, any distilled spirits, wines, or beer, to any person other than a dealer.

“(f) RETAIL DEALER IN BEER.—When used in sections 301 to 305, the term ‘retail dealer in beer’ means any dealer, other than a limited retail dealer, who sells, or offers for sale, beer, but not distilled spirits or wines, to any person other than a dealer.

“(g) WHOLESALE DEALER IN LIQUORS.—When used in sections 301 to 305, the term ‘wholesale dealer in liquors’ means any dealer, other than a wholesale dealer in beer, who sells, or offers for sale, distilled spirits, wines, or beer, to another dealer.

“(h) WHOLESALE DEALER IN BEER.—When used in sections 301 to 305, the term `wholesale dealer in beer' means a dealer who sells, or offers for sale, beer, but not distilled spirits or wines, to another dealer.

“(i) WHOLESALE DEALER IN TOBACCO PRODUCTS.—When used in sections 301 to 305, the term ‘wholesale dealer in tobacco products’ means a dealer who sells, or offers for sale, tobacco products to another dealer.;

“(j) WHOLESALE DEALER IN PROCESSED TOBACCO.—When used in sections 301 to 305, the term ‘wholesale dealer in processed tobacco’ means a dealer who sells, or offers for sale, processed tobacco to another dealer;

“(k) IMPORTER OF TOBACCO PRODUCTS.—When used in sections 301 to 305, the term ‘importer of tobacco products’ means an importer as defined within section 5702(k) of the Internal Revenue Code of 1986 who imports tobacco products;.

“(l) RETAIL DEALER IN TOBACCO PRODUCTS.—When used in sections 301 to 305, the term ‘retail dealer in tobacco products’ means any dealer who sells, or offers for sale, tobacco products to any person other than a dealer;

“(m) MANUFACTURER OF PROCESSED TOBACCO.—When used in sections 301 to

305, the term 'manufacturer of processed tobacco' means a manufacturer as defined within section 5702(p) of the Internal Revenue Code of 1986;
"(n) IMPORTER OF PROCESSED TOBACCO.—When used in sections 301 to 305, the term 'importer of processed tobacco' means an importer defined within section 5702(k) who imports processed tobacco."

This section refers to the implementation of annual Licensing and Registration Fees that would require members of the alcohol and tobacco industries to pay annual licensing and registration fees in order to support the Alcohol, Tobacco Tax and Trade Bureau's core mission and continue to provide benefits to members of the regulated community.

Total Funding Levels for the FY 2011 President's Budget – Treasury Chapter

Apprpriations (Dollars in Millions)	FY 2009 Enacted	FY 2010 Estimate	FY 2011 Estimate	Increase/ Decrease	Increase/ Decrease
ANNUAL APPROPRIATIONS	**$12,942**	**$13,554**	**$13,935**	**$381**	**2.8%**
INTEREST PAYMENTS:					
Interest on Public Debt	383,073	425,127	499,125	$73,998	17.4%
Refunding Internal Revenue Collections, Interest	2,418	3,232	3,646	$414	12.8%
Interest on Uninvested Funds	9	8	8	$0	0.0%
Interest Paid To Credit Financing Accounts	12,636	18,131	13,238	-$4,893	-27.0%
Fed. Interest Liabilities to States	2	2	2	$0	0.0%
Payment to Resolution Funding Corp	2,120	2,189	2,628	$439	20.1%
Subtotal, INTEREST PAYMENTS	**$400,258**	**$448,689**	**$518,647**	**$69,958**	15.6%
OTHER INTEREST: [1/]	**$27,740**	**$60,052**	**$62,706**	**$2,654**	**4.4%**
Subtotal, Net Interest	**$372,518**	**$388,637**	**$455,941**	**$67,304**	**17.3%**
MANDATORY ACCOUNTS:					
Terrorism Insurance Program	1	104	209	$105	101.0%
GSE Preferred Stock Purchase Program	200,000	0	0	$0	0.0%
GSE Mortgage-Backed Securities Purchase Program	19	36	25	-$11	-30.6%
Office of Financial Stability	279	356	297	-$59	-16.6%
Troubled Asset Relief Program (TARP)	40,573	3,000	0	-$3,000	-100.0%
Special Inspector General for Troubled Asset Relief Program	65	0	0	$0	0.0%
Troubled Asset Relief Program Equity Purchase Program	151,955	4,627	0	-$4,627	-100.0%
Troubled Asset Relief Program Home Affordable Modification Program	45,461	3,295	0	-$3,295	-100.0%
Grants to States for Low-Income Housing Projects	2,930	3,615	2,265	-$1,350	-37.3%
Grants for Specified Energy Property	1,060	3,087	4,464	$1,377	44.6%
Presidential Election Campaign Fund	45	44	42	-$2	-4.5%
Treasury Forfeiture Fund	526	442	592	$150	33.9%
Biomass Energy Development	-5	0	-6	-$6	0.0%
Payment to Terrestrial Wildlife Habitat Restoration Trust Fund	5	5	0	-$5	-100.0%
Debt Collection Special Fund (FMS)	67	63	63	$0	0.0%
Financial Agent Services	556	596	600	$4	0.7%
Federal Reserve Bank Reimbursement by --					
FMS	305	321	321	$0	0.0%
BPD	113	104	136	$32	30.8%
Claims, Judgments and Relief Acts	2,305	4,303	826	-$3,477	-80.8%
Check Forgery Insurance Fund	0	2	2	$0	0.0%
Continued Dumping and Subsidy Offset	217	0	0	$0	0.0%
Federal Financing Bank	463	0	0	$0	0.0%
Internal Revenue Collections for Puerto Rico	473	422	439	$17	4.0%
Payment of Government Losses in Shipment	0	1	1	$0	0.0%
IRS User Fees	95	14	0	-$14	-100.0%
Payment Where Recovery Rebate Exceeds Liability for Tax	2,024	0	0	$0	0.0%
Payment Where EIC Exceeds Liability for Tax	42,418	49,539	47,233	-$2,306	-4.7%
Payment Where Child Credit Exceeds Liability for Tax	24,284	23,355	23,250	-$105	-0.4%
Payment Where Saver's Credit Exceeds Liability for Tax	0	0	570	$570	0.0%
Payment Where Health Care Credit Exceeds Liability for Tax	113	200	141	-$59	-29.5%
Payment where AMT Credit Exceeds Liability for Tax	711	604	55	-$549	-90.9%
Payment where Tax Credit First-Time Homebuyers Exceeds	9,386	14,863	1,093	-$13,770	-92.6%
Payment where Certain Tax Credit Exceeds Liability for Corporate	24	50	0	-$50	-100.0%
Payment Where American Opportunity Credit Exceeds Liability for Tax	0	1,933	2,087	$154	100.0%
Making Work Pay Tax Credit	663	20,476	21,429	$953	4.7%
Build American Bond Payments, Recovery Act	19	2,941	3,462	$521	17.7%
Payment Where COBRA Credit Exceeds Liability for Tax	313	1,608	991	-$617	-38.4%
Payment Where Tax Credit for Certain Government Retirees Exceeds Liability for Tax	0	100	100	$0	100.0%
IRS Miscellaneous Retained Fees	143	205	218	$13	6.3%
IRS Informant Payments	5	50	50	$0	0.0%
Private Collection Agent Program	10	0	0	$0	0.0%
Offsets:					
GSE Mortgage-Backed Securities Direct Loans, Negative Subsidies	-4,500	-1,488	0	$1,488	-100.0%
GSE, Mortgage-Backed Securities Direct Loans, Downward Reestimate	0	-8,391	0	$8,391	-100.0%
Troubled Asset Relief Program, Negative Subsidies	-2,720	-3,092	-22	$3,070	-99.3%
Troubled Asset Relief Program, Downward Reestimates of Subsidies	0	-114,531	0	$114,531	-100.0%
Proceeds, GSE Equity Related Transactions	-4,336	-12,254	-17,565	-$5,311	43.3%
Excess of Proceeds from Debt Obligations Issued by Black Lung	-2,496	0	0	$0	0.0%
Other Offsets	-2,054	-2,322	-2,379	-$57	2.5%
Subtotal Offsets:	***-16,106***	***-142,078***	***-19,966***	***$122,112***	***-85.9%***
Undistributed Offsetting Receipts	-3	-2	-2	$0	0.0%
Subtotal, MANDATORY ACCOUNTS	**$511,515**	**$1,717**	**$90,989**	**$92,706**	**5399.3%**
TOTAL, DEPARTMENT OF THE TREASURY	**$896,972**	**$400,472**	**$560,863**	**$160,391**	**40.1%**

Detail of Other Treasury Accounts

Total Treasury Department Budget

The Treasury Chapter of the FY 2011 President's Budget covers the following areas:

Annual Operating Appropriations (Most Treasury Bureaus) – $13.9 billion

These are funds for Treasury operations which require annual appropriation action by the Congress. Bureau operating budget details are provided in the "Analysis of FY 2011 President's Budget" section.

Interest Payments and other interest – $456.0 billion

These are permanent, indefinite funds for interest payments needed: to finance the public debt; by the IRS on refunds of taxes to taxpayers; and on special accounts handled through the Treasury.

Mandatory Accounts and other Offsets – $91.0 billion

These are special accounts for which the Congress has given the Department of Treasury permanent authority to expend funds as appropriations, such as: payments made when the earned income credit, child credit, and health care credit exceeds the taxpayer's tax liability; payments to the Resolution Funding Corporation; reimbursements to Federal Reserve Banks; special claims and damage payments required as a result of judgments against the U.S. government; payments to Presidential candidates and their parties in accordance with Federal Election Commission certification; and other accounts.

Offsetting Collections – $20.0 billion

Treasury receipts from other government agencies and private sources are subtracted from the total Treasury budget as an offset.

Interest Payments

Interest on the Public Debt

The Federal Government's outstanding debt requirements are financed through borrowing (e.g., auctions of Treasury Bills, Notes, and Bonds). Funds paid to lenders for the use of their money is paid from the Interest on the Public Debt appropriation.

Interest on the Public Debt includes all interest paid on Treasury securities sold to the public (e.g., foreign and domestic financial institutions, individuals, insurance companies, state and local governments, etc.) and to Federal Government trust funds, revolving funds and deposit funds.

Refunding Internal Revenue Collections

Under certain circumstances, as provided in 26 U.S.C. 6611, interest is paid on Internal Revenue collections that must be refunded. The Tax Equity and Fiscal Responsibility Act of 1982 (Public Law 97-248) provides for daily compounding of interest. Under the Tax Reform Act of 1986 (Public Law 99-514), interest paid on Internal Revenue collections will equal the Federal short-term rate plus two percentage points, such rate to be adjusted quarterly.

Interest on Uninvested Funds

This account was established for the purpose of paying interest on certain uninvested funds placed in trust in the Treasury in accordance with various statutes (31 U.S.C. 1321; 2 U.S.C. 158 (P.L. 94-289); 20 U.S.C. 74a (P.L. 94-418) and 101; 24 U.S.C. 46 (P.L. 94-290; and 69 Stat. 533).

Federal Interest Liabilities to the States

Pursuant to the Cash Management Improvement Act (P.L. 101-453, 104 Stat. 1058) as amended (P.L. 102-589, 106 Stat. 5133), and Treasury implementing regulations codified at 31 CFR Part 205, under certain circumstances, interest is paid to States when Federal funds are not transferred to States in a timely manner.

Payment to Resolution Funding Corporation

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 authorized the Secretary of the Treasury such sums as may be necessary to cover interest payments on obligations issued by the Resolution Funding Corporation (REFCORP). REFCORP was established under the Act to raise $31.2 billion for the Resolution Trust Corporation (RTC) in order to resolve savings institution insolvencies.

Interest Paid to Credit Financing Accounts

This account pays interest on the invested balances of guaranteed and direct loan financing accounts. For guaranteed loan financing accounts, balances result when the accounts receive up-front payments and fees to be held in reserve to make payments on defaults. Direct loan financing accounts normally borrow from Treasury to disburse loans and receive interest and principal payments and other payments from borrowers. Because direct loan financing accounts generally repay borrowing from Treasury at the end of the year, they can build up balances of payments received during the year. Interest on invested balances is paid to the financing accounts from the general fund of the Treasury, in accordance with section 505(c) of the Federal Credit Reform Act of 1990

Permanent Authority Appropriations

Terrorism Risk Insurance Program

The Terrorism Risk Insurance Extension Act of 2007 (P.L. 110-160) reauthorized and revised the program established by the Terrorism Risk Insurance Act (TRIA) of 2002 (P.L. 107-297). The 2007 Act extended the Terrorism Insurance Program for seven years, through December 31, 2014. This extension of TRIA added a requirement for commercial property and casualty insurers to make available coverage for losses from domestic as well as foreign acts of terrorism and extends TRIA coverage for those losses.

GSE Preferred Stock Purchase Agreement Program (PSPA)

Section 1117 of the Housing and Economic Recovery Act of 2008 (P.L. 110-289) provides temporary authority for the Secretary of the Treasury to purchase obligations and other securities issued by three housing related Government- sponsored enterprises (GSEs): Fannie Mae, Freddie Mac and the Federal Home Loan Banks (FHLBs). Under this authority, in 2008 Treasury entered into agreements with Fannie Mae and Freddie Mac to make investments of up to $100 billion in senior preferred stock in each GSE in order to ensure that each company maintains a positive net worth. These Senior Preferred Stock Purchase Agreements (PSPAs) ensure that Fannie Mae and Freddie Mac will remain viable entities critical to the functioning of the housing and mortgage markets, thereby promoting mortgage affordability by providing additional confidence to investors in GSE mortgage-backed securities. In May 2009, Treasury increased the PSPA funding commitments to allow investments of up to $200 billion in each GSE and on December 24, 2009, Treasury announced that the PSPAs would be further modified to allow for additional funding in the event that cumulative losses at either enterprise exceed $200 billion before December 31, 2012. As of December 31, 2009, Treasury had made payments of $110.6 billion under the PSPAs and received $6.8 billion in scheduled dividend payments.

GSE Mortgage-Backed Securities Purchase Program

In September 2008, Treasury initiated a temporary program to purchase mortgage-backed securites (MBS) issued by Fannie Mae and Freddie Mac, which carry the GSEs standard guarantee against default. The purpose of the program was to promote liquidity in the mortgage market and, thereby, affordable homeownership by stabilizing the interest rate spreads between mortgage rates and Treasury issuances. Treasury purchased $225 billion in MBS through December 31, 2009.

In December 2009, Treasury initiated two additional purchase programs to support state and local Housing Financing Agencies (HFAs). The

Temporary Credit and Liquidiy Program (TCLP) will provide HFAs with credit and liquidity facilities supporting up to $8.2 billion in existing HFA bonds, temporally replacing private market facilities that are expiring or imposing unusually high costs to the HFAs due to current market conditions. Under the New Issuance Bond Program (NIBP) Treasury will purchase up to $15.3 billion in securities of Fannie Mae and Freddie Mac backed by new HFA housing bonds, supporting up to several hundred thousand new affordable mortgages and tens of thousands of new affordable rental housing units for working families. The authority for all of the programs displayed in this account was provided in Section 1117 of the Housing and Economic Recovery Act of 2008 (P.L. 110-289) and expired on December 31, 2009.

As required by the Federal Credit Reform Act of 1990, this account records, the subsidy costs associated with the GSE MBS and State HFA purchase programs, which are treated as direct loans for budget execution. The subsidy amounts are estimated on a present value basis.

Office of Financial Stability

The Emergency Economic Stabilization Act (EESA) of 2008 (PL 110-343) authorized the establishment of the Troubled Asset Relief Program (TARP) and the Office of Financial Stability (OFS) to purchase and insure certain types of troubled assets for the purpose of providing stability to and preventing disruption in the economy and financial systems and protecting taxpayers. The Act gives the Treasury Secretary broad and flexible authority to purchase and insure mortgage and other troubled assets, as well as inject capital by taking limited equity positions, as needed to stabilize the financial markets. This account provides for the administrative costs for the OFS.

Troubled Asset Relief Program

As authorized by the Emergency Economic Stabilization Act of 2008 (EESA) (P.L. 110-343) and required by the Federal Credit Reform Act of 1990, as amended, this account records the subsidy costs associated with the TARP direct loans obligated and loan guarantees committed in 2008 and beyond (including modifications of direct loans or loan guarantees that resulted from obligations or commitments in any year). The subsidy amounts are estimated on a present value basis using a risk-adjusted discount rate, as required by the 2008 Act. The direct loan programs serviced by this account include the Automotive Industry Financing Program (AIFP), Term-Asset Backed Securities Loan Facility (TALF), Public-Private Investment Program (PPIP) and other EESA Section 101 loans. The AIFP was developed to prevent a significant disruption of the American automotive industry, which would pose a systemic risk to financial market stability and have a negative effect on the economy of the United States. The TALF was developed to stimulate investor demand for certain types of eligible asset-backed securities, specifically those backed by loans to consumers and small businesses, and ultimately, bring down the cost and increase the availability of new credit to consumers and businesses. The PPIP was developed to improve the condition of financial institutions by facilitating the removal of legacy assets from their balance sheets. The guaranteed loan commitments that were serviced by this account include the Asset Guarantee Program (AGP). The AGP provided guarantees for assets held by systemically significant financial institutions (Bank of America and Citigroup) that faced a risk of losing market confidence due in large part to a portfolio of distressed or illiquid assets. In May 2009, Bank of America announced its intention to terminate negotiations with respect to the loss-sharing arrangement, and in September 2009, Treasury, the Federal Reserve, the FDIC, and Bank of America entered into a termination agreement. On December 23, 2009, the Citigroup guarantee was terminated. With this termination, the AGP will result in net positive returns to the taxpayer.

Funding shown for other Section 101 loans in 2010 represent placeholders for potential future programs created under the TARP. On December 9, 2009, and as authorized by EESA, the Secretary of the Treasury certified to Congress that an extension of TARP purchase authority until October 3, 2010, was necessary "to assist American families and stabilize financial markets because it will, among other things, enable us to continue to implement programs that address housing markets and the needs of small businesses, and to maintain the capacity to respond to unforeseen threats." For more details, please see the Financial Stabilization and Their Budgetary Effects chapter in Analytical Perspectives.

Troubled Asset Relief Program Equity Purchase Program

As authorized by Emergency Economic Stabilization Act of 2008 (P.L. 110-343) and required by the Federal Credit Reform Act of 1990, as amended, this account records the subsidy costs associated with the equity purchase obligations committed in 2008 and beyond (including modifications of equity purchases that resulted from obligations in any year). The subsidy amounts are estimated on a present value basis. The equity purchase programs serviced by this account include the Capital Purchase Program (CPP), American International Group Investment Program. (AIGP), Targeted Investment Program (TIP), Automotive Industry Financing Program (AIFP), and Public-Private Investment Program (PPIP). The purpose of the CPP is to stabilize the financial system by building the capital base of healthy, viable U.S. financial institutions, which in turn will increase the capacity of those institutions to lend to businesses and consumers and support the economy. The AIGP is intended to provide stability and prevent disruptions to financial markets from the failure of a systemically significant institution. The AIFP was developed to prevent a significant disruption of the American automotive industry, which would pose a systemic risk to financial market stability and have a negative effect on the economy of the United States. The PPIP was developed to improve the condition of financial institutions by facilitating the removal of legacy assets from their balance sheets. For more details, please see the Financial Stabilization and Their Budgetary Effects chapter in Analytical Perspectives.

Troubled Asset Relief Program Home Affordable Modification Program

As authorized by Emergency Economic Stabilization Act of 2008 (P.L. 110-343) and required by the Federal Credit Reform Act of 1990, as amended, this account records the subsidy costs associated with the equity purchase obligations committed in 2008 and beyond (including modifications of equity purchases that resulted from obligations in any year). The subsidy amounts are estimated on a present value basis. The equity purchase programs serviced by this account include the Capital Purchase Program (CPP), American International Group Investment Program. (AIGP), Targeted Investment Program (TIP), Automotive Industry Financing Program (AIFP), and Public-Private Investment Program (PPIP). The purpose of the CPP is to stabilize the financial system by building the capital base of healthy, viable U.S. financial institutions, which in turn will increase the capacity of those institutions to lend to businesses and consumers and support the economy. The AIGP is intended to provide stability and prevent disruptions to financial markets from the failure of a systemically significant institution. The AIFP was developed to prevent a significant disruption of the American automotive industry, which would pose a systemic risk to financial market stability and have a negative effect on the economy of the United States. The PPIP was developed to improve the condition of financial institutions by facilitating the removal of legacy assets from their balance sheets. For more details, please see the Financial Stabilization and Their Budgetary Effects chapter in Analytical Perspectives.

Grants to States for Low-Income Housing Projects

Section 1602 of the American Recovery and Reinvestment Act of 2009 (Recovery Act) authorizes and directs the Secretary of the Treasury to establish payments to states for low-income housing projects in lieu of low-income housing tax credits (LIHTC). This account presents the estimated disbursements for this program.

The program will provide payments to State housing credit agencies to make sub-awards to finance the construction or acquisition and rehabilitation of qualified low-income housing in the same manner and generally subject to the same limitations as LIHTCs allocated under section 42 of the Internal Revenue Code (IRC). The Recovery Act specifies that the exchange of credits for cash payments applies only to the 2009 LIHTC ceiling under IRC 42(h)(3)(C), and that States may elect to exchange credits for cash payments subject to the requirements and limitations provided in Division B, sections 1404 & 1602 of the Recovery Act.

The 2011 Budget proposes to extend for one year the cash assistance in lieu of LIHTCs option available to States found in the Recovery Act. The same general requirements and restrictions found in the Recovery Act will apply to the extension.

Grants for Specified Energy Property

Section 1603 of the American Recovery and Reinvestment Act of 2009 authorizes and directs the Secretary of the Treasury to establish payments in lieu of a tax credits for taxpayers that place in service qualifying renewable energy facilities. This account presents the estimated disbursements for this program.

This program will provide payments for specified energy property (including qualified facilities that produce electricity from wind and certain other renewable resources; qualified fuel cell property; solar property; qualified small wind energy property; geothermal property; qualified microturbine property; combined heat and power system property; and geothermal heat pump property). Payments are available for property placed in service in 2009 or 2010. In some cases, if construction begins in 2009 or 2010, the payment can be claimed for property placed in service before 2013, 2014 or 2017 (depending on the type of property). In general, projects that meet eligibility criteria for the energy property investment tax credit (ITC) (including qualified renewable energy facilities for which an election to claim the ITC can be made) are eligible for the payments. A person or entity receiving a payment for specified energy property may not claim either the investment tax credit or the renewable energy production tax credit with respect to the same property.

Exchange Stabilization Fund-Money Market Mutual Fund

The Department established a Temporary Guarantee Program for Money Market Funds (Treasury Guarantee Program) in September 2008 that was managed under the purview of the Treasury's Office of Financial Institutions. Under the Treasury Guarantee Program, the Treasury guaranteed to individual investors that they would receive the stable share price (SSP) for each share held in a participating money market fund up to the number of shares held as of the close of business, September 19, 2008. Use of ESF assets to support the Treasury Guarantee Program was approved by the President and the Secretary of the Treasury on September 19, 2008, and opened for participation on September 29, 2008. To participate in the Treasury Guarantee Program, eligible money market funds must have submitted an application and paid a premium of 1 basis point if the fund's Net Asset Value (NAV) was greater than or equal to 99.75 percent of the SSP, or 1.5 basis points of the SSP if the fund's NAV was less than 99.75 percent of the SSP but greater than or equal to 99.50 percent of the SSP. To be eligible, funds were required to: (1) be regulated under Rule 2a-7 of the Investment Company Act of 1940; (2) maintain a SSP; (3) have a market-based NAV of at least 99.5 percent of the SSP as of September 19, 2008; and (4) be publicly offered and registered with the Securities and Exchange Commission. The Program was initially offered for a three month period (through December 19, 2008), with the option to extend through September 18, 2009, at the discretion of the Secretary of the Treasury. The Program was extended twice during 2009; first from December 19, 2008 through April 30, 2009 and again through September 18, 2009. The program officially expired on September 18, 2009.

On November 19, 2008, Treasury entered into a transaction with the Reserve Fund's U.S. Government Fund (USGF), under which Treasury: (1) executed the Guarantee Agreement, which accepted the USGF into the Treasury Guarantee Program; and (2) signed a Letter Agreement with the USGF. Under the terms of the Letter

Agreement, Treasury was obligated to purchase in early January 2009 the USGF's remaining securities issued by four U.S. government sponsored enterprises. On January 15, 2009 the ESF purchased approximately $3.6 billion of these securities; the purchase price representing the amortized cost of the remaining securities, plus accrued but unpaid interest. Upon consummation of the purchase, these GSE securities were classified as held to maturity. As of the end of fiscal year 2009, $1.1 billion of these securities remained outstanding. In November 2009, all securities matured and resulted in the closing of the Treasury Guarantee Program (and this account) in fiscal year 2010.

Presidential Election Campaign Fund

Individual Federal income tax returns include an optional Federal income tax designation of $3 that an individual may elect to be paid to the Presidential Election Campaign Fund (PECF). In recent years, less than 10% of individuals have elected to make this designation, resulting in less than $50 million paid into the Fund annually. Approximately every four years, the Department of the Treasury makes distributions from the PECF (referred to as public funds, matching funds, or Federal funds) to qualified Presidential candidates and national party committees for use in the Presidential elections.

Money for the public funding of Presidential elections can only come from the PECF. When the PECF runs short of funds, no other general Treasury funds may be used.

Treasury Forfeiture Fund

The Treasury Forfeiture Fund supports Federal, State, and local law enforcement's use of asset forfeiture as a powerful tool to punish and deter criminal activity. Non-tax forfeitures made by participating bureaus of the Department of the Treasury and the Department of Homeland Security are deposited into the Fund. This revenue is available to pay or reimburse certain costs and expenses related to seizures and forfeitures that occur pursuant to laws enforced by the bureaus and other expenses authorized by 31 U.S.C. 9703. Upon notification of Congress, revenue can also be used to fund law enforcement related activities based on requests from member bureaus and evaluation by the Secretary of the Treasury. A $62 million cancellation is proposed for FY 2011.

Biomass Energy Development

This account was created to provide loan guarantees for the construction of biomass-to-ethanol facilities, as authorized under Title II of the Energy Security Act of 1980. All of the loans guaranteed by this account went into default. The guarantees have been paid off, and the assets of all but one of the projects have been liquidated. The one remaining project, the New Energy Company of Indiana, entered into a Forbearance agreement with DOE in April 2009 due to financial issues. Quarterly payments may resume after March 2011.

Payment to Terrestrial Wildlife Habitat Restoration Trust Fund

Section 604(b) of the Water Resources Development Act of 1999 (P.L. 106-53) requires that the Secretary of the Treasury, beginning in 1999, deposit $5 million annually (74 percent into the Cheyenne River Sioux Tribe Terrestrial Wildlife Restoration Trust Fund and 26 percent into the Lower Brule Sioux Tribe Terrestrial Wildlife Restoration Trust Fund) until a total of at least $57.4 million has been deposited. At the end of 2009, $55 million in payments had been deposited in the funds. Full capitalization is expected by 2010; therefore the funds will not receive any additional payments from the Treasury in FY 2011. Tribes are now able to draw down on the interest earned from these investments.

Debt Collection Special Fund

Under current law, when the Financial Management Service (FMS) levies a payment to collect a delinquent tax debt referred by the Internal Revenue Service (IRS), the IRS pays a fee out of its annual appropriation to FMS to process the transaction. The Budget proposes to instead have the debtor pay the transaction costs in addition to their original debt. This would allow the IRS to refer all appropriate tax debts for offset, maximize revenue, and shift the cost of enforcement to delinquent debtors. These schedules reflect the elimination of discretionary spending and collections as a result of this proposal.

Financial Agent Services

This permanent, indefinite appropriation allows the Financial Management Service to reimburse financial institutions for services provided in their capacity as depositaries and fiscal agents for the United States. The services provided are authorized under numerous statutes, including, but not limited to, 12 U.S.C. 90 and 265. The services include the acceptance and processing of deposits of public money, as well as services essential to the disbursement of and accounting for public monies.

Federal Reserve Bank Reinvestment Fund

This fund was established by the Treasury and General Government Appropriations Act, 1998, Title I, (P.L. 105-61, 111 Stat. 1276) as a permanent, indefinite appropriation to reimburse Federal Reserve Banks for services provided in their capacity as depositaries and fiscal agents for the United States.

Claims, Judgments and Relief Acts

Pending Congressional action and final approval by the Court, $3.412 billion will be expended from this account in FY 2010 as a result of the settlement of Cobell v. Salazar, a case involving the management of individual Indian trust accounts related to Indian lands.

Check Forgery Insurance Fund

This fund was established as a permanent, indefinite appropriation in order to maintain adequate funding of the Check Forgery Insurance Fund. The Fund facilitates timely payments for replacement Treasury checks necessitated due to a claim of forgery. The Fund recoups disbursements through reclamations made against banks negotiating forged checks.

To reduce hardships sustained by payees of Government checks that have been stolen and forged, settlement is made in advance of the receipt of funds from the endorsers of the checks. If the U.S. Treasury is unable to recover funds through reclamation procedures, the Fund sustains the loss.

Public Law 108-447 expanded the use of the fund to include payments made via electronic funds transfer. A technical correction to the Fund's statutes to ensure and clarify that the Fund can be utilized as a funding source for relief of administrative disbursing errors was enacted by section 119 of Division D of Public Law 110-161.

Continued Dumping and Subsidy Offset

The Bureau of Customs and Border Protection, Department of Homeland Security, collects duties assessed pursuant to a countervailing duty order, an antidumping duty order, or a finding under the Antidumping Act of 1921. Under a provision enacted in 2000, the Bureau of Customs and Border Protection, through the Treasury, distributes these duties to affected domestic producers. These distributions provide a significant additional subsidy to producers that already gain protection from the increased import prices provided by the tariffs. The authority to distribute assessments collected after October 1, 2007 has been repealed. Assessments collected before October 1, 2007 will be disbursed as if the authority had not been repealed.

Internal Revenue Collections for Puerto Rico

Excise taxes are imposed on rum at the generally applicable distilled spirits rate of $13.50 per proof gallon. These excise tax collections, less estimated refunds, drawbacks, and certain administrative expenses are covered-over (transferred), to Puerto Rico and the Virgin Islands under a permanent legislative provision at the lesser of a rate of $10.50 per proof gallon or the current rate of tax imposed on a proof gallon. The Budget proposes to extend a temporary cover-over rate of $13.25 per proof gallon through December 31, 2011. This proposal does not increase the total amount of excise taxes collected, but rather increases the portion of excise taxes that are covered-over to Puerto Rico and the Virgin Islands.

Government Losses in Shipment

This account was created as self-insurance to cover losses in shipment of Government property such as coins, currency, securities, certain losses incurred by the Postal Service, and losses in connection with the redemption of savings bonds. Approximately 1,300 claims are paid annually.

Payment Where Recovery Rebate Exceeds Liability for Tax

The Economic Stimulus Act of 2008 (Public Law 110-185) allowed for the issuance of tax rebates (economic stimulus payments) to certain eligible taxpayers through December 31, 2008. This tax rebate was a one-time benefit provided to taxpayers to stimulate the economy. Additionally, in 2009 the rebate were provided to taxpayers who did not receive the full economic stimulus payment in 2008 and whose circumstances may have changed, making them eligible for some or all of the unpaid portion. No outlays are expected from this account in 2010, as the one-time program is no longer active.

Payment Where Earned Income Credit Exceeds Liability for Tax

As provided by law, there are instances wherein the earned income tax credit (EITC) exceeds the amount of tax liability owed through the individual income tax system, resulting in an additional payment to the tax filer. The EITC was originally authorized by the Tax Reduction Act of 1975 (Public Law 94-12) and made permanent by the Revenue Adjustment Act of 1978 (Public Law 95-600). The Tax Reform Act of 1986 and the Omnibus Budget Reconciliation Acts of 1990 and 1993 increased the credit amount and expanded the eligibility for the EITC.

The American Recovery and Reinvestment Act of 2009 (Public Law 111-5) temporarily increases the EITC for working families with three or more children, and increases the threshold for the phase-out range for all married couples filing a joint return. The Budget proposes to both permanently extend the provision regarding families with three or more children and eliminate the Advance Earned Income Tax Credit (AEITC).

Internal Revenue Service – User Fees

The Secretary of the Treasury may establish new fees or raise existing fees for services provided by the IRS. The fees can be used to supplement IRS appropriations.

Payment Where Child Credit Exceeds Liability for Tax

As provided by law, there are instances wherein the child credit exceeds the amount of tax liability owed through the individual income tax system, resulting in an additional payment to the tax filer. The child credit was originally authorized by the Taxpayer Relief Act of 1997 (Public Law 105-34). The American Recovery and Reinvestment Act of 2009 (Public Law 111-5) expanded the pool of eligible low-income earners. The credit is refundable to the extent of 15 percent of an individual's earned income in excess of $3,000 for 2009 and 2010.

Payment Where Health Care Credit Exceeds Liability for Tax

The Trade Act of 2002 established the Health Coverage Tax Credit (HCTC), an advanceable, refundable tax credit for a portion of the cost of qualified insurance. This credit is available to certain recipients of Trade Adjustment Assistance (TAA) and Pension Benefit Guaranty Corporation pension beneficiaries who are aged 55-64.

The HCTC program was expanded by the American Recovery and Reinvestment Act of 2009 (Public Law 111-5). Increased benefits for certain HCTC eligible individuals include payment of 80 percent (up from 65 percent) of health insurance premiums, up to 24 months of coverage for qualified family members, and extension of COBRA benefits. This schedule reflects the effects of HCTC and other

Administration health-related tax proposals in cases where the credit exceeds the tax liability resulting in payment to the tax filer.

Payment Where Alternative Minimum Tax Exceeds Liability for Tax

The Tax Relief and Health Care Act of 2006 (Public Law 109-432) allows certain taxpayers to claim a refundable credit for a portion of their unused long-term alternative minimum tax (AMT) credits each year. The Emergency Economic Stabilization Act of 2008 (Public Law 110-343) increases the AMT refundable credit portion from 20 percent to 50 percent of the unused long-term minimum tax credits for the taxable year in question.

Payment Where Tax Credit to Aid First-Time Homebuyers Exceeds Liability for Tax

The Housing and Economic Recovery Act of 2008 (Public Law 110-289) provided a refundable tax credit of up to $7,500 for first-time homebuyers. The credit allowed for up to 10 percent of the purchase price for qualified residences. Taxpayers who qualified were allowed a one-time credit against their income tax for principal residences purchased on or after April 9, 2008, and before July 1, 2009. They must repay the credit over a 15-year period.

The American Recovery and Reinvestment Act of 2009 (Public Law 111-5) expanded and extended the credit, and also eliminated the repayment requirement. Qualifying taxpayers may claim up to $8,000 on either their 2008 or 2009 tax returns for qualifying 2009 purchases. The credit is available for qualifying purchases made between January 1, 2009 and November 30, 2009.

The Worker, Homeownership, and Business Assistance Act of 2009 (Public Law 111-92) extended the application period for the first-time homebuyer credit from November 30, 2009 to April 30, 2010. The Act modifies the buyer's settlement date to June 30, 2010, if a buyer enters into a binding contract by April 30, 2010. The Act also provides a "long-time resident" credit of up to $6,500 to taxpayers who do not qualify as first-time homebuyers.

This account provides resources for the portion, if any, of the refundable tax credit amount that exceeds the taxpayer's tax liability.

Payment Where Certain Tax Credits Exceeds Liability for Corporate Tax

The Housing and Economic Recovery Act of 2008 (Public Law 110-289) allows certain businesses to accelerate the recognition of a portion of their historic AMT or research and development (R&D) credits in lieu of taking bonus depreciation. The amount is capped at the lesser of $30 million or 6 percent of historic AMT and R&D credits. The American Recovery and Reinvestment Act of 2009 (Public Law 111-5) extends this temporary benefit through 2009.

Payment Where American Opportunity Credit Exceeds Liability for Tax

The American Recovery and Reinvestment Act of 2009 (Public Law 111-5) allows certain taxpayers to claim a refundable Hope Scholarship Credit for qualifying higher education expenses. Up to 40 percent of the credit is refundable. The credit applies dollar-for-dollar to the first $2,000 of qualified tuition, fees and course materials paid by the taxpayer, and applies at a rate of 25 percent to the next $2,000 in qualified tuition, fees and course materials for a total credit of up to $2,500. This tax credit is subject to a phase-out for high-income taxpayers. The 2011 Budget proposes to extend this credit.

Making Work Pay Tax Credit

The American Recovery and Reinvestment Act of 2009 (Public Law 111-5) allows certain taxpayers to claim a refundable Making Work Pay tax credit of 6.2 percent of earned income, up to $400 for single taxpayers and up to $800 for married couples filing joint returns. The refundable credit phases out for high-income taxpayers. The

Making Work Pay credit is claimed by taxpayers when they file their 2009 and 2010 returns, and in order to accelerate the credit, it is being delivered in small increments through reduced payroll withholding. The 2011 Budget proposes to extend this credit for one year.

Build American Bond Payments, Recovery Act

The American Recovery and Reinvestment Act of 2009 (Public Law 111-5) allows State and local governments to issue Build America Bonds through December 31, 2010. These tax credit bonds, which include Recovery Zone Bonds, differ from tax-exempt governmental obligation bonds in two principal ways: (1) interest paid on tax credit bonds is taxable; and (2) a portion of the interest paid on tax credit bonds takes the form of a federal tax credit. The bond issuer may elect to receive a direct payment in the amount of the tax credit. The 2011 Budget proposes a revenue-neutral extension of this program.

Payment Where COBRA Credit Exceeds Liability for Tax

COBRA gives workers who lose their jobs, and thus their health benefits, the right to purchase group health coverage provided by the plan under certain circumstances. This continuation coverage is provided pursuant to part 6 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (other than section 609), title XXII of the Public Health Service Act, section 4980B of the Internal Revenue Code of 1986 (other than under subsection (f)(1) of such section insofar as it relates to pediatric vaccines), or section 8905(a) of 5 U.S.C., or under a State program that provides comparable continuation coverage.

The American Recovery and Reinvestment Act of 2009 (Public Law 111-5) treats assistance eligible individuals who pay 35 percent of their COBRA premium as having paid the full amount. The remaining 65 percent is reimbursed to the employer, insurer or health plan as a credit against certain employment taxes. This schedule reflects the cases where the credit exceeds the tax liability resulting in the payment to the tax filer.

The Department of Defense Appropriation Act of 2010 (Public Law 111-118) extends the eligibility period for the COBRA Premium Assistance program from the original ending date of December 31, 2009 to February 28, 2010. The Act also extends the duration period of the taxpayers' premium assistance coverage from 9 months to 15 months.

Payment Where Tax Credit for Certain Government Retirees Exceeds Liability for Tax

The American Recovery and Reinvestment Act of 2009 (Public Law 111-5) allows certain federal and state retirees to claim a one-time refundable credit of up to $250 ($500 in the case of a joint return where both spouses are eligible individuals).

Payment Where Saver's Credit Exceed Liability for Tax

The Budget proposes to modify the Retirement Savings Contributions Credit to provide a 50 percent match on the first $1,000 of retirement savings for families that earn less than $65,000. The credit will be fully refundable. This proposal will be effective for taxable years beginning after December 31, 2010.

Internal Revenue Service – Informant Payments

As provided by law (26 U.S.C. 7623), the Secretary of the Treasury may make payments to individuals resulting from information given that leads to the collection of Internal Revenue taxes. The Taxpayer Bill of Rights of 1996 (Public Law 104-168) provides for payments of such sums to individuals from the proceeds of amounts (other than interest) collected by reason of the information provided, and any amount collected shall be available for such payments. This information must lead to the detection of underpayments of taxes, or detection and bringing to trial and punishment persons guilty of violating the Internal Revenue laws (in cases where such expenses are not otherwise provided for by law). This provision was further amended by the Tax Relief and Health Care Act of 2006 (Public Law 109-432) to encourage use of the program. A reward payment typically ranges between 15 and 30 percent of the collected proceeds for cases involving high- income non-compliant taxpayers. Lower payments are allowed if information is provided that was already available from another source.

Internal Revenue Service – Private Collection Agent Program

The American Jobs Creation Act of 2004 (Public Law 108-357) allows the IRS to use private collection contractors to supplement its own collection staff's efforts to ensure that all taxpayers pay what they owe. The IRS used this authority to contract with several private debt collection agencies starting in 2006. In March 2009, the IRS allowed its private debt collection contracts to expire, thereby administratively terminating the program.

Offsetting Collections

In general, amounts collected by the Federal Government are classified in two major categories:

Governmental receipts – Revenues that arise from the sovereign and regulatory powers unique to the Federal Government. They consist primarily of tax receipts, but also include customs duties, court fines, certain licenses, etc. All governmental receipts are deposited into receipt accounts. These receipts are always reported in total (rather than as an offset to budget authority and outlays).

Offsetting receipts - Collections that are offset against the budget authority and outlays of the collecting agency rather than reflected as governmental receipts in computing budget totals. Offsetting receipts are comprised of:

- *Proprietary Receipts* - These receipts from the public are market-oriented and are derived from activities operated as business-type enterprises.
- *Intragovernmental Receipts* - These are collections from other governmental accounts deposited in receipt accounts. These are further classified as follows:
  - *Interfund Receipts* - These are amounts derived from payments between federal and trust funds.
  - *Intrafund Receipts* - These are amounts derived from payments within the same fund group (i.e., within the federal fund group or within the trust fund group).

Financial Reform

In June 2009, the Administration submitted a comprehensive financial reform proposal to Congress designed to help prevent future financial crises by filling gaps in the U.S. regulatory regime and redistributing responsibilities among regulators in order to better focus on key issues that contributed to the present crisis.

The Administration's proposal employs lessons learned from the present crisis to reform and repair financial regulation on a number of fronts:

First, the proposal prevents future bailout scenarios for "Too Big to Fail" firms by creating a new Financial Services Oversight Council to monitor for threats to financial stability and by authorizing the Federal Reserve to regulate large, interconnected firms if their failure during a downturn would severely impact the functioning of financial markets. In addition, the Government would have the ability to unwind such firms in an orderly manner when they fail to protect the financial system.

Second, the proposal closes the gaps in and strengthens regulation of consumer financial products in the bank and non-bank sectors by consolidating existing consumer protection authorities to better protect consumers from unscrupulous practices – authorities that are currently spread out over seven regulators. The proposal creates a single, new regulator, the Consumer Financial Protection Agency, whose sole mission is to look out for consumers in the increasingly complex financial marketplace. Consolidation of authorities in an agency with mission focus on consumer protection will create clear accountability for providing and consistently enforcing clear rules of the road for firms offering consumer financial services.

Third, the proposal shines a light on dark pools of capital and derivatives markets, by expanding the authority of the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC), respectively, to register and regulate hedge funds and to require central clearing for over-the-counter derivatives.

Fourth, the proposal creates a new Office of National Insurance within the Treasury Department to gather information, develop expertise, negotiate international agreements, and coordinate policy in the insurance sector. Better monitoring will help prevent the kind of intervention that AIG's failure required to preserve financial stability.

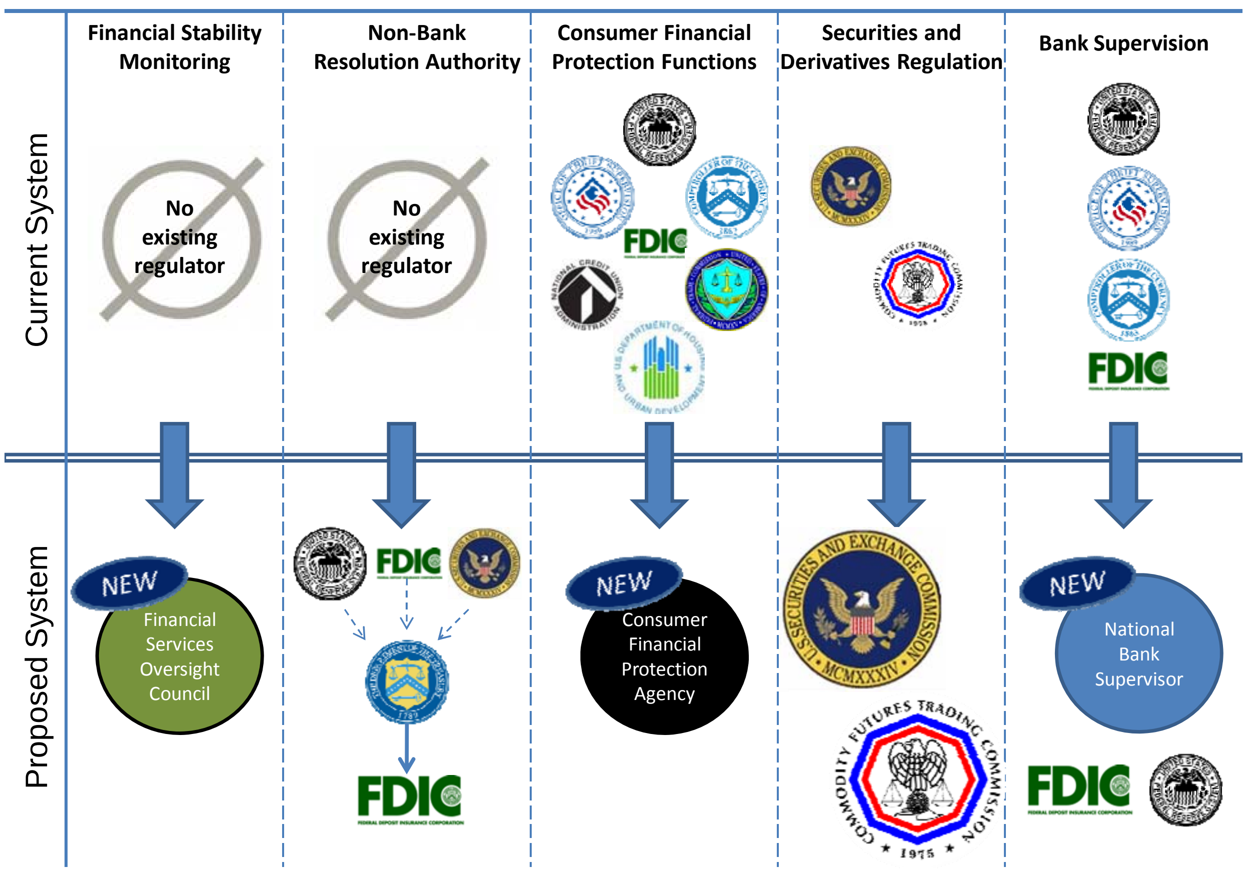
Fifth, to prevent depository institutions from selecting a corporate structure based on their preference for a particular regulator, the proposal consolidates the Office of the Comptroller of the Currency and the Office of Thrift Supervision into a single, unified National Bank Supervisor, applying the same standards of supervision to lending institutions that perform the same functions, regardless of how they choose to organize themselves.

Finally, in an effort to further strengthen and provide consistent regulation while promoting growth and innovation in the marketplace, the Administration's proposal includes numerous other reform measures. These measures include, but are not limited to, strengthening important payment, clearing, and settlement systems, enhancing credit rating agency regulation, and increasing investor protections.

The House of Representatives passed a comprehensive financial reform package in December 2009, and the Senate is expected to consider legislation in 2010. Because Congress has not yet completed its work on these historic and urgent reforms, the President's Budget reflects the Administration's proposal. Specifically, some of the functions performed by staff for the Financial Services Oversight Council and the Office of National Insurance are authorized under current authorities, and the costs are reflected directly in the Budget. In other areas where specific new resources are not needed, such as in the case of the Federal Reserve's actions on executive compensation, mortgage lending, and credit card regulation, administrative reform is underway but not specifically reflected in the Budget. The remaining reforms, which are subject to enactment of a financial reform bill, are currently included as a single amount in the Budget *Appendix*, reflecting the net impact of proposed efficiency savings, transfers, and new spending. The amounts include a budgetary placeholder for new spending and receipts from the non-bank resolution authority. Specific programmatic impacts on SEC and CFTC are discussed in each regulator's *Appendix* narrative.

The chart below illustrates the Administration's proposed changes to the U.S. financial regulatory structure.

Proposed Federal Financial Reforms



In the areas of financial stability oversight and the resolution of non-banks, the Administration has proposed new authorities that do not exist under the current regulatory structure. In consumer financial protection and bank supervision, portions of the current authorities of multiple regulators are consolidated into fewer or a single regulator, in order to better focus Federal oversight in those areas. For securities and derivatives regulation, existing authorities have been enhanced. The overall result is a comprehensive system that addresses identified gaps in the system of U.S. financial regulation.

The IT Dashboard and Treasury's E-GOV Initiatives

IT Dashboard

The IT Dashboard is a new website enabling federal agencies and the general public to view details of federal information technology investments. To learn more about the features of the IT Dashboard and the Department of Treasury's IT investments please go to http://it.usaspending.gov/#.

Treasury E-Gov Initiatives

(Dollars in millions)	FY 2009	FY 2010	FY 2011		
Treasury E-Gov Initiatives	**Actual**	**Estimated**	**Estimated**	**$ Change**	**% Change**
Treasury Integrated Acquisition Environment (IAE)	$0.4	$0.4	$0.4	$0.0	0%
Treasury Grants.Gov	$0.1	$0.0	$0.0	$0.0	0%
Treasury IAE Grants and Loans	$0.1	$0.1	$0.1	$0.0	0%
Treasury GovBenefits.Gov	$0.3	$0.3	$0.3	$0.0	0%
Treasury Financial Management LoB	$0.1	$0.1	$0.1	$0.0	0%
Treasury E-Rulemaking	$0.5	$0.5	$0.2	-$0.3	-60.00%
Treasury Business Gateway	$0.4	$0.2	$0.2	$0.0	0%
Treasury Budget Formulation & Execution LoB	$0.1	$0.1	$0.1	$0.0	0%
Totals	$2.0	$1.7	$1.4	-$0.3	-17.65%

TREASURY INTEGRATED ACQUISITION ENVIRONMENT (IAE):
Through adoption of Integrated Acquisition Environment (IAE) tools and services, the Treasury Department is improving its ability to make informed and efficient purchasing decisions and automate manual processes. This E-Gov initiative is managed by the General Services Administration (GSA); GSA's UPI for this initiative is 023-30-01-02-01-0230-24.

TREASURY GRANTS.GOV:
Grants.gov benefits the Treasury Department by providing a single location for citizens to find and apply for Department grant opportunities. The Department has three grant-making programs: the IRS Low Income Taxpayer Clinic, IRS Tax Counseling for the Elderly, and the Community Development Financial Institutions (CDFI) Fund. This E-Gov Initiative is managed by Health and Human Services (HHS); HHS's UPI for this initiative is 009-00-01-00-01-0160-24.

TREASURY IAE GRANTS AND LOANS:
The amounts listed in this business case are tracked within the IAE joint business case managed by the General Services Administration. This investment relates to Dunn and Bradstreet.

TREASURY GovBENEFITS.GOV:
GovBenefits.gov supports the Treasury Department's mission by increasing public awareness of valuable tax benefit programs that allow businesses and individuals to grow

and prosper without being limited by unnecessary or obsolete rules and regulations. This E-Gov initiative is managed by the Department of Labor; Labor's UPI for this initiative is 012-25-01-99-01-0020-24.

TREASURY FINANCIAL MANAGEMENT LoB:

The Treasury Department’s Bureau of Public Debt is one of four federal Financial Management (FM) LoB shared service providers. The Department hosts and administers financial systems and performs business processing operations for over 30 Government organizations, including most Department bureaus and 16 non-Department-related organizations. This E-Gov initiative is managed by the General Services Administration (GSA); GSA's UPI for this initiative is 023-30-01-01-01-1100-24.

TREASURY E-RULEMAKING:

The Treasury Department fully implemented its rulemaking processes to the Federal Docket Management System (FDMS), E-Rulemaking’s government-wide solution. The Department will continue to implement other rulemaking-related documents to FDMS. This initiative enables Treasury to streamline and automate the rulemaking process, improve citizen participation in the comment phases, and enhance in-formation management processes within the Department. This E-Gov initiative is managed by EPA; EPA's UPI for this initiative is 020-00-01-16-01-0060-24. .

TREASURY BUSINESS GATEWAY:

Business Gateway (BG) is a convenient portal for businesses to access a wide range of applicable forms online. BG reduces costs associated with forms printing, duplication, and distribution through the www.business.gov website. This E-Gov initiative is managed by the Small Business Administration (SBA); SBA's UPI for this initiative is 028-00-01-00-01-0100-24.

TREASURY BUDGET FORMULATION & EXECUTION LoB:

The Budget Formulation and Execution (BFE) LoB is a cross-agency effort to find common solutions that produce efficiencies in budget formulation and execution activities across the federal government. In working toward this goal, the BFE LoB developed nine technology-based capabilities solutions. The Treasury Department has been leading an effort in making the formulation module of the Budget Formulation and Execution Manager (BFEM) available to any agency that wishes to use the tool.