Message from the Secretary of the Treasury

Dear Member:

On behalf of President Biden, it is my pleasure to submit the Department of the Treasury's budget request for FY 2024. The President's 2024 Budget for Treasury supports a fair and robust tax system that ensures compliance by the wealthy and large corporations; improves taxpayer experience and service; expands resources for community development, job-creating investments, and access to credit in disadvantaged communities; and rebuilds institutional capacity to advance equity across all Treasury programs. The FY 2024 budget request of $16.3 billion aligns resources to the Department's long-term goals and objectives, as described in Treasury's FY 2022-2026 Strategic Plan. The plan can be found on Treasury's website here.

Treasury's IRS request includes $14.1 billion in discretionary resources to ensure that taxpayers receive the highest quality customer service and that all Americans are treated fairly by the U.S. tax system. These regular appropriations are essential to maintaining current, "steady-state" operations, allowing the IRS to improve service, process returns in a timely manner, and stay on top of inventory. The Administration looks forward to working with Congress to ensure the agency has the resources it needs to continue its focus on improving taxpayer experience.

Without regular appropriations, taxpayers' phone calls will go unanswered, their refunds will be delayed, and they will be less likely to receive the credits and deductions for which they are eligible. The robust multi-year funding provided by the Inflation Reduction Act (IRA), which supplements the annual budget, will be used to make long-term investments that will transform customer service, modernize technology, and allow the IRS to reduce deficits by pursuing wealthy and corporate tax evaders. For too long, the IRS has been under resourced and forced to divert resources for long-term service and technology improvements to pressing immediate needs. When paired with stable discretionary funding, IRA funding will allow the IRS to address long-term needs.

The budget provides $215 million for the Department to protect and defend sensitive agency systems and information, including those designated as high-value assets. The request provides $341 million for the Community Development Financial Institutions with the goal of improving historically underserved and often low-income communities' access to credit, capital, and financial support to grow businesses. The budget includes $332 million for Departmental Offices to address the expanding role in promoting investment security, advance equitable growth, and further support climate-related policy. Additionally, the request includes $244 million for the Office of Terrorism and Financial Intelligence (TFI) to expand Treasury's capacity to provide financial intelligence and conduct sanctions-related economic analysis and $229 million for FinCEN to continue addressing anti-money laundering and corporate transparency requirements.

The FY 2024 Budget includes the information required for the Annual Performance Report. I have validated the accuracy, completeness, and reliability of the performance data in this report.

Sincerely,

Janet L. Yellen

Janet L. Yellen

U.S. Department of the Treasury
FY 2024 Budget in Brief

Summary of FY 2024 President's Budget

The information presented in the FY 2024 Budget in Brief is accurate and complete as of March 9, 2023. Any updates will be reflected in the budget available on the Department of the Treasury website, www.Treasury.gov.

FY 2024 EXECUTIVE SUMMARY

President's Budget Discretionary Appropriation Request

Dollars in Thousands

	FY 2022 Enacted (post IRS transfer)	FY 2023 Enacted (pre IRS transfer)	FY 2023 Enacted (post IRS transfer)	FY 2024 President's Budget
Management & Financial	**$1,704,947**	**$1,880,728**	**$1,880,728**	**$2,199,881**
Departmental Offices Salaries and Expenses [1, 2]	$243,109	$273,882	$273,882	$332,199
Committee on Foreign Investment in the United States (CFIUS)	$20,000	$21,000	$21,000	$21,000
CFIUS Fees	($20,000)	($21,000)	($21,000)	($21,000)
Subtotal CFIUS Fund (non add)	**$20,000**	**$21,000**	**$21,000**	**$21,000**
Office of Terrorism and Financial Intelligence [1]	$195,192	$216,059	$216,059	$244,000
Cybersecurity Enhancement Account	$80,000	$100,000	$100,000	$215,000
Department-wide Systems and Capital Investments Program	$6,118	$11,118	$11,118	$30,881
Office of Inspector General	$42,275	$48,878	$48,878	$49,180
Treasury Inspector General for Tax Administration	$174,250	$174,250	$174,250	$187,368
Special Inspector General for TARP	$16,000	$9,000	$9,000	$0
Special Inspector Pandemic Recovery	$8,000	$12,000	$12,000	$16,000
Community Development Financial Institutions Fund	$295,000	$324,000	$324,000	$341,478
Financial Crimes Enforcement Network [1]	$161,000	$190,193	$190,193	$228,908
Alcohol and Tobacco Tax and Trade Bureau	$128,067	$148,863	$148,863	$155,604
Bureau of the Fiscal Service	$355,936	$372,485	$372,485	$399,263
Tax Administration [1, 3, 4]				
Internal Revenue Service Total	**$12,594,054**	**$12,319,054**	**$12,319,054**	**$14,136,585**
Taxpayer Services	$2,807,606	$2,780,606	$2,880,606	$3,422,449
Enforcement	$5,363,622	$5,437,622	$5,165,741	$5,904,441
Operations Support	$4,147,826	$4,100,826	$4,122,707	$4,520,076
Business Systems Modernization	$275,000	$0	$150,000	$289,619
Subtotal, Treasury Appropriations excluding TEOAF	**$14,299,001**	**$14,199,782**	**$14,199,782**	**$16,336,466**
Treasury Executive Office of Asset Forfeiture (TEOAF) Permanent Rescission	($175,000)	($150,000)	($150,000)	$0
Subtotal, Treasury Appropriation including TEOAF	**$14,124,001**	**$14,049,782**	**$14,049,782**	**$16,336,466**
Treasury International Programs	**$2,056,460**	**$2,364,515**	**$2,364,515**	**$4,037,358**
Multilateral Development Banks	$1,527,172	$1,906,315	$1,906,315	$2,292,825
Climate Change and Environment Funds	$274,288	$275,200	$275,200	$1,420,700
Quality Infrastructure	$0	$0	$0	$40,000
Food Security	$48,000	$53,000	$53,000	$121,833
Office of Technical Assistance	$38,000	$38,000	$38,000	$45,000
IMF Facilities and Trust Funds	$102,000	$20,000	$20,000	$0
Debt Restructuring and Relief	$67,000	$72,000	$72,000	$67,000
Treasury Int'l Assistance Programs	$0	$0	$0	$50,000
Total, Treasury Appropriations excluding TEOAF	**$16,355,461**	**$16,564,297**	**$16,564,297**	**$20,373,824**
Total, Treasury	**$16,180,461**	**$16,414,297**	**$16,414,297**	**$20,373,824**

[1]Excludes IRA resources, Ukraine supplemental appropriations, or one-time mandatory funding.

[2]FY 2023 Omnibus includes $12M to support the Office of Recovery Programs administrative shortfall.

[3]FY 2022 Enacted (post IRS transfer) includes a transfer of $74 million from Enforcement to Taxpayer Services ($27 million) and Operations Support ($47 million).

[4]FY 2023 Enacted (post IRS transfer) includes a transfer of $271.9 million from Enforcement to Taxpayer Services ($100 million), Operations Support ($21.9 million) and Business Systems Modernization ($150 million).

MISSION STATEMENT

Maintain a strong economy by promoting conditions that enable equitable and sustainable economic growth at home and abroad, combating threats to, and protecting the integrity of the financial system, and managing the U.S. Government's finances and resources effectively.

OVERVIEW OF REQUEST

The Budget requests $16.3 billion in base discretionary resources for the Department of the Treasury's domestic programs, a $2.1 billion or 15 percent increase from the FY 2023 enacted level.

- Improves Taxpayer Experience and Supports a Fair Tax System. The Inflation Reduction Act addressed long-standing IRS funding deficiencies by providing $79.4 billion in stable, long-term funding through 2031 to improve tax compliance by finally pursuing wealthy and corporate tax evaders who too often avoid paying taxes owed and improving service for the hundreds of millions of Americans who pay what they owe. The funding will allow the IRS to significantly improve customer service, modernize decades-old technology, infrastructure, administer new clean energy tax credits, and rebuild the administrative capacity of the agency. To realize these goals and support timely and robust implementation of the important tax provisions in the Inflation Reduction Act, annual discretionary appropriations are vital to maintain current services and allow the IRS to utilize the long-term funding for transformative modernization. To ensure that taxpayers receive the highest quality customer service and that all Americans are treated fairly by the U.S. tax system, the Budget provides a total of $14.1 billion for the IRS, $1.8 billion (15 percent) above the 2023 enacted level. This includes an increase of $642 million to improve the taxpayer experience and expand customer service outreach to underserved communities and all taxpayers. The Budget also provides $290 million for IRS Business Systems Modernization, which did not receive annual funding in 2023, to continue and accelerate the development of new digital tools to enable better communication between taxpayers and the IRS. In addition to annual discretionary funding, the Budget proposes to maintain deficit reducing IRA-funded initiatives to combat wealthy and corporate tax evasion in 2032 and beyond. This proposal builds on decades of analysis demonstrating that program integrity investments to enforce existing tax laws increase revenues in a progressive way by closing the tax gap—the difference between taxes owed and taxes paid.
- Expands Access to Credit to Underserved Communities. The Budget provides $341 million for the Community Development Financial Institutions (CDFI) Fund, an increase of $17 million (5 percent) above the 2023 enacted level, which provides historically underserved and often low-income communities access to credit, capital, and financial support to grow businesses, increase affordable housing, and

reinforce healthy neighborhood development. To better address the shortage of long-term affordable credit for development projects in disadvantaged communities and unlock up to $500 million in financing support, the Budget also includes a $10 million subsidy for the CDFI Fund's Bond Guarantee Program.

- Increases Corporate Transparency and Safeguards the Financial System. Treasury plays a leading role in monitoring and disrupting corruption, money laundering, terrorist financing, and the use of the financial system by malicious actors domestically and abroad, including as part of the Administration's response to Russian aggression against Ukraine. The Budget provides $244 million to the Office of Terrorism and Financial Intelligence (TFI), $28 million above the 2023 enacted level, to expand Treasury's capacity to provide financial intelligence and conduct sanctions-related economic analysis while continuing to modernize the sanctions process. The Budget also provides $229 million for the Financial Crimes Enforcement Network (FinCEN), $39 million above the 2023 enacted level, to support the launch of the Beneficial Ownership Secure System and investment in the Treasury offices charged with closing financial reporting loopholes that allow illicit actors to evade scrutiny, mask their dealings, and undermine corporate accountability.
- Strengthens Enterprise Cybersecurity. The Budget provides $215 million, an increase of $115 million above the 2023 enacted level, to protect and defend sensitive agency systems and information, including those designated as high-value assets. The Budget increases centralized funding to strengthen Treasury's overall cybersecurity efforts and continue the implementation of a Zero Trust Architecture. These investments would protect Treasury systems from future attacks.
- Restores Critical Agency Capacity. The Budget provides $332 million for Treasury's Departmental Offices, a 21 percent increase over the 2023 enacted level, to restore staffing levels for Treasury's core policy offices to 2016 levels and support Treasury's expanding role in promoting investment security and advancing equitable growth. The increase in funding would also support Treasury's Climate Hub and establish a climate-related technical support center to conduct assessments of climate-related risks across Government programs. The Budget builds institutional capacity to support Treasury-wide coordination of program evaluation and expand engagement with historically underrepresented and underserved groups to advance equity across all Treasury programs.

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

Appropriation[1]	2022 Actual Direct	2022 Actual Reimb.	2022 Actual Total	2023 Enacted Direct	2023 Enacted Reimb.	2023 Enacted Total	2024 President's Budget Direct	2024 President's Budget Reimb.	2024 President's Budget Total
Departmental Offices Salaries and Expenses[2]	779	38	**817**	837	41	**878**	991	41	**1,032**
DO-IRA (non-add)	-	-	**-**	*29*	-	***29***	*45*	-	***45***
Terrorism and Financial Intelligence	583	32	**615**	613	32	**645**	685	32	**717**
Cybersecurity Enhancement	7	-	**7**	30	-	**30**	53	-	**53**
Office of Inspector General	190	-	**190**	210	-	**210**	210	-	**210**
Treasury Inspector General for Tax Administration	702	2	**704**	735	2	**737**	742	2	**744**
TIGTA-IRA (non-add)	-	-	**-**	*59*	-	***59***	*129*	-	***129***
Special Inspector General for TARP	43	-	**43**	35	-	**35**	12	-	**12**
Special Inspector General for Pandemic Recovery	53	-	**53**	55	-	**55**	55	-	**55**
Community Development Financial Institutions Fund	71	-	**71**	89	-	**89**	91	-	**91**
Financial Crimes Enforcement Network	285	1	**286**	289	3	**292**	350	3	**353**
Alcohol and Tobacco Tax and Trade Bureau	479	12	**491**	548	11	**559**	551	11	**562**
Bureau of the Fiscal Service[3]	1,854	11	**1,865**	1,832	9	**1,841**	1,852	9	**1,861**
Internal Revenue Service[4]	79,071	521	**79,592**	83,310	698	**84,008**	97,794	734	**98,528**
IRS-IRA (non-add)[5,6]	-	-	**-**	*10,021*	-	***10,021***	*19,545*	-	***19,545***
Subtotal, Treasury Appropriated Level	**84,117**	**617**	**84,734**	**88,583**	**796**	**89,379**	**103,386**	**832**	**104,218**
Office of Financial Stability (Administrative Account)	7	-	**7**	5	-	**5**	1	-	**1**
Office of Recovery Programs[7]	106	-	**106**	64	-	**64**	138	.	**138**
Community Development Financial Institutions Fund, Emergency Support	9	-	**9**	9	-	**9**	9	-	**9**
Capital Magnet Fund	5	-	**5**	9	-	**9**	9	-	**9**
Office of Financial Research	119	-	**119**	148	-	**148**	184	-	**184**
Financial Stability Oversight Council	17	-	**17**	34	-	**34**	44	-	**44**
Treasury Franchise Fund	-	2,047	**2,047**	-	2,185	**2,185**	-	2,233	**2,233**
Bureau of Engraving and Printing	-	1,848	**1,848**	-	1,873	**1,873**	-	1,888	**1,888**
United States Mint	-	1,587	**1,587**	-	1,705	**1,705**	-	1,705	**1,705**
Office of the Comptroller of the Currency	-	3,481	**3,481**	-	3,555	**3,555**	-	3,555	**3,555**
Terrorism Insurance Program	8	-	**8**	10	-	**10**	13	-	**13**
IRS Private Collection Agent Program[4]	414	-	**414**	469	-	**469**	469	-	**469**
Subtotal, Treasury Non-Appropriated Level	**685**	**8,963**	**9,648**	**748**	**9,318**	**10,066**	**867**	**9,381**	**10,248**
Total, Treasury	**84,802**	**9,580**	**94,382**	**89,331**	**10,114**	**99,445**	**104,253**	**10,213**	**114,466**

1/ Presentation for appropriated accounts include FTE funded with annual appropriated resources, user fees, carryover, multiyear authority, IRA, and supplemental funding.

2/ Departmental Offices presentation include Direct FTE funded for from the Social Impact Demonstration Projects account.

3/ Direct FTE for the Bureaus of the Fiscal Service include FTE funded from the Debt Collection Fund.

4/ The FY 2023 and 2024 FTEs may differ from numbers reported in the 2024 Budget Appendix and the FY 2023 Operating Plan due to timing of legislative actions and agency decisions.

5/ 85 percent of the IRA funded estimated FTE levels support non-Enforcement activities. FY 2023 IRA Funding Usage includes amounts for Direct eFile ($15 million), Taxpayer Services ($838 million and 7,394 FTE), Enforcement ($372 million and 1,543 FTE), Operations Support ($1,018 million and 727 FTE), and Business Systems Modernization ($580 million and 357 FTE).

6/ 63 percent of the IRA funded estimated FTE levels support non-Enforcement activities. FY 2024 IRA Funding Usage includes amounts for Energy Security tax credits ($180 million and 1,810 FTE), Taxpayer Services ($816 million and 6,489 FTE), Enforcement ($1,408 million and 7,239 FTE), Operations Support ($2,380 million and 3,810 FTE), and Business Systems Modernization ($1,034 million and 197 FTE).

7/ The Office of Recovery Programs presentation include FTE related to Transportation Services, Payroll Support Program, Air Carrier Worker Support & Pandemic Relief for Aviation Workers, Economic Stabilization Program, Coronavirus Relief Fund, Homeowner Assistance Fund, Emergency Rental Assistance, State Small Business Credit Initiative (SSBCI) and Emergency Capital Investment Program.

Summary of FY 2024 Increases and Decreases

(Dollars in Thousands)

	DO	CFIUS[1]	TFI	Cyber	DSCIP	OIG	TIGTA	SIGTARP[2]	SIGPR	CDFI	FinCEN	TTB	FS	IRS	Total
FY 2023 Enacted	**$273,882**		**$216,059**	**$100,000**	**$11,118**	**$48,878**	**$174,250**	**$9,000**	**$12,000**	**$324,000**	**$190,193**	**$148,863**	**$372,485**	**$12,319,054**	**$14,199,782**
Maintaining Current Levels (MCLs)	$10,354	$0	$7,650	$298	$0	$2,091	$7,869	$0	$529	$1,204	$5,568	$5,770	$14,559	$536,665	$592,556
Pay Annualization	$1,812		$1,237	67		$414	$1,629		$107	$187	$655	$1,038	$2,642	$106,749	$116,537
Pay Raise	$6,216		$4,243	231		$1,419	$5,588		$368	$642	$2,248	$3,560	$9,062	$370,725	$404,303
Non-Pay	$2,326		$2,170			$258	$652		$54	$375	$2,664	$1,172	$2,855	$59,190	$71,716
Non-Recurring Costs	(10,000)		($10,655)	($93,150)	($11,118)										($124,923)
Efficiency Savings/Reinvestment															$0
Other Adjustment/Initiative Annualization	$11,136		$7,641			(1,789)								281,470	$298,458
Adjustments to Base	**$11,490**	**$0**	**$4,636**	**($92,852)**	**($11,118)**	**$302**	**$7,869**	**$0**	**$529**	**$1,204**	**$5,568**	**$5,770**	**$14,559**	**$818,135**	**$766,091**
FY 2024 Base	**$285,372**	**$0**	**$220,695**	**$7,148**	**$0**	**$49,180**	**$182,119**	**$9,000**	**$12,529**	**$325,204**	**$195,761**	**$154,633**	**$387,044**	**$13,137,189**	**$14,965,873**
Program Decreases								($9,000)		($2,000)					($11,000)
CFIUS Fund Appropriation		$21,000													$21,000
CFIUS User Fees		($21,000)													($21,000)
Program Increases/Reinvestments	$46,827		$23,305	$207,852	$30,881		5,249		3,471	18,274	$33,147	$971	$12,219	$999,396	$1,381,592
Subtotal, Program Changes	**$46,827**	**$0**	**$23,305**	**$207,852**	**$30,881**	**$0**	**$5,249**	**($9,000)**	**$3,471**	**$16,274**	**$33,147**	**$971**	**$12,219**	**$999,396**	**$1,370,592**
FY 2024 President's Budget funded from discretionary resources	**$332,199**	**$0**	**$244,000**	**$215,000**	**$30,881**	**$49,180**	**$187,368**	**$0**	**$16,000**	**$341,478**	**$228,908**	**$155,604**	**$399,263**	**$14,136,585**	**$16,336,466**

1/ CFIUS Fund enacted levels are net appropriations including user fees.

2/ SIGTARP has no Budget Adjustments table for the FY 2024 Budget. The program is sunsetting in FY 2024 and using remaining no-year funds for an orderly shutdown.

FY 2024 President's Budget by Strategic Goal

Dollars in Thousands

Treasury Goal/Objective	Promote Equitable Economic Growth and Recovery	Enhance National Security	Protect Financial Stability and Resiliency	Combat Climate Change	Modernize Treasury Operations	Total
Management & Financial	$766,057	$796,455	$167,891	$77,914	$391,565	$2,199,881
Departmental Offices Salaries and Expenses	$121,417	$73,141	$46,231	$32,648	$58,762	$332,199
Committee on Foreign Investment in the United States Fund		$21,000				$21,000
CFIUS Fees		($21,000)				($21,000)
Office of Terrorism and Financial Intelligence		$244,000				$244,000
Cybersecurity Enhancement Account		$215,000				$215,000
Treasury Capital Investments and Modernization Fund				$5,147	$25,734	$30,881
Office of Inspector General	$45,442	$1,918		$492	$1,328	$49,180
Treasury Inspector General for Tax Administration	$140,713	$8,619	$8,057	$2,998	$26,981	$187,368
Special Inspector General for Pandemic Recovery	$16,000					$16,000
Community Development Financial Institutions Fund	$304,179				$37,299	$341,478
Financial Crimes Enforcement Network		$171,681	$29,758	$4,578	$22,891	$228,908
Alcohol and Tobacco Tax and Trade Bureau	$134,313	$2,243		$110	$18,938	$155,604
Bureau of the Fiscal Service	$3,993	$79,853	$83,845	$31,941	$199,632	$399,263
Tax Administration	$13,986,394			$150,191		$14,136,585
IRS Taxpayer Services	$3,347,216			$75,233		$3,422,449
IRS Enforcement	$5,892,372			$12,069		$5,904,441
IRS Operations Support	$4,457,187			$62,889		$4,520,076
Business Systems Modernization	$289,619					$289,619
Total, Treasury	**$14,752,450**	**$796,455**	**$167,891**	**$228,105**	**$391,565**	**$16,336,466**

Departmental Offices Salaries and Expenses

Program Summary by Budget Activity

Dollars in Thousands

Appropriated Resources	FY 2022 Operating Plan		FY 2023 Operating Plan		FY 2024 Request		FY 2023 to FY 2024 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Executive Direction	109	$43,895	113	$43,246	147	$56,687	30.1%	31.1%
International Affairs and Economic Policy	188	$58,298	182	$66,979	221	$90,099	21.4%	34.5%
Domestic Finance and Tax Policy	255	$84,960	295	$103,027	331	$114,937	12.2%	11.6%
Treasury-wide Management and Programs	111	$37,944	106	$41,392	104	$44,906	-1.9%	8.5%
Committee on Foreign Investment in the United States	72	$18,012	65	$19,238	102	$25,570	56.9%	32.9%
Subtotal New Appropriated Resources	**735**	**$243,109**	**761**	**$273,882**	**905**	**$332,199**	**18.9%**	**21.3%**
Other Resources								
Reimbursable	38	$9,433	41	$12,000	41	$12,000	0.0%	0.0%
Transfers from CFIUS Fund	34	$17,000	27	$16,000	39	$16,000	44.4%	0.0%
Ukraine Supplemental Funding	8	$5,981	18	$11,019	0	$0	-100.0%	-100.0%
IRA Funding Usage	0	$0	29	$15,124	45	$15,719	55.2%	3.9%
Subtotal Other Resources	**80**	**$32,104**	**115**	**$54,143**	**125**	**$43,719**	**8.7%**	**-19.3%**
Total Budgetary Resources	**815**	**$275,213**	**876**	**$328,025**	**1,030**	**$375,918**	**17.6%**	**14.6%**

Note: FY 2022 Other Resources and Full-time Equivalents (FTE) reflect actuals

Summary

The President's FY 2024 budget for Treasury Departmental Offices (DO) Salaries and Expenses (SE) provides necessary resources for the Treasury Department to address major issues confronting the U.S. economy and to rebuild Treasury's institutional capacity. Funding is requested to support a national security initiative to review investments that U.S. firms make outside of the United States; initiatives addressing generational issues, such as persistent inequality in economic opportunity and climate change; initiatives to ensure DO can sustain critical policy work needed to maintain a strong economy, develop evidence to support policymaking, and improve the customer experience for the U.S. public; support for international engagement, including continued support for Ukraine; and, sustained support for the global economic recovery from the coronavirus pandemic. In addition to these requested increases, DO anticipates transferring in and executing $16 million from the $21 million request of the Committee on Foreign Investment in the United States (CFIUS) Fund, discussed separately.

Budget Highlights

Dollars in Thousands

	FTE	Amount
FY 2023 Operating Plan	**761**	**$273,882**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$10,354
Pay Annualization (4.6% average pay raise)	0	$1,812
Pay Raise (5.2% average pay raise)	0	$6,216
Non-Pay	0	$2,326
Non-Recurring Costs	(13)	($10,000)
Reductions to One-Time funding for Outbound Investment Review	0	($7,000)
Reduction to ORP Admin Funding	(13)	($3,000)
Other Adjustments:	56	$11,136
Restoration of CFIUS funding reduced in FY 2023	32	$6,000
Annualization of FY 2023 staffing initiatives	24	$5,136
Subtotal Changes to Base	43	$11,490
FY 2024 Current Services	**804**	**$285,372**
Program Changes:		
Program Increases:	101	$46,827
Outbound Investment Review	15	$16,700
Equity Assessment and Program Evaluations	4	$1,104
Staffing to Support Climate Initiatives	11	$3,184
Support for Critical DO Policy Functions	37	$8,854
Improve Hiring and Recruitment Programs	0	$473
Global Economic Recovery and Ukraine Support	12	$3,020
Climate Technical Assistance Center	16	$5,000
DO Cyber Infrastructure, Facilities Infrastructure, IT Modernization	0	$2,428
Evidence Act Implementation, and Treasury Data & CX Improvement	3	$2,864
Treasury Attaché Program Expansion	3	$3,200
Subtotal Program Changes	**101**	**$46,827**
FY 2024 President's Budget Request	**905**	**$332,199**
FY 2024 CFIUS Fund Transfer	**39**	**$16,000**
Total FY 2024 Budgetary Resources	**944**	**$348,199**

Budget Adjustments

Maintaining Current Levels (MCLs) ....+$10,354,000 / +0 FTE

Pay Annualization (4.6%) +$1,812,000 / +0 FTE

Funds are requested for annualization of the January 2023 4.6 percent average pay raise.

Pay Raise (5.2% in FY 2024) +$6,216,000 / +0 FTE

Funds are requested for a 5.2 percent average pay raise in January 2024.

Non-Pay +$2,326,000 / +0 FTE

Funds are requested to support inflationary costs for non-labor expenses, such as travel, contracts, rent, supplies, and equipment.

Non-Recurring Costs .... -$10,000,000 / -13 FTE

Reductions to One-Time Funding for Outbound Investment Review -$7,000,000 / -0 FTE

As a result of larger-than-expected CFIUS carry-over funding and hiring delays in FY 2023, DO Salaries and Expenses included $7 million as a one-time repurposing of CFIUS unobligated balances and other labor costs in FY 2023 to fund labor costs for drafting regulations and the buildout of an IT system to support soon-to-be-proposed national security reviews of investments made outside of the United States by U.S. firms. In FY 2024, funding will need to be restored to support CFIUS anticipated workloads and hiring in various DO offices.

Reduction to ORP Administrative Funding -$3,000,000 / -13 FTE

Treasury requests $9 million for the administration of financial assistance programs within the Office of Recovery Program (ORP), a reduction of $3 million from the FY 2023 enacted level. The requested discretionary funding for ORP within DO SE, in combination with the FY 2023 enacted flexibility for use of other mandatory administrative funding, remains necessary to sustain programs through their authorized period, allowing ORP to take a data-centric, risk-based approach to providing accountability and stewardship for pandemic recovery programs. These resources will continue to support efforts to improve access to capital for small businesses and in underserved communities, including rural and low-income areas.

Other Adjustments... +$11,136,000 / +56 FTE

Restoration of CFIUS funding reduced in FY 2023 +$6,000,000 / +32 FTE

DO Salaries and Expenses funding used in FY 2023 on efforts related to the national security reviews of investments made outside of the United States by U.S. firms will be restored to support CFIUS program activities in FY 2024.

Annualization of FY 2023 staffing initiatives +$5,136,000 / +24 FTE

Due to hiring delays, some staff that were brought onboard in the latter half of FY 2023 were not full-year FTE Funding will be used in FY 2024 to support the annualization of costs for DO staff funded through new appropriations provided in FY 2023.

Program Increases .... +$46,827,000 / +101 FTE

Outbound Investment Review +$16,700,000 / +15 FTE

The Consolidated Appropriations Act, 2023, P.L. 117-328, included language that encouraged Treasury to identify the resources needed to establish a targeted outbound investment review mechanism. This funding would allow Treasury to establish a program to address national security concerns arising from outbound investments from the United States into sensitive technologies that could enhance the technological capabilities of countries of concern in ways that threaten U.S. national security. As currently contemplated, the program would be implemented and administered by Treasury and focus on investments that result in the advancement of military and dual-use technologies by countries of concern but are of a nature that they are not presently captured by export controls, sanctions, or other related authorities. This FY 2024 request builds on one-time funding within DSCIP and is temporarily realigned from CFIUS in FY 2023, which provide for initial hiring efforts and critical investments in new IT systems.

Staffing to Support DEIA +$1,104,000 / +4 FTE
This request would allow the recently created Office of Diversity, Equity, Inclusion, and Accessibility (ODEIA) to expand. These four additional FTEs will provide Department-wide support to help Treasury advance equity in its policies, procedures, and practices, and would support the DO's efforts to center issues of equity within policy discussions to achieve a more equitable economy. In addition, these resources will support Department-wide efforts to improve the diversity of Treasury's workforce, ensure civil rights compliance, and help oversee the DEIA work across the Department.

Staffing to Support Climate Initiatives +$3,184,000 / +11 FTE
The Administration is targeting cuts to greenhouse gas (GHG) emissions by 50% - 52% from 2005 levels by 2030 and has outlined an ambitious plan to double international climate finance and triple international adaptation finance by 2024, to support communities transitioning away from coal and to encourage the private sector to disclose climate risk. The Administration has tasked Treasury with playing a key role in these efforts, but as currently staffed, Treasury is limited in its ability to contribute to crucial elements of the climate agenda. Treasury's unique responsibilities on a range of programs related to climate change – including economic, financial sector, and climate-related government policies – are reflected in an ambitious climate strategy program. This request would build policy strength in key climate functions, including international economists who can support bilateral and multilateral efforts outlined in the International Climate Finance Strategy, domestic finance experts responsible for understanding climate risks on the financial system, and economists responsible for conducting economic analyses related to the impacts of domestic and international climate policies on US energy markets.

Support for Critical DO Policy Functions +$8,854,000 / +37 FTE
The gradual reduction of FTE levels across DO policy offices in combination with the absorption of new workstreams and lack of adequate funding for inflationary increases over the last several years has eroded DO's capacity to maintain support to fundamental DO mission areas, including maintaining the public debt, setting Treasury Department strategy, and performing legal analysis on issues related to Treasury equities. Funding is needed to ensure that DO can sustain critical policy work needed to maintain a strong economy and create economic growth and financial stability.

As some examples of impacts this funding would have within Domestic Finance (DF), resources are not currently available to hire a full range of subject matter experts necessary to build broad institutional expertise in digital assets, housing finance, insurance, and other critical areas. This request would allow DF to hire staff with the necessary expertise to support the timely development and execution of a digital assets policy framework and near-term work related to the Treasury Digital Assets Working Group. This request would also provide for additional staffing in key national security priorities such as the Office of Cybersecurity and Critical Infrastructure Protection (OCCIP), in addition to funding fundamental mission areas for DF that are critical to maintaining the integrity of the financing operations of the United States, including within the Office of Debt Management (ODM), the Office of Fiscal Projections (OFIP), and in the areas of insurance and financial markets.

This request would also support additional staffing for General Counsel (OGC) in the areas of enforcement and intelligence (E&I) General Law, Ethics, and Regulation, Banking and Finance, and in the OGC front office. OGC E&I staff support the TFI mission from within DO SE. Despite a significant increase in sanctions actions from 2017 to present, E&I counsel staff have seen no substantial staffing growth while the complexity of sanctions authorities managed by the Office of Foreign Assets Control has increased significantly. Counsel staff are also needed to assist with FOIA administration and improve responsiveness to Congressional oversight requests Treasury views its role in responding to FOIAs as a critical responsibility of the Department.

Improve Hiring and Recruitment Programs +$473,000 / +0 FTE
DO completed a comprehensive time to hire review over the past several months. Since this assessment, DO has made a number of adjustments to its hiring support, including: 1) improving long-term workforce planning, 2) emphasizing the importance of finalizing Position Descriptions and Job Analysis and Assessments prior to recruit requests, 3) encouraging usage of the variety of recruitment methods available to DO staff (Sched A, Pathways, merit promotion, etc.), and 4) devoting additional resources to the security/adjudication process to improve security clearance process times. In order to properly tackle these issues, DO needs additional staffing in Human Resources and Human Capital.

Global Economic Recovery and Ukraine Support +$3,020,000 / +12 FTE
This funding would allow DO to more proactively engage on key global economic issues that matter to the United States. This would include more forward leaning engagement with the International Financial Institutions, through multilateral fora such as the G20, and bilaterally on critical economic and national security issues, such as spillover effects from Russia's invasion of Ukraine, global economic recovery from the coronavirus pandemic, debt transparency, and climate change. Without adequate staff to support multilateral and bilateral engagements and perform critical macroeconomic analysis, DO will not be able to make further progress on all of the Department's objectives and would need to sacrifice opportunities to advance U.S. national goals or cede leverage. Funding would support workstreams in the areas of health, development, food security, digital assets, macroeconomic modeling, and in support of Ukraine.

Climate Technical Assistance Center +$5,000,000 / +16 FTE
Funding is requested for the establishment of a Climate-Related Financial Risk Technical Support Center to develop, conduct, and integrate assessments of climate-related financial risk exposure from across the Federal government and to facilitate climate financial risk data sharing. This initiative is intended to improve the Federal Government's ability to understand the potential impact of climate-related financial risks to Federal assets and programs.

DO Cyber Infrastructure, Facilities Infrastructure, and IT Modernization +$2,428,000 / +0 FTE
As foreign and domestic actors threaten the American economy and national security, Treasury must strengthen its cybersecurity posture, leverage its existing processes and tools, and strengthen bi-lateral and multi-lateral partnerships to protect the financial sector. With Treasury's increasing involvement in combatting cybercrime, DO faces increasing risk against the IT systems that support its authorities. DO is a primary target for nation state sponsored cyber criminals who seek to disrupt our capabilities and destroy our reputation. DO must invest in

cyber protections commensurate with the risks incurred in our efforts to safeguard the financial sector, U.S. economy and in combating cybercrime.

This request also provides funding for a repairs and improvements (R&I) account within DO for noncapital investments within Main Treasury (MT) and Freedman's Bank Building (FBB). While the major repairs to the exterior of the Main Treasury Building are being funded in Department-wide Systems and Capital Investments Program account (DSCIP), ad hoc repairs and maintenance are usually completed in CTAS because 1) emergency repairs cannot be planned for, and 2) many of the repairs are operational in nature and must-do fixes. By not keeping up with maintenance and repair needs, the building systems and infrastructure will typically not have a full life expectancy and the resulting higher replacement costs place an even higher burden on Treasury facilities.

<u>Evidence Act Implementation, and Treasury Data & CX Improvement +$2,864,000 / +3 FTE</u>
The Administration has set the expectation that agencies improve their collection and use of evidence. At current staffing levels, Treasury has significant challenges in meeting this goal. Treasury has not been funded to hire program evaluators centrally who can conduct cross-cutting and priority program evaluations. Likewise, while appointments have been made for a Treasury Chief Data Officer and Deputy Chief Data Officer who would be responsible for setting organizational strategy and participating in cross-agency data councils, the Office of the Chief Data Officer (OCDO) has no staff to support specific data priorities within the Department.

This request would fund FTEs with program evaluation expertise and non-labor in the Office of Strategic Planning and Performance Improvement (OSPPI) and OCDO to support rigorous program evaluations of priority programs and research questions and support DO-related priority data initiatives.
These additional staff and funding would allow the Department to conduct 1-3 evaluations annually (depending on scope), enable Treasury to coordinate development and sharing of evidence products for high priority evaluations/studies, establish and manage 1-2 additional external partnerships to further increase Treasury's capacity to conduct high priority and rigorous evaluations/studies, build and manage the enterprise data inventory, establish data governance policies and programs, and identify and pursue priority data sharing opportunities. It would also enable staff to lead analytics efforts for high priority projects/programs, including long-range analytic studies aligned to Administration and Learning Agenda priorities.

The CX budget will coordinate an enterprise-based approach to a Voice of Customer program, building off of existing efforts and platforms operated by individual High Impact Service Providers that can further enable the public reporting of customer feedback data for designated services and support customer experience measurement of services across Treasury.

<u>Treasury Attaché Program Expansion +$3,200,000 / +3 FTE</u>
The 2021 National Defense Authorization Act (NDAA) authorized and required the expansion of the program by no fewer than six positions. This request is for 3 FTEs—or half of the positions needed to meet the requirements of the 2021 NDAA.

Treasury financial attachés are posted at U.S. Embassies in foreign countries important to U.S. domestic and foreign economic and financial policy and the international fight against terrorism, money-laundering, and other illicit finance activities. The attachés complement the Ambassador in outreach to foreign finance ministries, international financial institutions, central banks, and other agencies, and supply the embassy and Treasury with detailed information and focused analysis of foreign economic and financial policies. Their unique perspectives are critical to the policy development and implementation and crisis management work at Main Treasury and in the U.S. interagency.

Legislative Proposals

DOSE has no legislative proposals.

Performance Highlights

Budget Activity	Performance Measure	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Target	FY 2024 Target
International Affairs and Economic Policy	OTA - Program Engagement	3.3	3.6	3.5	3.6	3.6
Treasury-wide Management and Programs	Treasury-wide Leaders Lead Index of the Federal Employee Viewpoint Survey (FEVS)	75	74	74	75	77
Treasury-wide Management and Programs	Percent of Procurement Dollars Spent on Small Business	46%	39%	38%	40%	40%

Description of Performance

<u>Office of Technical Assistance (OTA) Program Engagement (Traction)</u>: Measures the degree to which foreign counterparts are engaging proactively and constructively with OTA advisors at the working and policy levels. A five-point scale is used to measure traction, with scores ranging from a low of 1, indicating there is little if any counterpart involvement, to a high score of 5, indicating that OTA advisors have regular and frequent meetings with counterparts and counterparts display high levels of involvement. Counterpart engagement is critical to OTA efforts to structure and execute effective technical assistance projects that support host country ownership and drive project outcomes. The result for FY 2022 is 3.5, a slight decrease of 0.1 from the FY 2021 result. The FY 2022 traction score, although marginally lower than the FY 2021 score, reflects continued strong traction with OTA counterparts globally.

<u>Treasury-wide "Leaders Lead" Index of Federal Employee Viewpoint Survey (FEVS)</u>: As part of its overall effort to increase Employee Engagement, Treasury had set a multi-year goal to increase the "Leaders Lead" index. This involved statistically analyzing FEVS data to identify opportunities for improvement. Treasury's score for the Leaders Lead Index decreased from 66 percent in FY 2021 to 64 percent in FY 2022, dropping below OPM's 65 percent benchmark for an indicator of organizational strength. Treasury's score in FY 2022 exceeded the average score for very large agencies by five percent. The target is 67 percent for FY 2024, to place the Leaders Lead index back among those of relative strength for the Department.

<u>Percentage of Procurement Dollars Spent on Small Business:</u>

Based on preliminary data in FY 2022, Treasury met and exceeded four out of five small business prime contracting goals. Treasury did not meet its overall small business goal. Treasury did not meet any small business subcontracting goals. All Treasury bureaus were included in the goaling report, with no exclusions. The FY 2022 overall small business goal was set for 39 percent, and Treasury achieved 37.89 percent. The FY 2024 target small business goal is 40 percent. One overarching challenge in FY 2022 to meet the overall small business goal was that had preliminarily planned for a 32% small business. Particularly noteworthy is that Treasury far exceeded the forecasted goal of 32% and achieved over 37%. Also, in FY 2022, Treasury's small disadvantaged business (SDB) goal was raised from 5% to 10% to meet OMB Directive to raise the SDB goal incrementally each year to reach a goal of 15% by FY 2025.

Treasury exceeded the small business contracting goals for the following socioeconomic groups:

- Small Disadvantaged Business – goal 10.0 percent, achieved 10.46 percent;
- Women Owned Small Business – goal 5.0 percent, achieved 7.21 percent; and
- Service-Disabled Veteran Owned Small Business – goal 3.0 percent, achieved 3.5 percent.
- Historically Under-utilized Business Zone (HUBZone) – goal 3.0 percent, achieved 4.09 percent.

Cybersecurity Enhancement Account

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2022 Operating Plan	FY 2023 Operating Plan	FY 2024 Request	FY 2023 to FY 2024 $ Change	FY 2023 to FY 2024 % Change
Cybersecurity Enhancement Account (CEA)	$80,000	$100,000	$215,000	$115,000	115.00%
Subtotal, CEA	**$80,000**	**$100,000**	**$215,000**	**$115,000**	**115.00%**
Recovery from Prior Years	$1,005	$0	$0	$0	0.00%
Unobligated Balances Brought Forward	$18,595	$57,461	$58,000	$539	0.94%
Subtotal, Other Resources	**19,600**	**$57,461**	**$58,000**	**$539**	**0.94%**
Total Program Operating Level	**$99,600**	**$157,461**	**$273,000**	**$115,539**	**73.38%**
Direct FTE	10	30	53	23	76.67%
Total Full-time Equivalents (FTE)	**10**	**30**	**53**	**23**	**76.67%**

Summary

The FY 2024 President's Budget request of $215 million for the Cybersecurity Enhancement Account (CEA) was formulated to support the Department's continued efforts focused on risk reduction. The request includes $45 million for bureau-specific investments related to mission-specific needs that must be achieved to integrate with Treasury's enterprise cybersecurity services.

Guiding Treasury's FY 2024 request are the milestones articulated in Executive Order 14028 (EO 14028), Improving the Nation's Cybersecurity, as well as the numerous Office of Management and Budget (OMB) memorandums including M-21-31 Improving the Federal Government's Investigative and Remediation Capabilities and M-22-09 Moving the U.S. Government Toward Zero Trust Cybersecurity Principles. The FY 2024 request also supports compliance efforts associated with Department of Homeland Security (DHS) Cybersecurity and Infrastructure Security Agency (CISA) guidance that sets new cybersecurity standards and objectives. These new directives also prioritize cloud-based security, security operations center (SOC) enhancements, and security logging.

Consistent with prior year funding, the CEA will be used as a centralized account for the design, development, and evolution of enterprise-wide cybersecurity capabilities and services. An enterprise approach allows Treasury to enhance efficiency, communication, transparency, and accountability around the mission. A cross-cutting approach to managing the CEA investments allows the Department to elevate the importance of the associated technical initiatives and provide Treasury leadership, OMB, and Congress with a more holistic vantage point of cybersecurity activities across the Department.

The investments within the CEA continue to align with the National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF), which is the continued de facto industry framework for cybersecurity programs. Treasury also aligns its investments to OMB-driven initiatives, so that there is traceability between the funding outlays and concrete outcomes.

Budget Highlights

Dollars in Thousands

	FTE	Amount
FY 2023 Operating Plan	**30**	**$100,000**
Changes to Base:		
Non-Recurring Costs		($93,150)
Maintaining Current Levels (MCLs):		**$298**
Pay Annualization (4.6% average pay raise)		$67
Pay Raise (5.2% average pay raise)		$231
Subtotal Changes to Base		($92,852)
FY 2023 Current Services	**30**	**$7,148**
Program Changes:		
Program Increases:	**23**	**$207,852**
Enterprise Specific Investments:		**$163,190**
Cloud Enterprise Investment	18	$59,744
Zero Trust Architecture Implementation	2	$43,232
Security Logging		$35,448
Other Cybersecurity Priorities	3	$24,766
Bureau Specific Investments:		**$44,662**
Zero Trust Architecture - Bureau of the Fiscal Service		$30,375
Cloud Adoption - Bureau of the Fiscal Service		$11,637
Zero Trust - Alcohol and Tobacco Tax and Trade Bureau		$2,500
Other Cyber Priorities - Bureau of the Fiscal Service		$150
Subtotal Program Changes	**23**	**$207,852**
FY 2024 President's Budget Request	**53**	**$215,000**

Budget Adjustments

Changes to Base ……………………………………..…………………-$93,150,000 / -0 FTE

Non-Recurring Costs, -$93,150,000 / -0 FTE

This amount represents non-recurring initial investments.

Maintaining Current Levels ……………………………………………….+$298,000 / +0 FTE

Pay Annualization, +$67,000 / +0 FTE

Funds are requested for annualization of the FY 2023 4.6 percent average pay raise.

Pay Raise, +$231,000 / +0 FTE

Funds are requested for a 5.2 percent average pay raise in January 2024.

Program Increases …………………………………………………+$207,852,000 / +23 FTE

Cloud Enterprise Investment, +$59,743,600 / +18 FTE

Treasury requests FY 2024 funding for cloud enterprise cybersecurity enhancements and upgraded capabilities to meet ever growing security and compliance risks as Treasury continues to drive cloud adoption across the enterprise. With the imminent provisioning of an enterprise multi-cloud environment, Treasury will need to design, develop, and implement security patterns/guardrails to help ensure sanctioned and secure use of cloud platforms.

In addition, the Department will need to expand its security operations capabilities to accommodate the increased telemetry generated by cloud assets/workloads, along with developing new detection logic for cloud-specific monitoring. While Treasury expects cloud will offer unprecedented opportunities for scalable and predictable infrastructure management, there will be discernible impacts on Treasury's ability to observe, detect, and respond to threats to its attack surface.

Zero Trust Architecture Implementation, +$43,231,600 / +2 FTE

Zero Trust Architecture (ZTA) seeks to minimize implicit trust and reinvigorate least privilege. The ZTA approach is a paradigm shift from verifying once at the perimeter to continual verification of each user, device, application, and transaction. The impacts of the transition to ZTA are significant—not just technology reconfiguration but also adjusting current operating models to a new approach to risk management. Philosophically we think of ZTA as:

- Enabling a new default security posture using the practice of "never trust, always verify" across the entire technology stack.
- Altering Treasury's approach for access enforcement, leveraging granular policies to assess the user identity, user device, and the categorization of the data before making an access decision.
- Shifting from defending the "macro attack surface" to the "micro protect surface."

For FY 2024, Treasury continues to understand, manage, and design a new generation of ZTA-aligned IT services, functions, and systems to meet security needs. Funding will support this program and include the following investments, noting that this list is subject to change to meet newly issued requirements:

- A consistent, robust, and scalable Treasury-wide Zero Trust Architecture with a focus on integration with the Treasury Cybersecurity Architecture.
- Enhanced capabilities to detect and manage traffic compromise, data exfiltration, malicious activity, and ransomware, with an eye toward the technical exposure from the SolarWinds incident.

The FY 2024 investment in ZTA supports work towards a compliant zero trust maturity model. This large-scale investment approach requires Treasury to enhance visibility and threat detection at the application level to improve its ability to support continuous threat analysis, detection, and response, and enable the analysis of encrypted traffic. Compartmentalization, micro segmentation, and reinforcing enforcement of continuous identity verification and access policies aligned with Zero Trust will improve the Department's resistance to fraudulent tampering of privileged accounts.

Security Logging, +$35,448,000 / +0 FTE

This FY 2024 investment will support Treasury's compliance with the security logging requirements outlined in OMB Memorandum M-21-31, which requires all logs to be accessible and visible for the highest-level operations center at the Department. This will require expansion of the Treasury Shared Services Security Operations Center (TSSSOC) enterprise logging solution to be able to receive, store, analyze, and process security event and system logs from all Treasury offices and bureaus as well as nearly 40 Treasury shared services. With this investment, Treasury will:

- Create and monitor traps for detecting data-stream disruption.

- Implement a facility to share the logs with CISA, the Federal Bureau of Investigation, and other authorities required.
- Provide storage and retention for log data consistent with OMB Memorandum M-21-31 requirements.
- Analyze logs in real time to detect attacks and other activities of interest.
- Develop automated hunt and incident response playbooks that take advantage of Security, Orchestration, Automation, and Response capabilities.
- Create and implement a user behavioral analytics capability to allow for early detection of malicious behavior on all user and non-user accounts. This requires machine learning and artificial intelligence techniques to detect anomalous user actions and help combat advanced threats.

This investment is critical in Treasury's pursuit to comply with OMB Memorandum M-21-31 to successfully secure Treasury information technology systems.

<u>Other Cybersecurity Priorities, +$24,765,840 / +3 FTE</u>
In FY 2024, Treasury will continue to make progress on ongoing critical cybersecurity investments. Continued funding of these critical investments is necessary to sustain progress made on some investments and launch new projects not previously identified.

Responding to the changing threat landscape in an interconnected environment has amplified the need for identifying and assessing the security posture of high value assets (HVAs) as well as vendors within our supply chain. Additionally, based on the complex nature of cybersecurity, ongoing maturation of these programs is necessary to enable much needed visibility into the myriad of threats, vulnerabilities, and cybersecurity risks facing our agency. These priority investments include but are not limited to:

- Supply Chain Risk Management Enhancements
- Enterprise Cyber Risk Management
- Governance, Risk, and Compliance
- HVAs
- Enterprise Threat and Vulnerability Management
- Vulnerability Disclosure Policy Platform
- Cyber Threat Intelligence
- Security improvements to our enterprise applications
- Continued annual threat hunts, to verify total eviction of the SolarWinds threat actor

<u>Bureau Specific Investments, +$44,662,960/ +0 FTE</u>
Zero Trust Architecture, Cloud Adoption, and Other Cyber Priorities – Bureau of the Fiscal Service, +$42,162,960 / +0 FTE
The budget request will *accelerate* the Bureau of the Fiscal Service's (Fiscal Service's) Cloud Adoption away from aging, costly platforms to low code, cloud-based architecture to, in part, remediate Fiscal Service audit deficiencies. This applies to Fiscal Service's specific portfolio of applications and systems including:

- ***HVAs***: Many of the Fiscal Service's HVAs that support the National Computer Forensic Institute are currently hosted on aging platforms based on antiquated code. For example, one of these platforms is the Fiscal Service Mainframe, which costs $45.9 million annually and carries substantial contractual costs that are anticipated to continue increasing over time.

- ***Federal Information Security Modernization Act (FISMA) Systems:*** Consistent with the EO 14208, this funding will allow Fiscal Service to move 60+ FISMA systems to secure cloud services, including Software as a Service, Infrastructure as a Service, and Platform as a Service. It will also enhance the business continuity and disaster recovery of these systems.

Additionally, this supports:

- ***Identity Assurance:*** Common Approach to Identity Assurance licensing costs for millions of public citizens that access Fiscal Service systems each year. This investment in Zero Trust is necessary to achieve the required identity assurance levels for public-facing applications.
- ***Training:*** Necessary training on advanced cyber tools and techniques so appropriate safeguards are in place to ensure effective delivery of critical infrastructure services.

Zero Trust – Alcohol and Tobacco Tax and Trade Bureau, +$2,500,000 / +0 FTE
This budget request will improve Alcohol and Tobacco Tax and Trade Bureau's ability to detect and respond to sophisticated threats by making investments in the following areas:

- Additional endpoint detection and response licenses.
- Hardware/software to increase overall network traffic visibility, as well as to gain the capability to analyze and visualize anomalies for potential threats in the traffic; and
- Upgrade Security Information and Event Management hardware/software to allow for greater log storage retention and the ability to collect additional sources of log files for detection and forensic purposes.

Legislative Proposals

The Cybersecurity Enhancement Account has no legislative proposals.

Strategic Alignment

The CEA is focused on an enterprise approach to bolstering and security of Treasury's critical IT systems and infrastructure to meet the Department's strategic goals and objectives uninterrupted. The CEA aligns with the following Treasury strategic goals and objectives as presented in the FY 2022 - FY 2026 strategic plan:

Goal 2: Enhance National Security

• Objective 2.1 – Cyber Resiliency of Financial Systems and Institutions - Harden assets and systems of Treasury and the broader financial system to promote financial system resiliency.

Goal 3: Protect Financial Stability and Resiliency

• Objective 3.1 – Financial System Vulnerabilities - Identify and address current and emerging vulnerabilities to the stability of the U.S. and global financial systems to support more sustainable and equitable growth.

Performance Highlights

Performance Measure	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2022 Target	FY 2023 Target	FY 2024 Target
Number of Major Incidents	0	0	1	1	1	0	0	DISC
Number of Reported Incidents	225	152	206	246	205	150	150	DISC
Enterprise Multi-Factor Authentication Adoption	N/A	N/A	N/A	N/A	N/A	N/A	N/A	B
Transitioning Enterprise Logging Data	N/A	N/A	N/A	N/A	N/A	N/A	N/A	B
Percentage of TIER I High Value Assets (HVAs) where Risk and Vulnerability Assessment (RVA) or Security Architecture Review (SAR) are Completed on Time (%)	100%	100%	100%	100%	100%	100%	100%	100%
Percentage of High and or Critical Findings from RVAs or SARs on Tier 1 HVAs that are closed by the end of the FY	N/A	57%	80%	80%	100%	75%	80%	80%

Key: DISC - Discontinued; B - Baseline; I - Indicator

Description of Performance

This year, CEA is working to align budget activities and performance measures to the new objectives in the Treasury FY 2022 - FY 2026 Strategic Plan. This work will include benchmarking performance and may result in changes to performance measures in the FY 2025 budget.

Number of Major Incidents: The number of major incidents, as defined in OMB Memorandum M-19-02, reported by Treasury to Congress in a given fiscal year. This is a measure of how effective Treasury's collective defenses are at mitigating the most damaging security threats. In December 2020, Treasury notified DHS CISA of a major security incident resulting from the Department's deployment of SolarWinds Orion, widely used network management software. The Department has completed compromise assessments, and all SolarWinds Orion products continue to remain offline across the Treasury Enterprise environment. The FY 2024 request includes additional funding to mitigate weaknesses identified through the SolarWinds incident and for investments that support critical IT improvements.

Number of Reported Incidents: Treasury is constantly being targeted by a large array of threat actors, including nation states and criminal syndicates. Treasury detects and responds to these events and provides notifications of a subset of these events to the United States Computer Emergency Readiness Team at CISA for external situational awareness. Because the volume and velocity of these events is contingent upon so many different factors (geopolitical affairs, software vulnerabilities, new tactics/techniques), it can be difficult to forecast future impact based on year-on-year trends.

Enterprise Multi-Factor Authentication Adoption: Treasury has established this new performance measure in response to EO 14028 on "Improving the Nation's Cybersecurity." The EO directs Federal Agencies to develop and adopt stronger cybersecurity policies and practices, including fully adopting Multi-Factor Authentication (MFA). Treasury outlined a goal to implement MFA to the maximum extent feasible.

Transitioning Enterprise Logging Data: This measure will track Treasury's progress in transitioning enterprise logging data from on-premises locations to the cloud.

Percentage of High and/or Critical Findings from Risk and Vulnerability Assessments (RVAs) or Security Architecture Reviews (SARs) on Tier I High Value Assets (HVAs) that are closed by the end of the Fiscal Year (FY): This is a measure of how Treasury addresses the vulnerabilities and potentially exploitable weaknesses of its most important systems, based on its HVA assessment process. Treasury's CEA performance targets are based upon the percentage of HVA system assessments that are conducted in accordance with the HVA assessment cycle and the closure rate of resulting findings and/or Plans of Action and Milestones (POA&Ms) within the fiscal year. Treasury has consistently recorded a 100 percent completion rate for system assessments and currently has a 100 percent closure rate for associated findings and POA&Ms. This focus helps to ensure that the proper POA&Ms are in place for all assessed systems and that they are being acted upon in a timely manner. The investment will focus on remediation of vulnerabilities, as well as increased review and reporting on corrective actions to resolve all findings and recommendations discerned during the assessment process. It was decided that the FY 2024 target should remain flat from FY 2022 numbers due to the likelihood of findings from HVA assessments requiring long-term remediation efforts.

Department-wide Systems and Capital Investments Program

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2022 Operating Plan	FY 2023 Operating Plan	FY 2024 Request	FY 2023 to FY 2024 $ Change	FY 2023 to FY 2024 % Change
Department-wide Systems and Capital Investments Program (DSCIP)	$6,118	$11,118	$30,881	$19,763	177.76%
Total Program Operating Level	**$6,118**	**$11,118**	**$30,881**	**$19,763**	**177.76%**
Total Full-time Equivalents (FTE)	**0**	**0**	**0**	**0**	**0.00%**

Summary

An icon of American architecture, the Main Treasury building is the third oldest in use Federal building in Washington, after the Capitol and White House. Unlike the Capitol or White House, the Main Treasury building is not under the jurisdiction of the Architect of the Capitol or General Services Administration (GSA), respectively, but rather is the direct responsibility of the Treasury Department. The bulk of funding for its care through capital investments is provided through the Department-wide Systems and Capital Investments Program (DSCIP) account.

The Main Treasury building was built with Congressional appropriations from 1836 to 1869. From 1909 to 1910, the building received a special appropriation to modernize its infrastructure, which helped bring the building into the 20th century. A major fire in 1996 resulted in a series of Congressional appropriations that ushered the Treasury building into the 21st century. Now, 25 years later, the building faces a multitude of issues that need to be addressed, some of which pose life/safety concerns, including issues related to Treasury and the Freedman's Bank Buildings' external and internal infrastructure and security posture.

The President's FY 2024 budget request reflects a limited subset of those previously identified needs, which the Department plans to continue to work to address over time. The FY 2024 request builds on prior year efforts (which included requests in FY 2021, FY 2022, and FY 2023) to repair the outer envelope of the Main Treasury building and includes funding to address major repairs within the interior of the Main Treasury building. This request reflects Treasury's three-step long-term strategy to continue to maintain and modernize its owned spaces: (1) secure the building's outer envelope; (2) conduct a condition assessment to identify additional needs associated with the buildings' continual aging and deferred maintenance; and (3) based on this assessment, conduct a holistic modernization of the building's systems and infrastructure.

The FY 2024 request also includes funding for moving and relocation costs for government leased space in preparation for the August 2025 expiration of leases. Finally, the FY 2024 funding request provides approximately $1.6 million reimbursement for agency contributions to the GSA in support of the Federal Risk and Authorization Management Program (FedRAMP).

Budget Highlights

Dollars in Thousands

Department-wide Systems and Capital Investments Program	FTE	Amount
FY 2023 Operating Plan	**0**	**$11,118**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$0
Non-Recurring Costs	0	($11,118)
Main Treasury and Freedman's Bank Interior Repairs	0	($2,518)
Main Treasury Exterior Repairs	0	($5,600)
Outbound Investment - IT System	0	($3,000)
Subtotal Changes to Base	**0**	**($11,118)**
FY 2024 Current Services	**0**	**$0**
Program Changes:		
Program Increases:	0	$30,881
Construction Consolidation: Move and Replication for government leased space	0	$17,200
MT Exterior Repair and Restoration Masonry & Windows	0	$6,000
Electric Vehicles	0	$5,000
FedRAMP Reimbursement	0	$1,581
Architectural and Engineering Design, Inspection, and Consultation	0	$600
MT Carpet, Plaster and Paint	0	$500
Subtotal Program Changes	**0**	**$30,881**
FY 2024 President's Budget Request	**0**	**$30,881**

Budget Adjustments

Non-Recurring Costs .... -$11,118,000 / - 0 FTE

This amount represents the non-recur of investments funded within the FY 2023 Enacted.

Program Increases .... +$30,881,205/ + 0 FTE

Construction Consolidation: Move and Replication for government leased space +$17,200,000 / +0 FTE

The Departmental Offices (DO) request $17.2 million in funding for anticipated office moves. Prospectus-level leases for two buildings that DO currently occupies expire in August 2025, and the DO must take steps in FY 2024 to secure a new leased space. To accomplish this goal, over the past 20 months, DO has partnered with GSA and used its Program of Requirements model to conduct an in-depth survey with offices to understand their facility needs. The requested $17.2 million in funding is needed to procure a new lease, construct and equip suitable office space, and relocate to the new space before the current leases expire. DO is committed to efficiently utilizing office space. The lease consolidation effort will yield a 90,000 rentable square foot (RSF) reduction resulting in millions of dollars in cost avoidance over the life of the new lease.

MT Exterior Repair and Restoration Masonry & Windows +$6,000,000 / +0 FTE

The budget request continues critical renovations and maintenance of the outer shell of the Main Treasury (MT) and Freedman's Bank Building (FBB) facilities, with the primary goals of preventing continued water intrusion and repairing key structural components. Completion of MT exterior work, including work to repair and restore one of the five phases of the façade but does not include courtyard windows.

Work items include:

- Repairing failed masonry joints to protect from moisture penetration, cleaning the stone surfaces, and repairing damaged stone.
- Repairing or replacing window frames suffering varying degrees of damage after years of weather exposure.

This will fund phase four of the multiyear effort to maintain the building and to prevent more expensive repair work as deterioration continues, to include weather intrusion that is impacting interior spaces that require remediation and mold control. Phase four covers the remainder of the East/15th St. façade of the MT building. This funding covers exterior repairs, but it is possible the repairs will uncover additional unanticipated structural issues that could require additional funding requests.

Electric Vehicles Leases and Infrastructure +$5,000,000 / +0 FTE
Following the lead from Executive Order (E.O.) 14008, "Tackling the Climate Crisis at Home and Abroad", Treasury is committed to supporting the Administration's goals of combatting the impacts of climate change. Treasury is accelerating the conversion of its vehicle fleet to electric vehicles (EVs) as a part of strategic objective 4.4 (Sustainable Treasury Operations). To facilitate this transition, $5.0 million is being requested by Treasury in FY 2024 in the DSCIP account for:

1. The replacement of traditional internal combustion vehicle leases with zero-emission vehicles (i.e., battery electric and plug-in hybrid electric) across Treasury; and
2. Electric vehicles will replace traditionally powered leased vehicles; and
3. Additional charging station infrastructure to support fleet electrification. Some existing charging stations will require updates or replacement.

Electrifying the Treasury fleet will support environmental and energy sustainability and will make Treasury more adaptive and resilient to the impacts of climate change.

FedRAMP Reimbursement +$1,581,205 / +0 FTE
To date, the FedRAMP program has been funded via appropriations directly to the GSA. Section 753 of Division E of the Consolidated Appropriations Act, 2023 (P.L. 117-328) authorized the transfer of funds to GSA to finance an appropriate share of various information technology projects among Government-wide boards and councils. Starting in FY 2024, this program will convert into a government-wide reimbursable program. This funding request provides $1.581 million for agency contributions to the GSA in support of the Federal Risk and Authorization Management Program (FedRAMP). FedRAMP is a government-wide Technology Transformation Services reimbursable program that provides a standardized approach to security assessment, authorization, and continuous monitoring for cloud products and services. FedRAMP empowers agencies to use modern cloud technologies, with emphasis on security and protection of federal information, and helps accelerate the adoption of secure cloud solutions. The FedRAMP Program Management Office (PMO) resides within GSA and supports agencies and cloud service providers through the FedRAMP authorization process and maintains a secure repository of FedRAMP authorizations to enable reuse of security packages.

Architectural and Engineering Design, Inspection, and Consultation +$600,000 / +0 FTE
These funds will pay for design studies, project planning, cost estimating, schedule, and inspections that Treasury no longer has in-house capabilities to do due to previous funding cuts. This will provide project specific technical guidance, building code review and consultation, and

third-party inspections where necessary. Some work, such as third-party inspections, are required to be performed by outside sources. This funding sets the groundwork for step three of Treasury's three-part long term owned spaces strategy, as it will kickstart engineering work needed to begin a holistic approach to system modernization.

MT Carpet, Plaster and Paint +$500,000 / +0 FTE

Much of the carpet within MT and FBB is close to 20 years old, while projected life expectancy is typically 7-10 years. In many places carpet has become significantly worn, which creates the potential for safety hazards and gives an unprofessional impression of the Treasury Department. These funds will be used to purchase carpet stock, allowing for regular lifecycle replacement. Also, buildings the size of MT and FBB require constant spot replastering and painting, as well as scheduled repainting in their entirety (by sections) over time.

Likewise, damage from water intrusion and pipe leaks has resulted in damage to plaster and paint throughout the MT building. While waterproofing to the exterior of the building is ongoing, it is equally important for staff health and safety to remediate water damage and prevent/eliminate mold and mildew where identified.

Legislative Proposals

DSCIP has no legislative proposals.

Description of Performance

Treasury Owned Buildings – Repairs and Renovations

Treasury Operations continues to strategically focus on restoring the health of the building envelope (shell) and to correct the deteriorating building structure and infrastructure. The contract for the first phase (west façade) of the MT exterior restoration project was awarded late in FY 2021 and completed during FY 2022. Exterior work will continue in the spring of 2023 on the south façade which was awarded in FY 2022.

The FY 2021 contract award of the expanded Facility Condition Assessment (FCA) provided an update to, and validation of, the immediate repair needs of MT and FBB. Work on the expanded FCA began in December 2021 and is now complete. This assessment was conducted to identify long-term capital expenses based on the expected useful life of building systems and components. Treasury Operations has enlisted non-reimbursable staffing resources on developmental details to identify ways to improve Treasury's sustainability and decrease Treasury's carbon footprint, and the FCA will be invaluable in establishing a baseline from which Treasury can identify areas where sustainability or energy efficiency can be improved (e.g., legacy mechanical systems, more efficient building envelope) consistent with strategic objective 4.4.

In addition to immediate repairs and long-term needs, the expanded FCA provided feedback on the building code as well as compliance with the Americans with Disabilities Act. In doing so, it allows Treasury to provide a safer, more inclusive, and more comfortable environment for Treasury staff, which should contribute to the productivity and morale of employees within these buildings consistent with strategic objective 5.4.

Concurrent with repairs to Treasury's owned portfolio, Treasury has leases expiring in August 2025 in downtown Washington, DC. The combined total square footage of these leases is 195,017 RSF. In FY 2022, Treasury undertook a progressive approach to space utilization and developed a plan to consolidate leased spaces by 47 percent to an estimated 103,000 RSF. This effort aligns Treasury's long-term future of work plan and the federal footprint reduction plan and is consistent with strategic objective 5.2. The consolidation is expected to improve operational efficiency and allow for future growth while providing an efficient work environment that supports each office's mission.

Terrorism and Financial Intelligence

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2022 Operating Plan	FY 2023 Enacted	FY 2024 Request	FY 2023 to FY 2024 $ Change	FY 2023 to FY 2024 % Change
Terrorism and Financial Intelligence	$195,192	$216,059	$244,000	$27,941	12.93%
Subtotal, Terrorism and Financial Intelligence	**$195,192**	**$216,059**	**$244,000**	**$27,941**	**12.93%**
Offsetting Collections - Reimbursable	$9,051	$13,500	$13,500	$0	0.00%
Transfer from Technology Modernization Fund	$0	$11,145	$0	($11,145)	-100.00%
Total Program Operating Level	**$204,243**	**$240,704**	**$257,500**	**$16,796**	**6.98%**
Direct FTE	562	576	685	109	18.92%
Reimbursable FTE	32	32	32	0	0.00%
Total Full-time Equivalents (FTE)	**594**	**608**	**717**	**109**	**17.93%**

Notes:

1) FY 2022 Other Resources and Full-time Equivalents (FTE) reflect actuals.

2) Table excludes Ukraine Supplemental appropriation.

Summary

The Office of Terrorism and Financial Intelligence (TFI) requests $244.0 million for fiscal year (FY) 2024. Funding at this request level would enhance TFI's ability to protect the U.S. and international financial systems from both foreign and domestic abuse. Resources would be utilized to increase transparency in the domestic and international financial system and to facilitate the detection of illicit financial activity. These actions are essential to reaffirming Treasury's global leadership in combating financial abuse. Resources would also be used to advance the Administration's foreign policy and national security priorities through the application of targeted financial measures. TFI's request prioritizes efforts to modernize the development, implementation, enforcement, and maintenance of U.S. sanctions to ensure that sanctions remain a streamlined and effective foreign policy and national security tool. Resources will support further development of Treasury's sanctions expertise and expand Treasury's external engagement and outreach on sanctions with key interagency and international partners. Additionally, the FY 2024 request prioritizes anti-money laundering, countering the financing of terrorism, and countering the financing of proliferation (AML/CFT) and countering the financing of proliferation (CFP) policy advancements both domestically and internationally.

Budget Highlights

Dollars in Thousands

Terrorism and Financial Intelligence	FTE	Amount
FY 2023 Operating Plan	**576**	**$216,059**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$7,650
Pay Annualization (4.6% average pay raise)	0	$1,237
Pay Raise (5.2% average pay raise)	0	$4,243
Non-Pay	0	$2,170
Non-Recurring Costs	0	($10,655)
One-Time Contractor Support, Facility Buildouts, and IT Investments	0	($10,655)
Other Adjustments:	37	$7,641
Absorption of Staff Supporting Ukraine	37	$7,641
Subtotal Changes to Base	37	$4,636
FY 2024 Current Services	**613**	**$220,695**
Program Increases:	72	$23,305
Creation of a Sanctions Economic Analysis Unit	9	$2,680
OIA Office of Security Personnel Staffing, OpSec, and Blockchain/Digital Assets	21	$4,578
Enhance the IC's Economic Security and Financial Intelligence	7	$2,000
Office of Global Affairs (OGA) Regional Teams	6	$1,940
OFAC Sanctions Support: Increased IT Staffing and Operational Funding	1	$2,200
Improve Hiring and Recruitment Programs	0	$200
Treasury's Secure Communications Program	3	$3,800
Office of Strategic Policy Staff	5	$2,040
OIA Staffing & OFAC Sanctions Tools and Staffing	20	$3,767
Promote Evidence Act and Treasury Data Strategy	0	$100
Subtotal Program Changes	72	23,305
FY 2024 President's Budget Request	**685**	**$244,000**

Budget Adjustments

Maintaining Current Levels (MCLs) ....+$7,650,000 / +0 FTE

Pay Annualization (4.6%) +$1,237,000 / +0 FTE

Funds are requested for annualization of the January 2023 4.6 percent average pay raise.

Pay Raise (5.2% in 2024) +$4,243,000 / +0 FTE

Funds are requested for a 5.2 percent average pay raise in January 2024.

Non-Pay +$2,170,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Non-Recurring Costs ....-$10,655,000 / +0 FTE

One-Time Contractor Support, Facility Buildouts, and IT Investments -$10,655,000 / 0 FTE

During FY 2024, TFI anticipates non-recurring approximately $10.7 million of funding used for one-time projects in FY 2023. This funding will be utilized during FY 2023 to support the growth in TFI’s footprint through critical investments in IT infrastructure and facilities. Funding will also be utilized for one-time contractor surge support to bridge the gap on critical TFI workstreams while the office hires additional permanent federal workers.

Other Adjustments .... +$7,641,000 / +37 FTE

Absorption of Staff Supporting Ukraine +$7,641,000 / +37 FTE

Two-year appropriations passed in FY 2022 to respond to the situation in Ukraine expire at the end of FY 2023. TFI currently estimates 37 FTEs are supporting Ukraine from this funding source. At the outset of FY 2024, these staff will be fully funded from the TFI Salaries and Expenses account.

Program Increases .... +$23,305,000 / +72 FTE

Creation of a Sanctions Economic Analysis Unit +$2,680,000 / +9 FTE

As envisaged, the Unit will be responsible for the development of economic and financial policy analysis to inform the design and implementation of sanctions policy and targeting options that may be approved by Treasury decision makers under existing or proposed authorities. The Unit will also provide firm- and industry-specific analysis of potential collateral effects of proposed sanctions and identify issues that may be appropriate to mitigate, including related to U.S. persons, in connection with OFAC actions. Lastly, the Unit will conduct after-action financial and economic policy analysis of collateral effects and work with sanctions regulatory and policy practitioners to recommend additional mitigation or program adjustments, as necessary.

OIA Office of Security Personnel Staffing, OpSec, and Blockchain/Digital Assets +$4,578,000 / +21 FTE

TFI's Office of Intelligence Analysis (OIA), Office of Security Programs, Personnel Security program conducts security intake/onboarding for Departmental Offices employees; determines adjudicative suitability for employment of Department hires; interprets and assists bureaus in implementing national and Department personnel security policies; provides verification of security clearance and investigation information; evaluates implementation and effectiveness of security practices and procedures; recommends program enhancements; and supports Department and bureau offices in providing continuous real-time status reports of onboarding employees. TFI is requesting additional security officers to properly staff the intake, investigation, and adjudication functions and meet Department and National timeliness standards for clearing and onboarding employees and to assist with the establishment, implementation, and management of a Department-wide Operations Security program.

TFI's Office of Intelligence and Analysis (OIA) is also responsible for providing strategic intelligence analysis and support on digital assets and emerging technology, including central bank digital currencies, private virtual currencies, blockchain technology, state-sponsored financial infrastructure, artificial intelligence, and other emerging technologies. This request is for resources to track and provide analysis on rapidly changing trends in digital assets, such as usage by illicit actors, representing the highest priority needs of the Department.

Enhance the IC's Economic Security and Financial Intelligence +$2,000,000 / +7 FTE

This request completes the strategic investment started in FY 2023 to right-size the economic and finance related mission space within OIA.

The FY 2024 funding would support the following programmatic areas:

- Strategic Economic and Financial Analysis – This funding would allow OIA to enhance our strategic macroeconomic and sectoral intelligence analysis in support of the Department's national security mission.
- Counterintelligence (CI) Threat Finance – This funding would allow OIA to expand its analysis of how foreign intelligence services pay to target and recruit U.S. government personnel.
- Enhance the Treasury Reporting Program – This funding would allow OIA to expand intelligence reporting to the intelligence, law enforcement, and policy communities as applicable, based on Treasury policymaker engagements and whether data sets are proprietary or shareable.

<u>Office of Global Affairs (OGA) Regional Teams +$1,940,000 / +6 FTE</u>
This request is a critical need for additional staff to support Treasury's national security mission. Ongoing world events in Ukraine, expected national security concerns identified over the next five to ten years, and increased taskings from the National Security Council have increased OGA's workload exponentially—and often with extremely short timelines.

<u>OFAC Sanctions Support: Increased IT Staffing and Operational Funding +$2,200,000 / +1 FTE</u>
The Office of Foreign Assets Control's (OFAC) Sanctions Support Division (SSD) requires funding for IT investments to enhance the role that technology plays in carrying out TFI business processes.

<u>Improve Hiring and Recruitment Programs +$200,000 / +0 FTE</u>
This funding is needed to support TFI's contribution to Departmental Offices' (DO) Human Resources and Human Capital requirements. DO completed a comprehensive time to hire review over the past several months. Currently, time to hire for DO staff is nearly 152 days. That's nearly two times Office of Personnel Management's (OPM) target time to hire of 80 days, and 1.5 times the government wide metric of 98 days as of FY 2018. Since this assessment, DO has made a number of adjustments to its hiring support, including: 1) improving long-term workforce planning, 2) emphasizing the importance of finalizing Position Descriptions and Job Analysis and Assessments (JAA) prior to recruit requests, 3) encouraging usage of the variety of recruitment methods available to DO staff (Sched A, Pathways, merit promotion, etc.), and 4) devoting additional resources to the security/adjudication process to improve security clearance process times.

<u>Treasury's Secure Communications Program +$3,800,000 / +3 FTE</u>
TFI's Office of Intelligence and Analysis (OIA) requires funding for hardware and personnel to expand Treasury's mobile, in-office, and residential secure communications capabilities in support of Treasury's national security mission. This request will ensure that OIA can continue meeting customer demand by expanding the number of video and voice assets available and that the Department's capabilities are in line with other national security focused agencies.

<u>Office of Strategic Policy Staff +$2,040,000 / +5 FTE</u>
The Office of Strategic Policy (OSP) in TFI's Office of Terrorist Financing and Financial Crimes (TFFC) has been critically understaffed for the past decade. OSP leadership serves as the head of the U.S. Financial Action Task Force (FATF) delegation and OSP staff spearheads many of the

USG AML/CFT/CPF policy advancements both domestically and internationally. These six positions are required to expand TFI's subject matter expertise on environmental crimes and money laundering schemes related to opioids crisis, environmental crimes, cybercrimes, domestic violent extremism, and fraud, particularly health care fraud and theft of COVID stimulus funds.

OIA Staffing & OFAC Sanctions Tools and Staffing +$3,767,000 / +20 FTE
Includes funding to annualize FY 2023 staffing increases for OIA and OFAC. Includes funding for OIA's Threat Finance, Strategic Economic and Financial Analysis, Program Management, and cybersecurity. In addition, provides support for The Office of Foreign Assets Control's (OFAC) sanctions programs manage an increase in enforcement equities associated with greater connectivity between U.S. persons and the sanctions targets; handling increased private sector engagement; increasing investigations into complex targeting actions; and increasing policy, regulatory affairs, and licensing actions.

Promote Evidence Act and Treasury Data Strategy +$100,000 / +0 FTE
Across the board, the Administration has set the expectation that agencies increase their use of evidence. Treasury has real challenges in meeting this goal—the Department has still not designated an Evaluation Officer and has no staff supporting evaluations more broadly across Departmental Offices (DO). While appointments have been made for a Treasury Chief Data Officer and Deputy Chief Data Officer, they have no staff to support data priorities.

The funding for this initiative request is needed to support TFI's contribution to DO's Evidence Act and Treasury data strategy.

Legislative Proposals

The Office of Terrorism and Financial Intelligence has no legislative proposals.

Performance Highlights

		FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Budget Activity	Performance Measure	Actual	Actual	Actual	Target	Target
Terrorism and Financial Intelligence	Regulatory documents published in the Federal Register within four months of publication of an Executive order or Congressional mandate during the fiscal year	67%	25%	0%	75%	75%
Terrorism and Financial Intelligence	Designations and identifications released on time to the public without errors	97%	98%	100%	90%	90%
Terrorism and Financial Intelligence	Respond to de-confliction requests received from law enforcement	88%	97%	99%	93%	93%

Key: DISC - Discontinued; B - Baseline

Description of Performance

TFI has been designated as the Treasury lead for three strategic plan objectives within Treasury's *Goal 2 – Enhance National Security*. During FY 2022, TFI continued to make significant progress across these objectives. Below is a brief discussion of the organization's impact across each, respectively.

Objective 2.2: Economic Measures to Advance National Security

Since the start of Russia's full-scale invasion of Ukraine in February 2022, Treasury has taken unprecedented action to isolate Russia from the global financial system. To do so, Treasury has brought to bear both well-established tools from our economic arsenal, as well as innovative approaches to push the boundaries of economic statecraft that will have severe short- and long-term effects on the Russian economy. This includes hundreds of designations against a wide variety of Russian entities and sectors that have undercut Russian's financing for imports forcing it to rely on reserves for defense industry support and production. In addition, Treasury worked with its international partners to impose a price cap on Russian-origin oil to reduce the Kremlin's oil revenues in an effort to both promote global energy stability and keep Russia's oil on the market. In addition, Treasury also expanded its efforts on investigations into and enforcement of Russian entities tied to the military-industrial complex, financial sector, Kremlin-linked oligarchs, and other focal points for corruption through the Russian Elites, Proxies, and Oligarchs (REPO) Task Force and other venues.

In addition, Treasury continued to apply its tools and authorities against bad actors in Iran, North Korea, Syria, Burma, Zimbabwe among others while also targeting terrorist financiers, transnational and cyber criminals, human rights abusers, kingpins, others who seek to abuse the financial system.

Finally, over the past year, Treasury continued to review and identify any investment that may pose a national security risk in a timely manner. For those investments that may require mitigation, Treasury issued the Committee on Foreign Investment in the United States (CFIUS) Enforcement and Penalty Guidelines to promote the importance of compliance with mitigation and other legal agreements.

Objective 2.3: Modernize Sanctions Regime

TFI/OFAC continues to carry out recommendations made from Treasury's review of economic and financial sanctions. This includes developing a framework to ensure all sanctions are linked to clear policy objectives, are coordinated with partners, easily understandable, enforceable, and carefully calibrated to avoid unintended economic or humanitarian consequences. Furthermore, in an effort to implement these recommendations and invest in additional operational capabilities, TFI/OFAC has created a new sanctions unit to be staffed by sanctions experts, economists, and others to achieve this goal.

Objective 2.4: Transparency in the Financial System

Treasury continues to protect the U.S. and international financial system from abuse by illicit actors by promoting transparency both domestically and internationally.

Through the release of key risk assessments in 2022 that address money laundering, proliferation financing, and terrorist financing, Treasury identified trends, threats, and vulnerabilities in each of these areas. Each assessments' data analysis and information informed the development and release of the 2022 National Strategy for Combating Terrorist and Other Illicit Financing.

Release of this strategy provided key allies with specific recommendations on how to further strengthen the AML/CFT and CFP regimes and mitigate abuse of the financial system.

TFI also worked with interagency partners to develop an action plan that addresses illicit financing risks of digital assets. Additionally, Treasury continues addressing the financing of domestic violent extremism (DVE) by providing resources to counter the financing of DVE and assisting financial institutions and law enforcement on detecting and combating the financing of DVE. Treasury has also engaged with domestic regional financial institutions to discuss risks associated with financing domestic violent extremism and is planning a workshop with virtual currency firms on domestic violent extremist use of virtual assets.

Committee on Foreign Investment in the United States

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2022 Operating Plan	FY 2023 Operating Plan	FY 2024 Request	FY 2023 to FY 2024 $ Change	FY 2023 to FY 2024 % Change
Treasury CFIUS Activities	$17,000	$16,000	$16,000	$0	0.0%
Other Member CFIUS Activities	$3,000	$5,000	$5,000	$0	0.0%
Treasury Departmental Offices S&E	$18,012	$19,238	$25,570	$6,332	32.9%
Subtotal, CFIUS	**$38,012**	**$40,238**	**$46,570**	**$6,332**	**15.7%**
Anticipated User Fees - CFIUS Fund	($22,031)	($21,000)	($21,000)	$0	0.00%
Total Program Operating Level	**$15,981**	**$19,238**	**$25,570**	**$6,332**	**32.9%**
Direct FTE	106	92	141	49	53.3%
Total Full-time Equivalents (FTE)	**106**	**92**	**141**	**49**	**53.3%**

Summary

The Committee on Foreign Investment in the United States (CFIUS) was established in 1975 under Executive Order 11858 to monitor the impact of foreign investment in the United States, and to coordinate and implement federal policy on such investment. CFIUS is composed of nine voting member agencies. The Committee's unique design leverages the skills, subject matter expertise, and integrated analysis of Committee members and other relevant agencies. CFIUS voting members include:

- Department of the Treasury
- Department of Commerce
- Department of Defense
- Department of Energy
- Department of Homeland Security
- Department of Justice
- Department of State
- Office of Science Technology and Policy
- Office of the United States Trade Representative

As both Chair and member of CFIUS, Treasury is responsible for leading CFIUS in establishing policies, implementing processes and functions, and managing its daily operations. Treasury participates in every aspect of CFIUS, including reviews and investigations, policy and international relations, mitigation monitoring and enforcement, non-notified transaction analysis, legal support, and national security threat assessments. The Office of International Affairs (IA) is responsible for case management and coordination and representing the Committee to parties that file notices or declarations. The Office of General Counsel provides legal support to IA and is responsible for certain analyses conducted on each notice filed with CFIUS.

The Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA) strengthened CFIUS to better address national security concerns arising from some types of investments and transactions that were previously outside its jurisdiction. Additionally, FIRRMA modernized Committee processes to better enable timely and effective reviews of covered transactions. FIRRMA also established the CFIUS Fund (the Fund), to be administered by the chairperson (the Secretary of the Treasury), to accept appropriated funds for these expanded responsibilities and functions, and to collect filing fees.

Case volume has increased significantly in recent years, from 172 notices formally reviewed in calendar year (CY) 2016 to 436 cases (comprised of 272 notices and 164 declarations) formally reviewed in CY 2021. Case totals exceeded CY 2020 by a total of 123. The FY 2024 budget requests resources necessary to handle the increased case workload (including significantly expanded activity with respect to non-notified transactions), mitigation monitoring, and international engagement.

The Administration requests $21 million for the Fund in upfront appropriations that will be offset by up to $21 million in collections from filing fees, of which $16 million is proposed for transfer to Treasury's Departmental Offices (DO) to fund capital investments and staff to support Committee activities. The remaining $5 million will be available for transfers to other CFIUS agencies to facilitate, for example, interagency connectivity with Treasury's information technology (IT) and case management systems, and to address other emerging needs.

Budget Highlights

Dollars in Thousands

Committee on Foreign Investment in the United States	FTE	Amount
FY 2023 Enacted	**65**	**$19,238**
Transfer in from CFIUS Fund	**27**	**$16,000**
FY 2023 Operating Plan (DO SE CFIUS Base)	**92**	**$35,238**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$633
Pay Annualization (2023 4.6% average pay raise)	0	$143
Pay Raise (2024 5.2% average pay raise)	0	$490
Other Adjustments	32	$6,000
Restoration of DO SE funding used for non-CFIUS activities in FY 2023	32	$6,000
Non-Recurring Costs	0	($3,370)
Non-recur to CFIUS investments	0	($3,370)
Subtotal Changes to Base	32	$3,264
FY 2024 Current Services	**124**	**$38,502**
Program Changes:		
Other Adjustments:	17	$3,069
Staffing to Support CFIUS Caseload Growth	17	$3,069
Subtotal Program Changes	**17**	**$3,069**
Total FY 2024 President's Budget	**141**	**$41,570**
Anticipated User Fees	0	($16,000)
Total FY 2024 Appropriated Resources	**0**	**$25,570**

Note: CFIUS Fund transfers to non-Treasury agencies of $5 million are not included in this table.

Budget Adjustments

Anticipated User Fees -$21,000,000 / -0 FTE

Treasury and IA anticipate collection of filing fees that will be credited to the Fund as offsetting collections.

Transfer in from CFIUS Fund +$16,000,000 / +0 FTE
The CFIUS Fund anticipates transferring $16.0 million dollars to the DO Salaries and Expenses account to support Treasury DO CFIUS activities.

Maintaining Current Levels (MCLs) ....+$633,000 / +0 FTE
Pay Annualization (4.6%) +$143,000 / +0 FTE
Funds are requested for annualization of the January 2023 4.6% average pay raise.

Pay Raise (5.2% in FY 2024) +$490,000 / +0 FTE
Funds are requested for a 5.2% average pay raise in January 2024.

Other Adjustments ....+$6,000,000 / +32 FTE
Restoration of CFIUS funding reduced in FY 2023 +$6,000,000 / +32 FTE
As a result of larger-than-expected CFIUS carry-over funding in FY 2023, DO Salaries and Expenses included $6 million as a one-time repurposing of CFIUS unobligated balances to fund labor costs for drafting regulations and the buildout of an IT system to support soon-to-be-proposed national security reviews of investments made outside of the United States by U.S. firms. In FY 2024, funding will need to be restored to support CFIUS anticipated workloads.

Non-Recurring Costs ....-$3,370,000 / -0 FTE
Non-recur to CFIUS Investments -$3,370,000 / -0 FTE
Non-recurring costs for CFIUS associated with investments in CFIUS's case management system and configuration of secure spaces for new CFIUS staff.

Other Adjustments ....+$3,069,000 / +17 FTE
Staffing to Support CFIUS Caseload Growth +$3,069,000 / +17 FTE
Increase in CFIUS staffing needed to support anticipated program growth as demonstrated by continued annual caseload increases, enhanced international engagement activities driven by external demand, and further implementation of enforcement activities authorized by FIRRMA.

Legislative Proposals

CFIUS has no legislative proposals.

Performance Highlights

Budget Activity	Performance Measure	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Target	FY 2024 Target
Committee on Foreign Investment in the United States (CFIUS)	Timely Review of CFIUS Cases	100%	100%	100%	100%	100%

Description of Performance

In FY 2022, Treasury continued CFIUS' growth to support requirements laid out in the FIRRMA. This includes continued investment in infrastructure necessary to support an increase in CFIUS's responsibilities, as well as additional staff to manage the workload growth.

Timely Review of CFIUS Cases: This measure tracks compliance with statutory deadlines for completing national security reviews of transactions notified to the CFIUS to ensure that the CFIUS process is timely and efficient. The target (100 percent) was met in CY 2022. IA's target for this measure in CY 2023 and CY 2024 is 100 percent.

Office of Inspector General

Dollars in Thousands

Budget Activity	FY 2022 Operating Plan	FY 2023 Operating Plan	FY 2024 Request	FY 2023 to FY 2024 $ Change	FY 2023 to FY 2024 % Change
Audit	$31,095	$35,853	$36,103	$250	1%
Investigations	$11,180	$13,025	$13,077	$52	0%
Subtotal, OIG	**$42,275**	**$48,878**	**$49,180**	**$302**	**1%**
Offsetting Collections - Reimbursable	$12,000	$12,000	$12,000	$0	0%
Resources from Other Accounts	$10,959	$10,122	$10,122	$0	0%
Program Total Operating Level	**$22,959**	**$22,122**	**$22,122**	**$0**	**0%**
Total Budgetary Resources	**$65,234**	**$71,000**	**$71,302**	**$302**	**0%**
Direct FTE	190	210	210	0	0%
Total Full-time Equivalents (FTE)	**190**	**210**	**210**	**0**	**0%**

Resources from Other Accounts include Pandemic Funds and FY 2022 Full-time Equivalents reflect actuals.
Appropriated resources were provided by the Consolidated Appropriations Act, 2021, and the American Rescue Plan Act of 2021.
1. $6.5 million for oversight, monitoring, and recoupment of the Emergency Rental Assistance program.
2. $3 million for oversight of the Emergency Rental Assistance program.
3. $2.6 million for oversight of the Homeowner Assistance Fund.
4. $35 million for oversight of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Funding received in FY 2020)
5. Offsetting Collections includes $1 million for SSBCI Reimbursable Authority (Supporting the Small Business Jobs Act of 2010).

Summary

The FY 2024 request for $49,180,000 for the Office of Inspector General (OIG) will be used to support ongoing critical audit, investigative, and mission-support activities and pandemic relief programs. The request maintains currents services, supporting the increased FY 2023 funding OIG received to support unfunded Coronavirus State and Local Recovery Funds (SLFRF) oversight and data analytics and information technology support staff. The request also funds activities to meet the requirements of the Inspector General Act of 1978, as amended, and other statutes including, but not limited to: the Cybersecurity Act of 2015; Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank); Federal Information Security Modernization Act of 2014 (FISMA); Federal Information Technology Acquisition Reform Act; Government Management Reform Act; Payment Integrity Information Act of 2019 (PIIA); Federal Deposit Insurance Act; Small Business Jobs Act of 2010; the Government Charge Card Abuse Protection Act of 2012; Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act); the Coronavirus Aid, Relief, and Economic Security Act (CARES); the Consolidated Appropriations Act, 2021; and the American Rescue Plan Act (ARP). Specific mandates include (1) audits of the Department's financial statements, (2) audits and/or evaluations of the Department's information systems security program and practices as required by FISMA, (3) assessments of the Department's cyber security information sharing, (4) audits of improper payments and recoveries under PIIA, (5) risk assessments and audits of charge card programs, (6) audits of air carrier pandemic payroll, and (7) material loss reviews of failed insured depositary institutions regulated by the Office of the Comptroller of the Currency (OCC). The OIG will also conduct audits of the Department's highest risk programs and operations and respond to stakeholder requests for specific work, including: (1) new initiatives; (2) cyber threats; (3) Bank Secrecy Act, anti-money laundering, and anti-terrorist financing enforcement; (4) information technology acquisition and project management; and (5) certain Treasury Pandemic Relief programs.

Within its jurisdictional boundaries, the OIG also conducts audit of the highest risk programs and operations of the Gulf Coast Ecosystem Restoration Council (Council) established under the RESTORE Act. The highest risk programs and operations identified as the Council's management and performance challenges include: (1) Federal Statutory and Regulatory Compliance, and (2) Grant and Interagency Agreement Compliance Monitoring.

The OIG will continue its investigative work to prevent, detect, and investigate complaints of fraud, waste, and abuse impacting Treasury programs and operations. This includes the detection and prevention or deterrence of employee misconduct and fraud.

This year, the OIG is working to align budget activities and performance measures to the new objectives in the Treasury FY 2022 – 2026 Strategic Plan. This work will include benchmarking performance and may result in changes to performance measures in the FY 2024 Budget.

FY 2024 Budget Highlights

Dollars in Thousands

Office of Inspector General	FTE	Amount
FY 2023 Enacted	**210**	**$48,878**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$2,091
Pay Annualization (2023 4.6% average pay raise)	0	$414
Pay Raise (2024 5.2% average pay raise)	0	$1,419
Non-Pay	0	$258
Adjustments to Meet Current Operating Levels	0	($1,789)
Subtotal Changes to Base	0	$302
FY 2024 Current Services	**210**	**$49,180**
FY 2024 President's Budget Request	**210**	**$49,180**

FY 2024 Budget Adjustments

Maintaining Current Levels (MCLs)…………………………………..+$2,091,000 / +0 FTE

Pay Annualization (4.6%) +$414,000 / +0 FTE

Funds are requested for annualization of the January 2023 4.6% average pay raise.

Pay Raise (5.2% in 2024) +$1,419,000 / +0 FTE

Funds are requested for a 5.2% average pay raise in January 2024.

Non-Pay +$258,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Other Adjustments ....-$1,789,000 / -0 FTE

Adjustments to Meet Current Operating Levels -$1,789,000 / -0 FTE

This reduction to current operating levels includes GSA rent reduction and reduction in contractual services. The rent reduction savings will be realized due to the closure of the Treasury Boston Office and the reduction of the Washington DC Office space and the associated overhead cost in contractual services.

Legislative Proposals

OIG has no legislative proposals.

Performance Highlights

Budget Activity	Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Target	FY 2024 Target
Audit	Number of Completed Audit Products	79	85	80	76	82	82
Audit	Percent of Statutory Audits Completed by the Required Date	100	100	100	100	100	100
Investigations	Percentage of All Cases Closed During the Fiscal Year That Were Referred for Criminal/Civil Prosecution or Treasury Administrative Action	80	91	100	100	80	80

Description of Performance Department

The Office of Audit (OA) completed 76 audit products in FY 2022 and expects to complete 82 in FY 2023. In FY 2022, OA met its mandated audit requirements.

In keeping with the OIG's strategy to maintain a highly skilled and motivated workforce, the OIG plans and executes a meaningful body of work designed to help ensure the integrity, efficiency, and effectiveness of programs and operations across OIG's jurisdiction while looking for opportunities to improve them.

In FY 2022, OI exceeded the 80 percent target for Investigative Performance Measure by referring 100 percent of investigations for criminal/civil/administrative action. OI opened 130 new investigations (48 percent increase from FY 2021) and closed 51 investigations. The OIG also referred 13 investigations that substantiated administrative violations against a Treasury employee to the appropriate regulated bureau for action. In addition, the OIG referred 67 investigations for criminal prosecution and 9 investigations for civil prosecution. In FY 2022, OI charged and/or indicted 24 subjects. Ongoing investigations resulted in 3 subjects sentenced which resulted in fines, seizures, restitution, penalties, and settlements of more than $10.9 million.

The Pandemic Response Accountability Committee (PRAC) established a Fraud Task Force to serve as a resource for the Inspectors General (IG) community by merging investigative resources into those areas where the need is the greatest, currently pandemic loan fraud. Agents from Offices of Inspectors General (OIG) across the Government are detailed to work on Task Force cases. These agents have partnered with prosecutors at the Department of Justice's Fraud Section and at United States Attorneys' Offices across the country.

Department of the Treasury (Treasury) OIG has eight agents who are assigned to the PRAC Fraud Task Force on a part-time basis. The agents are assigned Paycheck Protection Program cases while continuing to work their existing Treasury OIG caseload. This initiative allows Treasury OIG to make a broader contribution to the IG community by assisting with investigations that might otherwise remain unstaffed.

OI continues to support frequent congressional inquiries, sensitive investigative requests from the Council of the Inspectors General on Integrity and Efficiency, and annual peer reviews of other Offices of Inspector General, thus ensuring a high level of professionalism within the Inspector General community.

Special Inspector General for TARP

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2022 Operating Plan	FY 2023 Operating Plan	FY 2024 Request	FY 2023 to FY 2024	
				$ Change	% Change
Investigations	$13,665	$7,850	$0	($7,850)	-100%
Audits	$2,335	$1,150	$0	($1,150)	-100%
Subtotal, SIGTARP	**$16,000**	**$9,000**	**$0**	**($9,000)**	**-100%**
Resources from No Year Account	$3,000	$7,500	$5,700	($9,000)	-120%
Total Program Operating Level	**$3,000**	**$7,500**	**$5,700**	**($9,000)**	**-120%**
Total Budgetary Resources	**$19,000**	**$16,500**	**$5,700**	**($18,000)**	**-109%**
Direct FTE	43	35	12	(23)	-66%
Total Full-time Equivalents (FTE)	**43**	**35**	**12**	**(23)**	**-66%**

FY 2024 FTE will be funded by resources from No-year account carryover balance.

The Budget does not include a request for additional funds as SIGTARP has sufficient no-year carryover balances to enable it to conclude orderly sunset activities in 2024.

Summary

The FY 2024 Budget does not include a request for additional funds as SIGTARP has sufficient no-year carryover balances to enable it to conclude orderly sunset activities in 2024.

Since Congress created the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) under the Emergency Economic Stabilization Act (EESA), SIGTARP has delivered for American taxpayers. As a law enforcement office, SIGTARP has a proven record of identifying and investigating fraud and other crime. SIGTARP investigations have resulted in the recovery of at least $11.3 billion, criminal prosecutions by the Department of Justice and others of 469 defendants—321 of them sentenced to prison, including 75 bankers. SIGTARP's investigations have also resulted in enforcement actions against 25 corporations/entities, including enforcement actions against many of the largest U.S. financial institutions. As an independent watchdog, SIGTARP consistently identified fraud, waste, abuse, ineffectiveness, inefficiency, and risk in EESA programs, and brought transparency to EESA.

Investigations

SIGTARP's top law enforcement priority is to investigate and bring justice to unlawful conduct by financial institutions in EESA's Home Affordable Modification Program (HAMP). Upon SIGTARP's sunset, any open confidential cases related to HAMP, including cases being worked in partnership with the Department of Justice, will be turned over to appropriate Federal agencies for completion.

Similarly, any open investigations in the Hardest Hit Fund, will be turned over to appropriate Federal agencies for completion upon SIGTARP sunset. This may include closure of investigations of fraud and environmental/safety crimes such as illegal dumping, asbestos exposure, or contaminated dirt used in demolitions of blighted properties. During its tenure, SIGTARP has had a long-standing record of finding fraud, environmental/safety crimes, and corruption in this program.

Audit

SIGTARP audits ensure that EESA programs operated effectively and efficiently, that federal dollars were used as Congress intended, and that the government did not pay more for EESA than was necessary. All final audit products will be complete in FY 2023.

Budget Highlights

The FY 2024 Budget does not include a request for additional funds as SIGTARP has sufficient no-year carryover balances to enable it to conclude orderly sunset activities in 2024.

Performance Highlights

Budget Activity	Performance Measure	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Target	FY 2024 Target
Investigations	% of Cases Accepted for Consideration by Civil or Criminal Authorities Resulting in a Positive Final Outcome	77	77	75	50	0
Investigations	% of Cases Presented to Civil or Criminal Authorities within Eight Months of Being Opened	75	71	80	70	0
Investigations	% of Cases That are Joint Agency/Task Force Investigations	86	90	75	70	0
Audit	Number of Completed Audit Products Identifying Waste, Abuse, Mismanagement, Inefficiencies, or Referrals to Investigations Division (units)	4	3	3	2	0

Description of Performance

SIGTARP met all metric targets in FY 2022. The "Percentage of Cases Accepted for Consideration by Civil or Criminal Authorities Resulting in a Positive Final Outcome" in FY 2022 was 75 percent; the "Percentage of Cases Presented to Civil or Criminal Authorities within Eight Months of the Case Being Opened" was 80 percent; the "Percentage of Cases that are Joint Agency/Task Force Investigations" with other law enforcement agencies was 75 percent. In addition, SIGTARP met its FY 2022 audit performance target with three products.

Treasury Inspector General for Tax Administration

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2022 Operating Plan	FY 2023 Operating Plan	FY 2024 Request	FY 2022 to FY 2023 $ Change	FY 2022 to FY 2023 % Change
Audits	$65,093	$65,120	$70,023	$4,903	8%
Investigations	$109,157	$109,130	$117,345	$8,215	8%
Subtotal, TIGTA	**$174,250**	**$174,250**	**$187,368**	**$13,118**	**8%**
Offsetting Collections - Reimbursable	$494	$750	$750	$0	0%
Recovery from Prior Years	$0	$139	$0	($139)	-100%
Unobligated Balances Brought Forward	$1,469	$4,800	$0	($4,800)	-100%
IRA Funding Usage	$0	$20,150	$40,300	$20,150	100%
Subtotal Other Resources	**$1,963**	**$25,839**	**$41,050**	**$15,211**	**59%**
Total Budgetary Resources	**$176,213**	**$200,089**	**$228,418**	**$28,329**	**14%**
Direct FTE	702	735	742	7	1%
Reimbursable FTE	2	2	2	0	0%
IRA Funding FTE	0	59	129	70	119%
Total Full-time Equivalents (FTE)	**704**	**796**	**873**	**77**	**10%**

FY 2022 Other Resources and Full-time Equivalents (FTE) reflect actuals.

Table does not include $8M in funding provided through the ARP Act of 2021 (P.L. 117-2) which is available for expenditure through FY 2023, of which $5.0M was obligated in FY 2022.

Summary

The Treasury Inspector General for Tax Administration's (TIGTA) Fiscal Year (FY) 2024 Budget Request of $187,368,000 represents an increase of eight percent above its FY 2023 enacted budget level. These resources will fund critical audit, investigative, and inspection and evaluation services to protect the integrity of the Nation's system of tax administration.

TIGTA's Offices of Audit (OA), Inspections and Evaluations (OIE), and Investigations (OI) will use Inflation Reduction Act (IRA) funds for enhanced oversight of Internal Revenue Service (IRS) operations, to include taxpayer services, enforcement, operations support, business systems modernization, and reporting requirements.

TIGTA's vision is to "maintain a highly skilled, proactive, and diverse Inspector General organization dedicated to working in a collaborative environment with key stakeholders to foster and promote fair tax administration." TIGTA will provide oversight in a number of critical areas including:

- Investigating unauthorized access to, and disclosure of, taxpayer information;
- Identifying opportunities to improve the administration of the Nation's tax laws, improve tax compliance, and achieve program efficiencies and cost savings;
- Evaluating the IRS's efforts to modernize its operations, in addition to assessing whether user authentication for online services is secure to prevent the unauthorized disclosure of taxpayer information;
- Overseeing the IRS's efforts to implement tax law changes, including monitoring the

IRS's efforts to timely process taxpayer correspondence and meet customer service demands, and assessing the IRS's efforts to address tax-related identity theft;

- Protecting the integrity of the IRS by effectively investigating individuals and groups who victimize vulnerable Americans through the IRS impersonation scam;
- Conducting advanced analytics and innovative approaches to help prevent and detect the flow of dollars fraudulently obtained by criminals;
- Enhancing taxpayer confidence in electronic Federal tax systems through investigation and prosecution of cyber criminals engaged in attacks against, and manipulation of, IRS taxpayer service portals as well as the IRS network;
- Improving the integrity of IRS operations by detecting and deterring waste, fraud, abuse, and misconduct, including the unauthorized disclosure of confidential tax information by IRS employees; and
- Conducting comprehensive audits and inspections and evaluations that provide recommendations for achieving monetary benefits, addressing erroneous and improper payments, and enhancing the service that the IRS provides to taxpayers.

TIGTA conducts audits and inspections and evaluations that advise the public, 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 administrative and criminal investigations ensure the integrity of IRS operations, protect the IRS and its employees, and help the IRS protect and secure taxpayer data. TIGTA's OIE provides responsive, timely, and cost-effective inspections and evaluations of challenging areas in IRS programs. TIGTA's oversight is essential to the efficiency and fairness of the IRS's tax administration system.

TIGTA's primary functions of audit, investigations, and inspection and evaluations align with the following Department of the Treasury FY 2022 – 2026 Strategic Plan goals:
Goal 1: Promote Equitable Economic Growth and Recovery;
Goal 2: Enhance National Security;
Goal 4: Combat Climate Change; and
Goal 5: Modernize Treasury Operations.

Budget Highlights

Dollars in Thousands

Treasury Inspector General for Tax Administration	FTE	Amount
FY 2023 Operating Plan	**735**	**$174,250**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$7,869
Pay Annualization (2023 4.6% average pay raise)	0	$1,629
Pay Raise (2024 5.2% average pay raise)	0	$5,588
Non-Pay	0	$652
Subtotal Changes to Base	0	$7,869
Total FY 2024 Current Services	**735**	**$182,119**
Program Changes:		
Program Increases	7	$5,249
Data Analytics and IT Modernization	4	$4,300
RAFE Cybersecurity Enhancements	3	$949
Subtotal Program Changes	**7**	**$5,249**
FY 2024 President's Budget Request	**742**	**$187,368**

Budget Adjustments

Maintaining Current Levels (MCLs) .... +$7,869,000/ +0 FTE

Pay Annualization, (4.6%) +$1,629,000/ +0 FTE

Funds are requested for annualization of the January 2023 4.6% average pay raise.

Pay Raise, (5.2%) +$5,588,000/ +0 FTE

Funds are requested for a 5.2% average pay raise in January 2024.

Non-Pay, +$652,000/ +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Program Increases..+$5,249,000/ +7 FTE

Data Analytics and Information Technology (IT) Modernization +$4,300,000 / +4 FTE

This investment in TIGTA's staff and IT infrastructure is critical to ensure that TIGTA's data analytic capabilities stay commensurate with the IRS's adoption of modern technology. It will support next generation infrastructure focused on rapidly changing priorities and increased demands implemented through advanced IT infrastructure tools and technologies.

The amount of tax information TIGTA extracts and analyzes to meet its mission has increased exponentially. For example, the volume of tax data that TIGTA extracts, stores, and uses has grown nearly 200 percent since 2019, from approximately 100 terabytes to more than 300 terabytes. TIGTA's current IT infrastructure is not sufficient to absorb this type of continued growth. TIGTA has had to use operational storage reserves, acquire additional storage arrays, and restructure data management workloads to prevent increased data volumes from crippling TIGTA's network and servers. TIGTA's IT infrastructure modernization efforts will ensure that taxpayer data are properly protected and secured to prevent unauthorized accesses.

Research, Analysis, Forensics, and Evidence (RAFE) Cybersecurity Enhancements +$949,000/ +3 FTE

TIGTA's RAFE system is used to process data from over 63 IRS applications, electronic service providers, and digital information obtained during criminal investigations. RAFE houses millions of records with Personally Identifiable Information (PII) for use in detecting and investigating fraud and abuse of IRS online systems.

In an FY 2022 Security Architecture Review, the Treasury Department identified limited staffing as one of the biggest weaknesses in protecting RAFE's sensitive PII information. In response to Treasury's recommendations, TIGTA requests $649,000 for 3 FTE and $300,000 for improved circuit connection. This investment in RAFE staffing and circuits would allow TIGTA to support a backup strategy, in addition to identifying and fixing system weaknesses, scanning the system's custom code, and managing complex network challenges.

Legislative Proposals

TIGTA has no legislative proposals.

Performance Highlights

Budget Activity	Performance Measure	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Target	FY 2024 Target
Audit	Percentage of Audit Product Delivered When Promised to Stakeholders	79	93	92	70	70
Audit	Percentage of New Audit Reports with Recommendations to Improve Tax Administration	81	82	84	70	70
Investigations	Percentage of Closed Investigations Resulting in a Criminal, Administrative, or Law Enforcement Action	92	90	89	79	79

Description of Performance

- In FY 2022, OA and OIE issued 87 final audit reports and other products which reported potential financial benefits totaling $5.4 billion and impacting approximately 10.8 million taxpayer accounts.
- In FY 2022, the actual Percentage of Audit Products Delivered When Promised to Stakeholders was 92 percent. TIGTA exceeded the full-year target by 22 percentage points.
- For FY 2024, OA's performance targets are 70 percent of Audit Products Delivered When Promised to Stakeholders and 70 percent of New Audit Reports with Recommendations to Improve Tax Administration.
- In FY 2022, OI transitioned to a performance model that placed greater emphasis on complex cases. These cases are often lengthier and require more time-sensitive engagement from OI staff.
- From FY 2013 through FY 2022, TIGTA processed more than 17,080 threat-related complaints and investigated more than 10,391 threats against the IRS. OI expects threat-related incidents to rise as the IRS increases staffing and enforcement under the IRA.
- Since March 2020, OI has reallocated resources to provide investigative oversight of programs and operations resulting from the Coronavirus Aid, Relief, and Economic Security Act and the American Rescue Plan Act. During FY 2022, these cases represented 24 percent of OI's investigative work hours. From March 2020 to September 2022, these investigative efforts resulted in the initiation of 937 investigations, 395 indictments, 146 individuals sentenced to approximately 350 years of incarceration, and more than $85 million in monetary recoveries and penalties.
- Using investigative activities from FY 2021 and FY 2022 as a baseline, OI projects approximately 2,300 actionable outcomes will result from investigations in FY 2024.
- In FY 2022, the Percentage of Closed Investigations Resulting in a Criminal, Administrative, or Law Enforcement Action was 89 percent, which exceeded the full-year target of 79 percent by 10 percentage points.

Special Inspector General for Pandemic Recovery

Program Summary by Budget Activity

Dollars in Thousands

	FY 2022	FY 2023	FY 2024	FY 2023 to FY 2024	
Budget Activity	Operating Plan	Operating Plan	Request	$ Change	% Change
Audit & Investigations	$8,000	$12,000	$16,000	$4,000	33.33%
Subtotal SIGPR	**$8,000**	**$12,000**	**$16,000**	**$4,000**	**100.00%**
Offsetting Collections - Reimbursable	$10	$100	$100	$0	0.00%
Unobligated Balances Brought Forward	$12,000	$5,000	$1,000	($4,000)	-63.63%
Total Program Operating Level	**$20,010**	**$17,100**	**$17,100**	**00**	**0.00%**
Direct FTE	53	55	55	0	0.00%
Total Full-time Equivalents (FTE)	**53**	**55**	**55**	**0**	**0.00%**

Summary

The Budget proposes appropriations language to provide SIGPR $16 million in appropriated funds, though SIGPR maintains $25 million is necessary to achieve optimal staffing and operational levels if Congress grants SIGPR an extension beyond 2025 and increases our jurisdiction. The proposed level of $16 million will allow SIGPR to continue operating at its current FTE level.

SIGPR, an independent office within the Department of the Treasury (Treasury), was established by section 4018 of the CARES Act in March 2020. Mr. Brian Miller was confirmed by the U.S. Senate in June 2020 as the Special Inspector General for Pandemic Recovery. SIGPR continues to lead the way by providing oversight of Treasury activities under the CARES Act by conducting independent audits and investigations necessary to prevent and detect waste, fraud, and abuse in programs and operations. SIGPR's CARES programs jurisdiction currently includes two significant programs, the Direct Loan Program (loans to air carriers and national security businesses consisting of 35 loans, 35 borrowers for $2.7 billion), and the Main Street Lending Program (loans to small and medium-sized for-profit businesses and nonprofit organizations consisting of 319 lenders, 1,830 loans for $17.5 billion). SIGPR conducts audits of these Treasury programs, investigates fraud by recipients of CARES Act funds, and makes recommendations designed to improve the administration of pandemic recovery programs. SIGPR also conducts criminal investigations into allegations of waste, fraud, and abuse while helping to ensure that SIGPR protects and secures taxpayer data.

In accordance with the *Government Performance and Results Act Modernization Act (GPRAMA)* of 2010, the Department of the Treasury is currently developing the FY 2022 - 2026 Departmental Strategic Plan. SIGPR published a Strategic Plan for FY 2021 - 2023 and will publish a new component plan that aligns bureau activities and priorities to the Department's in 2023.

By the end of FY 2021, during the worst pandemic in over a century resulting in socio-economic challenges, SIGPR succeeded in expeditiously establishing a workable near-term initial minimally operational baseline by onboarding 56 staff of highly capable, experienced investigators, auditors, legal, and administrative experts. SIGPR developed and executed a recruitment and hiring strategy, a procurement and acquisition plan, and an information technology capital plan; executed an occupancy agreement with the General Services Administration (GSA); developed a myriad of policies, procedures, and manuals to govern SIGPR's work in the key areas of audits, investigations, and critical mission support services.

In FY 2023, SIGPR has continued to diligently follow the facts through the Office of Audits (OA) and Investigations (OI), working collaboratively with other Offices of Inspectors General, the Pandemic Response Accountability Committee (PRAC) Fraud Task Force, the Department of Justice (DOJ) COVID-19 Fraud Enforcement Task Force, Financial Crimes Enforcement Network, and other Federal Offices of Inspector General and law enforcement agencies to uncover large-scale and far-reaching fraud, waste, and abuse of CARES program funds.

Budget Highlights

Dollars in Thousands

Special Inspector General for Pandemic Recovery	FTE	Amount
FY 2023 Operating Plan	**39**	**$12,000**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$529
Pay Annualization (20234.6% average pay raise)	0	$107
Pay Raise (2024 5.2% average pay raise)	0	$368
Non-Pay	0	$54
Subtotal Changes to Base	**0**	**$529**
FY 2024 Current Services	**39**	**$12,529**
Program Changes:		
Program Increases:		
Audits & Investigations	16	$3,471
Subtotal Program Changes	**16**	**$3,471**
FY 2024 President's Budget Request	**55**	**$16,000**

Budget Adjustments

Maintaining Current Levels (MCLs) .... +$529,000 / +0 FTE

Pay Annualization (4.6%) +$107,000 / +0 FTE

Funds are requested for annualization of the January 2023 4.6% average pay raise.

Pay Raise (5.2%) +$368,000 / +0 FTE

Funds are requested for a 5.2% average pay raise in January 2024.

Non-Pay +$54,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies and equipment.

Program Increases …………………………………………….…………+$3,471,000 / +16 FTE

Audits and Investigations +$3,471,000 / +16 FTE

Funding is requested for increased audits and investigations staffing to administer the expected significant increase in active case load and the expected DOJ prosecutorial team support requirements in FY 2024.

Legislative Proposals

SIGPR has no legislative proposals.

Performance Highlights

Budget Activity	Performance Measure	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Target	FY 2024 Target
Audit and Investigations	Percentage of Audit Products Delivered to Stakeholders by the Due Date	B	100	100	67	67
Audit and Investigations	Percentage of Audit Products Subjected to Implementation Reviews	NA	B	NA	50	50

Key: B - Baseline

Description of Performance

For FY 2024, the target for Percentage of Audit Products Delivered When Promised to Stakeholders will remain at 66.6 percent. The target for conducting Implementation Reviews will also remain at 50 percent. SIGPR believes that these targets are best attained through effective monitoring of ongoing audit work and essential communication with the Treasury regarding findings and the most appropriate recommendations for corrective action. Consequently, SIGPR's Office of Audits will continue to accentuate the importance of these processes with Treasury leadership.

- Percentage of Audit Products Delivered to Stakeholders by the Due Date - SIGPR's products will have a more significant impact if they are delivered when needed to support congressional and Treasury decision making.
- Percentage of Audit Products Subjected to Implementation Reviews - The SIGPR Office of Audits has established a process to review and verify the implementation actions taken by Treasury on SIGPR recommendations. This measure assesses SIGPR's effect on improving Treasury's accountability, operations, and services.

  As part of the audit process, Treasury provides a written response and action plan to address SIGPR audit recommendations. Audit resolution is achieved when SIGPR accepts Treasury's time phased plan of action to implement each recommendation.

  In FY 2021, SIGPR conducted an implementation review on the audit product issued in the prior fiscal year and found that Treasury management had fully implemented the report's recommendation. *Implementation Reviews are only performed on Generally Accepted Government Auditing Standards (GAGAS) Audits that contain recommendations that were fully implemented in accordance with the Auditees Written Response and Action Plan that was accepted by Audits during the audit resolution process – during FY 2022, there were no GAGAS Audits that met these criteria.*

Audit Operations

The most recent highlights from 2022 4th Quarter (October – December 2022) include:

- The Office of Audits issued its FY 2023 audit plan on October 17, 2022.
- Completed independent reviews of three Direct Loan Validation Memoranda:
  - Ovation Travel Group - Identified several material deficiencies in the Validation Memorandum.
  - Caribbean Sun Airlines & Timco Engine Center - Identified minor discrepancies in the Validation Memoranda.

The results of these attestation reviews (Ovation Travel Group, Caribbean Sun Airlines and Timco Engine Center) will be summarized in a separate document covering all the attestation reviews and will also be included with the overall audit of the Direct Loan Program.

The Office of Audits also has efforts underway to review loan loss information related to the Main Street Lending Program (MSLP). As of February 10, 2023, the MSLP has recognized approximately $95 million in actual loan losses, net of subsequent recoveries. After efforts to obtain MSLP loan loss information through Treasury and from the Federal Reserve were unsuccessful, SIGPR issued subpoenas to the top 11 MSLP participating lender banks. The top 11 lenders represent 707 of the 1,830 MSLP loans, valued at just over $5 billion of the $17.5 billion in loans issued. The subpoenas request information from the banks on MSLP loans with defaults, impairments, late interest payments, delinquent financial reporting, and borrowers who made material misrepresentations in their MSLP applications. The Office of Audits will review information received from the banks and determine how to incorporate the information into potential audits. SIGPR plans to send subpoenas to additional banks in the near future.

Significant progress has been made on the following four ongoing audits:

- Audit of Treasury's Process for Approving its $700 million Direct Loan to YRC Worldwide, Inc.
- Audit of Treasury's Monitoring of the Direct Loan Program
- Audit of $195 million Direct Loan Program Borrower
- Audit of Treasury's Use of Outside Entities

Investigation Operations

Office of Investigations (OI) continues coalition building and leveraging professional relationships with its colleagues across the Inspector General community, as well as working collaboratively with other Offices of Inspectors General, the Pandemic Response Accountability Committee (PRAC) Fraud Task Force, the Department of Justice (DOJ) COVID-19 Fraud Enforcement Task Force, Financial Crimes Enforcement Network, and other law enforcement agencies to uncover large-scale and far-reaching fraud, waste, and abuse of CARES program funds.

The most recent highlights include:

- Notable case trendline growth by steadily increasing quantity of investigative case load to a total of 37 open cases, in addition to 16 closed cases, and 31 preliminary inquiries converted to full investigations.
- SIGPR investigations involve 86 percent of other CARES Act program funds.
- SIGPR's proactive initiatives accounted for initiating more than 93 percent of its active Main Street Lending Program/Direct Loan investigative casework to date.
- The Pandemic Response Accountability Committee (PRAC) extended its authority to investigate pandemic-related fraud to SIGPR through a Memorandum of Understanding, resulting in five SIGPR special agents assigned to the PRAC Fraud Task Force on a part-time basis.

After staffing OI with criminal investigators:

- In December 2021, SIGPR obtained its first indictment, involving false statements to fraudulently obtain more than $1.6 million in federal funds for business loans intended to relieve financial distress caused by the COVID-19 pandemic.
- In early January 2022, a SIGPR-initiated investigation resulted in a guilty plea related to a loan obtained through the MSLP, a lending facility established by the Federal Reserve Board and supported with Treasury's investment in CARES Act funds. As part of the plea, it was agreed to include court-ordered restitution in the amount of $252,143.
- In late March 2022, another SIGPR-initiated investigation resulted in the arrest of an individual related to fraudulently obtaining a loan through the Main Street Lending Program and Small Business Administration Payroll Protection Program (PPP) funds. In April 2022, the individual was indicted. In August 2022, the individual plead guilty.

  In February 2023, the individual was sentenced to 78 months incarceration, three years supervised release, and *<u>ordered to pay over $2.6 million in restitution.</u>*

- SIGPR conducted various outreach efforts to include participating in the Federal Bureau of Investigation's Bank Fraud Conference, training Civil and Criminal Assistant U.S. Attorneys on CARES Act programs, and coordinating with the DOJ Fraud Sections (Civil and Criminal), as well as U.S. Attorney's Offices throughout the country to deconflict and develop leads.

Description of Performance

SIGPR is continuing to develop/refine performance measures for the Investigations programs. Below is SIGPR's 'Behind the Badge' Investigative Fact Sheet with potential key metrics:

Hotline Complaints	
Hotline Complaints Received	**2,144**
Referrals to Other Agencies	**729**
Investigations	
Ongoing*	**34**
Closed**	**12**
Preliminary Inquiries Converted to Full Investigations	**30**
Criminal Actions †	
Referrals to the Department of Justice	**19**
Indictments/Informations	**3**
Criminal Complaints	**1**
Arrests/Summons	**3**
Convictions/Pleas	**2**
Civil Actions	
Referrals to the Department of Justice***	**3**
Other Enforcement Actions	
IG Subpoenas Issued	**35**
Investigative Monetary Results	
Funds Seized	**$808,813**

* Includes all SIGPR program-related cases, including PRAC Fraud Task Force investigations and joint investigations with other agencies.

† Actions reported include those resulting from PRAC Fraud Task Force investigations and joint investigations with other agencies.

** Includes cases initially closed and subsequently re-opened.

*** Note: Same case may have been referred to DOJ both criminally and civilly.

Community Development Financial Institutions Fund

Program Summary by Budget Activity

Dollars in Thousands

Appropriated Resources	FY 2022 Operating Plan		FY 2023 Operating Plan		FY 2024 Request		FY 2023 to FY 2024 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Community Development Financial Institutions Fund Program	0	$171,383	0	$194,000	0	$201,179	NA	3.7%
Economic Mobility Corps	0	$2,000	0	$2,000	0	$0	NA	-100.0%
Bank Enterprise Award Program	0	$35,000	0	$35,000	0	$35,000	NA	0.0%
Native American CDFI Assistance Program	0	$21,500	0	$25,000	0	$25,000	NA	0.0%
Administrative	71	$33,617	89	$35,000	91	$37,299	2.2%	6.6%
Healthy Food Financing Initiative	0	$23,000	0	$24,000	0	$24,000	NA	0.0%
Small Dollar Loan Program	0	$8,500	0	$9,000	0	$9,000	NA	0.0%
Bond Guarantee Program Credit Subsidy	0	$0	0	$0	0	$10,000	NA	100.0%
Subtotal New Appropriated Resources	**71**	**$295,000**	**89**	**$324,000**	**91**	**$341,478**	**2.2%**	**5.4%**
Other Resources								
User Fees	0	$1,218	0	$1,200	0	$1,250	NA	4.2%
Recoveries from Prior Years	0	$1,111	0	$500	0	$1,000	NA	100.0%
Unobligated Balances from Prior Years	0	$218,045	0	$237,621	0	$259,100	NA	9.0%
Subtotal Other Resources	**0**	**$220,374**	**0**	**$239,321**	**0**	**$261,350**	**NA**	**9.2%**
Total Budgetary Resources	**71**	**$515,374**	**89**	**$563,321**	**91**	**$602,828**	**2.2%**	**7.0%**

FY 2022 Other Resources and Full-time Equivalents (FTE) reflect actuals.
This table excludes COVID-19 pandemic funds

Summary

The FY 2024 Budget requests an appropriation of $341,478,343 for the Community Development Financial Institutions Fund (CDFI Fund) to administer the CDFI Fund's programs and oversee the existing portfolio of awards. The CDFI Fund supports Treasury's strategic goal of Boosting U.S. Economic Growth and Transforming Government-wide Financial Stewardship.

The CDFI Fund expands the availability of credit, investment capital, and financial services in distressed urban and rural communities and for underserved populations. The CDFI Fund carries out the Community Development Banking and Financial Institutions Act of 1994, as well as certain programmatic provisions of the Community Renewal Tax Relief Act of 2000, the Housing and Economic Recovery Act of 2008 (HERA), the Small Business Jobs Act of 2010, and the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (P. L. 116-260) that provided $3 billion for emergency support for Community Development Financial Institutions (CDFIs) and communities responding to the COVID-19 pandemic.[1]

In the Spring of FY 2023, the CDFI Fund will award an additional $1.73 billion in grant funds to CDFIs to address the economic impact of the COVID-19 pandemic through the CDFI Equitable Recovery Program (CDFI ERP). These grants will further assist distressed communities by expanding lending, grant making, and increasing investment activity in low- or moderate-income

[1] In FY 2021, $1.25 billion of these funds were awarded through the newly established CDFI Rapid Response Program (CDFI RRP), which was designed to quickly deploy capital to CDFIs through a streamlined application and review process.

communities and to borrowers that have significant unmet capital or financial service needs and to enable CDFIs to build organizational capacity and acquire technology, staff and other tools necessary to accomplish the activities under a CDFI ERP Award.

The CDFI Fund supports the creation and expansion of diverse CDFIs, which provide loans, investments, business counseling, basic banking services, and financial literacy training to underserved communities. Working primarily through CDFIs, the CDFI Fund facilitates business development, commercial real estate, housing development and home ownership. The CDFI Fund's activities leverage billions of private sector investment dollars from banks, foundations and other funding sources on a cumulative basis.

The FY 2024 Budget proposes funding for the CDFI Program, the Native American CDFI Assistance (NACA) Program, the Bank Enterprise Award (BEA) Program, the Small Dollar Loan (SDL) Program, and the Healthy Food Financing Initiative (HFFI). Treasury's request also includes funding for the administration, operational support, and management associated with these programs, the New Markets Tax Credit (NMTC) Program, and the CDFI Bond Guarantee (BG) Program.

Budget Highlights

Dollars in Thousands

Community Development Investment Fund	FTE	Amount
FY 2023 Operating Plan	**89**	**$324,000**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$1,204
Pay Annualization (2023 4.6% average pay raise)	0	$187
Pay Raise (5.2% average pay raise)	0	$642
Non-Pay	0	$375
Subtotal Changes to Base	0	$1,204
FY 2024 Current Services	**89**	**$325,204**
Program Changes:		
Program Decreases	0	($2,000)
Economic Mobility Corps	0	($2,000)
Program Increases:	0	$18,274
CDFI Program	0	$7,179
BGP Credit Subsidy	0	$10,000
Administration	2	$1,095
Subtotal Program Changes	0	16,274
FY 2024 President's Budget Request	**91**	**$341,478**

Budget Adjustments

Pay Annualization (4.6% in FY 2023) +$187,000 / +0 FTE
Funds are requested for annualization of the January 2023 4.6% average pay raise.

Pay Raise (5.2% in FY 2024) +$642,000 / +0 FTE
Funds are requested for a 5.2% average pay raise in January 2024.

Non-Pay (2.0% in FY 2024) +$375,000 / +0 FTE
Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Program Decreases ....-$2,000,000 / -0 FTE
Economic Mobility Corps -$2,000,000 / -0 FTE
Due to decreased ongoing demand for the Economic Mobility Corps (EMC), no funding is included for this initiative as part of the CDFI Fund's budget request. However, eligible organizations can still apply for awards under the Corporation for National and Community Service's AmeriCorps State and National Direct program to support EMC-related activities, which place service members in Certified CDFIs, through funding directly appropriated to that program.

Program Increases ....+$18,274,000 / +2 FTE
CDFI Program +$7,179,000 / +0 FTE
Increasing the CDFI Program budget by $7,179,000 would provide an increase to Base-Financial Assistance (FA) Awards to CDFIs, Technical Assistance (TA) Awards, and Persistent Poverty Counties-FA (PPC-FA) Awards.

BGP Credit Subsidy +$10,000,000 / +0 FTE
Request for $10,000,000 to modify existing over-collateralization and/or recourse requirements for individual applications thereby expanding the potential pool of CDFIs that could successfully participate in the BG Program.

Administration +$1,095,000 / +2 FTE
Request $1,095,000 to support the hiring of two additional staff to support a range of work related to research and data collection, geospatial analysis, evaluation of activities that include compliance monitoring for the effectiveness of CDFI Fund programs.

Legislative Proposals

The Budget proposes to modify the Capital Magnet Fund Program, section 1339 of the Housing and Economic Recovery Act (HERA), to allow for certain existing statutory requirements to be determined by the Secretary, either via promulgation of regulations or in the annual Notice of Fund Availability. Current market conditions and the CDFI Fund's experience with this affordable housing program necessitate changes to the program to make it more accessible to applicants, and more effective in spurring the production and preservation of affordable housing.

Specific requirements and standards in the statute create significant obstacles to potential applicants wishing to apply for these funds, such as the required 10:1 ratio of leverage of private and other public funding, a two-year commitment deadline, and restrictions related to targeting funds. Modifications proposed to the statute would allow for the Secretary to establish or modify standards for these requirements to address market conditions over time and ensure effective utilization of funds across diverse geographies.

Funding for this program is not typically appropriated. Per HERA requirements, Fannie Mae and Freddie Mac provide allocations annually based on their annual unpaid principal mortgage balances. The first awards based on these allocations were made in 2016. Eligible applicants for Capital Magnet Fund awards include CDFIs and nonprofit affordable housing developers.

Performance Highlights

Budget Activity	Performance Measure	FY 2020 Actuals	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Target	FY 2024 Target
Community Development Financial Institutions Program	CDFI - Percentage of Loans & Investments Originated in Eligible Distressed or Underserved Communities by Dollar Amount of Loans (Annual %)	75.0	71.4	67.1	60.0	60.0
Community Development Financial Institutions Program	CDFI - Percentage of Loans & Investments Originated in Eligible Distressed or Underserved Communities by Number of Loans	79.6	75.7	77.7	60.0	60.0
Administration	All Award Cycle Time (Months)	5.5	5.6	8.8	6.5	6.5
Administration	ALL- Number of Affordable Housing Units Developed or Produced	44,361	58,125	72,807	I	I
New Markets Tax Credit Program	NMTC - Percentage of Loans and Investments That Went Into Severely Distressed Communities	77.2	77.0	79.0	75.0	75.0

Key: I - Indicator

Description of Performance

For the FY 2022 CDFI Program round, the CDFI Fund awarded $25.22 million in CDFI Program TA awards to 202 organizations headquartered in 41 states, the District of Columbia, and Puerto Rico. Additionally, on February 28, 2023 the CDFI Fund announced $149.2 million in FA awards to 233 CDFIs for FY 2022 in calendar year (CY) 2023.

In addition to the FA awards, the CDFI Fund also provided the following supplemental FA awards for FY 2022 in CY 2023:

- $23 million to 8 CDFIs through the HFFI-FA awards, a supplemental program designed to encourage investments in businesses that provide healthy food options for communities;
- $6.5 million to 13 CDFIs through the Disability Fund-FA awards, a supplemental program designed to help CDFIs finance projects and services that will assist individuals with disabilities; and
- $17.6 million to 137 CDFIs through the PPC-FA awards, a supplemental program designed to encourage investments in Persistent Poverty Counties nationwide.

On October 28, 2022, the CDFI Fund announced $5 billion NMTC awards for the CY 2021 NMTC Program allocation authority to 107 organizations out of a pool of 199 applicants that requested $14.7 billion in NMTC allocations.

Highlights of Select Performance Measures
In the FY 2022, the CDFI Program surpassed the 60.0 percent threshold for the percentage of both the dollar amount (67.1 percent) and the number of CDFI loans (77.7 percent) made to eligible distressed communities and underserved populations.

In FY 2022, the NMTC Program recipients reported that over 79.0% of NMTC investments made were in severely distressed areas. These are communities with low median incomes and high rates of poverty and unemployment.

The All Award Cycle Time metric is an efficiency measure of the average time from the date when applications are received to the date of award announcement (calculated in months as an average across all programs). The Award Cycle Time in FY 2022 was 8.8 months, exceeding the target of 6.5 months. FY 2022 reflects the inaugural round of the SDL Program as well as estimates for BEA and CMF programs, which are still in the midst of their FY 2021 round application reviews. For FY 2023 the target will remain at 6.5 months because the CDFI Fund will be standing up additional programs funded by the Consolidated Omnibus Act of 2021 such as the Minority Lending Program (MLP).

The Number of Affordable Housing Units Developed or Produced metric measures the number of affordable housing units developed or produced as a result of CDFI Fund awards as reported by CDFI Program, NMTC Program, and CMF awardees. In FY 2021, this performance measure was converted to an indicator because the variability in projecting annually the number of affordable housing units funded for three programs made it difficult to project a reliable target. For the FY 2022 actual result, the CDFI Fund has included the units resulting from the FY 2021 CDFI-RRP awardees, too. The FY 2022 actual result is 72,807 affordable housing units.

The requested additional funding for the CDFI Program should allow the CDFI Fund to continue to meet and possibly exceed its benchmark of 60.0 percent of both the dollar amount and the number of CDFI loans made to eligible distressed communities and underserved populations. This additional investment may impact the number of affordable housing units developed or produced. The requested increase in administration dollars for staffing may mean additional staff to assist in the program rounds which may help the CDFI Fund met or fall under its administrative performance measures such as the award cycle time.

Financial Crimes Enforcement Network

Program Summary by Budget Activity

Dollars in Thousands

Financial Crimes Enforcement Network	FY 2022	FY 2023	FY 2024	FY 2023 to FY 2024	
Budget Activity	**Operating Plan**	**Operating Plan2**	**Request**	**$ Change**	**% Change**
BSA Administration and Analysis	$161,000	$190,193	$228,908	$38,715	20.36%
Subtotal, Financial Crimes Enforcement Network	**$161,000**	**$190,193**	**$228,908**	**$38,715**	**20.36%**
Offsetting Collections - Reimbursable	$2,100	$3,500	$3,500	$0	0.00%
Recovery from Prior Years	$6,089	$0	$0	$0	NA
Unobligated Balances Brought Forward	$20,189	$41,656	$41,656	$0	0.00%
Total Program Operating Level	**$28,378**	**$45,156**	**$45,156**	**$0**	**0.00%**
Total Budgetary Resources	**$189,378**	**$235,349**	**$274,064**	**$38,715**	**16.45%**
Direct FTE	285	289	350	61	21.11%
Reimbursable FTE	1	3	3	0	0.00%
Total Full-time Equivalents (FTE)	**286**	**292**	**353**	**61**	**20.89%**

1 FY 2022 Other Resources and Full-time Equivalents (FTE) reflect actuals.
2 Table does not include $19.0 million in funding provided under Ukraine Supplemental Appropriations Act, 2022, Division N of the Consolidated Appropriations Act, 2022 (P.L. 117-103) and $22.3 million provided by the Additional Ukraine Supplemental Appropriations Act, 2022 (P.L. 117-128).

Summary

The mission of the Financial Crimes Enforcement Network (FinCEN) is to safeguard the financial system from illicit use, combat money laundering and its related crimes including terrorism, and promote national security through the strategic use of financial authorities and the collection, analysis, and dissemination of financial intelligence. FinCEN is the primary Federal regulator and the administrator for the Bank Secrecy Act (BSA), which is part of the comprehensive legal architecture in the fight against money laundering and its related crimes. FinCEN plays two key roles in the U.S. financial regulatory, anti-money laundering and countering the financing of terrorism framework:

- First, FinCEN is the primary regulator and the administrator of the BSA, which is part of the comprehensive legal architecture in the fight against money laundering and its related crimes. FinCEN, through its administration of the BSA, is a global leader in both regulating money transmission, including that involving convertible virtual currency and has taken action against its illicit use.
- Second, FinCEN is the Financial Intelligence Unit, or FIU, of the United States.

The FY 2024 President's Budget requests additional resources totaling $38,715,000 above the FY 2023 enacted level, including for the continued implementation of the Anti-Money Laundering Act of 2020 (AMLA) (which includes the Corporate Transparency Act (CTA), and is part of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 (NDAA)), to strengthen, modernize, and streamline the existing AML/Countering the Financing of Terrorism (AML/CFT) regime, and for the mandatory creation of the Beneficial Ownership Information Technology (IT) Systems as the first national repository for beneficial ownership information.

Budget Highlights

Dollars in Thousands

Financial Crimes Enforcement Network	FTE	Amount
FY 2023 Operating Plan	**289**	**$190,193**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$5,568
Pay Annualization (4.6% average pay raise)	0	$655
Pay Raise (5.2% average pay raise)	0	$2,248
Non-Pay	0	$2,664
Subtotal Changes to Base	**0**	**$5,568**
FY 2024 Current Services	**289**	**$195,761**
Program Changes:		
Program Increases:	61	$33,147
AMLA Implementation	40	$18,224
CTA Implementation and BOSS	20	$11,123
FinCEN Investigative Tools	0	$3,000
DEIA Staffing and Program Support	1	$800
Subtotal Program Changes	**61**	**$33,147**
FY 2024 President's Budget Request	**350**	**$228,908**

Budget Adjustments

Adjustments to Request

Maintaining Current Levels (MCLs)..+$5,668,000 / +0 FTE

Pay Annualization (4.6%) +$655,000 / +0 FTE

Funds are requested for annualization of the January 2023 4.6% average pay raise.

Pay Raise (5.2%) +$2,248,000 / +0 FTE

Funds are requested for a 5.2% average pay raise in January 2024.

Non-Pay (2.0%) +$2,664,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Program Increases ....+$33,147,000 / +61 FTE

AMLA/CTA Implementation +$29,347,000 / +60 FTE

The enactment of the FY 2021 National Defense Authorization Act (NDAA) included significant reforms to the U.S. AML/CFT regime through the AMLA and the CTA. The AMLA and CTA seek to strengthen, modernize, and streamline the existing AML/CFT regime by promoting innovation, regulatory reform, and industry engagement through forums such as the Bank Secrecy Act Advisory Group (BSAAG) and FinCEN Exchange. The AMLA calls for FinCEN to work closely with our regulatory, national security, and law enforcement partners to better identify risks and priorities and provide valuable feedback to industry and the general public.

Within the AMLA, the CTA establishes a framework for uniform beneficial ownership information (BOI) reporting requirements for many corporations, limited liability companies, and other similar entities formed or registered to do business in the United States. The CTA instructs FinCEN to collect BOI, store it in a secure system that FinCEN must build, and share it with authorized government authorities and financial institutions, subject to effective safeguards and controls that FinCEN must establish. FinCEN has issued a final rule implementing the BOI reporting requirements, which will become effective January 1, 2024. FinCEN estimates that there will be approximately 32.6 million reporting companies filing BOI reports during the first year of the rule's implementation. FinCEN received Treasury Executive Office for Asset Forfeiture (TEOAF) Strategic Support and appropriated funds that allowed us to develop the Beneficial Ownership (BO) Minimal Viable Product (MVP), and FinCEN has now received sufficient funds to support the expected operations and maintenance expenses of the BO MVP in the out-years.

The AMLA and the CTA together mandate approximately 40 rulemaking or other requirements, including periodic Congressional reporting on implementation efforts, assessments, and findings. Some key requirements under these acts include:

1. Establishing standards for the reporting of BOI, building an information technology system to collect and secure the data, and creating access protocols, and ensuring enforcement of and compliance with the new reporting requirements;
2. Establishing national anti-money laundering and countering the financing of terrorism priorities, issuing regulations to implement those priorities and other related requirements, and ensuring enforcement of and compliance with the new requirements;
3. Enhancing whistleblower provisions to ensure a robust program for whistleblowers with information regarding violations of the BSA and awards;
4. Establishing an Office of Domestic Liaison;
5. Establishing foreign financial intelligence liaison positions;
6. Establishing Innovation Officer and an Information Security Officer positions;
7. Reviewing and revising Currency Transaction Report (CTR) and Suspicious Activity Report (SAR) requirements, and other existing BSA regulations and guidance;
8. Expanding BSA requirements and obligations to persons engaged in the trade of antiquities;
9. Hosting a Financial Crimes Tech Symposium, and establishing two new BSA Advisory Group subcommittees to enhance public-private partnerships in the areas of innovation and technology as well as information security;
10. Establishing a BSA Analytical Hub;
11. Conducting a formal review of regulations and guidance implementing the BSA;
12. Formalizing a pilot program to allow financial institutions to share SARs with their foreign branches, subsidiaries, and affiliates, and ensuring enforcement of and compliance with the new requirements;
13. Establishing an ongoing, timely process to receive and evaluate requests from law enforcement to financial institutions to keep accounts open; and
14. Establishing an annual BSA training program for all Federal examiners in the United States.

With respect to the CTA, the funding request from FinCEN is to support FTEs needed to fully implement the mandates by: (i) drafting required regulations and related compliance materials and guidance; (ii) conducting stakeholder outreach to communicate information about the requirement; (iii) drafting required Congressional reports; (iv) developing and providing training on how to use the required Beneficial Ownership IT systems; (v) establishing access to BOI for authorized users; (vi) monitoring and auditing compliance with the CTA and enforcing violations of its requirements; (vii) establishing administrative processes to grant exemptions and provide relief from the CTA's requirements; (viii) establishing a BOI call center to respond to inquiries from the public about how to comply with the CTA; (ix) conducting BO-related data management and analysis; and (x) providing related legal, administrative, security, and human resources support.

The funding request from FinCEN will also support: (i) FTEs who can draft the regulations and related guidance and respond to requests for administrative rulings regarding the interpretation of the regulations issued pursuant to the AMLA/CTA; (ii) the funding for regulatory economist FTEs who are necessary to develop regulatory impact analyses pursuant to Executive Orders (E.O.s) 12866 ("Regulatory Planning and Review") and 13563 ("Improving Regulations and Regulatory Review"), the Regulatory Flexibility Act (RFA), the Paperwork Reduction Act (PRA), the Unfunded Mandates Act , and the Congressional Review Act and other similar applicable statutes; and (iii) FTEs to staff the compliance hotline to respond to incoming inquiries relating to the AMLA and associated regulations and guidance issued by FinCEN. Timely and effective AMLA and CTA implementation continues to be FinCEN's top priority and presents significant complexity and resource challenges. FinCEN is working diligently with private sector and civil society stakeholders and law enforcement and regulatory counterparts to implement these numerous provisions to further the national security, financial integrity, and innovative strength of the United States and protect the American people.

The Whistleblower Program: Section 6314 of the AMLA modified and enhanced the whistleblower provisions of the BSA by, among other things, significantly increasing the maximum possible award FinCEN can issue to an eligible whistleblower who voluntarily provides information to FinCEN, the Department of Justice (DOJ), or the whistleblower's employer regarding certain violations of the BSA. Consistent with these statutory requirements, FinCEN established an Office of the Whistleblower that is responsible for: receiving and adjudicating tips, complaints, and referrals; designing and implementing the policies and procedures of the whistleblower program; and processing award applications for eligible whistleblowers.

The Anti-Money Laundering Whistleblower Improvement Act, which was enacted as part of the Consolidated Appropriations Act, 2023, P.L. 117-328, further enhanced FinCEN's whistleblower program by: (i) establishing a $300 million revolving fund (Financial Integrity Fund) to pay eligible whistleblowers; (ii) expanding the whistleblower program to include awards for violations of U.S. economic and trade sanctions programs, including but not limited to those targeting Russia and its malign activities; and (iii) requiring the payment of awards to eligible whistleblowers that are equal to 10 to 30 percent of what has been collected of the monetary sanctions imposed in a covered enforcement action. FinCEN expects the establishment of this fund will very likely increase interest and participation in FinCEN's whistleblower program. FinCEN will use the funding from this request to: (i) administer and manage the $300 million revolving award fund, including by disbursing awards in a timely and secure manner; (ii) develop a public facing information technology system for the submission of tips and award applications; (iii) develop the capacity to securely share tips and facilitate review by FinCEN and law enforcement partners; (iv) recruit enforcement personnel dedicated to investigating BSA and other violations submitted by whistleblowers; and (v) recruit personnel dedicated to the administration of the whistleblower program to review tips, adjudicate award applications, coordinate with DOJ and other relevant agencies, and engage in outreach and education campaigns with the public. Such funding will also help ensure that any tips related to cybercrimes, corruption, drug trafficking, Russia, and other illicit finance and national security priorities are reviewed and referred to appropriate offices for investigation and prosecution in a comprehensive and swift manner.

This funding level assumes continuous hiring actions to get FinCEN to an onboard strength of 400 positions by the end of FY 2024 (yielding 350 FTE in FY 2024 given staff will be hired throughout the year).

FinCEN Investigative Tools +$3,000,000 / +0 FTE
Funding will enable FinCEN to maintain the expanded access to additional software, databases and licenses for greater threat research capabilities that was made possible with Ukraine supplemental funding in FY 2022 and FY 2023.

DEIA Staffing and Program Support +$800,000 / +1 FTE
Staff and contractor support for the Diversity, Equity, Inclusion and Accessibility (DEIA) program that is not currently in base funding.

Legislative Proposals

FinCEN has no legislative proposals.

Performance Highlights

Budget Activity	Performance Measure	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Target	FY 2024 Target
BSA Administration and Analysis	Percentage of Domestic Law Enforcement and Regulators Who Assert Queried BSA Data Led to Detection and Deterrence of Illicit Activity	90%	93%	92%	90%	90%
BSA Administration and Analysis	Percentage of Users Satisfied with existing FinCEN Information Sharing Systems	88%	87%	87%	85%	85%

Description of Performance

FinCEN conducts four annual surveys of the BSA user-facing systems, information sharing tools, and to assess the value of FinCEN's data and analysis. The results provide valuable feedback on FinCEN's performance safeguarding the financial system from illicit use, combatting money laundering, and promoting national security.

Additionally, FinCEN monitors the percentage of domestic law enforcement and regulators who assert that queried BSA data led to the detection and deterrence of illicit activity. The survey looks at the value of FinCEN data, such as whether the data provided unknown information; supplemented or expanded known information; verified information; helped identify new leads; opened a new investigation or examination; supported an existing investigation or examination; or provided information for an investigative or examination report.

Alcohol and Tobacco Tax and Trade Bureau

Program Summary by Budget Activity

Dollars in Thousands

	FY 2022	FY 2023	FY 2024	FY 2023 to FY 20234	
Budget Activity	**Operating Plan[1]**	**Operating Plan [1]**	**Request**	**$ Change**	**% Change**
Collect the Revenue	$59,252	$76,895	$80,847	$3,951	5.14%
Protect the Public	$68,815	$71,968	$74,757	$2,790	3.88%
Subtotal, TTB	**$128,067**	**$148,863**	**$155,604**	**$6,741**	**9.01%**
Reimbursable and Offsetting Collections[2]	$8,533	$9,690	$9,690	$13,482	139.13%
Unobligated Balances from Prior Years[3]	$4,850	$4,450	$4,450	$23,013	517.13%
Transfers In/Out[4]	$821	$0	$0	$43,236	NA
Total Program Operating Level	**$14,204**	**$14,140**	**$14,140**	**$79,730**	**656.26%**
Total Budgetary Resources	**$142,271**	**$163,003**	**$169,744**	**$86,471**	**665.27%**
Direct FTE	479	548	551	3	0.55%
Reimbursable FTE	12	11	11	0	0.00%
Total Full-time Equivalents (FTE)	**491**	**559**	**562**	**3**	**0.55%**

1/ FY 2022 New Appropriated Resources by Budget Activity reflect levels appropriated in P.L. 117-103, the Consolidated Appropriations Act, 2022. FY 2022 Other Resources and Full-time Equivalents (FTE) reflect actuals. FY 2023 New Appropriated Resources by Budget Activity & FTE reflect levels appropriated in P.L. 117-328, the Consolidated Appropriations Act, 2023.
2/ Includes reimbursements from the Treasury Executive Office of Asset Forfeiture (TEOAF) Mandatory Fund, Community Development Financial Institutions (CDFI) Fund along with offsetting collections from Puerto Rico Cover-Over Program.
3/ All years include carryover of prior two-year set-aside funding for trade practice enforcement and recoveries of 50 percent in unobligated balances from prior one-year funding.
4/ FY 2022 actual obligations include a transfer from TEOAF Strategic Support & Secretary's Enforcement Fund.

Summary

The Alcohol and Tobacco Tax and Trade Bureau (TTB) serves as the Nation's primary Federal authority in the taxation and regulation of the alcohol and tobacco industries. TTB is responsible for the administration and enforcement of the Internal Revenue Code (IRC) provisions for excise taxes on alcohol, tobacco, firearms, and ammunition, and the Federal Alcohol Administration (FAA) Act, which provides for the regulation of the alcohol beverage industry to protect U.S. consumers and ensures a fair and competitive marketplace for U.S. businesses.

At the FY 2024 funding level, and in support of the Administration's economic recovery and growth priorities, TTB plans to continue to focus on timely service levels and improving taxpayer experience by simplifying tax and regulatory requirements, modernizing online filing systems to improve the customer experience, and issuing clear and timely industry guidance to facilitate voluntary compliance.

Service remains a top priority, as delays to issuing permits or product approvals have financial consequences for the viability of businesses. At the FY 2024 funding level, TTB expects to maintain permit, label, and formula approval times within service standards. Further, TTB will ensure access to tax benefits available to alcohol producers and importers under the permanent craft beverage modernization tax provisions, including by issuing timely refunds on import claims. In FY 2024, TTB plans to take a data-driven and risk-based approach to administering the new import claims program. The budget request supports ongoing enhancements to new online registration and filing systems, as well as the necessary tax administration and enforcement staff, to administer this program.

Complex or overly burdensome regulatory requirements do not serve the interests of taxpayers, consumers, or government effectiveness. In FY 2024, TTB plans to continue three major regulatory reform efforts in permitting, tax, and alcohol beverage labeling to consolidate, clarify, and simplify requirements and, where possible, minimize filing frequency. The revised requirements will ease burdens placed on new and existing businesses and make it easier to voluntarily comply. At the same time, TTB plans to tailor the requirements to improve data quality and better detect risk to direct enforcement efforts. Further, TTB will prioritize rulemaking to promote fair competition, including proposals that would expand information on alcohol beverage labels to provide greater transparency for consumers and alcohol producers.

At the FY 2024 funding level, TTB will also continue to make critical investments in its online filing systems as part of its information technology (IT) modernization strategy to develop an integrated online experience for all tax and regulatory transactions with TTB. By improving the ease and usability of its online platforms, TTB aims to increase electronic submissions, improve timely filings, and support taxpayer compliance. Investments planned in FY 2024 focus on the initial phases of implementing simplified tax filings for all wineries, breweries, and distilleries, a priority focus for TTB, in its efforts to make compliance clearer and easier while addressing the fact that the industry still submits roughly half of all tax filings on paper.

Budget Highlights

Dollars in Thousands

	FTE	Amount
FY 2023 Operating Plan	**548**	**$148,863**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	5,770
Pay Annualization (2023 4.6% average pay raise)		1,038
Pay Raise (5.2% average pay raise)		3,560
Non-Pay		1,172
Subtotal Changes to Base	0	5,770
FY 2024 Current Services	**548**	**$154,633**
Program Changes:		
Program Increases:	3	971
Taxpayer Experience & Administration	3	971
Subtotal Program Changes	**3**	**$971**
FY 2024 President's Budget Request	**551**	**$155,604**

Note: In addition to the amounts requested above, a total of $2.5 million from the Cybersecurity Enhancement Account will be allocated to support TTB's Zero Trust Architecture.

Budget Adjustments

Maintaining Current Level (MCLs)……………………………………..+$5,770,000 / +0 FTE

Pay Annualization (4.6%) +$1,038,000 / +0 FTE

Funds are requested for annualization of the January 2023 4.6% average pay raise.

Pay Raise (5.2% in FY 2024) +$3,560,000 / +0 FTE
Funds are requested for a 5.2% average pay raise in January 2024.

Non-Pay (2.0% in FY 2024) +$1,172,000 / +0 FTE
Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Program Increases……………………………………………………+$971,000 / +3 FTE
Taxpayer Experience & Administration, +$971,000 / + 3 FTE
TTB is requesting $971 thousand and 3 FTE to invest in improvements to transform the TTB taxpayer experience and tax administration through simplified tax filings. Through a combination of tax expertise and customer engagement, TTB plans to initiate implementation of redesigned tax returns, reporting requirements, and system enhancements to reduce compliance burden and to streamline and improve data collections. This investment will make it easier for taxpayers to comply, especially for the small businesses who comprise the vast majority of TTB taxpayers and cannot afford compliance staff to support their operations.

Legislative Proposals

TTB has no legislative proposals.

Performance Highlights

Budget Activity	Performance Measure	FY 2020 Actuals	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Target	FY 2024 Target
Collect the Revenue	Amount of Revenue Collected Per Program Dollar ($) *	380	375	336	I	I
Collect the Revenue	Voluntary Compliance from Large Taxpayers - Overall (%)	91	93	93	95	95
Collect the Revenue	*By Payment*	99	99	99	-	-
Collect the Revenue	*By Tax Return*	84	87	87	-	-
Collect the Revenue	*By Operational Report*	83	87	86	-	-
Collect the Revenue	Electronically Filed Tax Returns - Pay.gov (%)	43	47	51	65	65
Collect the Revenue	Electronically Filed Operational Reports - Pay.gov (%)	50	53	56	65	65
Collect the Revenue	Claims Processed within Service Standard (30-45 days) (%) [1]	46	59	58	85	85
Protect the Public	Permit Applications Processed within Service Standards (75 days) (%)	84	92	91	85	85
Protect the Public	Alcohol Beverage Label and Formula Applications Processed within Service Standards (15 days) (%) [2]	83	92	93	85	85
Protect the Public	Initial Error Rate on Permit Applications	62	67	64	25	25
Protect the Public	Initial Error Rate for Label and Formula Applications	34	31	29	25	25
Protect the Public	Electronically Filed Permit Applications - Original (%)	92	95	95	95	95
Protect the Public	Electronically Filed Permit Applications - Amendments (%) (NEW) [3]	85	83	79	90	90

Protect the Public	Electronically Filed Label and Formula Applications (%) *	99	100	100	I	I
Protect the Public	Customer Satisfaction Rate with eGov Systems - Permits Online	78	79	78	80	80
Protect the Public	Customer Satisfaction Rate with eGov Systems - COLAs Online	80	83	83	80	80
Protect the Public	Customer Satisfaction Rate with eGov Systems - Formulas Online [4]	73	80	78	80	80

*Performance indicators do not have a target
1/ Claims services standards are set annually and vary by type: Manufacturer of Non-beverage Products = 30 days; Other Claims = 45 days; CBMA Import Claims = TBD. Current standards account for when interest starts to accrue to the government, as defined by statute.
2/ Service standards are set annually based on TTB analysis of submission volume, error rates, and resource levels. In FY 2018, following a spike in submission volume, TTB set service standards of 15 days for both label and formula applications. TTB has maintained this standard through FY 2024.
3/ Results represent amendment submissions, with multiple permit amendment types often submitted on a single submission; the ability to submit multiple amendments via a single submission took effect in Q4 FY 2019.
4/ Results represent beverage alcohol filers only (nonbeverage alcohol formula submissions are excluded).

Description of Performance

In FY 2022, TTB met or exceeded the performance targets for 6 of its 13 performance measures. TTB also monitored performance through several key indicators that support data-driven decision making across TTB's strategic goals. Despite falling short in seven performance goals in FY 2022, TTB made substantial improvements in many key service and operational measures. To meet its performance goals in FY 2024, TTB will implement an ambitious agenda that integrates policy updates, process improvements, modern technology, and data-driven outreach and enforcement.

TTB's Collect the Revenue budget activity includes all tax processing, verification, enforcement, and outreach efforts related to administering the Federal excise tax on alcohol, tobacco, firearms, and ammunition products. In ensuring a level playing field for those engaged in the trade of these regulated commodities, TTB takes appropriate enforcement action to detect and address tax evasion and fraud to ensure all alcohol and tobacco products sold in the marketplace are properly taxpaid.

In FY 2022, TTB collected excise taxes totaling $19.6 billion from a tax base of nearly 39,000 taxpayers, comprised of $10.1 billion for tobacco products, $8.3 billion for alcohol beverage products, and $1.2 million for firearms and ammunition. The investments in the Collect the Revenue activity resulted in the following performance highlights and accomplishments during FY 2022:

- TTB returned $336 for every dollar invested in its tax collection activities.
- Electronically filed tax returns and operational reports trended positively in FY 2022, with roughly half of TTB tax submissions submitted to TTB via Pay.gov, a Bureau of the Fiscal Service system that TTB relies on for the e-filing of tax returns, tax payments, and operational reports. Ongoing high rates of paper filings make compliance monitoring and fraud detection more difficult and costly, however, and have a higher environmental impact. As part of its IT modernization efforts and to increase electronic filing, TTB plans to implement phased releases to its tax system, including a custom external interface for the direct submission of tax filings with TTB (rather than via Pay.gov) and account management capabilities, as well as enhanced internal workflows to support TTB tax administration. At the FY 2024 funding level, efforts will focus on implementing redesigned tax filing requirements to reduce compliance burden and to streamline and improve data collections.

This investment will also make it easier for taxpayers to comply by combining operational reports and tax returns into a single submission.

- Fostering voluntary compliance among taxpayers is a primary tax administration strategy for TTB. TTB evaluates voluntary compliance by measuring the percent of taxpayers who voluntarily file their required tax returns, operational reports, and payments on or before the scheduled due date. In recent years, the Bureau has made progress in reversing the declining filing compliance trend for its large taxpayers, defined as those with $50,000 or more in annual tax liability. Given the revenue exposure, TTB set a high target for filing compliance for its largest taxpayers at 95 percent. In FY 2022, TTB achieved an overall compliance rate of 93 percent from its large taxpayers in meeting all tax filing requirements, sustaining progress achieved last year. Payment compliance rates remain high, at over 99 percent, indicating that the majority of reported liabilities were paid on time. Compliance rates for timely filed tax returns remained at 87 percent in FY 2022, and compliance rates for timely filed operational reports dipped slightly to 86 percent, warranting continued focus on these filing requirements in the year ahead. At the FY 2024 funding level, improving compliance rates will remain a priority for TTB. Strategies to advance them include continuing to review large taxpayer accounts based on compliance risk, implementing ongoing enhancements to analytics tools, and expanding compliance reviews into the next tier of taxpayer segments. To support taxpayers seeking to voluntarily comply, TTB plans to improve its education and outreach strategies across TTB taxpayers, using customer feedback, user testing, and compliance data to prioritize TTB outreach as well as the development of new online tax guidance. These strategies will prove critical to supporting and increasing compliance by the thousands of small businesses that TTB regulates.
- In FY 2022, TTB continued to focus IT development efforts on improving existing claims processes as well as developing new systems to administer the CBMA import claims program beginning in FY 2023. For the majority of claims types, TTB met the 45-day service standard for 69 percent of submissions; however, for claims submitted by manufacturers of non-beverage products (MNBP), the highest volume claim type, TTB met the 30-day standard for only 46 percent of submissions. TTB also deployed enhancements to its existing module to support timely processing of MNBP claims, helping to reduce backlogs. As a result, the percent of MNBP claims meeting the 30-day service standard increased from 30 percent or less in the first six months of FY 2022 to approximately 70 percent or more in the last six months of the year. In addition, TTB initiated development of a new module to enable industry to file claims online, which will replace the web form deployed as an interim solution at the pandemic onset. At the FY 2024 funding level, TTB will continue to deploy enhancements to its two CBMA import claims systems, including incorporating external data validations and adding usability enhancements to support effective claims processing. This is a key strategy to ensure that TTB maximizes its capacity to maintain timely service despite the influx of new import claims beginning in FY 2023, which TTB expects to nearly double the number of claims submitted to TTB.

TTB’s Protect the Public budget activity funds the programs that ensure the integrity of alcohol beverage products and industry members in the marketplace; promote compliance with Federal laws and regulations by the more than 119,000 businesses that TTB regulates; facilitate fair and lawful domestic and international trade in the alcohol and tobacco commodities; and provide full and accurate alcohol beverage product information to the public as a means to prevent consumer deception.

The investments in the Protect the Public activity resulted in the following performance highlights and accomplishments during FY 2022:

- Federal law prohibits the import or domestic bottling of an alcohol beverage without an approved Certificate of Label Approval (COLA), making this service integral to U.S. businesses and economic recovery priorities. In FY 2022, TTB received more than 193,000 label applications and 27,000 formula applications for new alcohol and beverage product approvals. While submission volume remains high, reflecting industry expansion and product innovation in recent years, signals of industry recovery slowed in FY 2022, with total label applications down roughly one percent. TTB ended the year at 93 percent of label applications meeting the 15-day service standard, exceeding the 85 percent target. This was achieved through effective monitoring and management of the application backlog combined with strategic workforce deployment in response to submission fluctuations. In terms of formula applications, after years of double-digit growth, applications decreased for the first time in FY 2022, down over five percent compared to last year. By employing similar strategies, TTB exceeded the targeted performance level, ending the year at 90 percent of formula applications meeting the 15-day standard, despite staffing shortages in the formulation office due to attrition.
- A TTB permit or registration is required before a business can lawfully operate in the alcohol and tobacco industries, and TTB ensures a fair and lawful marketplace by screening permit applicants to ensure only qualified persons engage in operations. In FY 2022, TTB received approximately 8,200 applications for a Federal permit or registration, and qualified approximately 6,400 new businesses, predominantly small businesses. Although the annual rate of growth has slowed, the overall application volume remains high compared to historic levels, particularly in some of the more complex permit application types related to producing alcohol beverage products. Despite these trends, TTB has achieved and sustained significant improvements in its service levels for permitting in recent years. Average approval times are now 36 days, sustaining progress achieved last year. Additionally, TTB surpassed its target to issue permits within the 75-day service standard for 85 percent of applicants, ending the year at 91 percent. TTB achieved these performance gains in part due to TTB's improved management of in-process permit applications and by continuing to cross-train specialists to allow management to redeploy staff as necessary to cover fluctuations in application types. Going forward, TTB plans to achieve its performance target through ongoing process improvements and updates to its permit applications to simplify and streamline requirements. At the FY 2024 requested funding level, TTB will also continue its IT modernization efforts to improve the customer experience with Permits Online, including enhanced guidance and self-service features to help applicants submit compliant applications.
- TTB continues to make progress in reducing the error rate on initial permit, label, and formula applications, a critical strategy to maintaining timely service across these programs. For each application type, the Bureau is targeting a 25 percent error rate in submissions to TTB. Although TTB has not yet achieved this target, the Bureau has made significant progress in each application area. For permit applications, the FY 2022 error rate was 64 percent, an improvement of approximately 15 percent over the past five years, indicating that

efforts to streamline applications and processes are resulting in sustained improvements. The Bureau expects additional progress in the next few years as it continues to simplify permit requirements and improve IT systems to make filing easier. TTB also continued to substantially reduce error rates for label and formula applications in FY 2022, with error rates at 29 percent and 28 percent, respectively. These gains demonstrate the ongoing effectiveness of prior year strategies that focused on reducing errors through targeted guidance, system validations, and analysis of high frequency errors. At the FY 2024 funding level, TTB plans to continue its data-driven strategy to better understand customer pain points to develop effective guidance and system enhancements that will improve the overall customer experience and reduce errors on TTB submissions.

- System enhancements to date have resulted in high rates of customer satisfaction with TTB's eGov systems. TTB monitors user satisfaction with the process of submitting an application through its eGov systems, collecting responses via e-mail survey to assess factors such as ease of access, guidance, and overall experience. In FY 2022, satisfaction rates held at 83 percent for COLAs Online users, exceeding the 80 percent performance target; however, satisfaction rates declined slightly from 80 percent to 78 percent for Formulas Online users and from 79 percent to 78 percent for Permits Online users. At the FY 2024 funding level, TTB expects system satisfaction rates to exceed the 80 percent target as the Bureau engages in broader modernization efforts to provide applicants with a single integrated online filing experience, including through the regular review of survey feedback.
- TTB also continues to sustain high electronic filing rates. In FY 2022, nearly 100 percent of all label and formula applications continued to be submitted via COLAs Online and Formulas Online, and 95 percent of permit applications were submitted via Permits Online. TTB attributes the high rates of electronic filing to continued system improvements as well as ongoing promotion at industry conferences and seminars. At the FY 2024 funding level, TTB is proposing to add a performance measure on the electronic filing rate of applications to amend a Federal permit or registration. The data will come from Permits Online, TTB's current online filing system for permit applications. This measure provides information on system use for this critical industry service and aids in monitoring the efficiency of program operations.

Bureau of the Fiscal Service

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2022 Operating Plan	FY 2023 Operating Plan	FY 2024 Request	FY 2023 to FY 2024 $ Change	FY 2023 to FY 2024 % Change
Accounting and Reporting	$94,942	$96,956	$104,783	$7,827	8.07%
Collections	$45,808	$47,804	$52,276	$4,472	9.35%
Payments	$122,833	$133,328	$141,787	$8,459	6.34%
Retail Securities Services	$66,957	$68,759	$72,899	$4,140	6.02%
Wholesale Securities Services	$25,396	$25,638	$27,518	$1,880	7.33%
Subtotal, Fiscal Service's New Appropriated Resources	**$355,936**	**$372,485**	**$399,263**	**$26,778**	7.19%
Offsetting Collections - Reimbursable	$206,266	$214,000	$218,322	$4,322	2.02%
Debt Collections Fund	$180,670	$204,581	$210,205	$5,624	2.75%
Unobligated Balances Brought Forward	$220,497	$205,976	$154,625	-$51,351	-24.93%
Subtotal, Other Resources	**$607,433**	**$624,557**	**$583,152**	**-$41,405**	-6.63%
Total Budgetary Resources	**$963,369**	**$997,042**	**$982,415**	**-$14,627**	**-1.47%**
Direct FTE	1,854	1,832	1,852	20	1.09%
Reimbursable FTE	11	9	9	0	0.00%
Total Full-time Equivalents (FTE)	**1,865**	**1,841**	**1,861**	**20**	**1.09%**

Note: FY 2022 Other Resources and Full-time Equivalents (FTE) reflect actuals.

Summary

The FY 2024 request for the Fiscal Service Salaries and Expenses is $399.3 million, an increase of $26.8 million above the FY 2023 enacted level. The Budget includes resources to maintain current operations for the Government's National Financial Critical Infrastructure (NFCI) that finances Federal programs and services, collects revenue, disburses payments, and reports on the Government's financial position. Because of Fiscal Service's central role in Government-wide financial operations, the Budget also makes modest investments to support Treasury's leadership in transforming Federal financial management to become more efficient, more accurate and deliver better service to citizens. In addition to the direct request for Fiscal Service Salaries and Expenses, the Treasury budget request also includes $42.4 million as part of the Cybersecurity Enhancement Account (CEA) to support cloud adoption, zero trust implementation, security logging, and compliance with other mandates to bolster overall cybersecurity protections.

The Budget provides resources to maintain current service levels for our accounting, financing, collections, and disbursements operations and supports ongoing work to deliver modern and innovative financial management operations and services, increase the value, availability, and quality of our data, improve the customer experience throughout the journey with Fiscal Service, and recruit, retain, develop, and engage a diverse, high-performing workforce. Approximately three-fourths of the Fiscal Service appropriation funds staff and related facilities expenses including rent, utilities, and security. The request includes an additional $14.6 million to meet growing pay and non-pay inflationary costs and allows the bureau to maintain staffing at the levels needed to continue delivering accurate, timely, and reliable financial services.

The Budget supports Fiscal Service's Cybersecurity and Cloud Migration Initiative by providing an additional $5.8 million and 10 FTE for mission-specific cybersecurity investments for bureau systems supporting disbursements, collections, accounting, and financing activities. This aligns with Fiscal Service's implementation of Executive Order 14028, *Improving the Nation's Cybersecurity* and OMB Memo M-22-09, *Federal Zero Trust Strategy*, and also supports Treasury's Strategic Plan Objective 2.1: *Cyber Resiliency of Financial Systems and Institutions*. The Budget also supports ongoing operations related to cybersecurity for High Value Assets (HVAs) and other systems that support the NFCI. Fiscal Service will continue to partner with the Department, leveraging the $42.4 million provided through the CEA, to implement modern solutions that will support the security, resiliency, and agility of these critical systems and continue to maintain the financial integrity and efficiency of our operations. Additionally, the Budget provides $4 million to support Fiscal's need for secure space to enable the bureau to properly assist national security programs in meeting their missions.

The Budget also supports Fiscal Service's Evidence Building and Performance Data Initiative by requesting an additional $2.5 million and 10 FTE to strengthen a broad complement of analytical-support activities including enterprise-strategic planning, program evaluation, data-collection, and performance analytics to improve the overall capability to assess progress against outcomes. This initiative supports Treasury Strategic Plan Objective 5.3, *Better Use of Data*, as well as Treasury's Enterprise Learning Agenda.

These priorities will advance Treasury's Strategic Plan FY 2022-2026, promote Fiscal Service's mission to transform Federal financial management, and result in improved service for the American public.

Budget Highlights

Dollars in Thousands

Bureau of the Fiscal Service	FTE	Amount
FY 2023 Operating Plan	**1,517**	**$372,485**
Changes to Base:		
Maintaining Current Levels (MCLs):	**0**	**$14,559**
Pay Annualization (2023 4.6% average pay raise)	0	$2,642
Pay Raise (5.2% average pay raise)	0	$9,062
Non-Pay	0	$2,855
Subtotal Changes to Base	0	$14,559
FY 2024 Current Services	**1,517**	**$387,044**
Program Changes:		
Program Increases:	20	$12,219
Cyber & Cloud Initiative	10	$5,719
Secure Space	0	$4,000
Evidence & Data Initiative	10	$2,500
Subtotal Program Changes	**20**	**$12,219**
FY 2024 President's Budget Request	**1,537**	**$399,263**

Note: In addition to the amounts requested above for Fiscal Cybersecurity & Cloud Migration Initiative, a total of $42.44 million from the Cybersecurity Enhancement Account will be allocated to support Fiscal's IT modernization and compliance with Cybersecurity Executive Orders.

Budget Adjustments

Maintaining Current Levels (MCLs)..+$14,559,000 / +0 FTE

Pay Annualization (4.6%) +2,642,000 / +0 FTE

Funds are requested for annualization of the January 2023 4.6 percent average pay raise.

Pay Raise (5.2% in 2024) +$9,062,000 / +0 FTE

Funds are requested for a 5.2 percent average pay raise in January 2024.

Non-Pay (2.0% in FY 2024) +$2,855,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent supplies, and equipment.

Program Increases...+$12,219,000 / +20 FTE

Cybersecurity & Cloud Migration Initiative +$5,719,000 / +10 FTE

Fiscal Service is responsible for 62 FISMA systems containing over 55 billion PII records, including eight HVAs that support the Financial Services Sector of the Federal Government's Critical Infrastructure. Protecting the information and technology resources that support the bureau's multi-faceted mission is essential to maintaining the Nation's economy and stable Federal financial operations.

Fiscal Service's cybersecurity request will focus resources on transforming and securing the delivery of mission critical functions and services to enhance, strengthen, and ensure resiliency across the bureau's programs and the government's financial operations in alignment with federal mandates, including Executive Order 14028, and customer expectations. This request will bolster IT security staff and provide training to these employees on advanced cybersecurity tools and techniques, thereby expanding Treasury's threat monitoring. By maximizing our ability to identify, protect against, detect, respond to, and recover from threats and malicious activity, the bureau can more effectively protect the highly interconnected technology resources that support our mission essential functions, and by extension, the NFCI.

In concert with initiatives funded by the CEA, this funding will also support the implementation of cybersecurity enhancements to Fiscal Service applications and infrastructure, including agile DevSecOps capabilities and a scalable continuous integration and deployment pipeline for software and infrastructure that aligns with the bureau's adoption of cloud services and solutions. These activities to accelerate cloud adoption complement the Treasury implementation of zero trust architecture and will further support Fiscal's effort to transition from aging and costly on-premises platforms to secure modern platforms that protect federal agencies and the public that access Fiscal Service systems.

Secure Space +$4,000,000 / +0 FTE

To support national security programs, Fiscal Service has a significant need to strengthen its ability to communicate effectively in classified settings. Investments would fund space reconfigurations and technology needed to carry out this work.

Evidence Building & Performance Data Initiative +$2,500,000 / +10 FTE

Treasury's Implementation of the Foundations for Evidence-Based Policymaking Act requires agencies to strengthen a broad complement of analytical-support activities including enterprise-strategic planning, program evaluation, data-collection, and performance analytics to improve the overall capability to assess progress against outcomes. In FY 2024, Fiscal Service will increase its capacity for enterprise planning, collection and analysis of performance data, and program evaluations. Increasing Fiscal's capacity to conduct more evaluations, such as the recent effort to assess the delivery of government payments to hard-to-reach populations, would enhance the capacity to analyze performance data. This will enable the bureau to better assess the effectiveness and efficiency of programs, policies, and services. Increasing evaluation activities will drive evidence-building in areas such as organizational efficiency, program effectiveness, diversity and inclusion, customer experience and research, emerging technology, and data quality.

Legislative Proposals

1. Ensure the Treasury Do Not Pay Business Center (DNP) has full access to complete state death data.
The proposal would include DNP consulting with State Vital Records Offices, National Association for Public Health Statistics and Information Systems, and the Social Security Administration to determine the appropriate process for accessing complete state death data for its purposes after the evaluation of death data sharing has concluded and full compensation provisions for costs of access and distribution are in place as intended by the Consolidated Appropriations Act, 2021.

2. Expand Treasury's access to the National Directory of New Hires (NDNH).
This proposal would authorize DNP to facilitate data exchange with paying agencies that are currently authorized by the Social Security Act to access NDNH regarding persons receiving Federal payments while identifying individuals who are ineligible to receive payments or who are receiving erroneous payments.

3. Modify the Fair Credit Reporting Act (FCRA) to allow the DNP to utilize consumer data for the purpose of identifying and preventing improper payments and minimizing fraud, waste, and abuse. *Estimated Savings/Cost Avoidance: Estimated incremental increase of $1.45B in improper payments identified over 10-year period.*

This proposal amends language in the FCRA, 15 U.S.C. § 1681a and authorizes DNP to partner with data aggregators such as credit reporting agencies to validate several payee attributes. This authority would help agencies identify, prevent, and recover improper payments based on income eligibility and location. DNP's ability to use FCRA data as a source to proxy residency data will add substantial value for work identifying improper payments in federally funded, state administered programs such as SNAP and Medicaid.

4. Expand Treasury's authority to require bank account verification, pre-certification.
Estimated Savings/Cost Avoidance: Cost avoidance over a 10-year period is estimated at $11.6B in improper payments identified.

This proposal would provide Treasury the authority to require Federal paying agencies to confirm the accuracy of their payees' bank account information prior to certification to identify potentially erroneous or fraudulent transactions and improve payment accuracy. Bank account verification(s) would compare pre-certification payment information with commercially available data, such as the information available through the Fiscal Service's Account

Verification Services (AVS), to confirm the existence of an account, its status, standing, and ownership, prior to initiating payments to that account. While the prior proposal (third legislative proposal) focuses on providing the certifying agency the opportunity to update payment information (in accordance with applicable law and industry rules), this initiative is focused on providing agencies with additional tools to verify the accuracy of their proposed payments before certifying them for disbursement. This change would assist in combating financial loss caused by fraud and ensure that payment account verification is conducted on all Federal payments disbursed by Treasury.

5. Expand Treasury's authority to require bank account comparison (matching), pre-certification. *Estimated Savings/Cost Avoidance: Cost avoidance over a 10-year period is estimated at $152 million in labor and material associated with printing approximately 200 million checks*.

This proposal seeks discretionary authority for Treasury to require agencies to compare the payee bank account information they have on file with other sources of bank account information available to (or through) Treasury, to reduce the number of improper payments and increase electronic payments. Bank account matching would help decrease the number of checks issued which would result in cost savings from the processing of the payments. Expanding flexibilities pre-certification is preferable to post-certification to avoid the added responsibility on the disbursing officer. Treasury could implement this proposal in stages to achieve the desired policy goals.

6. Simplify Debt Management Services (DMS) Fees.
Current Process: DMS must separately account for the costs of its Cross-Servicing Programs and the five TOP programs. However, these programs have many complementary and overlapping functions and processes, making determination of separate fees an administratively difficult and inefficient process.

This proposal authorizes DMS to consolidate Treasury Offset Program (TOP) and Cross-Servicing fees. DMS would utilize combined fees to cover overlapping functions evenly as overhead across the TOP and Cross Servicing Programs. This change would increase the efficiency of Fiscal Service's debt collection operations by simplifying the cost-accounting and fee-setting processes. It would also reduce volatility in year-to-year fee adjustments and assist Fiscal Service in assessing fees (which are generally passed on to debtors as costs) in an equitable manner.

7. Make Technical Corrections Regarding Calculation of Current Value of Fund Rate.
Federal agencies are required to assess interest on nontax debts that are not timely paid. This proposal would make technical changes to the statute to expressly authorize the use of the current value of funds rate (CVR) to establish the applicable interest rate, which is consistent with current practice.

Performance Highlights

Budget Activity	Performance Measure	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Target	FY 2024 Target
Accounting and Reporting	Percentage of Government-wide Accounting Reports Issued Timely (%)	100	100	100	99	99
Accounting and Reporting	Number of High Value Analytics Use Cases Deployed [NEW]	-	3	3	5	8
Collections	Percentage of Total Federal Government Receipts Settled Electronically (%)	99	99.6	99.8	DISC	DISC
Collections	Percentage of total federal government receipts initiated electronically (in dollars) [%] [NEW]	84.1	83	83.2	83.1	83.4
Payments	Percentage of Treasury Payments Disbursed Electronically (%)	96.04	96.19	96.4	96.56	96.91
Payments	Count of Improper Payments Identified or Stopped (# Thousands) [DISC]	22,773	23,801	17,115	DISC	DISC
Payments	Dollar Amount of Improper Payments Identified or Stopped ($ Millions) [DISC]	43.5	47.61	35.83	DISC	DISC
Payments	Potential improper payments identified, stopped, or recovered [New]	-	-	-	-	B
Payments	Percentage of payments screened by Do Not Pay [New]	-	-	-	-	B
Retail Securities Services	Percentage of Unassisted Retail Securities Transactions (%)	70	63	77	73	73
Wholesale Securities Services	Percentage of Auction Results Released Accurately (%)	100	100	100	100	100
Wholesale Securities Services	Percentage of Auctions Successfully Completed by the Scheduled Close Date (%)	100	100	99.75	100	100
Debt Collection	Count of Improper Payments identified or stopped FYTD [#] [DISC]	22,773	23,801	17,115	DISC	DISC
Debt Collection	Dollar amount of Improper payments identified or stopped during the fiscal year [$ Millions] [DISC]	43.5	47.61	35.83	DISC	DISC
Debt Collection	Amount of delinquent debt collected through all available tools [$ Billion] [DISC]	10.68	5.04	5.52	DISC	DISC
Debt Collection	All delinquent debt collected FYTD as a percentage of all delinquent debt referred FYTD [%]	15.7	15.9	16.58	13.9	13
Debt Collection	Percentage of the active delinquent debt portfolio collected FYTD [%]	9.2	7.3	6.26	6.5	6

Key: DISC - Discontinued; B - Baseline

Description of Performance

Accounting and Reporting: Fiscal Service collects, analyzes, and publishes Government-wide financial information to provide transparency on the Government's financial status. In FY 2022, Fiscal Service accounted for and reported on the financial activity related to the $30.9 trillion public debt and managed an average daily cash flow of $185 billion. Fiscal Service continued to issue 100 percent of Government-wide accounting reports on time, including the annual Financial Report of the U.S. Government. Fiscal Service continued progress on implementing G-Invoicing, which is a key driver to reducing buy/sell intragovernmental differences. In FY 2022, agencies completed over $4 billion in transactions in G-Invoicing, and in FY 2023 and FY 2024, Fiscal Service will continue partnering with agencies to implement G-Invoicing government-wide. The bureau made significant advancements on its Fiscal Data website during FY 2022, with a total of 39 datasets and 82 data tables onboarded to the site, and in FY 2023 and FY 2024, Fiscal Service will continue to migrate datasets to Fiscal Data, with a goal to migrate

70 by FY 2024. *Your Guide to America's Finances* was also released on Fiscal Data, the latest step to becoming a one-stop-shop for questions about federal finances.

Collections: Fiscal Service administers the world's largest Government collections system through a network of Fiscal and Financial Agents. In FY 2022, Fiscal Service collected nearly $5.76 trillion in federal revenue and settled 99.8 percent of total federal government receipts electronically, exceeding its target of 99 percent. Fiscal Service's emphasis on streamlining lockbox operations and automating manual processes has resulted in consistent year-over-year improvements to this measure. Fiscal Service continues to drive paper out of its collection channels by increasing adoption of e-commerce digital solutions, including online bill payment, digital wallets, and mobile applications. In FY 2022, the average number of federal agencies using the e-commerce suite grew from 76 to 85; 13 agencies were added to digital wallets and 11 agencies were added to mobile applications. Fiscal Service currently offers the ability to pay through PayPal and Amazon Pay and plans to expand its digital wallet offerings to include Apple Pay and Google Pay by FY 2025, providing the public with modern options and an improved customer experience.

Payments: Fiscal Service delivers Federal payments on behalf of more than 250 Federal entities through disbursement mechanisms such as paper checks, Electronic Fund Transfers (EFT), debit cards, and other digital payment mechanisms. Fiscal Service continues to increase the percentage of Federal payments which are Treasury-disbursed, to 90.5 percent of all Federal payments in FY 2022. In FY 2022, Fiscal Service disbursed 96.4 percent of payments electronically, which continued the steady increase toward our electronic payments targets and advanced the Agency Priority Goal (APG) to Improve the Payment Experience. Supporting Executive Order 14058, *Transforming Federal Customer Experience and Service Delivery to Rebuild Trust in Government*, Treasury's designation as a High-Impact Service Provider, and the Administration's climate and equity priorities, Fiscal Service continues to promote and increase the delivery of payments through EFT, with an emphasis on tax refunds, vendor payments, benefit payments, and other miscellaneous payments. This is especially notable, as historically, check payments are 16 times more likely to have exceptions (e.g., lost, stolen, returned, etc.) than payments made via direct deposit.

Fiscal Service advanced its payment integrity efforts through its DNP and Payment Integrity Center of Excellence (PICOE) Programs. In FY 2022, DNP screened $2.87 trillion payments to assess whether the payment may be fraudulent or incorrect prior to disbursement. DNP also implemented two new data sources, which are available in the DNP portal and for analytics use. Additionally, DNP onboarded 28 new federal programs and 6 new state programs. In total, DNP identified $35.83 million in potential improper payments during FY 2022. Fiscal Service also supported the Federal Emergency Management Agency (FEMA) and the Internal Revenue Service (IRS) with payment integrity capabilities such as account verification services and cross-government data analytics. The bureau supported the IRS Taxpayer Protection Program and identified 6 million tax returns as potential identify theft. Of those, 1.4 million returns valued at $7.3 billion were verified and became eligible for expedited release and approximately 14,000 tax returns valued at $117 million were confirmed as identity theft. In FY 2023 and FY 2024, Fiscal Service will continue expanding its government-wide payment integrity services and solutions and will formally integrate DNP and PICOE to establish the Office of Payment Integrity.

Retail Securities Services: Fiscal Service provides simple, safe, and affordable ways for investors to directly interact with the Department of the Treasury to save for their future by investing in Treasury securities. In FY 2022, increasing interest rates on Series I savings bonds drove a historic increase in demand, resulting in unprecedented volumes of both sales and new customers. Sales of Series I bonds surpassed $28 billion in FY 2022, an increase of 27 times over FY 2021 volumes, and more than 2.8 million new TreasuryDirect accounts were created in FY 2022, bringing the total customers holding savings bonds to approximately 27 million. Fiscal Service also saw an extended influx of redemption requests leading to a surge in call and case volumes. Inbound case volume increased by 36 percent over prior year averages, and we expect similar levels in 2023 and 2024. In total, during FY 2022 Fiscal Service electronically issued $119.8 billion in Treasury retail securities, serviced customers in redeeming $85.4 billion Treasury securities, and made $25.5 billion in retail payments.

Fiscal Service continues to work to improve the customer online experience and encourage self-service. In FY 2022, Fiscal Service saw the percentage of unassisted retail customer service transactions increase from 63 percent to 77 percent, exceeding the FY 2022 target. To assist with customer demand, Fiscal Service added resources to the call center and made enhancements to the TreasuryDirect website to enable customers to complete transactions independently. This increased demand along with increased redemption requests resulted in significant workload increases, and the average number of retail securities cases in inventory grew from 14.8 thousand in FY 2021 to 33.1 thousand in FY 2022. While Fiscal Service anticipates Series I savings bond sales to decline in FY 2023, the bureau still expects the sales and workloads to remain elevated compared to historical levels.

In FY 2022, Fiscal Service continued to make progress on the Matured Unredeemed Debt (MUD) initiative aimed at assisting bond holders to identify and claim savings bonds that have reached final maturity and are no longer earning interest. Of the approximately 7 billion savings bonds issued in paper form, approximately 88.9 million pieces, totaling $35.4 billion, had matured but remained unredeemed by the end of FY 2022. Fiscal Service has begun digitizing its savings bond records, recently completing the digitization of approximately 2 billion images of savings bond records associated with bonds issued from 1974 to 1993. Collectively, these years represent more than 91 percent of the current MUD balance. Digitization efforts are now also underway for records associated with savings bonds issued 1957–1973. Over FY 2023 and FY 2024, the Fiscal Service will be making improvements to Treasury Hunt, an online search tool to find matured savings bonds. The bureau will also be working to fulfill the requirements enacted in the SECURE 2.0 Act of 2022 associated with providing savings bond information to states.

Wholesale Securities Services: Fiscal Service finances daily Government operations by overseeing the announcement, auction, and issuance of marketable Treasury bills, notes, bonds, floating rate notes, and inflation-protected securities through reliable, accurate, and secure electronic systems. In FY 2022, Fiscal Service met its target to release 100 percent of auction results accurately. In addition, 99.75 percent of auctions were successfully held by the scheduled close date, which was slightly below the target of 100 percent due to technical issues that have been resolved. Fiscal Service continued the Financing Modernization effort, a multi-year initiative to modernize the financing system to support operations, meet customer expectations, become current with existing technologies, manage technical debt, and improve the delivery of secure, flexible, and resilient financing services. In FY 2022, Fiscal Service also increased automated testing and successfully deployed fourteen enhancement releases to the current auction system.

Debt Collection: Fiscal Service is the Government's central debt collection agency and funds its delinquent debt collection operations through fees charged to agencies that refer debts for collection. In FY 2022, Fiscal Service collected a total of $5.52 billion in delinquent debt, a slight increase from the prior year as some agencies began to resume debt collection activities after being suspended in response to economic concerns related to the pandemic. In FY 2023 and FY 2024, Fiscal Service anticipates continued constraints will continue to negatively impact debt collections. The amount of delinquent debt collected as a percentage of all delinquent debt referred increased from 15.9 percent in FY 2021 to 16.58 percent in FY 2022. This increase is also attributed to the debt collection suspensions ending. However, overall debt collection activities are still below historical levels. The percentage of the active delinquent debt portfolio collected did not meet the target in FY 2022, as 6.26 percent of the active delinquent debt portfolio was collected compared with the 6.7 percent target. Fiscal Service recently completed an independent review of its debt collection programs to assess its cost structure and provide recommendations on more sustainable models capable of evolving with future government needs. This review generated recommendations around fee setting, workforce optimization, business process improvements, data segmentation and analytics, and other strategies that the bureau is assessing and implementing to ensure the long-term sustainability of these programs.

Internal Revenue Service
Program Summary by Budget Activity

Dollars in Thousands

Internal Revenue Service Appropriated Resources	FY 2022 Operating Plan[1 2]		FY 2023 Enacted[3 4]		FY 2024 Request		FY 2023 to FY 2024 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Taxpayer Services	26,698	$2,807,606	26,881	$2,780,606	31,585	$3,422,449	17.5%	23.1%
Pre-Filing Taxpayer Assistance and Education	4,337	680,261	4,985	784,380	5,018	823,344	0.7%	5.0%
Filing and Account Services	22,361	2,127,345	21,896	1,996,226	26,567	2,599,105	21.3%	30.2%
Enforcement	35,550	$5,363,622	34,340	$5,437,622	34,890	$5,904,441	1.6%	8.6%
Investigations	3,004	700,876	3,076	744,590	3,130	818,021	1.8%	9.9%
Exam and Collections	31,599	4,447,716	30,320	4,521,758	30,735	4,897,493	1.4%	8.3%
Regulatory	947	215,030	944	171,274	1,025	188,927	8.6%	10.3%
Operations Support	10,133	$4,147,826	11,406	$4,100,826	11,506	$4,520,076	0.9%	10.2%
Infrastructure		925,539		922,682		1,053,129		14.1%
Shared Services and Support	5,233	1,179,189	5,097	1,164,430	5,113	1,232,149	0.3%	5.8%
Information Services	4,900	2,043,098	6,309	2,013,714	6,393	2,234,798	1.3%	11.0%
Business Systems Modernization	267	$275,000			197	$289,619		
Subtotal New Appropriated Resources	**72,648**	**$12,594,054**	**72,627**	**$12,319,054**	**78,178**	**$14,136,585**	**7.6%**	**14.8%**
Other Resources								
Reimbursable	521	127,319	698	168,000	734	176,400	5.2%	5.0%
Offsetting Collections (Non-reimbursable)		29,687		33,836		35,625		5.3%
User Fees	85	413,082	86	31,827	71	3,900	-17.4%	-87.7%
Recoveries from Prior Years		24,294		53,633		53,633		0.0%
Unobligated Balances from Prior Years	6,338	1,518,612	1,843	884,175		259,000	-100.0%	-70.7%
IRA Funding Usage[567]		105,962	10,021	2,822,260	19,545	5,818,533	95.0%	106.2%
Transfers In/Out		85		119		119		0.0%
Resources from Other Accounts[8]	414	114,272	469	161,471	469	161,471	0.0%	0.0%
Subtotal Other Resources	**7,358**	**$2,333,313**	**13,117**	**$4,155,321**	**20,819**	**$6,508,681**	**58.7%**	**56.6%**
Total Budgetary Resources[9]	**80,006**	**$14,927,367**	**85,744**	**$16,474,375**	**98,997**	**$20,645,266**	**15.5%**	**25.3%**

[1] The FY 2022 Operating Plan includes an Inter-Appropriation Transfer amount of $74 million from Enforcement to Taxpayer Services ($27 million) and Operations Support ($47 million). It does not include $29.7 million of Ukraine supplemental funding enacted via P.L. 117-128, and does not include COVID supplemental funding.

[2] FY 2022 Other Resources and Full-Time Equivalents (FTE) represent actuals.

[3] The FY 2023 Enacted level does not include COVID supplemental funding or the proposed Inter-Appropriation Transfer from Enforcement ($271.9 million) to Taxpayer Services ($100 million), Business Systems Modernization ($150 million), and Operations Support ($22 million).

[4] FY 2023 Enacted may differ slightly from the amounts reported in the IRS FY 2023 Operating Plan due to timing of legislative actions and agency decisions.

[5] FY 2022 IRA Funding Usage includes amounts for Taxpayer Services ($1 million), Operations Support ($61 million), and Business Systems Modernization ($44 million).

[6] 85 percent of the IRA funded estimated FTE levels support non-Enforcement activities. FY 2023 IRA Funding Usage includes amounts for Direct eFile ($15 million), Taxpayer Services ($838 million and 7,394 FTE), Enforcement ($372 million and 1,543 FTE), Operations Support ($1,018 million and 727 FTE), and Business Systems Modernization ($580 million and 357 FTE).

[7] 63 percent of the IRA funded estimated FTE levels support non-Enforcement activities. FY 2024 IRA Funding Usage includes amounts for Energy Security tax credits ($180 million and 1,810 FTE), Taxpayer Services ($816 million and 6,489 FTE), Enforcement ($1,408 million and 7,239 FTE), Operations Support ($2,380 million and 3,810 FTE), and Business Systems Modernization ($1,034 million and 197 FTE).

[8] Resources from Other Accounts reflect planned spending from Private Collection Agency retained earnings.

[9] In FY 2023 and FY 2024 IRS is expected to lose more than 8,000 employees per year from retirements and losses to the agency. If unable to backfill these losses, IRS FTE would decline by nearly 6,000 FTE per year.

Summary

The IRS FY 2024 budget request is $14.1 billion, $1.8 billion (about 15 percent) more than the FY 2023 Enacted level of $12.3 billion. This request provides funding to maintain basic IRS service, operations, and technology functions, which, when paired with IRA funding, will ultimately lead to increased voluntary tax compliance. The request also aims to ensure the IRS stays current with paper inventory receipts and can provide both live phone assistance and in-person service; facilitates optimal oversight of high income, large corporate, and large partnership tax returns; and maintains digital tools to enable efficient and cleaner communication with taxpayers.

The budget request contains program increases totaling $999.4 million that include resources to:

- Improve Telephone Level of Service and Reduce Correspondence Inventory ($267.2 million),
- Implement Green Tax Credit Legislation ($105.6 million),
- Improve the Taxpayer Experience ($41.4 million),
- Restore Staffing Levels ($167.6 million),
- Invest in Fleet Electrification and Sustainable/Resilient Buildings ($44.6 million),
- Sustain Deployed IT Capabilities and Infrastructure ($83.4 million), and
- Restore Business Systems Modernization ($289.6 million).

It also funds costs associated with the FY 2023 pay annualization, FY 2024 pay raise, and non-pay inflation, as well as costs associated with other base adjustments to maintain current services.

We are grateful for the recent enactment of the robust multi-year funding provided in the Inflation Reduction Act (IRA), P.L. 117-169, which supplements the IRS's existing discretionary budget. This funding marks a historic opportunity to transform the administration of the tax system and the customer service the IRS provides to taxpayers. Years of underfunding left the IRS unable to deliver the modern customer service experience taxpayers deserve, operating on outdated IT systems that failed to keep up with a changing economy, and without the tax specialists or data scientists the agency needs to ensure wealthy and corporate tax evaders pay what they owe, necessitating a mandatory investment to transform the IRS and bring it from lagging to leading. But those investments can only be put to work if we also continue funding the ongoing, annual, steady-state maintenance of the agency's operations. Otherwise, the funding for the IRS to transform will be consumed covering IRS basic operational needs.

Resources provided by IRA will reduce the tax gap driven by high-income individuals making more than $400,000 per year and large corporations. Consistent with Secretary Yellen's directive to the Internal Revenue Service, audit rates will not increase, relative to historic levels, for small businesses or taxpayers earning less than $400,000 per year. Further, to continue the IRA-funded initiatives and investments after FY 2031, the Budget proposes to provide continued mandatory funding for the IRS for fiscal years 2032 and 2033 to supplement the annual appropriations for the agency's Enforcement and Operations Support accounts. The Administration looks forward to working with Congress to ensure the Service has the resources it needs to continue its focus on improving customer experience in the long-term.

The forthcoming Strategic Operating Plan for the IRA was built under the assumption that IRA funds will support transformation efforts while current, steady-state operations would be supported by annual appropriations. The IRA Strategic Operating Plan, which describes IRS's intentions for these new resources, will be released soon. To cover steady state operations, annual discretionary appropriations must be fully maintained at the FY 2022 level, include growth for inflation and pay raises. Any reduction in annual discretionary funds – including not providing for inflationary increases to maintain current levels – will require IRA funding to be shifted to general operations. This would be to the detriment of the service, technology, and compliance initiatives envisioned to transform the IRS. Diverting IRA funding to cover base discretionary enforcement needs would lead to higher tax evasion by the wealthy and large corporations, leading to decreased revenue collection and increased deficits.

Funding for the IRA Strategic Operating Plan

IRA appropriations to fund

Delivery of IRA transformation objectives

Examples (non-exhaustive):

- Accelerated and expanded technology modernization
- Payroll expenses associated with above-base hires

Discretionary budgets to fund

Maintenance of current IRA capabilities

Examples (non-exhaustive):

- Operations and maintenance for existing technology platforms
- Payroll expenses associated with base staffing levels
- Pre-IRA pace of technology modernization

In FY 2022, the IRS delivered a successful filing season that opened January 24, 2022, two weeks earlier than in 2021. During the 2022 filing season, as of April 22, 2022, the IRS:

- Received about 139 million individual tax returns and issued more than 88.7 million refunds totaling more than $267 billion, with an average individual refund of $3,012. Almost 96 percent of these individual returns were filed electronically.
- Answered nearly 21 million calls, with almost 5 million being answered by IRS assistors and approximately 16 million being answered through automation.
- Served approximately 434,000 taxpayers face-to-face in the Taxpayer Assistance Centers (TAC). More than 420,000 taxpayers called the IRS's TAC appointment line, resulting in approximately 205,000 appointments being scheduled. Approximately 115,000 taxpayers had their issues resolved without having to make an appointment.
- Received 609 million visits to the IRS.gov website with 334 million *Where's My Refund?* completions. This represents a 50 percent decrease in the use of IRS.gov and a 19 percent decrease in *Where's My Refund?* compared to the same period during 2021.
- However, the IRS only attained a 15.5 percent filing season level of service (LOS), defined as the relative success rate of taxpayers calling the toll-free line for assistance. Constrained resources were focused on reducing correspondence inventory to healthy levels. IRA

resources, in tandem with discretionary funding, will allow a significant improvement in FY 2023 and FY 2024.

Already in FY 2023, the IRS is significantly improving service. During the 2023 filing season, which is still ongoing, the IRS:

- Hired 5,000 new customer service representatives to staff the phones, resulting in lower wait times and a higher number of calls answered.
- Processed historic levels of inventory in the 12 months preceding start of filing season 2023.
- Implemented a new online portal that allows small businesses to e-file 1099 forms for the first time.
- Is on track to triple the number of taxpayers served at TACs (from 900,000 to 2.7 million) with increased staffing at TACs to help more taxpayers in-person and having reopened four TACs that had been closed for years.
- Created an option for taxpayers to respond to common requests for additional documentation for credits like the Earned Income and Health Insurance Credits, online.
- Expanded customer callback for phone lines for taxpayers who would prefer a call back than waiting.

Notification of Changes to the Appropriations

The IRS has identified support costs which should be charged to the mission appropriations. These charges can be moved without a change to its appropriation language. The IRS will begin transitioning appropriate costs to the Taxpayer Services and Enforcement accounts in 2024. At the start of FY 2024, the IRS will make these adjustments:

- Realign Human Capital Office costs that directly support Enforcement and Taxpayer Service hiring from the Operations Support account. For FY 2024, this would result in a realignment of $83 million from Operations Support—$52 million to Taxpayer Services, and $31 million to Enforcement.
- Allocate all Equity, Diversity, and Inclusion staffing costs proportionately by FTE between the Taxpayer Service, Enforcement, and Operations Support accounts (currently these costs are fully charged to Operations Support). For FY 2024, this would result in realignment of $17.7 million from Operations Support—$10.1 million to Taxpayer Services, and $7.6 million to Enforcement.
- Realign all staffing costs for the Deputy Commissioner, Services and Enforcement front office and project management office from the Operations Support appropriation to the Enforcement appropriation. This would more accurately reflect the work performed by these offices, which primarily support Enforcement programs. For FY 2024, this would result in realignment of $4.9 million.

IRS FY 2024 Budget Highlights

Bureau: Internal Revenue Service **Summary of FY 2024 Request**	TAXPAYER SERVICES		ENFORCEMENT		OPERATIONS SUPPORT		BSM		TOTAL	
	$000	FTE	$000	FTE	$000	FTE	$000	FTE	$000	FTE
FY 2023 Enacted[1]	**$2,780,606**	**26,881**	**$5,437,622**	**34,340**	**$4,100,826**	**11,406**			**$12,319,054**	**72,627**
Changes to Base:										
FY 2024 Maintaining Current Levels (MCLs)	**$132,617**		**$261,401**		**$142,647**				**$536,665**	
Pay Annualization (4.6% average pay raise)	27,980		56,683		22,086				106,749	
Pay Raise (5.2% average pay raise)	99,226		194,545		76,955				370,725	
Non-Pay	5,411		10,173		43,606				59,190	
Technical Base Adjustments	**$231,236**		**$50,234**						**$281,470**	
FERS Law Enforcement Rate Increase			50,234						50,234	
Improve Competitiveness of IRS Clerical Staff	44,220								44,220	
Change in Staffing Designation	187,016								187,016	
Subtotal FY 2024 Changes to Base	**$363,853**		**$311,635**		**$142,647**				**$818,135**	
FY 2024 Current Services	**$3,144,459**	**26,881**	**$5,749,257**	**34,340**	**$4,243,473**	**11,406**			**$13,137,189**	**72,627**
Program Increases:										
Strategies for Improving the Taxpayer Experience	9,000	35			32,381	19			41,381	54
Green Tax Credit Implementation	75,233	1,221			30,398				105,631	1,221
Improve Telephone Level of Service and Reduce Correspondence Inventory	193,757	3,448			73,433				267,190	3,448
Restoration of Staffing Levels			143,115	547	24,522	9			167,637	556
Fleet Electrification			12,069	3	3,029				15,098	3
Sustainment of Deployed IT Capabilities					55,878	43			55,878	43
Sustaining Infrastructure					27,500	26			27,500	26
Business Systems Modernization							289,619	197	289,619	197
Sustainable and Resilient Buildings					29,462	3			29,462	3
Subtotal FY 2024 Program Increases	**$277,990**	**4,704**	**$155,184**	**550**	**$276,603**	**100**	**$289,619**	**197**	**$999,396**	**5,551**
Total FY 2024 Request	**$3,422,449**	**31,585**	**$5,904,441**	**34,890**	**$4,520,076**	**11,506**	**$289,619**	**197**	**$14,136,585**	**78,178**
Dollar/FTE Change FY 2024 Request over FY 2023 Enacted	$641,843	4,704	$466,819	550	$419,250	100	$289,619	197	$1,817,531	5,551
Percent Change FY 2024 Request over FY 2023 Enacted	23.08%	17.50%	8.58%	1.60%	10.22%	0.88%			14.75%	7.64%

[1] The FY 2023 Enacted level does not include the proposed Inter-Appropriation Transfer from Enforcement ($271.9 million) to Taxpayer Services ($100 million), BSM ($150 million), and Operations Support ($21.9 million).

Budget Adjustments

Maintaining Current Levels (MCLs)……………………….…………….…… +$536,665,000 / 0 FTE

<u>Pay Annualization (4.6%) +$106,749,000 / 0 FTE</u>
Funds are requested for annualization of the January 2023 4.6% average pay raise.

<u>Pay Raise (5.2% in 2024) +$370,725,000 / 0 FTE</u>
Funds are requested for a 5.2% average pay raise in January 2024.

<u>Non-Pay (2.0% in 2024) +$59,190,000 / 0 FTE</u>
Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Base Adjustment………………………………………………………. +$281,470,000 / 0 FTE
The FY 2024 base begins at the FY 2023 Enacted level of $12.3 billion. In addition to $537 million to maintain current staffing levels, the IRS requires another $281 million to reach current operating levels. The additional base adjustment entails supplementary labor costs within Taxpayer Services and Enforcement.

<u>FERS Law Enforcement Increase +$50,234,000 / 0 FTE</u>
With the anticipated 0.6 percent Federal Employees Retirement System (FERS) contribution rate increase in FY 2024 for law enforcement officials (Criminal Investigation special agents), the IRS projects an additional labor mandate of $50 million.

Improve Competitiveness and Effectiveness of IRS Clerical Staff +$44,220,000 / 0 FTE
The IRS uses clerical staff across a range of programs, resulting in multiple position descriptions that create complexity for personnel management and inflexibility in applying resources to shifting needs. Further, wages for these staff members have lagged other employers, undermining recruitment efforts. IRS established new consolidated and standardized position descriptions to address these challenges. The new clerical positions are classified at a higher grade than most current submission processing clerks. This higher-grade structure will enhance the IRS's desirability as an employer, but it will also increase labor costs.

Change in Staffing Designation +$187,016,000 / 0 FTE
The IRS is requesting $187 million to shift some taxpayer services work from seasonal to permanent staffing. Thousands of additional seasonal staff have been required in recent years to address increased demand for taxpayer services. However, attrition is much higher for this type of staff in comparison with permanent hires, often leading to a need for additional recruiting and training of new staff, which takes 15 weeks to complete for new customer service representatives. Permanent staff will play a major role year-round in enhancing the service and reducing inventory levels when telephone demand is low. These resources will allow the IRS to fulfill taxpayer needs more efficiently, as less attrition will lead to more experienced staff and less frequent recruiting and training.

Program Increases……………….…………………………….... +$999,396,000 / +5,551 FTE

Strategies for Improving the Taxpayer Experience $41,381,000 / +54 FTE
The Taxpayer First Act, P.L. 116-25, requires the IRS to develop and implement strategies to improve American taxpayers' experiences with the IRS. Putting taxpayers first requires that the IRS maintains the range of services already available while using IRA to modernize the suite of available options. To fulfill this requirement, the IRS will continue to enable taxpayers and practitioners to better understand and meet their tax obligations. Requested funding will be used to expand the ways taxpayers can interact with the IRS; digital alternatives will increase efficiency and improve communication between the IRS and taxpayers. Funding will be used to maintain the number of digital assistance options taxpayers may use to access resources for complying with tax laws. Additional authenticated online self-services will include account updates, secure messaging and notice delivery, full interaction history and issue status, refund tracking, increased electronic receipt of filings, and data capture for paper filings. Funding will also further IRS efforts to enable taxpayers to receive and upload documents in a secure environment, expand payment options, utilize web chat, and other digital assisted services.

Green Tax Credit Implementation $105,631,000 / +1,221 FTE
With the passage of the IRA, which included $500 million (over 10 years) for climate and clean energy tax credit implementation, the IRS is committed to ensuring the success of all tax administration efforts associated with the law. To fully support the various IRA tax credit provisions, the IRS requires funds above-and-beyond the $500 million provided in IRA to develop or modify forms, instructions, and notifications, conduct taxpayer education and outreach, address increased telephone, correspondence, and face-to-face demands, create processes to allow and track direct payments, and ensure compliance. The IRS envisions significant education and training costs will be required to support implementation of the climate

and clean energy tax credits in the IRA. This includes internal and external education, frequently asked questions, and communications. Procedures, notices, and training will require an extensive initial commitment of personnel across multiple business units. Funding is also necessary for Chief Counsel to interpret provisional requirements included in the law. The IRS also foresees increased technology demand concurrent with the deployment of these credits. Appropriately servicing taxpayers will require new technological platforms, along with the standard service channels, as the IRS anticipates a full ramp-up of servicing these legal requirements by FY 2024. Funding for this investment will also be supplemented with $180 million of IRA Energy Security funding.

Improve Telephone Level of Service and Reduce Correspondence Inventory +$267,190,000 / +3,448 FTE

This investment will enable the IRS to achieve and maintain high LOS performance outcomes and supersede FY 2023 levels. The IRS toll-free telephone customer service operation is one of the world's largest and is a key part of the IRS's service delivery. Taxpayer experience research continues to indicate phone service as a preferred service channel. With discretionary funding to maintain basic customer service operations and the IRA funding, the projected FY 2024 LOS is 80 percent for the fiscal year and 85 percent during the filing season.

In addition to live assistors, the IRS also provides phone service to taxpayers using automation. During FY 2022, nearly 34 million taxpayers received the answer to their questions through automation. To help capture the volume of this assisted population, the IRS is developing a measure for inclusion in performance reporting that expands on Customer Service Representative (CSR) LOS to include these automated calls. The new measure, LOS(A), for FY 2022 was 39.3 percent and IRS intends to baseline this measure in FY 2023.

Funding this investment below the requested level will reduce the LOS and negatively impact the taxpayer experience. When taxpayers cannot reach the IRS or get questions answered, taxpayers saturate other service channels like paper correspondence. Based on the prior experience with the paper volumes experienced during the pandemic, moving taxpayers to a more burdensome, costly, and time-consuming service channel will negatively impact taxpayers' abilities to comply and the IRS' ability to function effectively. Although the IRS did receive $3.2 billion in IRA for taxpayer services, IRS will spend $800 million just in FY 2023 to hire additional CSRs to enhance the LOS and reduce the paper backlog, and at that pace, we anticipate that the IRS will exhaust all IRA taxpayer services funding in just four years.

Restoration of Staffing Levels +$167,637,000 / +556 FTE

This investment will begin to restore critical staffing that the IRS has been unable to replace due to a variety of factors, including unfunded inflation increases, growing needs for expanded Information Technology systems, and various legislative mandates. The IRS has experienced significant staff attrition over the past ten years, with a loss of more than 10,000 positions since 2012, predominantly within the compliance function. In addition, an estimated 63 percent of IRS employees will be eligible for retirement in the next five years, and the IRS's current attrition rate is nearly 26 percent higher than the average for federal agencies. While the IRA provided the IRS with significant resources for a transformative expansion of its tax enforcement and taxpayer services efforts, there remains a need for a reversal of the multi-year inflation-adjusted decline in the IRS's foundational staffing resources.

Fleet Electrification +$15,098,000 / +3 FTE

IRS Criminal Investigation (IRS-CI) operates a fleet of 2,225 gas vehicles at an annual cost of approximately $13 million. Each of these vehicles typically has a five to six-year lifespan, resulting in an average of 400 vehicles being replaced annually. As mandated by President Biden's Executive Order 14057, "Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability," all newly acquired light duty vehicles are required to be Zero Emission Vehicles (ZEVs) by 2027. The adoption of Electrical Vehicles (EVs) will require an initial investment for infrastructure installation. However, after the EV infrastructure is installed, the annual costs to operate the fleet will be reduced. The cost savings of operating an EV compared to a gas vehicle is $94 per month, which equates to $1,128 per year. Assuming a fleet of over 2,225 vehicles, this results in a cost savings of more than $2.5 million annually after all vehicles are replaced. IRS-CI currently spends $360,000 annually on vehicle maintenance, which would also decrease as the fleet transitions to an all-EV fleet as gas vehicle leases expire.

Sustainment of Deployed IT Capabilities +$55,878,000 / +43 FTE

The IRS intends to use funds provided under the American Rescue Plan Act and IRA to accelerate the modernization of its core, foundational technology. However, it must continue to operate the core tax processing system while planning, designing, and executing modernization activities. IRS relies upon its recurring IT Operations Support resources, or base, to operate these systems. The base has been and remains underfunded and relies on more than $500 million per year in supplemental resources, such as Inter-Appropriations Transfers, reimbursables, and user fees to sustain technology operations. This funding will enable a partial, yet minimal restoration of the base and fund the operations and maintenance of deployed systems. IRS will otherwise need to use IRA funds to cover ongoing operations, which would come to the detriment of implementing truly cross-cutting, modernization initiatives that position IRS for the future.

Sustaining Infrastructure +$27,500,000 / +26 FTE

The IRS owns and operates the datacenters, hardware, and software that underly most of its information systems. While the IRS has long-term ambitions to transition most of this infrastructure to the cloud—whereby the service provider bears responsibility for the infrastructure— the IRS must continue to upgrade and improve hardware and software that is approaching or has reached end of life. While the IRS continues to make progress in reducing the backlog of outdated/aged infrastructure, the IRS requires continued discretionary funding to stay on course.

Business Systems Modernization +$289,619,000 / +197 FTE

Although IRS received $4.75 billion in BSM funding in IRA, the modernization required to support 21st century tax administration requires sustained annual discretionary funding in addition to mandatory funding. Successful implementation of the forthcoming IRA Strategic Operating Plan will require that discretionary BSM funding be restored in order to enable the envisioned transformative modernization to be realized. Without discretionary funding, approximately one-third of the planned modernization that IRS envisions will need to be descoped, delayed, or entirely withdrawn.

Prior to the passage of the IRA, the IRS utilized BSM funding for many different high-impact modernization initiatives. As an example, the IRS is actively implementing a single, modernized enterprise case management (ECM) system to consolidate the capabilities of over 60 disparate systems. This will result in the retirement and consolidation of legacy applications, delivering operational efficiencies, and transparent case processing for taxpayers. A portion of this investment will provide system engineering management capabilities, including systems strategy, architecture, and engineering capabilities.

Sustainable and Resilient Buildings +$29,462,000 / +3 FTE

The IRS seeks to be a leader in opportunities to implement initiatives that directly support the Bureau Climate Action Plan and ensure sustainability. In accordance with the requirements of the Administration's Climate Agenda, and Executive Order 14008, Tackling the Climate Crisis at Home and Abroad, the U.S. Department of the Treasury and the IRS have completed Climate Action Plans that define specific actions to build climate resilient programs, invest finances and direct procurement in sustainable infrastructure, develop climate resilient real property, and create a Fleet Conversion Plan for Treasury that includes installation of non-CI electric vehicle supply equipment at IRS facilities across the country.

Legislative Proposals

For information on the FY 2024 revenue legislative proposals, please follow this link: https://home.treasury.gov/policy-issues/tax-policy/revenue-proposals

The FY 2024 President's Budget includes two new administrative provisions within the appropriations language that will provide Direct Hire Authority (DHA) and the ability to offer Streamlined Critical Pay (SCP) to certain new hires to accelerate IRS hiring efforts.

Direct Hire Authority

Direct hire authority (DHA) provides the ability to expediate the normal hiring process to hire more efficiently during a severe shortage of highly qualified candidates or during a critical hiring need. Direct Hire Authority has helped the IRS address the backlog of paper tax returns and taxpayer correspondence and is a tool that can assist as the IRS works to rapidly implement plans to utilize IRA resources, expanded DHA will help ensure that hiring delays are not an obstacle for achieving broad mission related functions.

Streamlined Critical Pay

Streamlined Critical Pay authority gives the IRS a management tool to quickly recruit and retain a limited number of employees with high levels of expertise in technical or professional fields that are crucial to the success of the IRS's transformative efforts by allowing for higher base salaries for these hires than would otherwise be possible.

IRS Performance Highlights

Budget Activity	Performance Measures	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2022 Target	FY 2023 Target	FY 2024 Target
Filing and Account Services	Customer Service Representative (CSR) Level of Service (LOS)[1]	53.1%	18.5%	17.4%	30.0%	60.0%	80.0%
Filing and Account Services	LOS(A) (New FY 2023)[2]	71.6%	38.2%	39.3%	N/A	Baseline	TBD
Pre-Filing Taxpayer Assistance and Education	Enterprise Self-Assistance Participation Rate	90.6%	92.3%	93.9%	91.0%	94.0%	93.0%
Exam and Collections	Exam Starts - High Income Individuals (new FY 2021)[2,3,4]	2,693	2,227	3,625	Indicator	3,817	4,830
Exam and Collections	Exam Starts - Partnerships (new FY 2021)[2,3,5]	4,106	4,327	3,155	Indicator	8,852	5,253
Exam and Collections	Exam Starts - Large Corporations (Assets>=$250M) (new FY 2021)[2,3,6]	1,700	1,490	1,365	Indicator	1,121	947
Investigations	Criminal Investigations Completed[7]	2,624	2,766	2,552	2,600	2,500	2,500
Investigations	Conviction Rate	90.4%	89.4%	90.6%	92.0%	92.0%	92.0%
Information Services	Percent of Aged Hardware[8]	16.0%	9.3%	7.1%	20.0%	20.0%	20.0%

*FY 2023 and FY 2024 targets assume discretionary and IRA funding.

1 The CSR LOS includes toll-free telephone lines answered by Accounts Management assistors only. IRS will strive to achieve an 85 percent LOS during individual filing season for both FY 2023 and FY 2024.

2 Historical data provided for comparative purposes.

3 This measure was an indicator in FY 2022 and transitioned to a measure with a target starting in FY 2023.

4 Audits of high-income individuals may take a revenue agent upwards of 250 hours to complete.

5 Due to the timing of hiring and the start date of the lengthy training cycle, the impact of hiring from IRA funding on performance will not be realized until at least FY 2025 and the FY 2024 target is lower than FY 2023.

6 The impact of hiring on performance is not immediate due to required training for new Revenue Agents and the average case cycle time of about 36 months for these large corporations. Targets in FY 2024 are lower due to the training needs of new hires, case cycle time, and resources being applied to work High Income Individual and Partnership cases (more than 2,500 total in FY 2023 and 2,800 in FY 2024).

7 The impact of hiring on performance is not immediate due to required academy and on-the-job training (6+ months) as well as the average cycle time it takes to complete an investigation (400-500 days).

8 Target based on industry standard.

Description of Performance

In FY 2022, the IRS continued to provide service to taxpayers and to enforce the laws with integrity and fairness. Going forward the IRS is intently focused on implementing new strategies to improve the taxpayer experience and ensure that high-end tax evaders pay the taxes they owe. The historic funding IRS received from IRA marks a transformational moment for the agency and an opportunity for the future of tax administration, taxpayers, tax professionals, and IRS employees. All measures referenced in the FY 2024 budget were derived assuming IRA funding as well as fully funded FY 2024 requests, including maintaining current levels and program increases.

The IRS has struggled for many years to modernize due to insufficient resources. While the multi-year funding in the IRA is deeply appreciated, enhanced annual discretionary appropriations are still critical to cover basic IRS operations. Without that discretionary funding in place, IRS will both not be able to maintain basic service, operations, and staffing levels, or be able to fully deliver on the promises of the IRA, jeopardizing the legislation's net deficit reduction impact. The IRS's core responsibilities include collecting more than $4 trillion in gross taxes each year and generating approximately 96 percent of the funding that supports the Federal government's operations. In addition to monies collected, the IRS paid out more than $600 billion in tax refunds, credits, and other payments, demonstrating Congress' intent for the IRS to serve its essential role as both a tax and benefits administrator.

Taxpayer Services

The IRS strives to deliver high quality and timely service to taxpayers and stakeholders and help them understand and meet their tax obligations. In FY 2022, the IRS:

- Achieved a rate of 96.4 percent of Timeliness of Critical Individual Filing Season Tax Products to the Public (e.g., tax forms, schedules, instructions, and publications) with 81 out of 84 products delivered timely, exceeding the FY 2022 target of 89 percent by 8.3 percent. The FY 2023 and FY 2024 targets are 83 and 89 percent, respectively.
- Achieved an accuracy rate of 92 percent in terms of Customer Accuracy – Tax Law, exceeding the target of 89 percent by 3.4 percent. The FY 2023 and FY 2024 targets are 87 and 89 percent, respectively.
- Achieved an accuracy rate of 91.8 percent in terms of Customer Accuracy – Accounts, exceeding the target of 89 percent by 3.1 percent. The FY 2023 and FY 2024 targets are 87 and 89 percent, respectively. IRS will continue to monitor results through data-driven analysis of reports to achieve future goals.

The IRS is committed to delivering an improved experience for taxpayers. For FY 2023, the IRS is striving to achieve an 85 percent CSR LOS during the individual filing season and a 60 percent LOS for the entire fiscal year as CSRs continue to balance answering phones with processing the elevated paper inventory. In addition to live assistors, the IRS also provides phone service to taxpayers using automated assistance. During FY 2022, nearly 34 million taxpayers received the answer to their questions through automation on accounts management lines. The new LOS(A) measure referenced above will help capture this more robust aspect of how taxpayers receive help from the IRS.

For FY 2024, the IRS intends to onboard additional CSRs to further improve LOS, process the paper inventory, and reduce the need to realign resources from other priority functions to support filing season. The IRS will again strive to achieve an 85 percent LOS during individual filing season and deliver an 80 percent CSR LOS for the fiscal year. The IRS will also continue to explore opportunities to deliver an even higher level of service through the rollout of additional self-service options, internal process improvements, and technology modernization.

The IRS continues to improve taxpayer services by developing and improving self-assistance tools. The Enterprise Self--Assistance Participation Rate (ESAPR) represents the percent of taxpayers who use one of the IRS's self-assistance service channels (e.g., automated calls, web services) versus needing assistance from an IRS employee (e.g., face-to-face, over the phone, or via paper correspondence). In FY 2022 ESAPR was 93.9 percent, exceeding the target of 91 percent by 3.2 percent. In FY 2022, the total self-assisted services of 1.5 billion were around 29 percent higher than FY 2021 of 1.16 billion. Beginning in FY 2022, ESAPR included Business Master File data in the installment agreements, Online Payment Agreements, electronic payments, and paper payments for a more inclusive metric. The IRS expects to achieve a target of 94 percent for FY 2023 and 93 percent for FY 2024.

Enforcement
In FY 2022, the IRS collected $72.4 billion through enforcement programs, a return on investment (ROI) of about $6 to $1 compared to the IRS appropriated budget. This number is likely understated, since the ROI estimate does not include the revenue effect of the indirect deterrence value of IRS enforcement programs.

The Examination program provides taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness. The IRS started 3,625 new High-Income Individual tax return examinations in FY 2022, an increase of 62.8 percent over FY 2021, while continuing to allocate resources to work the exams started in prior fiscal years. Throughout the year, the IRS will monitor resources, work in process and planned starts while continuing to devote senior level staff to train new hires. After factoring in the additional IRA funding, the IRS expects to start 3,817 cases in FY 2023 and 4,830 in FY 2024. The IRS is committed to not increasing audit coverage for small businesses and households below the $400,000 threshold a year compared to historic levels.

The IRS-CI division serves the American public by investigating potential criminal violations of the Internal Revenue Code and related financial crimes in a manner that fosters confidence in the tax system and compliance with the law. In FY 2022, IRS-CI completed 2,552 criminal investigations and achieved a conviction rate of 90.6 percent. The criminal investigations completed performance measure has a target of 2,500 for FY 2023 and FY 2024; the FY 2023 and FY 2024 conviction rate target is 92.0 percent.

Operations Support
The Percentage of Aged Hardware measure shows the quantity of IT hardware in operation past its useful life as a percentage of total hardware in use. The IRS continued to reduce the percentage of aged hardware from 9.3 percent at the end of FY 2021 to 7.1 percent at the end of FY 2022. This represents a reduction of more than 2,500 aged assets, while the total number of hardware assets increased slightly during the fiscal year. The major driver in exceeding this goal was the focus on hardware selections and timely hardware refresh implementations. The IRS will maintain a target of 20 percent for FY 2023 and 2024. The industry standard for aged hardware is in the range of 20-25 percent.

Business Systems Modernization
To dramatically improve the taxpayer experience, the IRS must accelerate delivery of modern technology capabilities at a pace and scale that IRS has never done before. IRS must also build a contemporary infrastructure with modern architectures designed to meet future needs and retire legacy technologies. This modernization will make the IRS more efficient and improve the customer experience to benefit taxpayers, tax professionals, and the broader tax ecosystem, while protecting taxpayer data and securing IRS systems from cyber threats. Funds provided to IRS under IRA will be used for this purpose, although as noted above, IRA funding alone will not be sufficient to achieve the full scale of technology transformation needed.

In the upcoming years, the IRS will modernize its information technology to enhance the taxpayer experience, which will improve communications with individual and business taxpayers and third parties. Over time, the enhancements delivered will provide a broad range of self-service options and establish a secure information exchange that enables authorized third parties and taxpayers to interact digitally with the IRS. For example, taxpayers, both individual and business, will have access to secure online accounts, where they can seamlessly interact with the IRS, view historical data, manage refunds, and make payments. The IRS will also implement modernized technologies to improve customer support and response time in call centers. Taxpayers can already request customer callback, conduct automated chats, and utilize natural language processing on the highest priority services, which help avoid long wait times, especially during the filing season.

The IRS will ensure a fair and equitable system for all taxpayers by increasing compliance activities for high income/high-wealth taxpayers, large corporations, and large partnerships that pose a high risk of non-compliance. In FY 2024, the IRS will expand its compliance workforce by hiring staff with deep accounting and tax expertise to audit sophisticated high income tax evaders. The IRS will continue modernizing its complex technological environment and accelerate delivery of modern technology to enable a service experience comparable to private industry. The IRS will accelerate design, development, and delivery of technology by shifting its focus to user-centered applications, which are arguably the most critical enablers of its mission. In FY 2024, as the IRS continues to migrate to cloud infrastructure and standardizing cloud connectivity, this will allow implementation of new tax provisions and future modernization to be implemented faster and securely, while complying with Federal mandates. These technological advancements cannot be achieved without continued focus on data security. The IRS will ensure continued protection of taxpayer data and IRS systems from external cyber threats, as it transforms and achieves objectives in the taxpayer service and enforcement areas.

Office of Financial Stability

Program Summary by Budget Activity

Dollars in Billions

	Cumulative Obligated (as of 11/30/2022)	Cumulative Disbursed (as of 11/30/2022)	Cumulative Outstanding (as of 11/30/2022)	Total Cumulative Income (as of 11/30/2022)	Total Cash Back (as of 11/30/2022)	Total Estimated Life Costs (as of 11/30/2022)
Bank Support Programs	250.5	245.1	0.0	35.7	275.6	(24.2)
Credit Market Programs	19.1	19.1	0.0	4.5	23.6	(3.3)
AIG Investment Program (AIG)	67.8	67.8	0.0	1.0	55.3	15.2
Automotive Industry Financing Program	79.7	79.7	0.0	7.5	70.6	12.1
Treasury Housing Programs	32.6	31.7	0.0	0.0	0.0	32.4
Total	**449.6**	**443.4**	**0.0**	**48.7**	**425.1**	**32.1**
Additional AIG Common Shares Held by Treasury	0.0	0.0	0.0	17.6	17.6	(17.6)
Total for Programs and Shares	**449.6**	**443.4**	**0.0**	**66.3**	**442.7**	**14.5**

*Includes Realized Losses

Administrative Account Summary

Dollars in Thousands

	FY 2022 Actual	FY 2023 Estimated	FY 2024 Estimated	FY 2023 to FY 2024 Change	% Change
	AMOUNT	**AMOUNT**	**AMOUNT**	**AMOUNT**	**AMOUNT**
Obligations					
TARP Administrative Account	35,614	34,412	9,916	(24,496)	-71.2%
Total Obligations	**$35,614**	**$34,412**	**$9,916**	**($24,496)**	**-71.2%**
Total Full-time Equivalents (FTE)	7	5	1	-4	-80.0%

Summary

A central part of the response to the 2008 financial crisis was the implementation of the Troubled Asset Relief Program (TARP), which was established in the fall of 2008 under the Emergency Economic Stabilization Act of 2008 (EESA) (P.L. 110-343) within the Office of Domestic Finance at the U.S. Department of the Treasury (Treasury). TARP was created to restore the liquidity and stability of the financial system, and it is administered by the Office of Financial Stability (OFS). Since late 2010, OFS has made significant progress in winding down TARP investment programs and in recovering OFS's outstanding investments.

OFS continues to operate a housing program to help homeowners prevent avoidable foreclosures. However, in 2016, OFS began the wind-down of the largest TARP housing program, the Marking Home Affordable Program, pursuant to the Consolidated Appropriations Act, 2016 (P.L. 114-113). As of November 30, 2022, OFS has recovered more than 96 percent of the $443.4 billion in total program funds disbursed under TARP, as well as an additional $17.6 billion from Treasury's equity in American International Group, Inc. (AIG).

In FY 2023, OFS plans to obligate just over $31 million and use no more than 5 Full-Time Equivalent (FTE) employees. In FY 2024, OFS plans to obligate $10 million and use no more than 1 FTE employee, a reduction of over 68% and 80%, respectively, from the current FY 2023 estimates, to fund the management, maintenance and continued wind-down of the TARP housing programs and the disposition of OFS's remaining investments. OFS is expected to complete its wind-down in FY 2024.

Description of Performance

Bank Support Programs

Capital Purchase Program (CPP)

OFS created CPP, its largest program, in October 2008. OFS provided a total of $204.9 billion in capital to 707 institutions in 48 states. During FY 2023, OFS sold the last CPP investment. As of November 30, 2022, CPP has generated $226.4 billion in recoveries for taxpayers.

Community Development Capital Initiative (CDCI)

OFS created CDCI on February 3, 2010, to provide investments of capital to certified Community Development Financial Institutions (CDFI) banks, thrifts, and credit unions. OFS invested $570 million in 84 CDFIs, of which 28 institutions converted $363 million (including warrants) from CPP to CDCI. As of November 30, 2022, CDCI has generated $592 million in recoveries for taxpayers with two institutions remaining in the program, for a total of $1 million in investments outstanding. OFS plans to exit the last two CDCI institutions in FY 2023.

Housing Programs

OFS established several TARP housing programs, assisting millions of homeowners and introducing reforms for the mortgage servicing industry to facilitate mortgage modifications.

Making Home Affordable Program (MHA)

In 2009, OFS launched MHA to help homeowners prevent avoidable foreclosures and strengthen the housing market. The cornerstone of MHA is the Home Affordable Modification Program (HAMP), which provides eligible homeowners the opportunity to reduce their monthly mortgage payments. In accordance with provisions of the Consolidated Appropriations Act, 2016, MHA terminated on December 31, 2016, except with respect to certain applications made before such date. MHA servicers were required to design policies and procedures to reasonably ensure that all MHA transactions were completed by December 1, 2017. As of November 30, 2022, OFS had disbursed $22.2 billion out of a possible $22.9 billion under MHA. The MHA program end date was accelerated from December 29, 2023 to April 28, 2023, with a final disbursement date of March 27, 2023.

Housing Finance Agency (HFA) Hardest Hit (HHF) Fund

Established in 2010 to provide aid to homeowners in states hit hardest by the economic and housing market downturn. The $7.6 billion initiative encompassed 18 states and the District of Columbia (DC). In December 2015, the Consolidated Appropriations Act, 2016 granted Treasury authority to make an additional $2.0 billion in commitments through the HHF. OFS disbursed $9.5 billion out of a possible $9.6 billion under HHF. As of March 31, 2022, the HHF program has ended.

Federal Housing Administration (FHA) - Short Refinance Program

OFS continues to support the FHA Short-Refinance Program, which was intended to assist borrowers with negative equity. The program has seen limited participation. As such, OFS has incrementally reduced the LOC Facility supporting this program from an initial $8.0 billion to $27 million in FY 2017, which matches OFS's maximum liability for loans covered by the program as of December 31, 2016, when the program ended for new refinances. As of November 30, 2022, the revised lifetime cost estimate for the program was $13 million for outstanding refinanced loans. The FHA program will end on December 31, 2022.

Other Programs

Automotive Industry Financing Program (AIFP)

OFS fully wound down AIFP during FY 2015. OFS disbursed $79.7 billion in loans and equity investments to the automotive industry through the AIFP. As of November 30, 2021, OFS had collected $70.6 billion through sales, repayments, dividends, interest, recoveries, and other income. Recoveries from the bankruptcy liquidation of Old Chrysler and Old GM remain possible, but are not anticipated.

All other TARP programs closed prior to FY 2016, including the Targeted Investment Program, Asset Guarantee Program, Public-Private Investment Program, Term Asset-Backed Securities Loan Facility, Small Business Administration 7(a) Securities Purchase Program, and AIG Investment Program.

Office of Financial Research

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2022 Actual Obligations	FY 2023 Revised Estimate	FY 2024 Estimate	FY 2023 to FY 2024 $ Change	FY 2023 to FY 2024 % Change
Data Center	$3,321	$15,062	$22,824	$7,762	51.53%
Technology Center	$47,397	$48,137	$37,322	($10,815)	-22.47%
Research and Analysis Center	$8,335	$16,789	$20,604	$3,815	22.72%
Operations and Support Services	$17,681	$21,284	$24,975	$3,691	17.34%
Subtotal, Office of Financial Research	**$76,734**	**$101,272**	**$105,725**	**$4,453**	**4%**
Total Full-time Equivalents (FTE)	**119**	**148**	**184**	**36**	**24.32%**

Summary

The Office of Financial Research (OFR or Office) is estimating a fiscal year (FY) 2024 funding level of $105.725 million, which is $4.453 million higher than its FY 2023 estimated funding level. The FY 2024 Budget includes increases in funding for the Data Center, Research and Analysis Center (RAC), and Operations and Support Services. The increased funding reflects the resources required to effectively execute emerging research, monitoring, and data priorities in support of the OFR's legislative mandate under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (P.L. 111-203). The increased funding will also support moving the OFR Climate Data and Analytics Hub from a pilot concept to a permanent platform, the Joint Analysis Data Environment.

The FY 2023 Revised Estimate incorporates changes to reflect actual data available as of February 2023. Specifically, the OFR updated its FY 2023 budget forecast to reflect more current data than was available at the time of the FY 2023 President's Budget Request. The FY 2023 revised estimate includes expanded access to the OFR Climate and Analytics Hub with the Joint Analysis Data Environment and non-recurring services and information technology investments required to execute mission priorities. While this includes an update to projected full-time equivalents, hiring remains a top priority.

Following the FY 2022 launch of the OFR Climate and Analytics Hub pilot, the OFR decided to create the Joint Analysis Data Environment to provide FSOC member agencies access to the hub, expand its collection of hub data over time, and increase its analytical software offerings.

The Joint Analysis Data Environment's objective is to provide high-powered computing, analysis-ready data, and analytic software in a secure, collaborative environment to users from FSOC member agencies. The Joint Analysis Data Environment will enable users to securely share code, data, and documents to enable collaboration on research topics related to financial stability.

OFR is furthering work on collecting Non-Centrally Cleared Bilateral Repo Data moving from a pilot to a permanent data collection. FY 2023 work will focus on finalizing the notice of proposed rulemaking for the data collection. Additionally, OFR will begin planning efforts for personnel, practices, and infrastructure needed for collecting daily repo transaction data.

Budget Highlights

Dollars in Thousands

Office of Financial Research	FTE	Amount
FY 2023 Revised Estimate	**148**	**$101,272**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$2,902
Pay Annualization	0	$438
Pay Raise	0	$1,315
Non-Pay	0	$1,149
Efficiency Savings	0	($10,272)
Non-recurring Costs	0	($10,272)
Transfers	0	$0
Data Procurement Transfer to Data Center	0	$11,600
Data Procurement Transfer from Technology Center	0	($11,600)
Other Adjustments:	20	$4,772
FTE Annualization	20	$4,772
Subtotal Changes to Base	20	($2,598)
FY 2024 Current Services	**168**	**$98,674**
Program Changes:		
Infrastructure and Research Capacity to Support Emerging Priorities	16	$7,051
FY 2024 Estimate	**184**	**$105,725**

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) ....+$2,902,000 / +0 FTE

Pay Annualization (4.6%) +$438,000 / +0 FTE

Funds are requested for annualization of the January 2023 4.6 percent average pay raise.

Pay Raise (5.2%) +$1,315,000 / +0 FTE

Funds are requested for anticipated increases to labor costs to include merit pay increases for qualifying staff.

Non-Pay +$1,149,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Non-Recurring Costs……...-$10,272,000 / -0 FTE

Data Center Non-Recur for Specialized Subject Matter Expert (Contract) -$10,272,000 / -0 FTE

This efficiency adjustment eliminates one-time funding used in FY 2023 for specialized expert support services for IT contractors to support a variety of projects, among them the creation and expansion of the OFR's Joint Analysis Data Environment; investments in OFR’s recruitment and retention program; and the modernization of OFR’s conference spaces, to include VTCs.

Program Transfers…….. +$0 / +0 FTE

Data Procurement Transfer from Technology Center to Data Center +$0 / +0 FTE

This request includes moving the Data Procurement costs, which total $11.6 million annually, from the Technology Center back to the Data Center. This decision is part of a broader effort to have data-related decision making and costs be under the oversight of the Data Center, rather than under the Technology Center.

Other Adjustments …….. $4,772,000 / +20 FTE
FTE Annualization $4,772,000 / +20 FTE
OFR anticipates the hiring of an additional net 20 FTEs late in FY 2023 that would be fully funded at the outset of FY 2024. These staff will support all four major OFR budget activities and will provide a baseline for the office as it continues to grow to support the OFR's legislative mandate under Dodd-Frank.

Program Increases…….. $7,051,000 / +16 FTE
Infrastructure and Research Capacity to Support Emerging Priorities $7,051,000 / +16 FTE
This program increase is driven by new work requirements in support of the FSOC's and the Administration's emerging priorities: climate-related financial risks, expanded short-term funding markets monitoring, asset management/hedge fund monitoring, digital assets/cryptocurrencies, and cybersecurity. It provides:

- Expanded access to the OFR Climate and Analytics Hub pilot into full production as the Joint Analysis Data Environment.
- Data sharing and data product functionality and support as increasingly demanded by internal and external stakeholders.
- Funding for anticipated increases for new data acquisition requests and data management support needs for the OFR Joint Analysis Data Environment.
- Key research on financial stability, especially risks and vulnerabilities in frontier areas, from our external stakeholders.
- OFR's first formal data collection utility. The collection utility will be designed and scaled to intake future data collections securely and efficiently.
- A research grants program to drive high-impact research and analysis in research areas outside of traditional finance and economics disciplines.
- Investments in emerging cybersecurity needs, ensuring an ability to meet evolving demands for secure, cloud-based infrastructure.

Legislative Proposals

The OFR has no legislative proposals.

Performance Highlights

Budget Activity	Performance Measure	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Target	FY 2024 Target
Data Center	Number of Legal Entity Identifiers Issued Cumulatively in the United States and Internationally	1,733,473	1,941,554	2,206,195	I	I
Data Center	Number of Times That Financial Data Standards are Incorporated in Rules and Regulations	3	2	0	I	I

Key: I – Indicator

Description of Performance

Number of Legal Entity Identifiers (LEIs) Issued Cumulatively in the United States and Internationally – The LEI helps the financial industry, regulators, and policymakers trace exposures and connections across the financial system. It also generates efficiencies for financial companies in internal reporting; risk management; and in collecting, cleaning, and aggregating data. In addition, the LEI can ease companies' regulatory reporting burdens by reducing overlap and duplication with respect to the multiple identifiers reporting firms must manage. The indicator developed for the LEI tracks the progress of industry's use of the LEI over time.

Number of Times that Financial Data Standards are Incorporated in Rules and Regulations – This data point serves as an indicator of regulators' awareness of the importance of data standards and the extent to which those standards are being adopted in rules and regulations. Similar to the indicator above, the Data Center monitors activity in this area to determine whether relevant pending rules and regulations incorporate financial data standards, as appropriate.

Financial Stability Oversight Council

Dollars in Thousands

Budget Activity	FY 2022 Actual Obligations	FY 2023 Revised Estimate	FY 2024 Estimate	FY 2023 to FY 2024 $ Change	FY 2023 to FY 2024 % Change
FSOC	$5,554	$11,725	$14,949	$3,224	27.50%
FDIC	$3,254	$2,910	$4,500	$1,590	54.64%
Total, Financial Stability Oversight Council	**$8,808**	**$14,635**	**$19,449**	**$4,814**	**33%**
Direct FTE	17	34	44	10	29.41%
Total Full-time Equivalents (FTE)	**17**	**34**	**44**	**10**	**29%**

Note: All FTE are associated with the Financial Stability Oversight Council.

Summary

The Financial Stability Oversight Council (FSOC or Council) is estimating a fiscal year (FY) 2024 funding level of $19.449 million, which includes $14.949 million for the FSOC Secretariat and the Office of the Independent Member with Insurance Expertise, and $4.500 million to reimburse the Federal Deposit Insurance Corporation (FDIC) for certain expenses as required by law. Of the $4.814 million overall increase from the FY 2023 revised estimate, the FSOC programs represent $3.224 million, or 67 percent, of this total. This increase is necessary to make progress on the Council's priorities, and to build the infrastructure needed to support the Council's work across all the member agencies.

The increase in funding reflects the need for the FSOC Secretariat to rebuild capacity and acquire additional resources to fulfill the ongoing responsibilities of the Council as well as to advance the Council's new priorities outlined by the Treasury Secretary, who serves as Council Chairperson. These areas of focus include identifying and addressing potential risks posed by nonbank financial intermediation and its role in amplification of market stresses; supporting the interagency review of the Treasury market following the market dislocation in March 2020; evaluating potential financial stability risks and regulatory gaps associated with digital assets; and coordinating efforts to improve the measurement and mitigation of climate-related risks in the financial system.

Budget Highlights

Dollars in Thousands

	FTE	Amount
FY 2023 President's Budget	**27**	**$12,433**
Program Changes:		
Program Decreases	0	($1,590)
FDIC Payments	0	($1,590)
Program Increases:	7	$3,792
FSOC Priority Workstream Hiring	7	$3,792
FY 2023 Revised Estimate	**34**	**$14,635**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$498
Pay Annualization (4.6% average pay raise)	0	$76
Pay Raise (5.2% average pay raise)	0	$262
Non-Pay	0	$160
Subtotal Changes to Base	0	$498
FY 2024 Current Services	**34**	**$15,133**
Program Changes:		
Program Increases:	10	$4,316
Rebuilding FSOC Infrastructure and Capability	10	$2,667
FDIC Payment Increase	0	$1,590
Make Critical Administrative Investments (Hiring, Evidence Act, and Facilities)	0	$59
FY 2024 Estimate	**44**	**$19,449**

Budget Adjustments

Program Changes ....+$2,202,000 / +7 FTE

Decrease in FDIC Reimbursement -$1,590,000 / -0 FTE

Reflects decreases to reimbursements from FY 2022 based on actual expenses incurred by the FDIC from the period from July 1, 2021, through June 30, 2022. Costs have been reduced from prior estimates due to a lower-than-anticipated number of staff hours focused on Title II planning activities during the reimbursement period that ended on June 30, 2022.

FSOC Priority Workstream Hiring +$3,792,000 / +7 FTE

To fulfill the priorities set forth by the Secretary, acting in her capacity as the Chairperson of the Council, the FSOC Secretariat intends to increase its long-term staffing plan from 27 to 44 by hiring 17 additional FTE, of which seven net FTE will be added in FY 2023.

Maintaining Current Levels (MCLs) ....+$498,000 / +0 FTE

Pay Annualization (4.6%) +$76,000 / +0 FTE

Funds are requested for annualization of the January 2023 4.6 percent average pay raise.

Pay Raise (5.2%) +$262,000 / +0 FTE

Funds are requested for a 5.2 percent average pay raise in January 2024.

Non-Pay +$160,000 / +0 FTE
Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Program Increases ....+$4,316,000 / +10 FTE
Rebuilding FSOC Infrastructure and Capability +$2,667,000 / +10 FTE
To fulfill the priorities set forth by the Secretary, acting in her capacity as the Chairperson of the Council, the FSOC Secretariat intends to increase its long-term staffing plan from 34 to 44 by hiring 10 additional FTE that will on-board during FY 2023 and FY 2024.

Since 2021, the FSOC has been revitalized to serve as a key forum for interagency collaboration and a key tool for the U.S. Government to promote U.S. financial stability – as intended at its establishment in 2010. Given the FSOC's expanding portfolio and critical policy priorities, the FSOC Secretariat must continue to rebuild and grow to successfully execute the Council's mission. Additional staff will be needed to advance the Council's efforts in these important areas. These priorities reflect the effort required in addition to core responsibilities such as publishing the annual report.

Increase in FDIC Reimbursement +$1,590,000 / +0 FTE
Reflects increases to reimbursements required by law to the FDIC under Section 210(n)(10) of the Dodd-Frank Act. This section provides that reasonable implementation expenses of the FDIC relating to its responsibilities under Title II for the resolution of systemically important financial companies shall be treated as expenses of the Council.

Make Critical Administrative Investments (Hiring, Evidence Act, and Facilities) +$59,000 / +0 FTE
FSOC pays annually for administrative support from the Centralized Treasury Administrative Services (CTAS) program. In FY 2024, FSOC anticipates those costs to grow to fund increases to human resources support to support FSOC's growing hiring plans and improve time to hire across Departmental Offices (DO), as well as additional staff to support the Treasury-owned facilities (the Main Treasury building and Freedman's Bank Building).

This request also includes FSOC's contribution to three new CTAS staff (one electrician and two A/C equipment mechanics) responsible for conducting support within Treasury spaces.

This request also provides for FSOC's portion of funding for a repairs and improvements (R&I) account within DO for non-capital investments. R&I is used within DO's CTAS to fund small-scale repairs and improvements within Main Treasury (MT) and the Freedman's Bank Building (FBB). This funding will provide CTAS with sufficient resources to properly maintain the ongoing minor maintenance of the MT and FBB complex. In addition, this request provides increases to CTAS to fund FSOC's portion of centralized bureau-wide investments in information technology (IT) infrastructure, as well as virtual presence and collaboration technology.

Legislative Proposals
The FSOC does not have any legislative proposals at this time.

Description of Performance

There are no measures specified for managing Council performance. The FSOC's annual reports and other public documents provide information to the public relevant to the Council's performance. Information on the Council is provided on www.treasury.gov, and www.fsoc.gov. Performance documents for FSOC member agencies can also be found on their respective websites to provide transparency and accountability.

Throughout 2022, Secretary Yellen continued to reinvigorate the Council. The Council met eight times to assess potential risks including those related to climate change, digital assets, housing markets, hedge funds, and open-end funds.

On December 16, 2022, the Council published its annual report. The report describes activities of the Council over the past year as the U.S. economy has continued to rebound from the disruptions caused by the COVID-19 pandemic. Monetary and fiscal policy, substantial progress in vaccinations, and broadly accommodative financing conditions have together supported this recovery and bolstered the financial condition of households and businesses. Additionally, the Council's annual report describes significant financial market and regulatory developments, potential emerging threats to U.S. financial stability, and recommendations to promote U.S. financial stability. The report was developed collaboratively by members of the Council and their agencies and staffs.

Certain FDIC expenses are treated as expenses of the Council. By law, the Council's expenses include reimbursement of reasonable implementation expenses incurred by the FDIC in implementing Orderly Liquidation Authority. The FDIC must periodically submit requests for reimbursement of these expenses to the Chairperson of the Council, who shall arrange for prompt reimbursement to the FDIC. FDIC expenses are for rule writing and resolution planning.

Treasury Franchise Fund

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2022 Actuals	FY 2023 Revised Estimate	FY 2024 Estimate	FY 2023 to FY 2024 $ Change	FY 2023 to FY 2024 % Change
Treasury Shared Services Program	$437,060	$338,400	$358,661	$20,261	5.99%
Centralized Treasury Administrative Services	$138,866	$160,151	$166,058	$5,907	3.69%
Administrative Services	$224,844	$225,227	$238,664	$13,437	5.97%
Information Technology Services	$221,461	$230,390	$246,817	$16,427	7.13%
Subtotal, Treasury Franchise Fund	**$1,022,231**	**$954,168**	**$1,010,200**	**$56,032**	**5.87%**
Recovery from Prior Years	$23,269	$13,000	$13,000	$0	0.00%
Unobligated Balances Brought Forward	$123,571	$137,008	$125,000	($12,008)	-8.76%
Total Program Operating Level	**$146,840**	**$150,008**	**$138,000**	**($12,008)**	**-8.00%**
Reimbursable FTE	2,047	2,185	2,233	48	2.20%
Total Full-time Equivalents (FTE)	**2,047**	**2,185**	**2,233**	**48**	**2.20%**

*The Financial Management Administrative Support Service and Shared Services Programs, as denoted in the President's budget is also referred to as the Administrative Services and Treasury Shared Services Program, respectively.

Summary

The FY 2024 Treasury Franchise Fund's (TFF) estimate reflects the revised estimates for FY 2023 along with new funding estimates for FY 2024. The revised estimates in FY 2023 for Administrative Resource Center Administration (ARC Admin.) includes an increase in customer project and system investments to achieve mission and priorities. The revised estimates also include a reduction in staffing resources needed in Administrative Resource Center Administration Information Technology's (ARC IT) planned operations and maintenance support because of a revision to staffing methodology to align projections more closely to budgetary resources. Additionally, the FY 2023 revised estimates include an increase in Treasury Shared Services Program (TSSP) resources to facilitate the modernization of the Internal Revenue Service (IRS) Human Resources IT systems and improve employee experience aligned with delivery of commodity applications through Treasury's enterprise shared service offerings.

In FY 2024, TSSP will continue to support efforts in cybersecurity with the additional transferred operations and maintenance costs for initiatives developed under the Cybersecurity Enhancement Account (CEA). These cybersecurity initiatives will be deployed and implemented as a shared service to support enterprise-wide services and capabilities to strengthen the cybersecurity posture across the components of the Department of Treasury. Additionally, the Departmental Offices plans to improve hiring and recruitment in FY 2024 to make investment in Human Resources and Human Capital. Also, the Centralized Treasury Administrative Services (CTAS) program will continue to invest into resources to maintain the Treasury's owned spaces (Main Treasury Building and Freedman's Bank Building).

In FY 2024, ARC Admin's priorities include a balance of continuous improvement, strategic investments in solutions of the future through the Financial Management Quality Service Management Office (FM QSMO) marketplace and continuing to increase federal agency adoption of services. ARC IT's FY 2024 objectives are centered around consistently implementing, optimizing, securing, and scaling technology and services from end-to-end in alignment with federal technology priorities, including Executive Order 14028, Improving the Nation's Cybersecurity and subsequent OMB Memoranda.

Budget Highlights

Dollars in Thousands

Treasury Franchise Fund	FTE	Amount
FY 2023 Estimate	**2,209**	**$919,111**
Adjustment to FY 2023 Estimate	**(24)**	**35,057**
Support Customer Projects (ARC Admin)		$14,146
Revised Estimates and IT Maintenance (ARC IT)	(28)	$8,720
IRS Human Resources Information Technology Modernization (TSSP)	4	$12,191
FY 2023 Revised Estimate	**2,185**	**$954,168**
Changes to Base:		
Maintaining Current Levels (MCLs):		$28,096
Pay Annualization (2023 4.6% average pay raise)		$3,349
Pay Raise (5.2% average pay raise)		$11,488
Non-Pay		$13,259
Subtotal Changes to Base		$28,096
FY 2024 Current Services	**2,185**	**$982,264**
Program Changes:		
Program Increases:	48	$27,936
IRS Human Resources Information Technology Modernization (TSSP)	5	$9,295
Cyber Enhancement Act Investments in Shared Services (TSSP)	8	$1,600
IT Systems Modernization and Program Support (TSSP)		$800
Common Approach to Identity Assurance (ARC IT)	2	$9,673
Existing and New Customer Growth (ARC Admin)	26	$4,825
Facilities and Office Infrastructure (CTAS)	3	$755
Improve Hiring and Recruitment Programs (CTAS)	3	$736
Promote Evidence Act and Treasury Data Strategy (CTAS)	1	$252
Subtotal Program Changes	**48**	**$27,936**
FY 2024 Estimate	**2,233**	**$1,010,200**

Budget Adjustments

Adjustments to FY 2023 Original Estimate ………..………………… +$35,057,000/ -24 FTE

Support Customer Projects (ARC Admin) +$14,146,000 / +0 FTE

The revised ARC Admin FY 2023 includes adjustments to support customer projects and system investments to meet the demands of the customers. Without these resources, customers will experience delays in projects, impacting mission success and other federal priorities.

Revised Estimates and IT Maintenance (ARC IT) +$8,720,000 / -28 FTE

Revised FY 2023 estimates includes adjustments to reflect declines in projected staffing levels and anticipated vacancies along with increased cost in non-labor related to ongoing maintenance costs for computing solutions.

IRS Human Resources Information Technology Modernization (TSSP) +$12,191,000 / +4 FTE
The revised TSSP FY 2023 estimate includes adjustments to modernize the IRS HRIT system and improve employee experience aligned with delivery of commodity applications through TSSP. The IRS HRIT portfolio includes approximately 100 applications, 100 workflows and multiple supplemental Excel and Access-based processes. This will be a multi-year effort that will start this effort in FY 2023.

Maintaining Current Levels (MCLs)…………………………………..…. +$28,096,000 / +0 FTE
Pay Annualization (4.6%) +$3,349,000 / +0 FTE:
Funds are required for annualization of the January 2024 4.6% average pay raise.

Pay Raise (5.2%) +$11,488,000 / +0 FTE:
Funds are required for a 5.2% average pay raise in January 2024.

Non-Pay +$13,259,000 / +0 FTE
Funds are required for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Program Increases……………………………………….……………. +$27,936,000 / +48 FTE
IRS Human Resources Information Technology Modernization (TSSP) +$9,295,000/ +5 FTE
Treasury will increase spending to continue to modernize the IRS HRIT system and improve employee experience aligned with delivery of commodity applications through TSSP. The IRS HRIT portfolio includes approximately 100 applications, 100 workflows and multiple supplemental Excel and Access-based processes. FY 2024 will be the second year of this effort that initially started in FY 2023.

Cyber Enhancement Act Investments in Shared Services (TSSP) +$1,600,000 / +8 FTE
The TSSP supports the transition of additional O&M costs from CEA for cybersecurity enhancements and capabilities that will be deployed enterprise wide to be in accordance with Executive Order 14028 Improving the Nation’s Cybersecurity and subsequent OMB Memoranda. The investments will be made in the following Cyber Categories:

- Other Cybersecurity Priorities (+$1,000,000 / +5 FTE)
- Cloud Adoption (+$400,000 / +2 FTE)
- Zero Trust Architecture (+$200,000 / +1 FTE)

IT Systems Modernization and Program Support (TSSP) +$800,000 / +0 FTE
Treasury will increase spending for program support for the IT system modernization for enhancements to the Technology Business Management (TBM) to improve the IT cost transparency across the Department.

Common Approach to Identity Assurance (ARC IT) +$9,673,000 / +2 FTE
ARC IT increased funding supports the growing Common Approach to Identity Assurance (CAIA) that will assist with implementing, optimizing, securing, and scaling technology and services from end-to-end in alignment with federal technology priorities, including Executive Order 14028, Improving the Nation’s Cybersecurity and subsequent OMB Memoranda.

Existing and New Customer Growth (ARC Admin) +$4,825,000 / +26 FTE
FY 2024 estimate includes strategic investments in solutions and continuous improvements of the Financial Management Quality Service Management Office (FM QSMO) to support customer growth consistent with FM QSMO's goal to increase the number of agency subcomponents using common financial management solutions by 25 percent. ARC Admin will continue to support the marketplace for scalable growth by simplifying the delivery of complex financial management services.

Facilities and Office Infrastructure (CTAS) +$755,000 / +3 FTE
This request also provides funding for a repairs and improvements account within Departmental Offices. Historic office buildings like Treasury's are expected to have costs near $3 per square foot per annum. Based on that benchmark the costs for maintaining buildings of the size of Main Treasury (MT) and Freedman's Bank Building (FBB) Treasury Facilities would be approximately $2 million in funding annually. Treasury's current funding level is approximately $450,000.

Improve Hiring and Recruitment Programs (CTAS) +$736,000 / +3 FTE
Increase spending for additional staffing in Human Resources and Human Capital to improve the hiring and recruitment efforts for Departmental Offices in the Office of Terrorism and Financial Intelligence , International Affairs and the Committee of Foreign Investment in the United States.

Promote Evidence Act and Treasury Data Strategy (CTAS) +$252,000 / +1 FTE
FY 2024 estimates include additional staff in the Office of the Chief Data Officer (OCDO) to engage with the Departmental Offices, data owners and staff to modernize data infrastructure, build and manage the enterprise data inventory, and identify and pursue priority data sharing opportunities. This investment will also enable OCDO staff to lead analytics efforts for high priority projects and programs, including long-range analytic studies aligned to the Administration and Learning Agenda priorities.

Legislative Proposals

The TFF has no legislative proposals.

Performance Highlights

Budget Activity	Performance Measure	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2022 Target	FY 2023 Target	FY 2024 Target
Treasury Shared Services	Average Cost per FTE	N/A	$1,463.50	$1,460.00	$1,580.30	$1,951.00	$1,710.50	$1,710.50	DISC
Treasury Shared Services	Annual Effective Spend Rate	N/A	97%	96%	96%	93%	96%	96%	96%
Treasury Shared Services	Customer Satisfaction	N/A	75%	80%	80%	73%	80%	80%	80%
Centralized Treasury Administrative Services	Annual Effective Spend Rate	N/A	98%	94%	96%	96%	96%	96%	96%
Centralized Treasury Administrative Services	Customer Satisfaction	N/A	75%	75%	80%	78%	80%	80%	80%
Administrative Support Services	Customer Unmodified Audit Opinions [%]	NA	100%	100%	100%	100%	100%	100%	100%
Administrative Support Services	Percentage of shared services service level agreement performance metrics met or exceeded [%]	NA	89%	87%	94%	97%	94%	94%	94%
Administrative Support Services	Customer Satisfaction with ARC Admin Services [%]	90%	86%	91%	93%	90%	80%	80%	80%
Information Technology Services	Fiscal IT Hosting – Percentage of Time Service is Operational (Uptime Excluding Planned Maintenance)	99.2	99.8	99	DISC	DISC	DISC	DISC	DISC
Information Technology Services	Number of engagements in strategic sourcing, to include new IT customers, new scope of work for existing customers, or new FITARA compliant contracts available beyond Fiscal Service [#]	2	1	3.3	DISC	DISC	DISC	DISC	DISC
Information Technology Services	% of IT Portfolio (TFF) Software and Hardware Currency	N/A	N/A	N/A	B	76%	75%	75%	85%
Information Technology Services	% of On-Premise Target Service Level Agreements Met	N/A	N/A	N/A	B	94%	80%	80%	80%

Key: B - Baseline; DISC - Discontinued

Description of Performance

The TSSP annual effective spend rate provides insight to the financial management and oversight of the TSSP programs. It measures how much of the resources collected from customers are being obligated for service delivery in the fiscal year. This measure captures the efficient use of resources by the service providers. In FY 2022, 93 percent of the funds collected from customers for the shared services was obligated, which was slightly below the 96 percent target rate set for the fiscal year. The target will remain at 96 percent for FY 2023 and FY 2024.

In FY 2022, the TSSP survey results yielded a 73 percent overall customer satisfaction rating, which is down from 80 percent target. Strategic partnerships with TSSP governance councils, meeting monthly with Treasury budget directors and the use of the TSSP Roadshows provides expanded customer engagement opportunities to the various stakeholders to better communicate the expected changes to program budgets and the impact to their upcoming service level agreements. Treasury will continue to build on these transparency initiatives to improve the customer satisfaction scores. The target for this measure is set at 80 percent for both FY 2023 and 2024.

The CTAS FY 2022, the annual effective spend and customer satisfaction rates were 96 and 78 percent respectively. The annual effective spend target was met however the customer satisfaction score was slightly below the FY 2022 target score of 80. The targets set for the annual effective spend rate and customer satisfaction measures are mirrored after the TSSP target to maintain consistency in overall financial management of the two shared services providers within Departmental Offices. The targets set in both FY 2023 and 2024 is 96 and 80 percent, for the annual effective spend rate and customer satisfaction measures respectively.

In FY 2022, ARC Admin received an unmodified opinion on franchise operations for the 20th consecutive year and met its performance target of 100 percent of customer unmodified audit opinions (33). By meeting this metric consistently year after year, ARC has improved public confidence in federal stewardship, operations, and reporting.

In FY 2022, ARC IT established a baseline for software/hardware currency and on-premises target service level agreements met. The goal of these new measures is to reduce the use of End of Life technology, which in turn further minimizes technical debt and risk for our customers, and measure how well technical teams are performing and closing out the requests and incidents. The FY 2023 and 2024 targets reflect operational commitments to customers and allows room for improvement.

This year, TFF is working to align budget activities and performance measures to the new objectives in the Treasury FY 2022 – 2026 Strategic Plan. This work will include benchmarking performance and may result in changes to performance measures in the FY 2025 budget.

Treasury Forfeiture Fund

Program Summary by Budget Activity

Dollars in Thousands

Treasury Forfeiture Fund Budgetary Resources	FY 2022 Actual		FY 2023 Estimate		FY 2024 Estimate		FY 2023 to FY 2024 $ Change		FY 2023 to FY 2024 % Change	
	FTE *	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Revenue/Offsetting Collections										
Interest		$26,099		$48,000		$49,000		$1,000	NA	2.08%
Restored Prior Year Sequestration Reduction		$44,774		$70,641		$35,502		($35,139)	NA	-49.74%
Forfeited Revenue		$1,213,213		$574,835		$586,332		$11,497	NA	2.00%
Recovery from Prior Years Unpaid		$22,137		$60,000		$36,000		($24,000)	NA	-40.00%
Recovery from Prior Years Paid		$84,833		$0		$0		$0	NA	NA
Unobligated Balances from Prior Years		$877,271		$876,333		$947,247		$70,914	NA	8.09%
Total Revenue/Offsetting Collections		**$2,268,327**		**$1,629,809**		**$1,654,081**	**0**	**$24,272**	**NA**	**1.49%**
Expenses/Obligations										
Mandatory Obligations	27	($954,642)	27	($462,060)	27	($471,301)	0	($9,241)	0.00%	2.00%
Secretary's Enforcement		($10,803)		($35,000)		($35,000)		$0	NA	0.00%
Strategic Support		($180,908)		TBD		($100,000)		TBD	NA	TBD
Total Expenses/Obligations	**27**	**($1,146,353)**	**27**	**($497,060)**	**27**	**($606,301)**	**0**	**($9,241)**	0.00%	21.98%
Rescissions/Cancellations										
Sequestration Reduction		($70,641)		($35,502)		($36,214)		($712)	NA	2.01%
Permanent Cancellation		($175,000)		($150,000)		$0		$150,000	NA	-100.00%
Total Rescission/Cancellations		**($245,641)**		**($185,502)**		**($36,214)**		**$149,288**	**NA**	**-80.48%**
Net Results	**27**	**$876,333**	**27**	**$947,247**	**27**	**$1,011,566**	**0**	**$164,319**	**0.00%**	**6.79%**
Contingent Liabilities		**($805,417)**		**($805,417)**		**($840,000)**		**($34,583)**	NA	4%

* The Treasury Forfeiture Fund is staffed by Departmental Offices employees and positions are funded via reimbursable agreement. The FTE are shown here for clarity, but are also reflected in the Departmental Offices chapter in the reimbursable FTE total.

Summary

The Treasury Executive Office for Asset Forfeiture (TEOAF) administers the Treasury Forfeiture Fund (the Fund), which is the receipt account for deposit of non-tax forfeitures made pursuant to laws enforced or administered by participating Department of the Treasury and Department of Homeland Security agencies. The Fund was established in 1992. The enabling legislation for the Fund (31 U.S.C. 9705) defines the purposes for which Treasury forfeiture revenue may be used.

Explanation of TEOAF Spending Categories

Mandatory Obligations ($471,301,000 from revenue/offsetting collections)

Mandatory Obligations are incurred to meet the operating costs of the Fund, including expenses of storing and maintaining seized and forfeited assets, valid liens and mortgages, investigative expenses incurred in pursuing a seizure, information and inventory systems, remissions, victim restoration, and certain costs of local police agencies incurred in joint law enforcement operations. Following seizure, equitable shares may be paid to state and local law enforcement agencies that contributed to the seizure activity at a level proportionate to their involvement.

TEOAF allocates significant resources to supporting seizure cases in which the seized assets represent the proceeds of fraud schemes. The resulting forfeiture deposits are used to compensate the victims (entities or individuals) defrauded by the violators. Supporting these cases is particularly important now due to the volume of COVID-19 related financial fraud, network intrusion, phishing and sales of counterfeit vaccines online and via Darknet marketplaces. TEOAF remains committed to supporting continuously significant volume of COVID-19 related crimes, to ensure that the agencies have the resources to target and intercept these massive schemes and return the money to the defrauded government agencies, private entities, and individuals.

Secretary's Enforcement Fund ($35,000,000 from revenue/offsetting collections)

Secretary's Enforcement Fund (SEF) represents revenue from equitable shares received from Department of Justice (DOJ) or U.S. Postal Service (USPS) forfeitures. These shares are proportional to Treasury's participation in the overall investigative effort that led to a DOJ or USPS forfeiture. SEF revenue is available for federal law enforcement related purposes of any law enforcement organization participating in the Fund.

Strategic Support ($100,000,000 from revenue/offsetting collections)

Strategic Support authority, established in 31 U.S.C. 9705(g)(4)(B), allows TEOAF to fund priority Federal law enforcement initiatives with remaining unobligated balances at the close of the fiscal year, after an amount is reserved for the next fiscal year's operations.

Contingent Liabilities ($840,000,000 revenue/offsetting collections)

Contingent liabilities represent the known future equitable sharing, remission, refund, and mitigation payments. TEOAF tracks future remission payments to third parties as contingent liabilities. However, these amounts are not recorded as obligations from the Fund until the Department of Justice grants the petition for remission. The third parties are predominantly victims of crimes that triggered the forfeiture (e.g., Ponzi scheme or kleptocracy victims). Amounts recorded are significant because remission payments from multiple years are recorded and carried forward. The amounts change constantly as payments are made and amounts for new remission cases are added. Future/anticipated equitable sharing expenses/payments are also recorded as contingent liabilities. TEOAF considers the amounts recorded as contingent liabilities as unavailable and consideration of contingent liabilities provides a more accurate representation of the financial position of the Fund.

Legislative Proposals

TEOAF has no legislative proposals.

Performance Highlights

Budget Activity	Performance Measure	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Target	FY 2024 Target
Asset Forfeiture	Percent of Forfeited Cash Proceeds Resulting from High-Impact Cases	82.87	89.65	91.03	80	80

Description of Performance

TEOAF continues to measure the performance of the participating law enforcement bureaus through the percent of forfeited cash proceeds resulting from high impact cases which are cases resulting in a cash forfeiture deposit equal to or greater than $100,000.

The high-impact cases are cases that pursue major criminal targets and their financial networks, and therefore are central to the mission of disrupting and dismantling criminal enterprises. At the same time, these cases are heavily dependent on TEOAF's funding due to their high operational costs and reliance on sophisticated technologies and analytical tools that are not adequately covered by the funds appropriated for operations. The dominant share of high-impact forfeitures reflects TEOAF's effectiveness in supporting such major investigations.

While the specific numbers shown in the chart fluctuate due to the unusually big forfeitures, the consistently dominant (80 percent or more) share of major forfeiture year after year demonstrates TEOAF's consistent commitment to supporting high-impact cases. Member law enforcement bureaus participating in the Fund have met or exceeded the performance target since FY 2014.

For FY 2023 and FY 2024, the target will remain at 80 percent. The Fund maintains a target of 80 percent as an appropriate measure of the effectiveness of the Fund support of the participating law enforcement agencies efforts to meet TEOAF's mission to disrupt and dismantle criminal enterprises.

Bureau of Engraving and Printing

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2022 Actual Obligations	FY 2023 Revised Estimate	FY 2024 Estimate	FY 2023 to FY 2024 $ Change	FY 2023 to FY 2024 % Change
Manufacturing	$1,026,215	$1,052,807	$1,203,054	$150,247	14.3%
DC Replacement Facility	$11,769	$25,957	$1,243,699	$1,217,742	4691.4%
Total Program Operating Level	**$1,037,984**	**$1,078,764**	**$2,446,753**	**$1,367,989**	**126.8%**
Total Full-time Equivalents (FTE)	**1,848**	**1,873**	**1,888**	**15**	**0.8%**

Summary

The mission of the Bureau of Engraving and Printing (BEP) is to develop and produce United States currency notes trusted worldwide. BEP supports Treasury's Strategic Goal 2: Enhance National Security, Goal 3: Protect Financial Stability and Resiliency, Goal 4: Combat Climate Change, and Goal 5: Modernize Treasury Operations.

BEP's FY 2024 President's Budget request funds the following projects:

1. DC Replacement Facility: In FY 2019, BEP received legislative authority to acquire land and fund construction of a more efficient production facility to replace BEP's current aging Washington, D.C. (DC) facility. Additionally, a provision in the Agriculture Improvement Act of 2018 (P.L. 115-334) authorizes the transfer of a U.S. Department of Agriculture (USDA) land parcel in Beltsville, Maryland to the Department of the Treasury to be the site for BEP's replacement production facility. The property transfer Memorandum of Agreement (MOA) between USDA and Treasury was finalized in early 2020. The formal transfer of administrative control from USDA to Treasury occurred in 2022. A replacement facility, with an estimated total cost of $1.9B, will save an estimated $568 million over 10 years, as compared to the cost of the renovation of the existing facility. In addition, BEP will reduce its annual operating costs by at least $38 million through production, material handling, and other operational/support efficiencies. The FY 2024 budget estimate reflects the BEP's continuing commitment to the next generation of currency manufacturing and building a state-of-the-art currency manufacturing facility. The FY 2024 budget estimate includes $1,244M in obligations for the next phase of the replacement facility project.

2. Yearly Currency Order (YCO) Reduction: The BEP has finalized the FY 2023 YCO with the FRB with an initial production plan of 4.9B down from the previous estimate of 7.6B notes in the FY 2023 President's Budget. The FY 2024 budget estimate reflects an YCO of 6.8B notes. The reduction in the FY 2023 YCO production is driven by: 1) increased testing requirements as we prepare for the eventual release of the next generation of currency notes which is impacting the ability to produce a higher level of notes; 2) required maintenance, which was deferred due to pandemic, must now be completed; and 3) transitioning additional denominations to 50-subject sheets to increase capacity and improve efficiency.

3. Banknote Design and Development: BEP will continue to work with the Federal Government's Advanced Counterfeit Deterrent Steering Committee to develop the next family of banknotes to include new and effective security features to deter counterfeiting, and a raised tactile feature to provide meaningful access to blind and visually impaired individuals. The current note release sequence continues to be as follows: $10, $50, $20, $5, $100.

4. Retooling: BEP continues to conduct a multi-year effort to retool its manufacturing processes with state-of-the-art intaglio printing presses, electronic inspection systems, and finishing equipment. To ensure BEP will meet the FRB's annual currency order, BEP developed short, medium, and long-term strategic equipment replacement plans for the U.S. Currency Program. Successful implementation of advanced technology improves productivity, reduces environmental impact, and enhances counterfeit deterrence of U.S. currency notes. In FY 2024, the major retooling initiatives include:

- Continuation of the upgrade and complete automation of the $100 finishing line to integrate Single Note Inspection technology.
- Replace obsolete electrical and mechanical parts on existing presses and upgrade the inspection system.
- Conduct print trial to qualify prospective press vendors for acquisition of presses for the DC replacement facility.
- Make improvements to the existing system in operation to bring them up to the new capabilities that are included on the next generation Large Examining and Printing Equipment Inspection system.

5. Human Capital/Talent Management: The FY 2024 budget estimate and revised FY 2023 budget estimate reflect BEP's commitment to the next generation of currency manufacturing, ensuring successful knowledge transfer and continuity of operations, and building of a state-of-the-art currency manufacturing facility. Over 50 percent of BEP workforce is eligible for retirement in the coming years. The additional 15 FTE will enable BEP to ensure a successful knowledge transfer by near-retirement employees and support the development of the next generation of currency.

Budget Highlights

Dollars in Thousands

Bureau of Engraving and Printing	FTE	Amount
FY 2023 President's Budget	**1,863**	**$2,039,851**
Program Changes:		
Program Decreases	0	($1,016,485)
DC Replacement Facility	0	($871,091)
Currency Program Decrease	0	($126,321)
Overtime	0	($19,073)
Program Increases:	10	$55,398
FTE Increase	10	$1,596
Manufacturing Capital Increase	0	$52,587
Travel Increase	0	$1,215
FY 2023 Revised Estimate	**1,873**	**$1,078,764**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$41,546
Pay Annualization (4.6% average pay raise)	0	$3,725
Pay Raise (5.2% average pay raise)	0	$11,395
Non-Pay	0	$26,426
Subtotal Changes to Base	0	$41,546
FY 2024 Current Services	**1,873**	**$1,120,310**
Program Changes:		
Program Decreases	0	($20,000)
WCF Expansion	0	($20,000)
Program Increases:	15	$1,346,443
DC Replacement Facility	0	$1,217,742
Currency Program Increase	0	$116,196
Overtime	0	$10,000
FTE Increase	15	$2,505
FY 2024 Estimate	**1,888**	**$2,446,753**

Budget Adjustments

FY 2023 Adjustments

Program Decreases ....-$1,016,485,000 / -0 FTE

DC Replacement Facility, -$871,091,000/ -0 FTE

The major obligation for the next phase will shift to FY 2024.

Currency Production, -$126,321,000/ -0 FTE

The YCO has adjusted from 7.6B notes to 4.9B notes due to deferred maintenance requirements, testing, and integrating new equipment.

Overtime, -$19,073,000/ -0 FTE

Overtime requirement due to COVID is no longer needed. In addition, it has been adjusted for the revised YCO.

Program Increases ....+ $55,398,000 / +10 FTE
FTE Increase, +$1,596,000/ +10 FTE
To support backfill hires for near-retirement employees to avoid losing critical institutional knowledge. Additional resources are also required to support the next generation of notes and to comply with Executive Order 14035 on diversity, equity, inclusion, and accessibility.

Manufacturing Capital Investments, +$52,587,000/ +0 FTE
To support the following capital projects: $30M for currency production/retooling; $6M for facilities support; $3.4M for information systems; $6.8M for manufacturing support; and $6.3M for security and accountability.

Travel, +$1,215,000/ +0 FTE
To restore travel requirements to pre-pandemic levels as pandemic travel restrictions ease.

Maintaining Current Levels (MCLs) ....+$41,546,000 / +0 FTE
Pay Annualization (4.6%) +$3,725,000 / +0 FTE
Funds are required for annualization of the January 2023 4.6% average pay raise.

Pay Raise (5.2% in FY 2024) +$11,395,000 / +0 FTE
Funds are required for a 4.0% average pay raise in January 2024.

Non-Pay (2.0% in FY 2024) +$26,426,000 / +0 FTE
Funds are required for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Program Decreases..-$20,000,000 / -0 FTE
WCF Expansion, -$20,000,000 / -0 FTE
The WCF Expansion is scheduled to be completed in 2023.

Program Increases ....+$1,346,443,000 / +15 FTE
DC Replacement Facility, +$1,217,742,000 / +0 FTE
Construction for the new DC Replacement Facility will start in FY 2024. This represents the latest estimate which is under review by the FRB and will be updated if necessary.

Currency Production, +$116,196,000 / +0 FTE
To reflect the increase of YCO from the FY 2023 level of 4.9B notes to FY 2024 level of 6.8B notes.

Overtime, +$10,000,000 / +0 FTE
Additional overtime is needed to meet the estimated YCO increase in FY 2024.

Knowledge Transfer / Additional Skill Set FTE, +$2,505,000 / +15 FTE
Additional funds are required to enable knowledge transfer by backfilling near-retirement employees and support the development of the next generation of notes.

Legislative Proposals

The BEP does not have any legislative proposals.

Performance Highlights

Budget Activity	Performance Measure	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Target	FY 2024 Target
Manufacturing	Currency Notes Delivered Returned Due to Defects (parts per million)	0.02	0.0016	16.6	<1ppm	<1ppm
Manufacturing	FEVS Satisfaction Index[1]	74	71	NA	>65%	>65%
Manufacturing	Lost Time Accident rate (per 100 employees)[2]	1.01	1.59	0.95	< 1.8	< 1.8
Manufacturing	Manufacturing Costs for Currency (Dollars per Thousand Notes Produced)	56.19[3]	61.81	63.96	65.00	TBD

Key: B – Baseline; NR – Not Received

1 FEVS Satisfaction scores are keyed to the year of survey, not the year results are received.
2 Lost Time Accident Rates are adjusted following adjudication of accident reports received during each fiscal year.
3 Target Manufacturing Cost in FY 2020 was increased from $55.73 to $59.65 in Jun 2020 in response to an increase in FY 2020 order due to pandemic demand.

Description of Performance

($2,446,753,000 from reimbursable sources)
The BEP has one budget activity: Manufacturing. This budget activity supports all of BEP's strategic goals.

Description of Performance:
Currency Notes Returned Due to Defects (in parts per million or ppm) is an indicator of BEP's ability to provide a quality product. The target for this performance metric is <1 ppm. BEP normally achieves this target. As many as 203,000 $20 notes were printed and delivered to the FRB with mismatched serial numbers. Elimination of these notes may require as many as 600,000 notes be removed from circulation in the full serial number range. As of October 21, 2022, 114,000 such notes have been removed and shredded. We expect this removal to take several years. As the root cause has been corrected, BEP's target for this performance metric will be held constant at <1 ppm for FY 2023 and FY 2024.

The Federal Employees Viewpoint Survey (FEVS) allows employees to share their opinion on what matters most to them. Based on the results of the survey, BEP can target areas for improvement or additional employee engagement. The measure uses the Department's standard FEVS Global Satisfaction Index with a target of 65 percent or greater. In FY 2023 and 2024, BEP will continue to strive for improvements in overall employee satisfaction.

The Lost Time Accident Rate per 100 employees measures the BEP's ability to reduce injuries in the workplace. BEP's FY 2022 Lost Time Accident rate was at 0.95 cases per 100 employees, lower than the target of 1.80 cases per 100 employees. This performance resulted from continued focus on following safe work practices and avoiding hazards. For FY 2023, BEP remains committed to maintaining and improving the safety of its employees. BEP will continue to perform analysis to determine the root causes of any injury and to identify best practices in safety. The 1.8 case rate represents approximately one injury per facility per month. BEP's target will be held at 1.80 cases per 100 employees for FY 2023 and FY 2024.

Manufacturing Cost for Currency (dollar cost per 1,000 notes produced) is an indicator of manufacturing efficiency and effectiveness of program management. The measure is based on contracted price factors, productivity improvements, and the mix and timing of denominations ordered. This indicator is strongly affected by the portion of the order devoted to high-value notes, which are more expensive to produce. Actual performance against standard costs depends on BEP's ability to meet spoilage, efficiency, and capacity utilization goals. The final FY 2022 cost was $63.96 per 1,000 notes produced. BEP's target for this performance metric is $63.07 in FY 2023. The notional target for FY 2024 is set at $67.01 per 1,000 notes produced.

United States Mint

Program Summary by Budget Activity

Dollars in Thousands

	FY 2022	FY 2023	FY 2024	FY 2023 to FY 2024	
Budget Activity	Actual Obligations	Revised Estimate	Estimate	$ Change	% Change
Manufacturing	$5,206,028	$4,676,182	$4,684,722	$8,540	0.18%
Total Cost of Operations	**$5,206,028**	**$4,676,182**	**$4,684,722**	**$8,540**	**0.18%**
Full-time Equivalents (FTE)	**1,587**	**1,705**	**1,705**	**0**	**0.00%**

Summary

In Fiscal Year (FY) 2024, the United States Mint's (Mint) total estimated budgetary requirements for operations, metal, and capital investments are $4.7 billion. This budget will support the production of 14.4 billion circulating coins, as well as the production of bullion coins and other numismatic products sufficient to meet customer demand. The Mint has one budget activity: manufacturing, which encompasses the bureau's two major programs, circulating coinage and numismatic products (including bullion coins, collector coins, and national medals).

To maintain its reputation as one of the finest mints in the world, the Mint is committed to operating according to the core values of service, quality, and integrity. The Mint has three strategic goals to help fulfill its mission and values: 1) Advance our circulating mission through innovation and technology; 2) Foster a safe, flexible, diverse, and engaged workforce; and 3) Introduce diverse products to new customers while simultaneously expanding the current Mint customer base through the use of industry-proven marketing approaches.

Mint operations are funded through the Mint Public Enterprise Fund (PEF), 31 U.S.C. § 5136. The Mint generates revenue through the sale of circulating coins to the Federal Reserve Banks (FRBs), numismatic products to the public, and bullion coins to authorized purchasers. All circulating and numismatic operating expenses, along with capital investments incurred for the Mint's operations and programs, are paid out of the PEF. By law, all funds in the PEF are available without fiscal year limitation. Revenues determined to be in excess of the amount required by the PEF are transferred to the United States Treasury General Fund. The Mint's key priorities for FY 2024 include:

- Circulating Coins - Efficiently and effectively mint and issue approximately 14.4 billion circulating coins in FY 2024 to meet the needs of commerce.
- Numismatic Program Bullion Products - Mint and issue bullion coins to meet customer demand efficiently and effectively.
- Other Numismatic Products - Produce and distribute numismatic products in sufficient quantities, through appropriate channels, to make them accessible, available, and affordable to people who choose to purchase them. Design, strike, and prepare for presentation Congressional Gold Medals.

Budget Highlights

Dollars in Thousands

United States Mint	FTE	Materials	Operating & Capital	Total
FY 2023 President's Budget	**1,705**	**$2,860,000**	**$537,145**	**$3,397,145**
Program Changes				
Program Increases:	**0**	**$1,217,700**	**$61,337**	**$1,279,037**
Metal Due to Forecasted Increase in Bullion and Numismatic Production	0	$1,217,700	$0	$1,217,700
ARC Services (Procurement Insight Tool plus Inflation)	0	$0	$3,247	$3,247
Catalogs and Other Direct Mail	0	$0	$2,238	$2,238
Advertising	0	$0	$3,680	$3,680
Numismatic Capital Increase	0	$0	$8,500	$8,500
IT Services	0	$0	$9,089	$9,089
Enterprise Sales and Marketing	0	$0	$17,223	$17,223
Operating Cost	0	$0	$17,360	$17,360
Subtotal Program Changes	0	$1,217,700	$61,337	$1,279,037
FY 2023 Revised Estimate	**1,705**	**$4,077,700**	**$598,482**	**$4,676,182**
Changes to Base				
Maintaining Current Levels (MCLs)	**0**	**$0**	**$19,910**	**$19,910**
Pay Annualization (4.6%)	0	$0	$2,950	$2,950
Pay Raise (5.2%)	0	$0	$10,121	$10,121
Non-Pay (2%)	0	$0	$6,839	$6,839
FY 2024 Current Services	**1,705**	**$4,077,700**	**$618,392**	**$4,696,092**
Program Changes				
Program Decreases	**0**	**$0**	**($11,370)**	**($11,370)**
ARC Services (Procurement Insight Tool plus Inflation)	0	$0	($1,500)	($1,500)
Enterprise Sales and Marketing	0	$0	($9,870)	($9,870)
Subtotal Program Changes	**0**	**$0**	**($11,370)**	**($11,370)**
FY 2024 Estimate	**1,705**	**$4,077,700**	**$607,022**	**$4,684,722**

FY 2024 Budget Adjustments

Adjustment to Estimate

Program Increases…………………………………..………………. +$1,279,037,000 / +0 FTE

Metal due to Forecasted Increase in Bullion Demand +$1,217,700,000 / +0 FTE

FY 2023 forecasted bullion coin demand is projected to remain at the elevated levels experienced in FY 2022, and metal prices are also anticipated to remain high.

ARC Services +$3,247,000 / +0 FTE

The bureau is looking to add the Insight Tool to its Administrative Resource Center (ARC) contract for enhanced procurement activities. The tool will provide more robust analytics, reporting, and dashboard capabilities. Increases in operating costs and labor rates are also anticipated in the ARC service agreement.

Catalogs and Direct Mail +$2,238,000 / +0 FTE

This funding will assist with efforts to expand the customer base. An increase in mailings of catalogs and other direct mail pieces are targeted to draw additional customers as various audiences are reached.

Advertising +$3,680,000 / +0 FTE
In accordance with the Treasury Strategic Plan and the President's Management Agenda, customer experience is important to the Mint. It will be further enhanced through digital advertising and increased information with the goal of customer acquisition.

Numismatic Capital Increase +$8,500,000 / +0 FTE
Investments in capital are a critical part of regular manufacturing operations. To continue effective coin production, equipment replacements and facility maintenance are mandatory. An increase to numismatic capital investments is required to effectively support equipment and facility maintenance needs that have been deferred in prior years, including a proof press overhaul as well as an HVAC renovation at the San Francisco Mint.

IT Services +$9,089,000 / +0 FTE
This funding is for costs related to information technology systems' cyber security ($3.7M), application development ($700K), enterprise architecture ($1.2M), and infrastructure operations ($3.5M).

Enterprise Sales and Marketing +$17,223,000 / +0 FTE
The Mint's current Order Management System services contract is in its final year. The increase would support contract transition from the current vendor. Support includes reporting, project plans, meetings, testing plans, data migration, and project management. Onboarding activities of the new vendor include discovery, design, execution, testing, and training.

Operating Costs +$17,360,000 / +0 FTE
Several of the Mint's service and utility contracts are experiencing significant increases in costs. Higher fuel prices and shortages of goods have resulted in increased utility costs and have caused many vendors to cover these costs by passing them on to the customer. Some of these contracts include: all utilities – steam, electricity, gas and water; building and equipment maintenance; janitorial services; and production supplies.

Maintaining Current Levels (MCLs)... +$19,910,000/ +0 FTE
Pay Annualization (4.6%) +$2,950,000 / +0 FTE
Funds are required for annualization of the January 2023 4.6 percent average pay raise.

Pay Raise (5.2%) +$10,121,000 / +0 FTE
Funds are required for a 5.2 percent average pay raise in January 2024.

Non-Pay (2.0%) +$6,839,000 / +0 FTE
Funds are required for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Program Decreases………………………………………………………… -$11,370,000/ -0 FTE
ARC Services -$1,500,000 / -0 FTE
Implementation of the Procurement Insight Tool will be completed in FY 2023. These costs are being reduced from the base; however, related maintenance costs remain.

Enterprise Sales and Marketing -$9,870,000 / -0 FTE
The costs associated with this contract are anticipated to be reduced since much of the transition expense will occur in FY 2023. As the new system will include various improvements and capabilities, budget year and out year costs will continue to reflect this requirement.

Legislative Proposals

Alternative metal compositions for circulating coins
The Coin Modernization, Oversight, and Continuity Act of 2010 (Public Law 111-302) (Act) authorized the Department of the Treasury to conduct research and development activities with regard to alternative metallic materials for circulating coins. The Act also requires a biennial report to Congress that includes information on the production costs for circulating coins, recommendations for changes to coin composition, and recommendations for changes to coin production. The budget proposes enabling changes to coin metal composition if they: a) reduce cost; b) are seamless; and c) have as minimal an adverse impact as possible on stakeholders and the public. Two alternative compositions to the current cupronickel alloy used in nickels, dimes, quarters, and half dollars are currently under consideration at the Mint for movement: 80/20 composition, which has been fully tested; and, a leaner potentially seamless alternative, C99750T-M, which is still in development.

While the Mint continues its extensive research, it recommends this proposal to give the Secretary of the Treasury (Secretary) the authority to prescribe the metal compositions of circulating coins under certain conditions. Currently, the metal composition of each coin is prescribed by statute. A revision to current law that would authorize the Secretary to have flexibility and agility to implement small changes to the circulating coin metal compositions could result in incremental material savings for the Mint with little or no impact to stakeholders, including the vending industry and general public.

Performance Highlights

Performance Measure	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2022 Target	FY 2023 Target	FY 2024 Target
Seigniorage per Dollar Issued ($)	0.37	0.40	0.47	0.37	0.30	0.33	0.34	0.34
Safety Incident Recordable Rate	1.90	1.45	2.29	0.71	1.29	2.26	2.10	2.04
Customer Satisfaction (%)	93.6	93.6	91.7	84.5	80.2	84.5	84.5	84.5
Numismatic Sales Units (million units)	3.3	4.3	3.4	3.7	4.7	3.5	3.5	3.5
Circulating Ship Complete on Time (%)	100	100	100	100	100	97.5	97.5	97.5

Description of Performance

Customer Satisfaction Index (CSI)
The Mint conducts a quarterly survey of a random sample of active numismatic customers. The survey is intended to capture customer satisfaction with the Mint's service performance as a coin products supplier and with the quality of specific products. The CSI metric is a quantitative score summarizing the survey's results into one consolidated value. This metric gauges performance results in the effort to achieve the Mint's internal strategic plan goal to "Revitalize

products and customer base" and the Mint's internal strategic objective linked to this goal, "Customer experience."

In FY 2022, the CSI was 80.2 percent, which failed to reach its 84.5 percent target. The Mint fell short of the target as a result of operational changes necessitated by the COVID-19 pandemic and related causes, and the trend continued in FY 2022. Warehouse and fulfillment operations continue to suffer due to both social distancing requirements and several COVID-19 outbreaks. These constraints have been exacerbated by serious labor shortages, and continue to negatively impact time-to-deliver metrics.

Additionally, the Mint is still experiencing a shortage of silver blanks, making it impossible for the Mint to fully meet consumer demand for some of its most popular products. As a result, the Mint has experienced a large spike in call volume and email traffic from customers. This shortage remains outside of the Mint's control, and will likely continue to hinder attempts to improve customer satisfaction in FY 2023. As we work to address these challenges, the Mint proposes the CSI target of 84.5 remains for both FY 2023 and FY 2024.

Numismatic Sales Units
The numismatic sales unit metric measures public demand for coin products sold from numismatic operations. This metric also measures performance results in achieving the Mint's internal strategic plan goal to "Revitalize products and customer base." The Mint's numismatic products include annual proof and uncirculated sets, gold coins, silver coins, and products derived through legislation such as commemorative coins. The degree of popularity of commemorative coins and other coin programs featuring unique gold, silver, platinum, and palladium coins can at times strongly impact the comparability of year-over-year sales results.

Numismatic product sales for FY 2022 totaled 4.7 million units, exceeding its 3.5 million unit target primarily as a result of the delivery of the 2021 Morgan and Peace products in November 2021, along with the residual impact of the American Eagle gold and silver redesign and continued strong demand for silver products across all programs. In FY 2023, the Mint expects muted demand for numismatic products. While the extension of the popular Morgan and Peace program is expected to generate substantial interest, economic headwinds and inflation, combined with price increases (driven by increased costs for most inputs), may depress overall demand. The Mint proposes a target of 3.5 million numismatic sales units for both FY 2023 and FY 2024, which is in line with pre-COVID trends and represents a return to normal sales levels.

Safety Incident Recordable Rate
The safety incident recordable rate is the number of injuries and illnesses meeting the Occupational Safety and Health Administration recording criteria per 100 full-time workers. It measures the occurrence of work-related incidents involving death, lost time and restricted work, loss of consciousness, or medical treatment. The safety incident recordable rate indicates performance results in the effort to achieve the Mint's internal strategic plan goal to "Foster a safe, flexible, diverse, and engaged workforce."

In FY 2022, the total recordable case rate reached 1.29, well below the Mint's FY 2021 target of 2.26, and still significantly below the most recently published industry average rate of 5.2

published in 2015 by the U.S. Bureau of Labor Statistics for the comparable Non-Automotive Metal Stamping industry. During FY 2022, the Mint continued implementing and updating risk management guidelines to prioritize resources and mitigate risks in advance of injuries or catastrophic events at each plant. Mint facility leadership and employees continue to interact on a daily basis regarding the importance of safety. The performance targets for the safety incident recordable rate are 2.10 for FY 2023 and 2.04 for FY 2024.

Seigniorage per Dollar Issued
Seigniorage per Dollar Issued is the financial return on circulating operations, calculated as seigniorage divided by the total face value of circulating coins shipped to the FRBs. Seigniorage is the difference between the face value and cost of producing circulating coinage. It measures the cost effectiveness of minting and issuing the United States' circulating coinage. It also measures performance results in achieving the Mint's internal strategic plan goal, "Advancing the circulating mission through innovation and technology."

At the end of FY 2022, Seigniorage per Dollar Issued was $0.30, slightly below the FY 2022 performance target of $0.33 as a result of a decrease in circulating units shipped. FY 2023 and FY 2024 target increases are a result of projected increases in production volumes. Circulating shipments are expected to increase by nearly 14 percent to 14.4 billion coins in FY 2023. The seigniorage per dollar issued performance targets are set at $0.34 for both FY 2023 and FY 2024.

Circulating On-time Delivery
Circulating On time Delivery is the percentage total of scheduled circulating coin orders shipped on time to the FRBs. Each month, the FRB provides the Mint a report detailing the next month's requirements for coinage. Based on this report, the Mint establishes a shipment schedule that is captured in its manufacturing system. Changes to the schedule are only made when the FRB provides formal documentation of a requested adjustment to scheduled orders. The Mint will continue to respond to FRB orders as needed, as well as make every effort to have the appropriate amount of coinage available to accommodate timely shipments. Performance over the past few years has consistently averaged around 100 percent. On time delivery for FY 2022 was 100 percent. The Mint is proposing performance targets for circulating on-time delivery remain at 97.5 percent for both FY 2023 and FY 2024.

Office of the Comptroller of the Currency

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2022 Actual	FY 2023 Estimate	FY 2024 Estimate	FY 2023 to FY 2024 % Change
Supervise	$991,454	$1,103,849	$1,115,704	1.07%
Regulate	$111,661	$124,320	$125,655	1.07%
Charter	$24,497	$27,274	$27,567	1.07%
Total Cost of Operations	**$1,127,612**	**$1,255,443**	**$1,268,926**	**1.07%**
Full-time Equivalents (FTE)	3,481	3,555	3,555	0.00%

Summary

The Office of the Comptroller of the Currency (OCC) was created by Congress in 1863 to charter national banks; oversee 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 of September 30, 2022, the OCC supervised 778 national bank charters, 49 federal branches and agencies, and 257 federal savings associations with approximately $15.9 trillion in financial institution assets.

Effective supervision and a comprehensive regulatory framework are the key tools that the OCC uses to ensure that national banks and federal savings associations operate in a safe and sound manner and that they provide fair access to financial services and fair treatment of their customers. A robust chartering program allows new entrants into the financial services sector while ensuring that they have the necessary capital, managerial, and risk management processes to conduct activities in a safe and sound manner.

The OCC's nationwide staff of bank examiners conducts on-site and off-site reviews of banks and provides sustained supervision of these institutions' operations. Examiners have used enhanced off-site tools and processes during the pandemic to support their supervision responsibilities. Examiners analyze asset quality, capital adequacy, earnings, liquidity, and sensitivity to market risk for all banks, and assess compliance with federal consumer protection laws and regulations. Examiners also evaluate management's ability to identify and control risk and assess banks' performance in meeting the credit needs of the communities in which they operate, pursuant to the Community Reinvestment Act (CRA).

The OCC's operations are funded primarily (approximately 97 percent) from semiannual assessments levied on national banks and federal savings associations. Revenue from investments in Treasury securities and other income comprise the remaining (approximately) - three percent.

Legislative Proposals

OCC has no legislative proposals.

Performance Highlights

Budget Activity	Performance Measure	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Target	FY 2024 Target
Supervise	Percentage of National Banks and Federal Savings Associations with Composite CAMELS Rating 1 or 2	96	96	96	90	90
Supervise	Percentage of National Banks and Federal Savings Associations That Are Categorized as Well Capitalized	95	99	99	95	95
Supervise	Percentage of National Banks and Federal Savings Associations with Consumer Compliance Rating of 1 or 2	98	98	98	94	94
Supervise	Total OCC Costs Relative to Every $100,000 in Bank and Federal Savings Associations Assets Regulated ($)	7.78	6.79	6.78	7.21	7.21
Charter	Percentage of Licensing Applications and Notices Completed within Established Timeframes	98	98	98	95	95

Description of Performance

The OCC charters, regulates and supervises all national banks and federal savings associations, as well as supervises federal branches and agencies of foreign banks. The primary goal of the OCC's Supervise Program is to ensure that these institutions operate in a safe and sound manner and in compliance with laws requiring fair treatment of their customers and fair access to credit and financial products. The OCC also monitors risks and threats to the stability of the national banking system through regular examinations of supervised institutions and other monitoring.

Composite Capital Adequacy, Asset Quality, Management, Earnings, Liquidity, and Sensitivity (CAMELS) rating reflects banks' financial condition. As of September 30, 2022, 96 percent of national banks and federal savings associations had composite CAMELS rating of either 1 or 2. The OCC strives for timely and effective approval of corporate applications to complete corporate transactions and introduce new financial products and services. The OCC completed 98 percent of applications and notices within established timeframes as of September 30, 2022.

FY 2024 APPROPRIATIONS LANGUAGE

DEPARTMENTAL OFFICES

SALARIES AND EXPENSES

For necessary expenses of the Departmental Offices including operation and maintenance of the Treasury Building and Freedman's Bank Building; 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; executive direction program activities; international affairs and economic policy activities; domestic finance and tax policy activities, including technical assistance to State, local, and territorial entities; and Treasury-wide management policies and programs activities, **[**$273,882,000**]***$332,199,000*, of which not less than **[**$12,000,000**]***$9,000,000* shall be available for the administration of financial assistance, in addition to amounts otherwise available for such purposes: *Provided,* That of the amount appropriated under this heading— (1) not to exceed $350,000 is for official reception and representation expenses; (2) 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 the Secretary's certificate; and (3) not to exceed **[**$34,000,000**]***$42,000,000* shall remain available until September 30, **[**2024**]***2025*, for— (A) the Treasury-wide Financial Statement Audit and Internal Control Program; (B) information technology modernization requirements; (C) the audit, oversight, and administration of the Gulf Coast Restoration Trust Fund; (D) the development and implementation of programs within the Office of Cybersecurity and Critical Infrastructure Protection, including entering into cooperative agreements; (E) operations and maintenance of facilities;**[** and**]** (F) international operations*; and (G) investment security.*

OFFICE OF TERRORISM AND FINANCIAL INTELLIGENCE

SALARIES AND EXPENSES

For the necessary expenses of the Office of Terrorism and Financial Intelligence to safeguard the financial system against illicit use and to combat rogue nations, terrorist facilitators, weapons of mass destruction proliferators, human rights abusers, money launderers, drug kingpins, and other national security threats, **[**$216,059,000**]***$244,000,000*, of which not less than $3,000,000 shall be available for addressing human rights violations and corruption, including activities authorized by the Global Magnitsky Human Rights Accountability Act (22 U.S.C. 2656 note): *Provided,* That of the amounts appropriated under this heading, up to **[**$12,000,000**]** *$16,000,000* shall remain available until September 30, **[**2024**]***2025*.

CYBERSECURITY ENHANCEMENT ACCOUNT

For salaries and expenses for enhanced cybersecurity for systems operated by the Department of the Treasury, **[**$100,000,000**]***$215,000,000*, to remain available until September 30, **[**2025**]***2026*: Provided, That such funds shall supplement and not supplant any other amounts made available to the Treasury offices and bureaus for cybersecurity: Provided further, That of the total amount made available under this heading **[**$6,000,000**]***$9,000,000* shall be available for administrative expenses for the Treasury Chief Information Officer to provide oversight of the investments made under this heading: Provided further, That such funds shall supplement and not supplant any other amounts made available to the Treasury Chief Information Officer.

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 and hire of passenger motor vehicles (31 U.S.C. 1343(b)); and services authorized by 5 U.S.C. 3109, at such rates as may be determined by the Inspector General for Tax Administration; **[**$174,250,000**]***$187,368,000*, of which $5,000,000 shall remain available until September 30, **[**2024**]***2025*; 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 Administration; and of which not to exceed $1,500 shall be available for official reception and representation expenses.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND PROGRAM ACCOUNT

To carry out the Riegle Community Development and Regulatory Improvement Act of 1994 (subtitle A of title I of Public Law 103–325), including services authorized by section 3109 of title 5, United States Code, but at rates for individuals not to exceed the per diem rate equivalent to the rate for EX-III, **[**$324,000,000**]***$341,478,343*. Of the amount appropriated under this heading— (1) not less than **[**$196,000,000**]***$201,179,343*, notwithstanding section 108(e) of Public Law 103–325 (12 U.S.C. 4707(e)) with regard to Small and/or Emerging Community Development Financial Institutions Assistance awards, is available until September 30, **[**2024**]** *2025*, for financial assistance and technical assistance under subparagraphs (A) and (B) of section 108(a)(1), respectively, of Public Law 103–325 (12 U.S.C. 4707(a)(1)(A) and (B)), of which up to $1,600,000 may be available for training and outreach under section 109 of Public Law 103–325 (12 U.S.C. 4708), of which up to $3,153,750 may be used for the cost of direct loans, of which up to $10,000,000, notwithstanding subsection (d) of section 108 of Public Law 103–325 (12 U.S.C. 4707(d)), may be available to provide financial assistance, technical assistance, training, and outreach to community development financial institutions to expand investments that benefit individuals with disabilities**[**, and of which up to $2,000,000 shall be for the Economic Mobility Corps to be operated in conjunction with the Corporation for National and Community Service, pursuant to 42 U.S.C. 12571**]**: *Provided*, That the cost of direct and guaranteed 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: *Provided further*, That of the funds provided under this paragraph, excluding those made to community development financial institutions to expand investments that benefit individuals with disabilities and those made to community development financial institutions that serve populations living in persistent poverty counties, the CDFI Fund shall prioritize Financial Assistance awards to organizations that invest and lend in high-poverty areas: *Provided further*, That for purposes of this section, the term "high-poverty area" means any census tract with a poverty rate of at least 20 percent as measured by the 2016–2020 5-year data series available from the American Community Survey of the Bureau of the Census for all States and Puerto Rico or with a poverty rate of at least 20 percent as measured by the 2010 Island areas Decennial Census data for any territory or possession of the United States; (2) not less than $25,000,000, notwithstanding section 108(e) of Public Law 103–325 (12 U.S.C. 4707(e)), is available until

September 30, **[**2024**]** *2025*, for financial assistance, technical assistance, training, and outreach programs designed to benefit Native American, Native Hawaiian, and Alaska 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; (3) not less than $35,000,000 is available until September 30, **[**2024**]** *2025*, for the Bank Enterprise Award program; (4) not less than $24,000,000, notwithstanding subsections (d) and (e) of section 108 of Public Law 103–325 (12 U.S.C. 4707(d) and (e)), is available until September 30, **[**2024**]** *2025*, for a Healthy Food Financing Initiative to provide financial assistance, technical assistance, training, and outreach 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; (5) not less than $9,000,000 is available until September 30, **[**2024**]** *2025*, to provide grants for loan loss reserve funds and to provide technical assistance for small dollar loan programs under section 122 of Public Law 103–325 (12 U.S.C. 4719): *Provided*, That sections 108(d) and 122(b)(2) of such Public Law shall not apply to the provision of such grants and technical assistance; (6) up to **[**$35,000,000**]***$37,299,000* is available for administrative expenses, including administration of CDFI Fund programs and the New Markets Tax Credit Program, of which not less than $1,000,000 is for the development of tools to better assess and inform CDFI investment performance and CDFI program impacts, and up to $300,000 is for administrative expenses to carry out the direct loan program; and (7) **[**during fiscal year 2023, none of the funds available under this heading are available **]***up to $10,000,000 is available until September 30, 2025,* for the cost, as defined in section 502 of the Congressional Budget Act of 1974, of commitments to guarantee bonds and notes under section 114A of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4713a): *Provided*, That commitments to guarantee bonds and notes under such section 114A shall not exceed $500,000,000: *Provided further*, That such section 114A shall remain in effect until December 31, **[**2023**]** *2025*: *Provided further*, That of the funds awarded under this heading**[**, except those provided for the Economic Mobility Corps**]**, not less than 10 percent shall be used for awards that support investments that serve populations living in persistent poverty counties: *Provided further*, That for the purposes of this paragraph and paragraph (1), the term "persistent poverty counties" means any county, including county equivalent areas in Puerto Rico, that has had 20 percent or more of its population living in poverty over the past 30 years, as measured by the 1990 and 2000 decennial censuses and the 2016–2020 5-year data series available from the American Community Survey of the Bureau of the Census or any other territory or possession of the United States that has had 20 percent or more of its population living in poverty over the past 30 years, as measured by the 1990, 2000 and 2010 Island Areas Decennial Censuses, or equivalent data, of the Bureau of the Census.

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), $9,000,000.**]**

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 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; services authorized by 5 U.S.C. 3109; not to exceed $25,000 for official reception and representation expenses; and for assistance to Federal law enforcement agencies, with or without reimbursement, **[**$190,193,000**]***$228,908,000*, of which not to exceed **[**$55,000,000**]***$94,600,000* shall remain available until September 30, **[**2025**]** *2026. (Department of the Treasury Appropriations Act, 2023.)*

BUREAU OF THE FISCAL SERVICE

SALARIES AND EXPENSES

For necessary expenses of operations of the Bureau of the Fiscal Service, **[**$372,485,000**]** *$399,263,000*; of which not to exceed $8,000,000, to remain available until September 30, **[**2025**]** *2026*, is for information systems modernization initiatives; and of which $5,000 shall be available for official reception and representation expenses. In addition, **[**$165,000**]** *$225,000*, to be derived from the Oil Spill Liability Trust Fund to reimburse administrative and personnel expenses for financial management of the Fund, as authorized by section 1012 of Public Law 101–380.

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, **[**$148,863,000**]***$155,604,000*; of which not to exceed $6,000 shall be available for official reception and representation expenses; and of which not to exceed $50,000 shall be available 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, $5,000,000 shall **[**be for the costs of accelerating the processing of formula and label applications: *Provided further,* That of the amount appropriated under this heading, $5,000,000, to remain available until September 30, 2024, shall be for the costs associated with enforcement of and education regarding the trade practice provisions of the Federal Alcohol Administration Act (27 U.S.C. 201 et seq.)**]** *remain available until September 30, 2025*.

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: *Provided,* That the aggregate amount of new liabilities and obligations incurred during fiscal year **[**2023**]** *2024* under such section 5136 for circulating coinage and protective service capital investments of the United States Mint shall not exceed $50,000,000.

INTERNAL REVENUE SERVICE

TAXPAYER SERVICES

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, **[**$2,780,606,000**]***$3,422,449,000*, of which not to exceed $100,000,000 shall remain available until September 30, **[**2024**]** *2025*, of which not less than $11,000,000 shall be for the Tax Counseling for the Elderly Program, of which not less than $26,000,000 shall be available for low-income taxpayer clinic grants, including grants to individual clinics of up to $200,000, of which not less than $40,000,000, to remain available until September 30, **[**2024**]** *2025*, shall be available for the Community Volunteer Income Tax Assistance Matching Grants Program for tax return preparation assistance, and of which not less than $236,000,000 shall be available for operating expenses of the Taxpayer Advocate Service: *Provided,* That of the amounts made available for the Taxpayer Advocate Service, not less than $7,000,000 shall be for identity theft and refund fraud casework.

ENFORCEMENT

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 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, **[**$5,437,622,000**]***$5,904,441,000*; of which not to exceed $250,000,000 shall remain available until September 30, **[**2024**]** *2025*; of which not less than $60,257,000 shall be for the Interagency Crime and Drug Enforcement program; and of which not to exceed $25,000,000 shall be for investigative technology for the Criminal Investigation Division: *Provided,* That the amount made available for investigative technology for the Criminal Investigation Division shall be in addition to amounts made available for the Criminal Investigation Division under the "Operations Support" heading.

OPERATIONS SUPPORT

For necessary expenses to operate 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)); the operations of the Internal Revenue Service Oversight Board; and other services as authorized by 5 U.S.C. 3109, at such rates as may be determined by the Commissioner; **[**$4,100,826,000**]***$4,520,076,000*, of which not to exceed $275,000,000 shall remain available until September 30, **[**2024**]** *2025*; of which not to exceed $10,000,000 shall remain available until expended for acquisition of equipment and construction, repair and renovation of facilities; of which not to exceed $1,000,000 shall remain available until September 30, **[**2025**]** *2026*, for research; and of which not to exceed $20,000 shall be for official reception and representation expenses: *Provided,* That not later than 30 days after the end of each quarter, the Internal Revenue Service shall submit a report to the Committees on Appropriations of the House of Representatives and the Senate and the Comptroller General of the United States detailing major information technology investments in the Internal Revenue Service **[**Integrated Modernization Business Plan**]** portfolio, including detailed, plain language summaries on the status of plans, costs, and results; prior results and actual expenditures of the prior quarter; upcoming deliverables and costs for the fiscal year; risks and mitigation strategies associated with ongoing work; reasons for any cost or schedule variances; and total expenditures by fiscal year: *Provided further,* That the Internal Revenue Service shall include, in its budget justification for fiscal year **[**2024**]** *2025*, a summary of cost and schedule performance information for its major information technology systems.

BUSINESS SYSTEMS MODERNIZATION

For necessary expenses of the Internal Revenue Service's business systems modernization program, $289,619,000, to remain available until September 30, 2026, and shall be 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 not later than 30 days after the end of each quarter, the Internal Revenue Service shall submit a report to the Committees on Appropriations of the House of Representatives and the Senate and the Comptroller General of the United States detailing major information technology investments in the Internal Revenue Service portfolio including detailed, plain language summaries on the status of plans, costs, and results; prior results and actual expenditures of the prior quarter; upcoming deliverables and costs for the fiscal year; risks and mitigation strategies associated with ongoing work; reasons for any cost or schedule variances; and total expenditures by fiscal year.

ADMINISTRATIVE PROVISIONS— INTERNAL REVENUE SERVICE

SEC. 101. Not to exceed 5 percent of the appropriation made available in this Act to the Internal Revenue Service under the "Enforcement" heading, and not to exceed 5 percent of any other appropriation made available in this Act to the Internal Revenue Service, may be transferred to any other Internal Revenue Service appropriation upon the advance approval of the Committees on Appropriations of the House of Representatives and the Senate.

SEC. 102. The Internal Revenue Service shall maintain an employee training program, which shall include the following topics: taxpayers' rights, dealing courteously with taxpayers, cross-cultural relations, ethics, and the impartial application of tax law.

SEC. 103. The Internal Revenue Service shall institute and enforce policies and procedures that will safeguard the confidentiality of taxpayer information and protect taxpayers against identity theft.
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 improvements to the Internal Revenue Service 1–800 help line service a priority and allocate resources necessary to enhance the response time to taxpayer communications, particularly with regard to victims of tax-related crimes.
SEC. 105. The Internal Revenue Service shall issue a notice of confirmation of any address change relating to an employer making employment tax payments, and such notice shall be sent to both the employer's former and new address and an officer or employee of the Internal Revenue Service shall give special consideration to an offer-in-compromise from a taxpayer who has been the victim of fraud by a third –party payroll tax preparer.
SEC. 106. None of the funds made available under this Act may be used by the Internal Revenue Service to target citizens of the United States for exercising any right guaranteed under the First Amendment to the Constitution of the United States.
SEC. 107. None of the funds made available in this Act may be used by the Internal Revenue Service to target groups for regulatory scrutiny based on their ideological beliefs.
SEC. 108. None of funds made available by this Act to the Internal Revenue Service shall be obligated or expended on conferences that do not adhere to the procedures, verification processes, documentation requirements, and policies issued by the Chief Financial Officer, Human Capital Office, and Agency-Wide Shared Services as a result of the recommendations in the report published on May 31, 2013, by the Treasury Inspector General for Tax Administration entitled "Review of the August 2010 Small Business/Self-Employed Division's Conference in Anaheim, California" (Reference Number 2013–10–037).
SEC. 109. None of the funds made available in this Act to the Internal Revenue Service may be obligated or expended— (1) to make a payment to any employee under a bonus, award, or recognition program; or (2) under any hiring or personnel selection process with respect to re-hiring a former employee; unless such program or process takes into account the conduct and Federal tax compliance of such employee or former employee.
SEC. 110. None of the funds made available by this Act may be used in contravention of section 6103 of the Internal Revenue Code of 1986 (relating to confidentiality and disclosure of returns and return information).
SEC. 111. The Secretary of the Treasury (or the Secretary's delegate) may use the funds made available in this Act, subject to such policies as the Secretary (or the Secretary's delegate) may establish, to utilize direct hire authority to recruit and appoint qualified applicants, without regard to any notice or preference requirements, directly to positions in the competitive service to process backlogged tax returns and return information.
SEC. 112. Notwithstanding section 1344 of title 31, United States Code, funds appropriated to the Internal Revenue Service in this Act may be used to provide passenger carrier transportation and protection between the Commissioner of Internal Revenue's residence and place of employment.
SEC. 113. *The Secretary of the Treasury (or the Secretary's delegate) may use funds made available to the Internal Revenue Service in this or any other provision*

of law to appoint, without regard to sections 3304 and 3309 through 3319 of title 5, United States Code, qualified candidates to positions in the competitive service in occupations for which the Secretary of the Treasury (or the Secretary's delegate) has determined in writing that there is a critical hiring need or severe shortage of highly qualified candidates: Provided, That the Secretary (or the Secretary's delegate) shall consult with the Office of Personnel Management on the positions to recruit (including quantity), as well as candidate recruitment, assessment, and selection policies; issue guidance to human resources practitioners in the Internal Revenue Service on use of this authority; use Office of Personnel Management qualification standards in all recruitments made; and exercise the authority under chapter 71 of title 5, United States Code and applicable collective bargaining agreements: Provided further, That, the appointment authority provided by this section shall expire on September 30, 2027:Provided further, That, not later than 180 days after expiration of this authority, the Secretary shall, in consultation with the Director of the Office of Personnel Management, provide a report to Congress that includes demographic data of individuals hired pursuant to this authority; salary information of individuals hired pursuant to this authority; and how IRS exercised this authority consistent with merit systems principles.

SEC. 114. *The Secretary of the Treasury (or the Secretary's delegate) may use funds made available to the Internal Revenue Service in this Act or any other provision of law, subject to such policies as the Secretary (or the Secretary's delegate) may establish, to take such personnel actions as the Secretary (or the Secretary's delegate) determines necessary to administer the Internal Revenue Code of 1986, including (1) in addition to the authority under section 7812(1) of the Internal Revenue Code of 1986, appointing not more than 200 individuals to positions in the Internal Revenue Service under streamlined critical pay authority subject to the requirements and conditions under section 9503 of title 5, United States Code, except that subsection 9503(a)(3) of such title shall not apply; and (2) appointing not more than 300 individuals to positions in the Internal Revenue Service at any one time for which (A) the rate of basic pay may be established by the Secretary of* the Treasury (or *the Secretary's delegate) at a rate that does not exceed the salary set in accordance with section 104 of title 3, United States Code; and (B) the total annual compensation paid to an employee in such a position, including allowances, differentials, bonuses, awards, and similar cash payments, may not exceed the maximum amount of total annual compensation payable at the salary set in accordance with section 104 of title 3, United States Code: Provided, That the authority provided under this paragraph shall expire on September 30, 2031.*

ADMINISTRATIVE PROVISIONS—DEPARTMENT OF THE TREASURY (INCLUDING TRANSFERS OF FUNDS)

SEC. 113. 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. 114. Not to exceed 2 percent of any appropriations in this title made available under the headings "Departmental Offices—Salaries and Expenses", "Office of Inspector General", "Special Inspector General for the Troubled Asset Relief Program", "Financial Crimes Enforcement Network", "Bureau of the Fiscal Service", and "Alcohol and Tobacco Tax and Trade Bureau" may be transferred between such appropriations upon the **[**advance approval**]** *prior notification* of the Committees on Appropriations of the House of Representatives and the Senate: *Provided,* That no *such* transfer **[**under this section **]**may increase or decrease any such appropriation by more than 2 percent*: Provided further, that not to exceed 5 percent of any appropriation made available under the heading "Office of Terrorism and Financial Intelligence" and "Financial Crimes Enforcement Network" may be transferred between such appropriations upon the prior notification of the Committees on Appropriations of the House of Representatives and the Senate*.

SEC. 115. 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**]** *prior notification* of the Committees on Appropriations of the House of Representatives and the Senate: *Provided,* That no transfer may increase or decrease any such appropriation by more than 2 percent.

SEC. 116. 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. 117. The Secretary of the Treasury may transfer funds from the "Bureau of the Fiscal 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. 118. 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**]** *prior notification* 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. 119. 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**]** *prior notification* of the House Committee on Financial Services; the Senate Committee on Banking, Housing, and Urban Affairs; and the Committees on Appropriations of the House of Representatives and the Senate.

SEC. 120. 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 **[**2023**]** *2024* until the enactment of the Intelligence Authorization Act for Fiscal Year **[**2023**]** *2024*.

SEC. 121. 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. 122. The Secretary of the Treasury shall submit a Capital Investment Plan to the Committees on Appropriations of the House of Representatives and the Senate not later than 30 days following the submission of the annual budget submitted by the President: *Provided,* That such Capital Investment Plan shall include capital investment spending from all accounts within the Department of the Treasury, including but not limited to the Department-wide Systems and Capital Investment Programs account, Treasury Franchise Fund account, and the Treasury Forfeiture Fund account: *Provided further,* That such Capital Investment Plan shall include expenditures occurring in previous fiscal years for each capital investment project that has not been fully completed.**]**
SEC. [123] ***122.*** During fiscal year **[**2023**]** *2024*— (1) none of the funds made available in this or any other Act may be used by the Department of the Treasury, including the Internal Revenue Service, to issue, revise, or finalize any regulation, revenue ruling, or other guidance not limited to a particular taxpayer relating to the standard which is used to determine whether an organization is operated exclusively for the promotion of social welfare for purposes of section 501(c)(4) of the Internal Revenue Code of 1986 (including the proposed regulations published at 78 Fed. Reg. 71535 (November 29, 2013)); and (2) the standard and definitions as in effect on January 1, 2010, which are used to make such determinations shall apply after the date of the enactment of this Act for purposes of determining status under section 501(c)(4) of such Code of organizations created on, before, or after such date.
SEC. [124] ***123.*** Within 45 days after the date of enactment of this Act, the Secretary of the Treasury shall submit an itemized report to the Committees on Appropriations of the House of Representatives and the Senate on the amount of total funds charged to each office by the Franchise Fund including the amount charged for each service provided by the Franchise Fund to each office, a detailed description of the services, a detailed explanation of how each charge for each service is calculated, and a description of the role customers have in governing in the Franchise Fund.
SEC. [125] ***124.*** (a) Not later than 60 days after the end of each quarter, **[**the Office of Financial Stability and**]** the Office of Financial Research shall submit reports on their activities to the Committees on Appropriations of the House of Representatives and the Senate, the Committee on Financial Services of the House of Representatives, and the Senate Committee on Banking, Housing, and Urban Affairs. (b) The reports required under subsection (a) shall include— (1) the obligations made during the previous quarter by object class, office, and activity; (2) the estimated obligations for the remainder of the fiscal year by object class, office, and activity; (3) the number of full-time equivalents within each office during the previous quarter; (4) the estimated number of full-time equivalents within each office for the remainder of the fiscal year; and (5) actions taken to achieve the goals, objectives, and performance measures of each office. (c) At the request of any such Committees specified in subsection (a), **[**the Office of Financial Stability and**]** the Office of Financial Research shall make officials available to testify on the contents of the reports required under subsection (a).
SEC. [126] ***125.*** In addition to amounts otherwise available, there is appropriated to the Special Inspector General for Pandemic Recovery, **[**$12,000,000**]** *$16,000,000*, to remain available until expended, for necessary expenses in carrying out section 4018 of the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116–136).
[SEC. 127. Section 127 of the Department of the Treasury Appropriations Act, 2019 (title I of division D of Public Law 116–6) is amended by inserting before the period at the end the

following: ", including public improvements in the area around such facility to mitigate traffic impacts caused by the construction and occupancy of the facility".**]**

SEC. 126. *Not to exceed 5 percent of any appropriation made available in this Act for the Department of the Treasury may be transferred to the Department's information technology system modernization and working capital fund (IT WCF), as authorized by section 1077(b)(1) of title X of division A of the National Defense Authorization Act for Fiscal Year 2018 (Public Law 115–91), for the purposes specified in section 1077(b)(3) of such Act, upon the prior notification of the Committees on Appropriations of the House of Representatives and the Senate: Provided, That amounts transferred to the IT WCF under this section shall remain available for obligation through September 30, 2027.*

SEC. 127. *Up to $1,000,000 of any appropriation in this title may be transferred to the Special Inspector General for TARP or the Special Inspector General for Pandemic Recovery appropriations upon the prior notification of the Committees on Appropriations of the House of Representatives and the Senate.*

Message from the Secretary of the Treasury

Dear Member:

On behalf of President Biden, it is my pleasure to submit the Congressional Budget Justification for the Department of the Treasury's International Programs for Fiscal Year 2024. The Administration requests $4.073 billion for Treasury International Programs. Fully funding this request will enable Treasury to drive a strong U.S.-led international finance system that can take decisive action on many of the global challenges that the world faces, including restoring global economic growth to pre-pandemic levels. Developing countries are still struggling to recover from the impacts of the COVID-19 pandemic, with many of them facing economic, energy security, and food security shocks emanating from Russia's renewed invasion of Ukraine.

The budget provides $2.293 billion for the multilateral development banks, which play key roles in promoting sustainable and inclusive economic growth, reducing poverty, and providing critical support to countries recovering from disaster and conflict, among other global challenges. Treasury also seeks support for the broader international finance system and requests $1.46 billion for specific multilateral funds and institutions that help deliver on core Administration priorities, particularly with respect to promoting quality infrastructure, enhancing energy security and innovation, and building resilience to environmental risks including natural disasters and climate change. As disruptions in food supply chains and debt crises can have significant spillover effects on the United States, the budget requests $121.8 million for food security programs and $67 million for debt restructuring programs.

The budget requests $45 million for Treasury's Office of Technical Assistance, which provides technical assistance that supports our national security agenda by combating terrorist financing and financial crimes, helping countries fund and sustain their own development through improved domestic resource mobilization and debt management, promoting financial stability, and creating the conditions for private sector-led economic growth.

Experience during the COVID-19 pandemic has made clear that global challenges which transcend national borders and affect the American people can occur rapidly and call for a swift, effective, and coordinated international response. With that consideration, Treasury requests $50 million in additional resources to support U.S. leadership in new initiatives in the international finance system that address new and emergent priority needs.

Treasury is leading global efforts to restore economic growth, reduce poverty, promote environmental sustainability and resilience, invest in quality infrastructure, reduce hunger, and create quality jobs at home and abroad. Fulfillment of this request is a powerful and efficient means to sustain U.S. global leadership and deliver on this ambitious economic agenda.

Sincerely,

Janet L. Yellen

FY 2024 Executive Summary

The Administration's FY 2024 Budget (the Budget) requests $4.037 billion for the Treasury Department's International Programs. This request is a critical component of the Biden-Harris Administration's approach for restoring American global standing and leadership. Working with our allies and through multilateral institutions, including the international financial institutions, will help the United States confront many of the global challenges that the world faces. Our priorities include increasing global economic growth, reducing poverty, preventing debt crises, modernizing health systems, enhancing food and energy security, building resilience to environmental challenges including natural disasters and climate change, championing quality and sustainable infrastructure, and supporting vulnerable populations recovering from disaster and conflict.

If these priorities are not addressed, there can be significant spillover effects on the United States. This reinforces the need for a strong U.S.-led international finance system that can take decisive action to provide financing, policy and technical support for quality infrastructure investment, climate adaptation and resilience, energy innovation and diversification, and public health. This is essential to delivering on the goals of the Partnership for Global Infrastructure and Investment (PGII). Treasury's International Programs also seek to contribute to enhancing equity and fostering the inclusion of disadvantaged and marginalized people in developing countries, including women and youth who have not adequately shared the benefits of development. This is the right approach, and it is vital to political and economic stability.

The institutions and programs supported by this request produce impacts across all of these areas and are cost-effective means for the United States to advance its geostrategic interests. The International Monetary Fund (IMF) supports international macroeconomic and financial stability, including in low-income countries. Through policy advice and technical assistance, the IMF works to prevent economic and financial crises abroad. IMF financing to countries in crisis is vital to minimize the severity and duration as well as the likelihood of potential negative spillovers to the United States. The World Bank, regional development banks, multilateral funds, and Treasury's bilateral technical assistance program support sustainable economic development, food and energy security, and social inclusion, helping developing countries attract and sustain private investment for quality infrastructure that will increase prosperity. With U.S. leadership, these institutions and programs reflect and promote American values related to good governance, transparency, and sound debt management.

Supporting economic prosperity overseas also benefits American companies by expanding markets for U.S. exports and leveling the playing field through increased transparency and competition, which creates American jobs and bolsters the U.S. economy. Also, many of these international institutions frequently partner with American companies in their programs, whether through consulting or project design and execution. We are encouraging these international institutions to explore more opportunities to engage the private sector in their work, to help expand the pipeline of quality development projects and the multiplier effect of low-cost, sustainable public finance.

More broadly, Treasury is advocating for the evolution of the multilateral development bank (MDB) system, to modernize and expand its work so that it can better address global challenges while also enhancing delivery on poverty alleviation and sustainable and inclusive growth. This requires meeting our foundational commitments to the MDBs and guiding them to refresh their operational models and incentive structures and to fully stretch their available resources, including through new financing mechanisms that would result in a greater amount of development finance.

Treasury also seeks to invest in the broader international finance system and the specific multilateral funds and institutions that help deliver on core Administration priorities, particularly with respect to infrastructure, environment and energy, and food security. Investments in the programs and funds related to these priorities will offer emerging and developing countries a quality and sustainable alternative to drive infrastructure development, including energy, needed to boost productivity, growth, jobs, and the delivery of basic services. Further, food security is intricately liked to national security and is crucial to having a healthy population and productive workforce. These programs and funds will help catalyze private finance and lay the foundation for sustainable, inclusive, and resilient growth and development.

U.S. contributions to these programs help to safeguard and improve the wellbeing of the American people. For example, U.S. contributions to energy and clean technology funds enhance our energy security by supporting international efforts to diversify energy systems, reduce dependence on Russian producers, and reduce long-term energy price volatility. They also have significant catalytic impact with large co-financing from private investors, and as the markets in these developing countries grow, so will the demand for U.S. technologies in this space, bringing benefits back to the U.S. economy. U.S. contributions to agricultural funds not only promote global food security but also sustain the supply of food and natural resources from overseas on which Americans depend. U.S. contributions to environment funds enhance global resilience and mitigate the effects of climate change, conserve biodiversity and critical ecosystems, and reduce harmful chemicals in our air and water.

Treasury's Office of Technical Assistance provides finance ministries, central banks, and other government agencies in developing and transitional countries with specialized expertise, including through the deployment of expert advisors, to enhance domestic revenue mobilization, improve financial regulation, and combat financial crimes. In so doing, it helps create conditions for private sector-led growth, including increased private sector investment in infrastructure.

Treasury is also a critical participant in multilateral initiatives to help address debt vulnerabilities around the world. Risks of debt distress have increased across low- and middle-income countries due to the impact of the ongoing pandemic, Russia's war against Ukraine, and global financial tightening. These ongoing uncertainties and challenges could lead to more countries facing unsustainable debt burdens over the next year or so. The United States, though our membership in the Paris Club, conducts debt restructurings through a multilateral and coordinated process for the benefit of taxpayers. As members of the G20, we also have a commitment to work with countries under the Common Framework for debt treatments, a multilateral framework that brings China to the table for the first time.

Multilateral Development Banks

The Budget requests $2.293 billion for the multilateral development banks (MDBs). These institutions play key roles in the effort to reduce poverty, increase economic growth, foster economic and social inclusion, build resilience, and develop sustainable infrastructure. Annually, the MDBs invest approximately $35 billion in quality infrastructure and support developing countries in mobilizing billions more in private capital. They played a leading role in the global response to the COVID-19 pandemic, marshalling resources and experts quickly to help developing countries address the health and economic impacts of the pandemic. They also assist developing countries in responding to the devastating effects of Russia's brutal war on Ukraine, by providing critical finance to sustain agriculture production and manage the impact of sudden spikes in energy and food prices on the poor. Additionally, they provide an alternative to low quality financing from malignant actors. These efforts by the MDBs help to advance U.S. foreign policy objectives of sustaining peace and stability, promoting security, and protecting the global environment.

Financing through multilateral institutions brings significant advantages to the United States and is an effective way to stretch limited development dollars. Specifically, U.S. taxpayer contributions to the MDBs catalyze contributions from other shareholders, the MDBs' internally-generated resources, and funding from capital markets to significantly increase the assistance levels that the MDBs provide. MDBs offer a wide range of instruments, including grants, loans, guarantees, equity, insurance, and knowledge products. This array of instruments can help de-risk and incentivize private sector investments that support U.S. development priorities in emerging markets. The Administration requests increased support for the MDBs so that the United States can continue to assert its leadership in these institutions. To help meet today's greatest cross-border challenges, like pandemics, fragility and conflict, and environmental risks, the United States with its allies have begun efforts to evolve the MDBs to respond to these challenges with sufficient speed and scale, starting with the World Bank. In February 2023, the World Bank initiated a process to select a new President that is set to conclude in late April, and with new leadership comes an opportunity to shape the institution.

Treasury's requests for the MDBs include:

International Bank for Reconstruction and Development (IBRD): $233.3 million, including $206.5 million for the fifth of six installments to subscribe to the U.S. share of the paid-in portion of the IBRD 2018 general and selective capital increases and $26.8 million for the subsidy cost for IBRD loan guarantees which, with a leverage rate of approximately 1:75, will enable $2 billion in new lending to support innovation and diversification in the energy sector of emerging markets in South and Southeast Asia, notably Indonesia. The Budget also requests a program limitation to allow the United States to subscribe to up to $1.421 billion in callable capital.

International Development Association (IDA): $1.479 billion in support of IDA programs over the twentieth replenishment period (July 1, 2022 – June 30, 2025), including support for a second payment to the twentieth replenishment (IDA-20) and of which $49 million is to reduce unmet commitments to previous replenishments. The Administration also proposes legislative language to exempt securities issued by IDA from regulation by the Securities and Exchange Commission. This request is included in the General Provisions found in the Department of State and Other International Programs chapter of the FY 2024 President's Budget Appendix.

African Development Bank (AfDB): $54.6 million for the fourth of eight installments to subscribe to the U.S. share of the paid-in portion of the seventh general capital increase. The Budget also requests a program limitation to allow the United States to subscribe to up to $856,174,624 in callable capital.

African Development Fund (AfDF): $224 million in support of AfDF programs over the sixteenth replenishment period (AfDF-16; 2023–2025), including towards a first installment to AfDF-16, and of which $27 million is to reduce unmet commitments to previous replenishments. The Administration also requests authorization to subscribe to the AfDF-16 replenishment in the amount of $591 million.

Asian Development Bank (AsDB): $119.4 million in support of two new AsDB initiatives: $84 million for the subsidy cost of $1 billion of loan guarantees to support the Innovative Finance Facility for Climate in Asia and the Pacific, and $35 million for the Energy Transition Mechanism Partnership Trust Fund.

Asian Development Fund (AsDF): $107.2 million in support of AsDF programs over the twelfth replenishment period (also known as AsDF-13, covering the period 2021–2024), including for payments towards U.S. pledges for the twelfth replenishment, and of which $20 million is to reduce unmet commitments to AsDF replenishments.

Inter-American Investment Corporation (IIC, also referred to as IDB Invest): $75 million for an initial subscription to a capital increase in the IIC, provided that the Inter-American Development Bank Group has made satisfactory progress toward reforms which include increasing the Group's responsiveness to the development needs of Latin America and the Caribbean and promoting more effective and efficient use of the Group's financial resources. The Administration also requests authorization to subscribe to a capital increase of up to 58,942 additional shares in the IIC.

International Monetary Fund (IMF) Facilities and Trust Funds

The Budget requests authorization to enable the United States to lend up to $21 billion in resources from Treasury's Exchange Stabilization Fund to the Resilience and Sustainability Trust (RST), and to the Poverty Reduction and Growth Trust (PRGT), the IMF's concessional lending facility for low-income countries. The specific division of lending between the RST and PRGT is yet to be determined. Treasury also requests a five-year extension of authorization for the United States to participate in the IMF New Arrangements to Borrow, to end on December 31, 2030.

Quality Infrastructure

Global Infrastructure Facility (GIF): The Budget requests $40 million for a first-time contribution to the GIF, a World Bank financial intermediary fund that provides funding and technical assistance to design and structure high-quality infrastructure projects to attract and enable MDB and private sector co-financing.

Energy and Environment

Clean Technology Fund (CTF): The Budget requests $425 million for a contribution to the CTF to support developing countries' adoption of clean technologies in energy and transportation. The CTF complements the United States' bilateral efforts to promote a just energy transition and deployment of clean technology in targeted countries. Using $425 million for subsidy costs would enable a concessional loan to the CTF with an estimated value of $1.23 billion.

Green Climate Fund (GCF): The Budget requests $1.6 billion for the GCF, of which $800 million is through the Department of the Treasury and $800 million is through the Department of State. Established in 2010, the GCF seeks to foster climate-resilient development and zero-emission investment by funding activities across a variety of sectors, including transport; water and other infrastructure; energy generation and efficiency; and land use, including agriculture and forestry. It uses a range of financial instruments to support high impact projects and programs, mobilize private sector capital, and foster stronger policy environments that better address the challenges of a changing climate.

Global Environment Facility (GEF): The Budget requests $168.7 million, of which $150.2 million is to cover the second installment of our pledge to the GEF's eighth replenishment (GEF-8) and $18.5 million is for unmet commitments. The GEF is a multilateral trust fund that provides mainly grant-based funding to assist developing and transitional countries in addressing global environmental challenges in five focal areas: (1) biodiversity; (2) chemicals and waste; (3) climate change; (4) land degradation (primarily deforestation and desertification); and (5) international waters. The GEF is a global leader in promoting the conservation of terrestrial and marine habitats.

Resilient Development Trust Funds: The Budget requests $27 million for contributions to MDB trust funds that are focused on building resilience to natural disasters and extreme weather in the most vulnerable developing countries, such as those in the South Pacific and sub-Saharan Africa.

Food Security

International Fund for Agricultural Development (IFAD): The Budget requests $81.8 million to support IFAD programming during its twelfth replenishment period (2022–2024), including for the last of three installment payments to the twelfth replenishment, a $35 million contribution to IFAD's Enhanced Adaptation for Smallholder Agriculture Programme (ASAP+), and a $3.8 million payment to eliminate unmet commitments to prior IFAD replenishments.

Global Agriculture and Food Security Program (GAFSP): The Budget requests $40 million for the Global Agriculture and Food Security Program (GAFSP), a multi-donor trust fund dedicated to improving food and nutrition security worldwide.

Technical Assistance – Office of Technical Assistance

The Budget requests $45 million for Treasury's Office of Technical Assistance (OTA). Funding will help ensure that OTA is able to respond quickly and sustainably to growing demand for technical assistance from developing and transitional countries in areas that are priorities for the United States. Such areas include supporting our national security agenda by combating terrorist financing and financial crimes, helping countries fund and sustain their own development through improved domestic resource mobilization and debt management, promoting financial stability, and creating the conditions for private sector-led economic growth, including through increased investment in critical infrastructure and climate-related or environmental projects.

Debt Restructuring and Relief

The Budget requests $67 million for bilateral debt restructuring and relief programs. This funding would support the following initiatives:

G20 Common Framework for Debt Treatments beyond the Debt Service Suspension Initiative (the Common Framework), and Paris Club debt restructuring: The Budget requests $52 million for the United States' participation in debt restructuring and relief programs through multilateral initiatives including the Paris Club and G20. Since the COVID-19 pandemic, the United States has been participating in a G20 initiative—the Common Framework, which helps low-income countries restructure their debts through a multilateral framework, and where non-Paris Club creditors – including China – must provide comparable treatment. Given the rising debt burdens of many low-income countries, U.S. participation in the Common Framework and the Paris Club is critical, as these programs proactively work toward longer-term sustainability for low-income countries and aim to avoid prolonged and costly debt crises overseas which can have ramifications on the U.S. economy.

Tropical Forest and Coral Reef Conservation Act (TFCCA): The Budget requests $15 million for the TFCCA, which enables eligible developing countries with certain concessional debt owed to the United States to redirect some of those payments to support conservation of their tropical forests and/or coral reefs. Protecting biodiversity and combating climate change are central to U.S. national economic and security interests. Conservation of tropical forests and coral reefs is critical to mitigating the impact of climate change, providing clean water, and supporting sustainable jobs in developing countries.

Treasury International Assistance Programs

The Budget requests $50 million in additional resources to meet new and emergent needs through international financial institutions, other international organizations, and/or financial intermediary funds and trust funds administered by these institutions. Requested resources will be used to support U.S. priorities in promoting global macroeconomic and financial stability and international development, and to advance U.S. strategic priorities and leadership, including countering the influence of malignant actors. Funding provided through this account would enable U.S. Treasury to be responsive to emergent issues and to address those needs in a timely manner.

Summary Tables

Table 1: Treasury International Programs – Summary of Previous Appropriations and FY 2024 Request

(in $ thousands)

	FY 2022 Enacted[1]	FY 2023 Enacted	FY 2024 Request	FY 2022 Enacted to FY 2024		FY 2023 Enacted to FY 2024	
				$ Change	% Change	$ Change	% Change
Multilateral Development Banks	**1,527,172**	**1,906,315**	**2,292,825**	**765,653**	**50.1%**	**386,510**	**20.3%**
International Bank for Reconstruction and Development (IBRD)	206,500	206,500	233,322	26,822	13%	26,822	13%
International Development Association (IDA)	1,001,400	1,430,256	1,479,256	477,856	47.7%	49,000	3.4%
African Development Bank (AfDB)	54,649	54,649	54,649	0	0%	0	0%
African Development Fund (AfDF)	211,300	171,300	224,000	12,700	6%	52,700	30.8%
Asian Development Fund (AsDF)	53,323	43,610	107,220	53,897	101.1%	63,610	145.9%
Asian Development Bank (AsDB) Programs	-	-	119,378	119,378	-	119,378	-
Inter-American Investment Corporation (IIC, or IDB Invest)	-	-	75,000	75,000	-	75,000	-
IMF Facilities and Trust Funds	**102,000**	**20,000**	**-**	**-102,000**	**-100%**	**-20,000**	**-100%**
Quality Infrastructure	**-**	**-**	**40,000**	**40,000**	**-**	**40,000**	**-**
Global Infrastructure Facility (GIF)	-	-	40,000	40,000	-	40,000	-
Energy and Environment	**274,288**	**275,200**	**1,420,700**	**1,146,412**	**418%**	**1,145,500**	**416.2%**
Clean Technology Fund (CTF)	125,000	125,000	425,000	300,000	240%	300,000	240%
Green Climate Fund (GCF)	0	0	800,000	800,000	-	800,000	-
Global Environment Facility (GEF)	149,288	150,200	168,700	19,412	13%	18,500	12.3%
Resilient Development Trust Funds	-	-	27,000	27,000	-	27,000	-
Food Security	**48,000**	**53,000**	**121,833**	**73,833**	**153.8%**	**68,833**	**129.9%**
International Fund for Agricultural Development (IFAD)	43,000	43,000	81,833	38,833	90.3%	38,833	90.3%
Global Agriculture and Food Security Program (GAFSP)	5,000	10,000	40,000	35,000	700%	30,000	300%
Office of Technical Assistance (OTA)	**38,000**	**38,000**	**45,000**	**7,000**	**18.4%**	**7,000**	**18.4%**
Debt Restructuring	**67,000**	**72,000**	**67,000**	**0**	**0**	**-5,000**	**-6.9%**
G-20 Common Framework for Debt Treatments, and Paris Club	52,000	52,000	52,000	0	0	0	0
Tropical Forest and Coral Reef Conservation Act (TFCCA)	15,000	20,000	15,000	0	0	-5,000	-25%
Treasury International Assistance Programs	**-**	**-**	**50,000**	**50,000**	**-**	**50,000**	**-**
TOTAL	**2,056,460**	**2,364,515**	**4,037,358**	**1,980,898**	**96.3%**	**1,672,843**	**70.7%**

1. Table does not include $150 million in funding provided to GAFSP or $500 million to the European Bank for Reconstruction and Development under the Additional Ukraine Supplemental Appropriations Act, 2022 (P.L. 117-128), or $300 million to IDA funded with American Rescue Plan Act (P.L. 117-2) resources transferred from the Department of State.

Table 2: Unmet Commitments at International Financial Institutions
FY 2018 – FY 2024
(in $ thousands)

Institution	FY 2018 Enacted	FY 2019 Enacted	FY 2020 Enacted	FY 2021 Enacted	FY 2022 Enacted	FY 2023 Estimate[1]	FY 2024 Projected[2]
IDA Pledges	485,264	485,264	485,264	426,574	337,318	337,318	288,318
IDA MDRI	822,665	1,006,855	1,236,345	1,503,865	1,801,195	2,115,145	2,438,695
AfDF Pledges	154,191	154,191	154,191	154,191	114,191	114,191	87,191
AfDF MDRI	134,377	157,904	172,014	196,711	225,879	262,343	292,963
AsDF	283,943	283,943	283,904	283,904	274,191	274,191	254,191
GEF	134,963	131,951	110,843	102,391	88,006	88,006	69,506
IFAD	3,833	3,833	3,833	3,833	3,833	3,833	0
MIF/ IDB Lab	25,710	25,710	25,710	25,710	25,710	25,710	25,710
MIGA	6,867	6,867	6,867	6,867	6,867	6,867	6,867
TOTAL	**2,051,813**	**2,256,517**	**2,478,970**	**2,704,045**	**2,877,189**	**3,227,603**	**3,463,440**
Total MDRI	**957,042**	**1,164,759**	**1,408,359**	**1,700,576**	**2,027,074**	**2,377,488**	**2,731,658**
Total ex-MDRI	**1,094,770**	**1,091,758**	**1,070,611**	**1,003,469**	**850,115**	**850,115**	**731,782**

1. This does not reflect the allocation of any early encashment credits that the United States might receive due to payments made in FY 2023.
2. This column lists the projected levels of unmet commitments if Congress appropriates the amounts requested in the FY 2024 President's Budget.

Mandatory Funding Levels for the 2024 President's Budget – Treasury Chapter

(Dollars in Millions, Includes Legislative Proposals)

Appropriations (Dollars in Millions)	FY 2022 Actual	FY 2023 Estimated	FY 2024 Estimated	FY 2024 $ Change	FY 2024 % Change
INTEREST PAYMENTS					
Payment to the Resolution Funding Corporation	920	920	920	0	0.0%
Interest on Uninvested Funds	8	50	50	0	0.0%
Restitution of Forgone Interest	1,135	0	0	0	0.0%
Federal Interest Liabilities to States	0	1	1	0	0.0%
Interest Paid to Credit Financing Accounts	12,733	10,350	11,708	1,358	13.1%
Refunding Internal Revenue Collections, Interest	3,540	3,556	3,201	(355)	-10.0%
Interest on Public Debt	717,611	897,717	1,006,910	109,193	12.2%
Other Interest	(49,002)	(50,992)	(53,715)	(2,723)	5.3%
INTEREST PAYMENTS	$686,945	$861,602	$969,075	$107,473	12.5%
MANDATORY ACCOUNTS					
MANDATORY PROGRAMS					
Capital Magnet Fund, Community Development Financial Institutions	397	203	176	(27)	-13.3%
Check Forgery Insurance Fund	26	1	1	0	0.0%
Cheyenne River Sioux Tribe Terrestrial Wildlife Habitat Restoration Trust Fund	1	1	1	0	0.0%
Claims, Judgments, and Relief Acts	2,444	2,027	2,027	0	0.0%
Community Development Financial Institutions Fund Program Account	19	11	42	31	281.8%
Comptroller of the Currency	1,224	1,189	1,189	0	0.0%
Continued Dumping and Subsidy Offset	9	8	8	0	0.0%
Debt Collection Fund	188	196	195	(1)	-0.5%
Exchange Stabilization Fund	125	764	709	(55)	-7.2%
Federal Financing Bank	2,145	2,550	3,363	813	31.9%
Federal Reserve Bank Reimbursement Fund	611	685	706	21	3.1%
Federal Tax Lien Revolving Fund	1	1	1	0	0.0%
Financial Agent Services	1,021	1,149	1,172	23	2.0%
Financial Research Fund	88	112	125	13	11.6%
GSE Mortgage-backed Securities Purchase Program Account	1	1	1	0	0.0%
Gulf Coast Restoration Trust Fund	308	335	338	3	0.9%
IRS, Informant Payments	27	80	80	0	0.0%
IRS, Miscellaneous Retained Fees	335	325	374	49	15.1%
Office of Financial Stability	38	34	10	(24)	-70.6%
Payment of Government Losses in Shipment	0	11	21	10	90.9%
Presidential Election Campaign Fund	24	25	25	0	0.0%
Private Collection Agent Program	158	222	226	4	1.8%
Reimbursements to Federal Reserve Banks	162	188	193	5	2.7%
Small Business Lending Fund Program Account	1	2	1	(1)	-50.0%
Terrorism Insurance Program	6	33	86	53	160.6%
Travel Promotion Fund	318	95	100	5	5.3%
Treasury Forfeiture Fund	1,038	508	635	127	25.0%
Troubled Asset Relief Program Equity Purchase Program	12	0	0	0	0.0%
Subtotal, MANDATORY PROGRAMS	$10,727	$10,756	$11,805	$1,049	9.8%
TAX DIRECT SPENDING ACCOUNTS					
Advanced Manufacturing Investment Credit	0	178	244	66	37.1%
Build America Bond Payments, Recovery Act	2,251	2,224	2,203	(21)	-0.9%
Child and Dependent Care Tax Credit	7,430	753	70	(683)	-90.7%
Clean Vehicle Credit	0	0	349	349	0.0%
Credit for Previously-owned Clean Vehicles	0	0	301	301	0.0%
Elective Payment for Energy Property and Electricity Produced from Certain Renewable Resources, Etc	0	4,359	7,396	3,037	69.7%
Internal Revenue Collections for Puerto Rico	414	395	402	7	1.8%
Payment to Issuer of New Clean Renewable Energy Bonds	40	40	40	0	0.0%
Payment to Issuer of Qualified Energy Conservation Bonds	34	35	34	(1)	-2.9%
Payment to Issuer of Qualified School Construction Bonds	600	559	555	(4)	-0.7%
Payment to Issuer of Qualified Zone Academy Bonds	38	40	40	0	0.0%
Payment to United States Virgin Islands and Puerto Rico for Disaster Tax Relief	0	51	0	(51)	-100.0%
Payment Where Adoption Credit Exceeds Liability for Tax	0	0	0	0	0.0%
Payment Where American Opportunity Credit Exceeds Liability for Tax	3,797	2,615	2,530	(85)	-3.3%
Payment Where Certain Tax Credits Exceed Liability for Corporate Tax	2,737	2,410	250	(2,160)	-89.6%
Payment Where Child Tax Credit Exceeds Liability for Tax [1]	131,435	30,359	264,720	234,361	772.0%
Payment Where Earned Income Credit Exceeds Liability for Tax [2]	64,282	58,309	71,391	13,082	22.4%
Payment Where Health Coverage Tax Credit Exceeds Liability for Tax	22	12	2	(10)	-83.3%
Refundable Premium Tax Credit	85,486	80,128	74,191	(5,937)	-7.4%
Refundable Savers Credit	0	0	0	0	0.0%
Subtotal, TAX DIRECT SPENDING ACCOUNTS	$298,566	$182,467	$424,718	$242,251	132.8%
PANDEMIC RESPONSE AND RECOVERY PROGRAMS					
Air Carrier Worker Support [3]	(3,200)	0	0	0	0.0%
Economic Stabilization Program Account [4]	(1,363)	5	0	(5)	-100.0%
Economic Impact Payments	13,636	2,236	200	(2,036)	-91.1%
U.S. Coronavirus Refundable Credits	29,470	25,737	10,043	(15,694)	-61.0%
Subtotal, PANDEMIC RESPONSE AND RECOVERY PROGRAMS	$38,543	$27,978	$10,243	($17,735)	-63.4%

(table continues next page)

Appropriations (Dollars in Millions)	FY 2022 Actual	FY 2023 Estimated	FY 2024 Estimated	FY 2024 $ Change	FY 2024 % Change
FUNDING THE INTERNAL REVENUE SERVICE AND IMPROVING TAXPAYER COMPLIANCE [5]					
Departmental Offices, Salaries and Expenses	155	0	0	0	0.0%
IRS, Business Systems Modernization	4,751	0	0	0	0.0%
IRS, Direct Efile Taskforce	15	0	0	0	0.0%
IRS, Energy Security	500	0	0	0	0.0%
IRS, Enforcement	45,637	0	0	0	0.0%
IRS, Operations Support	25,326	0	0	0	0.0%
IRS, Taxpayer Services	3,182	0	0	0	0.0%
Treasury Inspector General for Tax Administration	403	0	0	0	0.0%
Subtotal, FUNDING THE INTERNAL REVENUE SERVICE AND IMPROVING TAXPAYER COMPLIANCE	$79,969	$0	$0	$0	0.0%
OFFSETS TO MANDATORY SPENDING					
Treasury Mandatory Offsetting Receipts	(15,517)	(9,334)	(9,910)	(576)	6.2%
Treasury Offsetting Collections	(6,709)	(4,506)	(5,307)	(801)	17.8%
TOTAL, DEPARTMENT OF THE TREASURY	$1,092,524	$1,068,963	$1,400,624	$331,661	31.0%

[1] The Budget proposes, beginning in tax year 2023, to permanently make the Child Tax Credit fully refundable.

[2] The Budget proposes to permanently increase the Earned Income Tax Credit for individuals with no qualifying children.

[3] The Infrastructure Investment and Jobs Act (P.L. 117-58) Section 90007 rescinded $3 billion from CARES Act Section 4120 budget authority and $200 million from P.L 116-260 Division N Sec. 411 budget authority in 2022.

[4] The Infrastructure Investment and Jobs Act (P.L. 117-58) Sec. 90007 rescinded $1.4 billion in budget authority in 2022.

[5] The Inflation Reduction Act (P.L. 117-169) provided the listed mandatory appropriations in 2022. The funding is available until 2031 for these accounts except for the Direct E-file Taskforce (available through 2023). These accounts will spend the appropriations over their respective periods of availability.

Total Department of the Treasury (Treasury) Mandatory Budget

The Treasury Mandatory Budget includes $1,401 billion dollars in budget authority for interest payments and mandatory appropriations net of offsetting receipts and collections in 2024. These accounts and the estimated budget authority are summarized in the table above. For more detailed descriptions of each account, please see the Department of the Treasury chapter in the 2024 *Appendix*, Budget of the U.S. Government at: http://www.whitehouse.gov/omb/budget.

Interest Payments - $969 billion

These are permanent, indefinite funds for interest payments. This category of spending is largely Interest on the Public Debt, which consists of all interest paid on Treasury securities sold to the public and to Federal Government trust funds, revolving funds and deposit funds. Treasury interest payment accounts also consist of Interest paid to Credit Financing Accounts, Refunds on Internal Revenue Collections interest, and Payments to the Resolution Funding Corporation. Other interest mainly includes interest receipts paid to Treasury from credit financing accounts and interest earnings on other Federal loans and invested balances.

Mandatory Programs - $12 billion

These are accounts for which the Congress has given Treasury permanent authority to expend funds as appropriations. These include appropriations that fund a number of mandatory programs under Treasury jurisdiction and certain payments mandated by law, such as claims or judgments against the Government.

The Department is also a custodian for a number of government accounts and funds listed in this section and further detailed in the 2024 *Appendix*, Budget of the U.S. Government.

Tax Direct Spending - $425 billion

Tax direct spending accounts have permanent authority to pay refundable tax credits. These credits allow for refunding amounts that exceed a taxpayer's tax liability, resulting in an outlay of budget authority. These tax credits include Payment Where Child Tax Credit Exceeds Liability for Tax, Refundable Premium Tax Credit, and Payment Where Earned Income Credit Exceeds Liability for Tax.

Pandemic Response and Recovery Programs - $10 billion
Treasury is responsible for administering multiple relief and recovery programs authorized and appropriated in 2020 and 2021 through the Families First Coronavirus Response Act, CARES Act, Consolidated Appropriations Act, 2021, and the American Rescue Plan Act of 2021. Budget authority in 2024 includes ongoing estimated refundable tax credits associated with the previous rounds of Economic Impact Payments and also for tax credits against certain employment tax provisions enacted as responses to the pandemic. Amounts of balances remaining in the Economic Stabilization Program and the Air Carrier Worker Support accounts were rescinded in 2022. For more information about Treasury's continuing administration of pandemic response programs please see the chapter for Treasury Coronavirus Relief, Response, Aid, and Recovery Programs.

Funding the Internal Revenue Service and Improving Taxpayer Compliance - $0 billion
The Inflation Reduction Act of 2022 (IRA) enacted $80 billion in mandatory appropriations for the Internal Revenue Service (IRS), Treasury Departmental Offices, and the Treasury Inspector General for Tax Administration (TIGTA). In most cases, these amounts are available until 2031 and Treasury will be spending these funds over the remaining years of availability. The Direct E-file Taskforce funds are available until 2023. For more information about Treasury's implementation of these provisions of the IRA, please see respective chapters for IRS, Departmental Offices, and TIGTA.

Offsets - $15 billion
Offsets include payments to the Government that are not credited directly to expenditure accounts (offsetting receipts) and payments credited directly to accounts from which they will be spent (offsetting collections). The receipts offset gross budget authority and outlays at the agency or bureau level. The collections offset gross budget authority and outlays at the account level.

Treasury's mandatory offsetting receipts include Government Sponsored Enterprises (GSE) fees, IRS miscellaneous retained fees, and debt collection fees. Treasury's mandatory offsetting collections include the payments made to accounts such as the Federal Financing Bank, the Office of Comptroller of the Currency, and the Exchange Stabilization Fund.