



DEPARTMENT OF THE TREASURY

Funding Highlights:

- Provides \$14.2 billion in discretionary funding for the Department of the Treasury, including a program integrity initiative. Excluding investments in the Internal Revenue Service, spending across other Treasury bureaus is reduced by 2.3 percent from the 2012 enacted level, while select investments are made in high-priority programs.
- Implements the Wall Street Reform Act to protect consumers in the financial marketplace.
- Supports small business lending and protects vulnerable homeowners.
- Continues to responsibly wind-down the Troubled Asset Relief Program.
- Promotes community development through capital, credit, and financial services to low-income communities.
- Supports innovative, evidence-based public-private partnerships that yield Federal, State, and local savings.
- Implements the Affordable Care Act tax provisions that become effective in 2014 and supports efforts to effectively respond to the expected increase in public inquiries pertaining to the law.
- Improves program integrity in tax enforcement, generating \$32.7 billion in net savings to reduce the deficit over the next 10 years. The multi-year initiative to narrow the gap between taxes owed and paid, increases tax revenues through enhanced compliance efforts.
- Invests in financial management innovations through online reporting and transparency platforms and Government-wide shared service reforms.

The Department of the Treasury (Treasury) supports a strong U.S. economy by promoting economic growth, building a comprehensive financial regulatory framework, and identifying and addressing domestic and international economic threats. The Department also carries out many functions that are essential to the financial integrity of the Federal Government

such as collecting revenue, managing finances, distributing payments, and producing currency. To support Treasury's mission, the President's Budget provides \$14.2 billion; a 7.7 percent increase above the 2012 enacted level. Excluding the Internal Revenue Service (IRS) where the Budget proposes a program integrity initiative to increase revenues, Treasury funding is

reduced by \$31 million, or 2.3 percent, from the 2012 enacted level.

Strengthens Financial Market Stability, Promotes Economic Growth, Improves Healthcare Coverage, Supports Homeowners, and Improves Financial Management

Protects Consumers and Supports Continued Implementation of Wall Street Reform. The Administration continues to support financial regulators' efforts to effectively implement the Wall Street Reform Act, enacted three years ago to improve market transparency and operations, strengthen financial institutions, and increase consumer protections. Through the Financial Stability Oversight Council chaired by the Treasury Secretary, the Administration supports efforts to identify, monitor, and respond to emerging threats to U.S. financial stability. The Administration also continues to vigorously support the protection of American consumers and investors, including through the new Consumer Financial Protection Bureau's efforts to protect consumers and penalize bad actors in the financial services marketplace, as well as through the Securities and Exchange Commission and the Commodity Futures Trading Commission, whose funding in the Budget increases 27 percent and 54 percent, respectively.

Encourages Small Business Lending. The Small Business Lending Fund (SBLF) and the State Small Business Credit Initiative (SSBCI), both created by the Small Business Jobs Act of 2010, have committed over \$5 billion to facilitate the restoration of credit markets and financing options for small businesses for years to come. The SBLF has provided over \$4 billion to 332 banks and community development loan funds across the United States, supplying low-cost capital to small and community banks to enable them to increase their small business lending. The SSBCI, which boosts State-sponsored small business loan funds, has approved funding for 47 States, five U.S. territories, four municipalities, and the District of Columbia, and is expected

to spur at least \$15 billion in new lending. The Budget provides \$2 million to enable the SSBCI to expand technical assistance provided to program participants beginning in 2013. These funds will focus on assistance tailored to each of these State-sponsored programs, designed to increase the effectiveness of the program to boost small business and entrepreneurial capital and create jobs.

Responsibly Winds-Down the Troubled Asset Relief Program. The Treasury's authority to enter into new financial commitments through the Troubled Asset Relief Program (TARP) program ended on October 3, 2010. The Budget continues to support the effective, transparent, and accountable winding down of TARP programs that have helped stabilize the financial system, preserve jobs in the American automotive industry, and restart markets critical to financing American households and businesses. Moreover, TARP's banking programs have generated a positive return for taxpayers, with over \$268 billion recovered for taxpayers as of December 31, 2012, compared to the \$245 billion originally invested in banks. The progressing economic recovery and the Administration's prudent management have resulted in an estimated lifetime TARP cost of \$47.5 billion, significantly lower than the \$341 billion cost originally estimated for the program in its first year.

Supports Struggling Homeowners. The Administration continues to implement ongoing TARP and other activities to assist homeowners threatened by foreclosure, including unemployed homeowners and those with negative home equity. As of December 31, 2012, over 1.1 million borrowers have received permanent modifications through the Home Affordable Modification Program (HAMP), which amounts to an estimated \$17.3 billion in realized aggregate savings for these homeowners. The Administration's TARP housing programs have also been a catalyst for private sector mortgage modifications. Between April 2009 and the end of November 2012, HAMP and the private sector HOPE NOW alliance initiated over 6.1 million mortgage modifications and loss mitigation interventions, approximately

double the number of foreclosure completions that were executed in the same period. Furthermore, the Administration has allocated \$7.6 billion to eligible States through the Housing Finance Agencies' Hardest Hit Fund to implement innovative housing programs that stabilize local housing markets and meet the unique needs of communities.

Invests in Community Development. The Budget increases funding for the Community Development Financial Institutions (CDFI) Fund, which provides financing to increase economic and community development and job opportunities in poor and underserved communities. It also expands the Fund's Healthy Food Financing Initiative that promotes the development of healthy food outlets in areas known as "food deserts"—low-income areas where a substantial number of residents have limited access to a supermarket or large grocery store. In addition, the Budget supports improvements in the Bank Enterprise Awards program that will better incentivize banks to invest in distressed communities. The Administration is dedicated to improving the CDFI Fund's effectiveness by investing in data collection and program analysis that will foster a better understanding of the impact of CDFI programs on poverty reduction and development investment in underserved communities.

Invests in Partnerships and Innovation. The Budget also creates a \$300 million Pay for Success Fund within Treasury. Non-profit intermediaries and State and local governments will be able to leverage the Fund to provide credit enhancements and success-based payments to investors in public programs that impact families and communities and generate Federal savings. The Fund is designed to encourage innovation and accelerate the use of evidence-based approaches by lowering the risk associated with initial investments.

Supports Implementation of the Affordable Care Act. The Affordable Care Act will ensure

that every American can access high-quality, affordable health care coverage, providing health insurance to nearly 30 million Americans who would otherwise be uninsured. Tax provisions play an important role in the health care law's implementation, and many of its provisions are scheduled to take effect in 2014. The Budget provides funding for the IRS to implement these tax provisions and to respond effectively to public inquiries about the Affordable Care Act's new benefits and standards.

Invests in Financial Management Innovation and Leadership. To help Federal agencies respond to the current fiscal realities, the Administration is focused on maximizing the effectiveness of Government-wide financial management practices. Increasing shared services among agencies, modernizing information systems, plans, and requirements, and facilitating Government-wide operational capabilities will improve the efficiency of the Federal Government—accomplishing more while spending less. To aid such efforts, the Budget invests in Treasury's leadership capacity to support implementation of several Government-wide financial innovation initiatives, including management of a simplified financial reporting system and expanding the use of Federal shared service arrangements to support future financial management needs.

Improves and Expands Government Transparency. The Budget capitalizes on Treasury's extensive financial expertise by having the Department assume responsibility for operating and expanding *USA Spending.gov*. Treasury will increase the transparency of Government-wide programs by improving the publicly-accessible database that communicates financial information to the public and agencies. This program transfer from the General Services Administration is consistent with recommendations from the Government Accountability and Transparency Board to transition assets built by the Recovery Accountability and Transparency Board into the Federal Government's overall financial management framework.

Makes Necessary Cuts and Saves Taxpayer Money

Cuts Administrative Overhead. The Budget proposes over \$350 million in reduced Treasury administrative costs through technology consolidations, teleworking implementation, efficiency initiatives, and other overhead reductions that are consistent with the President’s Campaign to Cut Waste.

Modernizes and Streamlines U.S. Currency Production. The Budget proposes legislation to grant the U.S. Mint and Bureau of Engraving and Printing increased flexibility to share services and engage in cooperative actions, in order to gain efficiency savings by reducing unnecessary duplication of effort. The Budget also proposes legislation to provide the Secretary flexibility to change the composition of coins to more cost-effective materials, given that the current cost of making the penny is two cents and the cost of making the nickel is 11 cents. Treasury is taking additional actions to improve the efficiency of coin and currency production efforts. For example, the Budget includes proposals that will save \$22 million from information technology efficiencies and reduced labor costs for currency production.

Invests in and Modernizes Tax Administration to Prevent Evasion and Cheating. The Budget funds IRS at nearly \$12.9 billion, roughly \$1 billion above the 2012 enacted level. More than \$400 million of this total is provided through a program integrity cap adjustment. This investment pays for itself several times over, with strong tax enforcement returning \$4 or more in revenue for each additional IRS dollar spent. The Budget also continues to support the IRS’s major technology investment program that will yield substantial benefits to taxpayers by fundamentally changing how the IRS does business, vastly improving both the taxpayer experience and the effectiveness of the agency through faster taxpayer refunds and more accurate issue resolution.

Improves Efforts to Collect Debt. The Budget proposes common sense debt collection reforms that will significantly increase Federal collections from individuals and businesses that have failed to pay their taxes or repay Government loans, and will help States collect a portion of the sizable State income tax debt owed by former residents. These proposals will increase collections by approximately \$1 billion over the next 10 years and help enforce a tax system in which everyone pays their share.