



DEPARTMENT OF THE TREASURY

Funding Highlights:

- Provides \$13.8 billion for the Department of the Treasury to maintain a strong economy by promoting the conditions that enable economic growth and job creation. This includes:
 - Continuing to implement the Affordable Care Act to provide quality, affordable health care for millions of Americans who would otherwise be uninsured, including through the delivery of tax credits and cost sharing assistance to make coverage affordable while reducing health care costs and the deficit;
 - Continuing to implement the Wall Street Reform and Consumer Protection Act to create a more stable and responsible financial system;
 - Investing \$12.5 billion, including a program integrity initiative, in the Internal Revenue Service (IRS) to improve service to taxpayers and reduce the deficit through more effective enforcement of tax laws;
 - Investing \$1.5 billion for a new round of the successful State Small Business Credit Initiative, enabling States to support innovative partnerships of their design that increase small business lending and investment; and
 - Investing \$225 million in the Community Development Financial Institutions Fund to spur jobs and healthier communities in underserved areas.

Opportunity, Growth, and Security Initiative:

- Through the Opportunity, Growth, and Security Initiative, supports:
 - Additional IRS customer service improvements, including increasing toll-free telephone level of service from about 60 percent to 80 percent when combined with base funding, driving responsiveness to taxpayers through correspondence inventory reduction, and bolstering resources to help tackle more resource-intensive identity theft and refund fraud cases; and
 - An expansion of the level of detail and capabilities of sorting Federal spending data to enable more effective Federal and non-Federal use of this data.

Reforms:

- Provides for a comprehensive review of U.S. currency production and use, including developing alternative options for the penny and the nickel.
- Proposes a multi-year program integrity cap adjustment for the IRS, including \$480 million in 2015, to deliver additional resources to critical tax enforcement and compliance functions that reduce the deficit and narrow the tax gap by nearly \$6 for every \$1 spent once fully implemented, with total savings of \$35 billion over the next 10 years.

The Department of the Treasury's (Treasury) mission is to maintain a strong economy and create economic and job opportunities by promoting the conditions that enable economic growth and stability at home and abroad, strengthen national security by combating threats and protecting the integrity of the financial system, and manage the Federal Government's finances and resources effectively. Treasury also performs an array of core Government functions such as tax law enforcement, financial management, and debt collection that are vital to the overall financial integrity of the Federal Government. In support of Treasury's essential and diverse mission, the Budget provides \$13.8 billion in total resources, an increase of nearly \$1.2 billion—partially funded through the proposed program integrity cap adjustment—or 9.2 percent above the 2014 enacted level.

The Budget enhances the Department's leadership role in ensuring the safety and soundness of the U.S. economy and the global financial system through key investments in Treasury's essential functions: domestic finance and economic policy; international economics; tax policy and administration; financial management; and currency production. The Budget also recognizes the indispensable role that Treasury plays in implementing essential reforms that have been enacted over the past four years to the Nation's healthcare and financial systems. The Budget also invests in upgrading technologies to enable the Department to secure efficiencies and realize savings for taxpayers.

Supports Individuals, Businesses, and Communities, and Strengthens the U.S. Financial System

Continues Successful Implementation of the Affordable Care Act. The Budget provides the resources necessary to carry out key tax-related provisions of the Affordable Care Act. The tax filing season in 2015 is a critical period for ensuring the delivery of healthcare to millions of Americans in a timely and accurate fashion. The Budget makes the investments necessary for the IRS to better respond to taxpayer inquiries, as well as to verify income, provide benefit calculations, and reconcile tax accounts in support of greater access to healthcare for all Americans.

Protects Consumers and Supports Continued Implementation of Wall Street Reform. The Budget continues responsible implementation of the Wall Street Reform and Consumer Protection Act to ensure a stronger and fairer financial system for investors and consumers. The Budget fully supports the efforts of the Financial Stability Oversight Council and Treasury's Office of Financial Research to identify, monitor, and respond to emerging threats to U.S. financial stability. The Budget also provides critical funding increases for the Commodity Futures Trading Commission and the Securities and Exchange Commission, whose funding in the Budget increases 30 percent and 26 percent, respectively, over their 2014 enacted levels. These independent financial regulators have already taken decisive action to rein in excessive

risk-taking and market manipulation, and the Budget will allow them to fully execute their responsibilities for financial oversight under the Wall Street Reform Act.

Provides Significant New Support for Small Business Lending and Investment.

The Budget provides \$1.5 billion for a second round of Treasury's successful State Small Business Credit Initiative (SSBCI) in order to support State-sponsored public-private partnerships to increase lending, investment, and technical assistance to small businesses and manufacturers. SSBCI is already achieving results: the first \$271 million in program expenditures supported lending and investments of \$1.9 billion to more than 4,600 small businesses across the United States—creating or saving more than 53,000 American jobs. The Budget proposes to improve the targeting of SSBCI funding so that the funds are put to even more effective use. Of the \$1.5 billion provided, \$1 billion will be competitively awarded to States best able to target underserved groups, leverage Federal funding, and evaluate results. An additional \$500 million will be allocated to States according to a need-based formula.

Responsibly Winds Down the Troubled Asset Relief Program (TARP).

The Budget supports the effective, transparent, and accountable winding down of TARP programs, as well as Treasury's continuing efforts to help prevent avoidable home foreclosures. Of the \$412 billion in support that TARP provided to the financial and automotive sectors, only \$12.4 billion remains outstanding. Taxpayer proceeds from repayments, redemptions, and sales of TARP investments continue to exceed expectations. TARP's banking programs have already generated a positive return, with more than \$273 billion recovered for taxpayers as of December 31, 2013, compared to the \$245 billion originally invested, and in 2013, with the auto industry back on its feet, Treasury sold TARP's remaining shares in General Motors. The Budget estimates that excluding assistance to distressed homeowners, taxpayers will realize a positive net return of \$16 billion from TARP investments and additional

Treasury AIG (American International Group) support.

Supports Struggling Homeowners. With the housing sector still healing, the Budget continues to support key programs to assist homeowners. Since April 2009, TARP's Home Affordable Modification Program, the Department of Housing and Urban Development's Federal Housing Administration, and the private sector HOPE Now alliance have initiated more than 7.4 million foreclosure prevention actions for distressed homeowners, which is nearly double the number of foreclosures completed in the same period. In addition, as of December 31, 2013, more than three million borrowers have lowered their monthly payments by refinancing mortgages through the Home Affordable Refinancing Program.

Spurs Jobs, Healthier Communities, and Delivers Healthy Foods to Underserved Communities.

The Budget provides a total of \$225 million for Treasury's Community Development Financial Institutions Fund (CDFI), which plays a key role in providing financial and technical assistance to advance community development in impoverished or underserved areas. By facilitating capital, credit, and financial services to low-income communities, this unique program helps spur job creation and investments that improve communities and opportunities for their residents. Within CDFI, \$35 million is provided to support Treasury's lead role in an inter-agency effort to reduce "food deserts" that lack nutritious foods such as fresh fruit and vegetables, by supporting businesses that will provide them, and the supply chain to deliver them, to these areas. The Budget also extends by one year the CDFI Bond Guarantee program to provide a source of long-term capital to CDFIs that support lending in underserved communities.

Manages the Federal Government's Finances Effectively and Efficiently

Invests in the IRS to Boost Customer Service and Improve Compliance with Current Laws. The IRS is responsible for

securing over 90 percent of the revenue that funds the Federal Government and ensuring the integrity of U.S. tax laws. The Budget provides \$12 billion in base funding for the IRS, an increase of 6.3 percent over the 2014 enacted level. The Budget also proposes a \$480 million program integrity cap adjustment to support efforts aimed at improving enforcement of current tax laws and reducing the tax gap, currently estimated at \$450 billion in gross revenues annually. Research shows that every additional dollar invested in IRS tax enforcement activities returns six times its value in increased revenue, and this enforcement initiative is estimated to yield a net deficit reduction of \$35 billion over the next 10 years. The lack of sufficient IRS funding in recent years has caused a deterioration in the service to taxpayers that the IRS can provide, reflected in longer wait times on the phone when taxpayers call in with questions, and in the time it takes to respond to taxpayer correspondence. The Budget begins to reverse this trend through a more than \$100 million increase to improve customer service, which will secure rapid and noticeable improvements in taxpayer interactions with the IRS.

The Budget also includes an Opportunity, Growth, and Security Initiative to generate added value for taxpayers and the economy, and one of its areas of particular focus is to improve the efficiency and effectiveness of Government programs. For the IRS, an additional \$165 million is proposed through the Opportunity, Growth, and Security Initiative to further enhance the agency's customer service performance across its service offerings, including an increase to the toll-free level of service from an estimated 60

percent to 80 percent when combined with the base discretionary funding request.

Improves Government Operations and Promotes Efficiencies. The Budget proposes a number of initiatives to make Government work more effectively. For example, Treasury will take action to help improve the Government's ability to collect delinquent debt across all agencies, enhance program integrity, and return greater resources to taxpayers. Treasury, given its financial management expertise and leadership, will also work with other agencies to improve *USAspending.gov*, the Government's website designed to track and share data on how Federal funds are spent and promote spending transparency. In addition, the Budget will create a new \$300 million Pay for Success Incentive Fund that will encourage State and local governments to support evidence-based programs that will yield Federal savings through improved outcomes in areas such as juvenile justice, workforce development, and homelessness.

Assesses the Future of Currency, Including the Penny. The production and circulation of currency in the United States have been largely unchanged for decades, despite the growth in electronic financial transactions. Treasury is undertaking a comprehensive review of U.S. currency, including a review of both the production and use of coins, in order to efficiently promote commerce in the 21st Century. These studies will analyze alternative metals, the United States Mint facilities, and consumer behavior and preferences, and will result in the development of alternative options for the penny and the nickel.