



DEPARTMENT OF THE TREASURY

Funding Highlights:

- The Department of the Treasury (Treasury) manages the U.S. Government's finances, promotes conditions that enable stable economic growth, protects the integrity of the financial system, and combats financial crimes and terrorist financing.
- The Budget proposes reforms to bring greater accountability and efficiency to Treasury's operations and requests targeted new investments to protect the Nation from malign economic and cyber intrusions, secure and modernize the taxpayer experience, and lower the deficit.
- The Budget requests \$12.7 billion in base discretionary resources for Treasury's domestic programs, a \$0.2 billion or 1-percent decrease from the 2019 estimate.
- The Budget also proposes a program integrity initiative to narrow the gap between taxes owed and taxes paid that is estimated to reduce the deficit by \$33 billion over 10 years.

The President's 2020 Budget:

The President's Budget would improve stewardship of taxpayer dollars by focusing on the Department's core economic and financial responsibilities. The Budget prioritizes resources to combat terrorist financing, proliferation financing, and other forms of illicit finance. The Budget also supports Treasury's role as chair of the Committee on Foreign Investment in the United States (CFIUS) to address current and future national security risks. In addition, the Budget invests in the Department's functions as the Federal Government's revenue collector, financial manager, and economic policymaker. The Budget would ensure that taxpayers, investors, and job-creators operate in an economy that is secure, fair, and free from unnecessary bureaucratic impediments.

Strengthens Review of Foreign Investments. CFIUS, a multi-agency body chaired by the Secretary of the Treasury, determines potential national security risks arising from certain foreign investments. The Foreign Investment Risk Review Modernization Act (FIRRMA), enacted in 2018, expands CFIUS's jurisdiction and strengthens its authorities to protect critical U.S. technologies and infrastructure from new and evolving threats, while preserving an open investment environment. The Budget requests \$35 million for Treasury, as CFIUS chair, to ensure swift, robust, and effective implementation of FIRRMA.

Prioritizes Safeguarding Markets and Protecting Financial Data. Treasury's Office of Terrorism and Financial Intelligence (TFI) possesses a unique set of authorities and tools

to combat terrorists, rogue regimes, proliferators of weapons of mass destruction, and other illicit actors by denying their access to the financial system, disrupting their revenue streams, and degrading their capabilities to inflict harm. The Financial Crimes Enforcement Network (FinCEN) links law enforcement and the intelligence communities with financial institutions and regulators facilitating the discovery and prosecution of illegal activities and money-laundering schemes.

The Budget requests \$167 million for TFI to continue its work safeguarding the financial system from abuse and combatting other national security threats using economic sanctions. These funds would support TFI's growing workforce through critical investments in information technology and mission-support capabilities. The Budget requests \$125 million for FinCEN to administer the Bank Secrecy Act and focus on the prevention of terrorist financing, money laundering, and other financial crimes. These resources would expand FinCEN's special measures enforcement activities and enhance its efforts to combat cybercrime and cryptocurrency threats.

The Budget also requests \$18 million to protect Treasury information technology (IT) systems that carry out these activities, as well as those that account for and process trillions of dollars in revenue and payments against cybersecurity threats. These funds are requested in addition to bureau-level investments, and would be centrally managed to strengthen the security of Treasury's highest-value IT assets and improve Treasury's response and recovery capabilities.

The U.S. financial services sector faces a range of cybersecurity vulnerabilities and physical hazards. The Nation's adversaries have grown in technical capability, and their attacks have increased in sophistication. The Budget requests \$13 million for the Office of Critical Infrastructure Protection and Compliance Policy to enhance the Department's capacity to identify and remediate new vulnerabilities before they can be exploited.

Invests in a 21st Century Internal Revenue Service (IRS). The IRS collects approximately \$3.5 trillion in tax revenue annually and processes more than 253 million tax returns and forms resulting in more than \$464 billion in tax refunds. The Budget proposes \$11.5 billion in base funding for IRS to ensure that IRS can fulfill its core tax filing season responsibilities, continue critical IT modernization efforts, and provide acceptable levels of taxpayer service.

The Budget provides \$290 million for the IRS's multiyear IT modernization efforts, including upgrading its antiquated infrastructure and integrating its multiple case management and tax processing systems. Approximately 90 percent of individual taxpayers file their taxes electronically and can check on the status of their funds electronically. However, for most other taxpayer interactions, taxpayers and the IRS must interact through the mail, which slows the resolution of issues. These funds would also be used to increase taxpayers' ability to interact with IRS securely and electronically, improving the time it takes for IRS to resolve concerns.

The Budget also proposes legislation enabling additional funding for new and continuing investments to expand and strengthen tax enforcement. These additional proposed investments are estimated to generate approximately \$47 billion in additional revenue at a cost of \$15 billion, yielding a net savings of \$33 billion over 10 years. The Budget also includes several proposals to ensure that taxpayers comply with their obligations and that tax refunds are only paid to those who are eligible, including: improving oversight of paid tax preparers; giving IRS the authority to correct more errors on tax returns before refunds are issued; requiring a valid Social Security Number for work in order to claim certain tax credits; and increasing wage and information reporting.

Manages the Nation's Finances More Effectively. The Bureau of the Fiscal Service (Fiscal Service) conducts all Treasury debt financing operations, provides central payment services for Federal agencies, runs Government-wide accounting and reporting services, and manages the collection of delinquent debt. In 2018, the Fiscal Service issued approximately \$10 trillion in marketable Treasury securities, processed the collection of more than \$4 trillion in Federal receipts, and distributed more than \$3.5 trillion in payments, including Social Security payments, IRS tax refunds, and veterans' benefits. The Budget supports increased efforts to monitor and protect the vital IT systems that implement these critical functions.

The Fiscal Service performs the vast majority of payment and collection transactions electronically, but in 2018, it still issued almost 56 million paper checks and collected more than \$592 billion in payments by mail or in person. The Budget supports Treasury's efforts to move more payments to electronic methods to increase options for citizens and customers to conduct transactions with the Federal Government in a secure and more convenient electronic environment. It also includes proposals to help the Fiscal Service improve payment integrity.

Increases Treasury's Efficiency and Effectiveness by Streamlining Operations. The Budget eliminates funding for Community Development Financial Institutions (CDFI) Fund discretionary grant and direct loan programs. More than two decades ago, the CDFI Fund was created to jumpstart an industry at a time when CDFIs had limited access to private capital. The industry has now matured and has ready access to the capital needed to extend credit and provide financial services to underserved communities.

Brings Accountability and Transparency to Treasury's Regulatory Oversight Functions. The Budget proposes that the Congress establish funding levels for the Office of Financial Research (OFR) and the Financial Stability Oversight Council (FSOC) through annual appropriations bills. OFR and FSOC, established by the Dodd-Frank Act, are currently able to set their own budgets, which circumvents congressional approval and oversight. Bringing OFR and FSOC into the congressional appropriations process is consistent with recommendations made in Treasury's June 2017 report to the President on banks and credit unions. OFR has taken administrative steps to further the goals laid out in the Treasury report, including initiating an organizational realignment that has resulted in significant reductions to its staffing and operating expenses. In addition, Treasury is continuing efforts to make FSOC decision-making procedures more transparent and to implement more rigorous cost-benefit analysis standards.

The Federal Insurance Office within Treasury is coordinating with State insurance regulators and insurance industry groups to improve oversight and administration of the Terrorism Risk Insurance Program (TRIP), consistent with Treasury's October 2017 report to the President on asset management and insurance. Treasury is also evaluating reforms, to be included in any legislation extending TRIP beyond its current sunset date of December 31, 2020, to further decrease taxpayer exposure.

Streamlines Oversight of Alcohol and Tobacco Industries. The Budget proposes to transfer all alcohol and tobacco responsibilities from the Department of Justice's Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) to Treasury's Alcohol and Tobacco Tax and Trade Bureau (TTB). This transfer would leverage TTB's resources and expertise relating to the alcohol and tobacco industries and allow ATF to continue to focus on its firearms and explosives mandates, enabling both agencies to more efficiently and effectively carry out their core mission of protecting the public.

Consolidates and Streamlines Federal Financial Literacy and Education Efforts. The Budget proposes that Federal efforts to promote financial literacy focus on the high-impact

areas of: basic financial capability; housing; higher education; military and veteran programs; and investment and retirement planning. More than 20 Federal agencies have some form of financial education or literacy programs. Collectively, Federal agencies spent an estimated \$250 million on financial literacy and education activities in 2017. Streamlining and consolidating programs and activities would be a multiyear effort.