

Departmental Offices

Program Summary (dollars in millions)					
Appropriation Title	FY 2002 Enacted	FY 2003 Request	FY 2004 Request	Increase or Decrease	
				\$millions	percent
Salaries and Expenses	177.1	191.9	166.9	-25.0	-13.0%
Treasury Building and Annex Repair and Restoration	28.9	32.9	25.0	-7.9	-24.0%
Air Transportation Stabilization Program	9.4	6.0	2.5	-3.5	-58.3%
Expanded Access for Financial Services	2.0	2.0	0.0	-2.0	-100.0%
Appropriation	217.4	232.8	194.4	-38.4	-16.5%

Explanation of FY 2004 Request

The budget for Departmental Offices (DO) reflects the transfer of certain Treasury bureaus and programs to either the newly-created Department of Homeland Security (DHS) or to the Department of Justice (DOJ) as a result of Public Law 107-296, The Homeland Security Act of 2002. Specifically, the United States Secret Service (USSS), the United States Custom Service (USCS) and the Federal Law Enforcement Training Center (FLETC) are transferred to the Department of Homeland Security in FY 2003, and a major portion of the Bureau of Alcohol, Tobacco and Firearms (ATF) was transferred to the Department of Justice. The rest of ATF remains at Treasury as the Alcohol and Tobacco Tax and Trade Bureau (TTB). As a result of these and other changes, the entire resources of DOs' Office of Enforcement are transferred out to DHS and DOJ by FY 2004.

The budget for DO also reflects the maturation of the Treasury Building and Annex Repair and Restoration program, diminished requirements of the Air Transportation Stabilization Board and the discontinuation of new funding for the Expanded Access for Financial Services program.

In this new structure, the DO will continue to formulate and oversee implementation of domestic and international finance, tax, economic, and management policies of both the Department and of the Federal government.

Purpose of Program

The Salaries and Expenses appropriation supports the policy and oversight activities of the Secretary and his staff for Treasury Department areas of responsibility. These areas include the implementation and management of domestic and international financial services, tax, and economic policies that may pertain to either the Department or the Federal Government.

Departmental Offices

Program Description and Benefits

Activities of the Departmental Offices include:

- ❑ **Economic Policy:** Monitoring current and prospective macro- and micro-economic developments; collecting and analyzing international financial data, including foreign credits and credit guarantees; and supporting consistency of government-wide economic programs; executing U.S. international financial policies; analyzing international trade and investment functions and researching financial issues;
- ❑ **Financial Policy:** Developing tax policies and programs; officially estimating all governmental receipts; reviewing regulations and rulings to administer the Internal Revenue Code; negotiating tax treaties for the United States; providing economic and legal policy analysis; overseeing domestic finance, banking and financial institutions, financial markets; community development; government asset privatization; public debt financing, daily government cash flow, and the Debt Collection Improvement Act;
- ❑ **Treasury-wide Management Policy:** Implementing the functions of the Chief Financial Officer (CFO), the Government Performance and Results Act (GPRA), and the Information Technology Management Reform Act, which includes efficient and effective use of the Treasury's assets and resources.
- ❑ **Treasury-wide Financial Statement Audits:** The function of the Treasury-Wide Financial Statement Audit is to provide resources for audits for Departmental Offices and Treasury bureaus.
- ❑ **Office of Foreign Asset Control:** The function of the Office of Foreign Asset Control is to help the Federal Government seize terrorist assets as well as implement financial sanctions which freezes terrorist assets.

Program Performance

During FY 2004, DO will continue exercising Treasury's policymaking and oversight responsibilities. Domestically, DO will be tracking, among other things, Treasury's impact on the growth and stability of domestic financial institutions and markets, fair and efficient taxation, the index of borrowing policies and borrowing requirements to financial market participants, and the development of sound and effective economic policies. Internationally, DO will be working to maintain or improve the economic conditions in developing countries, developing debt reduction agreements for poor countries, and meeting current U.S. financing commitments, including paying all arrears to multilateral development banks.

Internally, DO will continue implementing the President's Management Agenda. DO will lead efforts to enhance bureau and departmental management operations and performance by improving the quality and timeliness of financial systems information, effectively monitoring the investment and tracking of assets, and improving acquisition and competition practices.

Department-wide Systems and Capital Investment Program

Program Summary (dollars in millions)					
Appropriation Title	FY 2002 Enacted	FY 2003 Request	FY 2004 Request	Increase or Decrease	
				\$millions	percent
HR Connect:					
Development	6.7	8.2	8.2	0.0	0.0%
Deployment	2.7	3.2	3.2	0.0	0.0%
Infrastructure	6.8	7.0	7.0	0.0	0.0%
Operation and Maintenance (incl. IRS)	9.6	7.4	7.6	0.2	2.7%
Subtotal, HR Connect:	25.8	25.8	26.0	0.2	0.8%
Integrated Treasury Network (ITN--"Wireless"):					
Program Management	3.2	3.2	0.0	-3.2	-100.0%
Systems Development	7.3	7.3	0.0	-7.3	-100.0%
Narrowband Equipment	15.4	21.4	0.0	-21.4	-100.0%
Subtotal, ITN	25.9	31.9	0.0	-31.9	-100.0%
Asset Management Information System	0.2	0.2	0.0	-0.2	-100.0%
Treasury-wide Information Technology Architecture	0.2	0.2	0.2	0.0	0.0%
Treasury Back-up Capacity	8.7	1.7	1.7	0.0	0.0%
Critical Infrastructure Protection	8.0	9.0	9.0	0.0	0.0%
Appropriation	68.8	68.8	36.9	-31.9	-46.4%

Explanation of FY 2004 Request

- Human Resources:** The budget request continues the development and operation of *HR Connect* for management of human skills and talents by adopting proven information systems approaches to integrating personnel information. The *HR Connect* program will continue to improve and expand its scope by introducing new technology, implementing new functionality, and increasing its customer base while maintaining a high degree of customer service and product quality. Treasury anticipates incorporating significant enhancements and modifications to previous *HR Connect* releases based on inputs and business needs from deployed Treasury bureaus.
- Integrated Treasury Network - "Wireless":** Treasury's budget request proposes the transfer of this important initiative to the Department of Justice where it can best be managed for enforcement bureaus.
- Critical Infrastructure:** Critical Infrastructure Protection (CIP) resources are required to sustain current CIP efforts, including those associated with National Security Emergency Preparedness and Homeland Security. One of the most sensitive and essential sectors of our National Critical Infrastructure areas is the Banking and Financial (B&F) sector. Treasury must continue its Research and Development efforts to address the emerging threats posed from unfriendly foreign nations, terrorists and criminals, which create increased vulnerabilities especially as the B&F community

Department-wide Systems and Capital Investment Program

moves from its traditional protected systems to the world of e-commerce and internet banking. Efforts in the areas of authentication technologies and physical and electronic protection technologies are particularly critical and must continue.

- ❑ **Treasury Back-up/Disaster Recovery Capacity:** Treasury's request continues efforts on the disaster recovery initiative of the Chief Information Officer (CIO) organization. This effort is critical to protect many of Treasury's technology systems and continuity of operations for key Treasury officials and functions in the event of a disaster. This project represents a commitment to safeguard IT infrastructure and to ensure consistencies through the planning and implementation phases of critical efforts.

Purpose of Program

The Department-wide Systems and Capital Investments Program budget addresses issues having Departmental stature because they are cross-cutting among Treasury bureaus or involve Treasury interface with other government agencies.

Program Performance

Bureaus deriving support from this appropriation reflect its beneficial results within their respective performance measures.

Inspector General for Treasury

Program Summary (<i>dollars in millions</i>)					
Appropriation Title	FY 2002 Enacted	FY 2003 Request	FY 2004 Request	Increase or Decrease	
				\$millions	percent
Salaries and Expenses	0.0	0.0	134.9	134.9	n/a

Explanation of FY 2004 Request

To maximize efficiencies and effectiveness, legislative language is being proposed in the President's Budget which will merge the Treasury Office of the Inspector General and the Treasury Inspector General for Tax Administration into a new Inspector General office, called the Inspector General for Treasury. The new organization will have all of the same powers and authorities under current law. Some designated functions are being transferred to the Department of Homeland Security and the Department of Justice.

Purpose of Program

The Inspector General for Treasury conducts and supervises audits, investigations, and evaluations to assess the operations and programs of the bureaus and offices of the Department of the Treasury: (1) promote the economy, efficiency, and effectiveness of Departmental programs and operations by preventing fraud, waste, and abuse in those programs and operations, (2) keep the Secretary and the Congress fully and currently informed of these issues and the progress made toward resolving them, (3) review existing and proposed legislation and regulations relating to the programs and operations of the Department, and make recommendations concerning the impact of such legislation and regulations on the economy and efficiency in the administration of programs and operations of the Department of the Treasury.

The audit function provides program audit, contract audit, information technology audit, and financial statement audit services. Program audits review and audit all facets of agency programs and operations and related entities. Contract audits provide professional advice to agency contracting officials on accounting and financial matters relative to negotiation, award, administration, repricing, and settlement of contracts. Information technology audits review all aspects of the acquisition, implementation, and security of electronic systems. Financial statement audits assess whether financial statements fairly present the agency's financial condition and results of operations, the adequacy of accounting controls, and compliance with laws and regulations. These audits contribute significantly to improved financial management by helping Treasury managers identify improvements needed in their accounting and internal control systems.

The evaluations function reviews program performance and issues critical to the mission of the Department of the Treasury, including assessing the Department's implementation of the Government Performance and Results Act. The investigative function provides for the detection, investigation of and protection against improper and illegal activities involving programs, personnel, and operations of Department of the Treasury including external attempts to corrupt or threaten their employees, systems and facilities.

Inspector General for Treasury

Program Description and Benefits

The IGT's responsibilities funded by this appropriation include:

- Providing a means to keep the Secretary and Congress fully and currently informed of problems and deficiencies relating to the administration of the Department's programs and operations.
- Promoting economy, efficiency and effectiveness through audit and investigative services which help the Department and its bureaus identify areas to improve programs and operations to fulfill their missions.
- Detecting and preventing fraud, waste, and abuse with audits and investigations to protect against attempts to corrupt or threaten programs, operations, the employees of Treasury, the IRS Oversight Board, Chief Counsel of the IRS, and to promote effective integrity awareness and fraud deterrence.
- Protecting Taxpayer Rights and Privacy by conducting performance and financial audits of IRS operations, focusing on strengthening the internal control environment, improving customer service, and increasing compliance and productivity.

Program Performance

A detailed performance plan for FY 2004 will be presented with the Treasury FY 2005 Justification for Appropriation and Performance Plan.

Counter-Terrorism Fund

Appropriation Title	FY 2002	FY 2003	FY 2004	Increase or Decrease	
	Enacted	Request	Request	\$millions	percent
Counter-Terrorism Fund	40.0	40.0	0.0	-40.0	-100.0%

Explanation of FY 2004 Request

Pursuant to Public Law 107-296, The Homeland Security Act of 2002, the Counter-Terrorism Fund was transferred to the new Department of Homeland Security. FY 2004 budget and performance information for this bureau can be obtained from the Department of Homeland Security.

Financial Crimes Enforcement Network

Program Summary (<i>dollars in millions</i>)					
Appropriation Title	FY 2002 Enacted	FY 2003 Request	FY 2004 Request	Increase or Decrease	
				Millions	percent
Salaries and Expenses	47.5	50.5	57.5	7.0	13.8%

Explanation of FY 2004 Request

The Financial Crimes Enforcement Network (FinCEN) request will enable FinCEN to strengthen its law enforcement investigative support efforts to combat money laundering and other financial crimes, the illicit proceeds of which are used to finance terrorism and other criminal activities. The request will also allow FinCEN to expand or begin implementation of critical programs to address actions mandated by the USA Patriot Act of 2001, including, but not limited to expansion of the Bank Secrecy Act (BSA) to new industries, monitoring the establishment of anti-money laundering programs in all financial institutions, and acceleration of efforts to enable electronic filing of BSA data.

In addition, FinCEN's request is expected to maintain the direction of essential program components and support Treasury's strategic goals, while promoting fiscal discipline by achieving greater efficiency in the management of resources.

Purpose of Program

FinCEN supports law enforcement investigative efforts and fosters interagency and global cooperation against domestic and international financial crime. FinCEN also provides U.S. policymakers with strategic analysis of domestic and worldwide money laundering developments, trends, and patterns. FinCEN works toward these ends through information collection, analysis, and sharing, as well as technological assistance, and innovative, cost-effective implementation of the Bank Secrecy Act and other Treasury authorities.

Program Description and Benefits

FinCEN's responsibilities funded by this appropriation include:

- Providing quality and timely investigative support and networking to FinCEN's customers in the fight against money laundering, terrorist financing, and other financial crimes;
- Providing useful information to law enforcement, regulatory partners, and financial institutions about trends, patterns, and issues associated with money laundering and other financial crimes;
- Effectively administering the Bank Secrecy Act in order to support the prevention and detection of money laundering, terrorist financing, and other financial crimes; and
- Establishing and strengthening mechanisms for the exchange of information globally, and engage, encourage, and support international partners in taking necessary steps to combat money laundering, terrorist financing, and other financial crimes.

Financial Crimes Enforcement Network

Program Performance

FinCEN expects to achieve the following levels of performance in selected program areas in FY 2004 subject to requested funding:

- Enhance ability to provide useful information to law enforcement, regulators, and financial institutions about trends, patterns, and issues related to suspicious financial transactions and other money laundering/financial crimes which fuel terrorism and other criminal activities;
- Effectively administer additional requirements mandated by the USA Patriot Act of 2001 and subsequent regulatory requirements;
- Strengthen and expand mechanisms for exchange of information globally to enhance the global fight against terrorism and money laundering that fuels criminal activities;
- Continue to increase the number of cases worked directly by customers by expanding access and offering users new options for connecting the BSA databases; and,
- Increase the number of investigative cases networked among law enforcement agencies and continue to improve investigative case reports to meet customer expectations.

Federal Law Enforcement Training Center

Appropriation Title	FY 2002 Enacted	FY 2003 Request	FY 2004 Request	Increase or Decrease	
				\$millions	percent
Salaries and Expenses	128.7	122.4	0.0	-122.4	-100.0%
Acq., Constr., Improv., and Related Expense	41.9	23.3	0.0	-23.3	-100.0%
Appropriation	170.6	145.7	0.0	-145.7	-100.0%

Explanation of FY 2004 Request

Pursuant to Public Law 107-296, The Homeland Security Act of 2002, the Federal Law Enforcement Training Center was transferred to the new Department of Homeland Security. FY 2004 budget and performance information regarding this bureau can be obtained from the Department of Homeland Security.

Financial Management Service

Program Summary (<i>dollars in millions</i>)					
Appropriation Title	FY 2002 Enacted	FY 2003 Request	FY 2004 Request	Increase or Decrease	
				\$millions	percent
Salaries and Expenses	213.0	221.0	229.0	8.0	3.6%

Note: The FY 2002 enacted level presented in this chart does not include a \$14 million rescission of unobligated balances per Public Law 107-206. The rescinded amount is presented in the FMS Salaries and Expenses section of the President's Budget Appendix.

Explanation of FY 2004 Request

The Financial Management Service (FMS) continues to work toward becoming a *World Class* organization consistent with the President's Management Agenda. FMS is reviewing programmatic efforts on a continual basis to reduce or remove those producing little or no programmatic value in redirecting those resources to program priority. In FY 2004, FMS seeks additional funding to support the Indian Trust Fund Litigation reflecting FMS' increased court-ordered responsibilities.

Purpose of Program

FMS' activities encompass all work performed to improve the quality of government financial management and include: implementing payment policy and procedures for the Federal Government, issuing and distributing payments, promoting the use of electronic methods in payment and collection processes, assisting agencies in converting payments from paper checks to electronic funds transfer (EFT), operating the Federal government's collection and deposit systems, centrally managing and collecting delinquent debts owed to the Federal Government, and providing government-wide accounting and reporting services.

Program Description and Benefits

FMS' responsibilities funded by this appropriation include:

- Producing accurate, accessible, and timely government-wide financial information and reports which contribute to improved quality of the Nation's financial decision making by providing financial accounting and reporting services for the Government-at-large, collecting financial information from Federal program agencies and publishing government-wide financial reports.
- Providing Federal payments timely and accurately, moving toward an all - electronic Treasury for payments, and determining the optimal payment processing environment for the future by disbursing more than \$1 trillion in payments to Social Security beneficiaries, Federal employees, government vendors and others; and expanding the use of electronic funds transfers for these payments.
- Providing timely collection of Federal Government receipts, at the lowest cost, through an all-electronic Treasury by administering the world's largest collections system, collecting over \$2 trillion annually through both electronic and paper-based mechanisms and developing government-wide solutions to convert paper collections to electronic.

Financial Management Service

- Facilitating the achievement of a clean/unqualified audit opinion on the *Financial Report of the U.S. Government* through FMS' internal operations and support to Government agencies in support of the Government Management Reform Act of 1994, which requires annual financial statements for the U. S. Government as a whole and 24 major agencies.
- Maximizing collection on government delinquent debt by providing efficient and effective centralized debt collection services by managing government-wide delinquent debt collections as required by the Debt Collection Improvement Act of 1996 (DCIA). This includes maintaining and operating the Treasury Offset Program (TOP), a centralized offset program developed by FMS to assist Federal agencies and states in the collection of delinquent debts. FMS also operates the Cross-servicing Program, a centralized debt collection process that collects delinquent debts referred from Federal program agencies through the use of various tools, including private collection agencies.
- Establishing policies and processes to facilitate the integration of e-commerce technologies into the payments and collections infrastructure by maintaining current systems that support the vast majority of Federal EFT payments and collections made via the Automated Clearing House (ACH), the Federal Reserve Fedwire System, and by credit card.

Program Performance

FMS expects to achieve the following levels of performance in selected program areas in FY 2004, subject to requested funding:

- Process paper check and EFT payments timely and accurately 100 percent of the time.
- Adjudicate 94 percent of forgery and non-receipt check claims within 14 days.
- Make 75 percent of Treasury payments and associated information available electronically.
- Collect electronically 81 percent of the total dollar amount of Federal government receipts.
- Manage \$10 billion in lockbox collections through Pay.gov.
- Increase debt collection to \$2.9 billion through all available tools.
- Increase to 90 percent the amount of delinquent debt referred to Treasury for collection, compared to the amount of delinquent debt that is eligible for referral.
- Issue timely and accurate Government-wide accounting reports.
- Work with agencies to achieve a clean/unqualified audit opinion on the *Financial Report of the U.S. Government*.

Bureau of Alcohol, Tobacco and Firearms

Appropriation Title	FY 2002	FY 2003	FY 2004	Increase or Decrease	
	Enacted	Request	Request	\$millions	percent
Salaries and Expenses	854.7	883.8	0.0	-883.8	-100.0%

Explanation of FY 2004 Request

Pursuant to Public Law 107-296, The Homeland Security Act of 2002, the Alcohol, Tobacco, Firearms and Explosives portion of the Bureau of Alcohol, Tobacco and Firearms was transferred to the Department of Justice. This legislation also creates the Alcohol & Tobacco, Tax and Trade bureau that is retained within the Department of Treasury.

Information regarding the portion of ATF that was transferred can be obtained from the Department of Justice. Information regarding the Alcohol and Tobacco Tax and Trade Bureau can be found in the following tab.

Alcohol and Tobacco Tax and Trade Bureau

Program Summary (<i>dollars in millions</i>)					
Appropriation Title	FY 2002	FY 2003	FY 2004	Increase or Decrease	
	Enacted	Request	Request	\$ millions	percent
Salaries and Expenses	0.0	0.0	80.0	n/a	n/a

Explanation of FY 2004 Request

The Alcohol and Tobacco Tax and Trade Bureau (TTB) is a newly formed bureau carved from the Department of Treasury's former Bureau of Alcohol, Tobacco and Firearms. The FY 2004 request supports the full year costs of the first year of TTB's operation. This funding level supports TTB's responsibility for revenue collection and enforcement of laws and regulations governing alcohol and tobacco commodities. Funding in FY 2004 also supports the revenue collection function for the firearms and ammunition excise tax. To this end, TTB is working to address the essential requirements for inspections and investigations associated with the alcohol and tobacco commodities. Additionally, TTB reviews all performance measures to capture essential areas of interest and develop methods and procedures that can best achieve the stated goals.

Purpose of Program

TTB collects significant revenues for the government and performs crucial investigations of tax fraud and deception associated with alcohol and tobacco commodities. TTB works to ensure the public's safety through its efforts of commodity testing and enforcement of labeling regulations for alcohol beverage products.

Program Description and Benefits

Collecting the Revenue: *To maintain a sound revenue management and regulatory system that continues to reduce the taxpayer burden, improve service, collect the revenue due, and prevent tax evasion and other criminal conduct,* TTB is furthering advancements in electronic filing and modernizing the document processing to ensure all eligible revenues are collected effectively and timely managed. TTB investigates and assists with the prosecution of business entities suspected of being involved in tax evasion schemes, including diversion and smuggling of taxable commodities.

Protecting the Public: *To protect the public and prevent consumer deception in TTB's regulated commodities, TTB enforces compliance with Federal laws related to the production and distribution of alcohol and tobacco products through education, inspection, laboratory testing, and investigation.* TTB works with industry, State governments, and other interested parties to make it easier to comply with regulatory requirements. Technical expertise, training, information, and research results are provided to industry members, government agencies and others in order to better protect the public. TTB relies on innovation, partnerships, and open communication to ensure the safety of the public.

Alcohol and Tobacco Tax and Trade Bureau

Program Performance

TTB will pursue the following levels of performance for FY 2004, subject to funding.

- Collect \$15.1 billion in taxes and fees from the alcohol, tobacco, firearms and explosives industries.
- Collect \$211 in taxes and fees for every dollar of appropriated funding expended.
- Achieve, as a minimum, 1 percent of taxpayers filing excise tax returns and monthly operating reports electronically.
- 50 percent of label approval applications submitted and processed electronically.

Bureau of Engraving and Printing

Program Summary (<i>dollars in millions</i>)					
Appropriation Title	FY 2002	FY 2003	FY 2004	Increase or Decrease	
	Actual	Estimate	Estimate	\$millions	percent
Revenue	443.0	505.0	516.0	11.0	2.2%

Explanation of FY 2004 Request

With this level of revenue, the Bureau of Engraving and Printing will maintain its capability to produce and deliver quality U.S. currency, postage stamps, and other government securities to its customers. It will do so in the most cost-effective manner, while aggressively implementing a major redesign of currency through a coordinated program to update technology, develop the workforce and improve work processes. Significant resource investments have and will be made as the Bureau makes final preparations for the production of redesigned, next generation currency.

The new currency design will include additional sophisticated counterfeit deterrent features to complement and strengthen the array of features in the present design. New counterfeit deterrent features are included in currency paper and inks as well as new print designs that add color to the notes. Production of next generation design is necessary to thwart the technological advances available to counterfeiters, and to maintain the integrity of the Nation's money supply. This effort required a multi-million dollar capital investment in printing technology, personnel and support processes. An expansion of the Western Currency Facility is scheduled for completion in early 2003 to accommodate this new technology.

Purpose of Program

The BEP operates under authority conferred upon the Secretary of the Treasury by 31 U.S.C. 321 (a)(4) to engrave and print currency and security documents. The operations of BEP are financed by means of a revolving fund. BEP is reimbursed by customer agencies through product sales for the direct and indirect costs of operations, including administrative expenses, and acquisition of capital equipment and working capital. This precludes requests for appropriations.

Program Description and Benefits

The BEP's responsibilities funded by this authority include:

- Designing, manufacturing, and supplying U.S. currency, postage, and various government securities.
- Accounting for and destroying security waste products.
- Providing maintenance services for BEP's buildings, plants, machinery and equipment.
- Conducting research and development programs for improving the quality of products, reducing manufacturing costs, and strengthening deterrents to counterfeiting of government securities.

Bureau of Engraving and Printing

Program Performance

BEP expects to achieve the following levels of performance in selected program areas in FY 2004:

- The percent of Federal Reserve orders of an expected demand production of 8.5 billion currency notes is met 100% of the time.¹
- The percent of United States Postal Service orders of an expected 7.5 billion postage stamps is met 100% of the time.¹
- The number of currency shipment discrepancies in overages or underages in shipments of finished notes to the Federal Reserve Banks per million notes will be less than .0100.
- A target will be set for the percent of currency notes delivered to the Federal Reserve that meet customer quality requirements based on a baseline established in FY 2003. This measure is more rigorous than the previous number of notes returned due to manufacturing defects as it includes all both overt and covert functions as designed.

¹ Targets are subject to change pending final orders from the customer agency.

U.S. Mint Public Enterprise Fund

Program Summary (dollars in millions)					
Appropriation Title	FY 2002	FY 2003	FY 2004	Increase or Decrease	
	Actual	Estimate	Estimate	\$millions	percent
Revenue *	802.0	1,010.0	1,035.0	25.0	2.5%

Explanation of FY 2004 Request

In FY 2004, the Mint plans to deliver 18.3 billion circulating coins to the Federal Reserve System and 16 million products to numismatic customers. This includes 4.4 billion circulating quarters for the sixth year of the Fifty States Commemorative Coin Program, with the issuance of the next five coins in the ten-year series. The Thomas A. Edison Commemorative Coin and the Lewis and Clark Expedition Commemorative Coin programs will be featured in FY 2004. In addition, the Mint will continue implementation of its new strategic plan to become a *World Class* organization consistent with the President's Management Reform Agenda. The Mint is reviewing programmatic efforts on a continual basis to reduce or remove those producing little or no programmatic value. Budget and performance integration, as part of the President's Management Agenda, requires this kind of business review, with the emphasis on best results at the lowest total cost.

Purpose of Program

The U. S. Mint manufactures and delivers domestic circulating coinage and numismatic and bullion products, and provides security over assets, including the government's stock of gold and silver bullion, coins, and coinage metals. These activities are financed by the Mint Public Enterprise Fund, a revolving fund authorized by Public Law 104-52 (31 U.S.C. §5136). This precludes the need for requests for appropriations.

Program Description and Benefit

The responsibilities of the United States Mint Public Enterprise Fund include:

- Manufacturing and distributing circulating coinage to meet Federal Reserve demand;
- Manufacturing, marketing, and distributing numismatic and bullion coins, medals, and other products for sale to collectors and the general public; and
- Protecting Mint facilities, including the government's stock of gold and silver bullion, coins, and coinage metals at Mint locations.

*Revenue reported in the President's budget shown above is as defined by government accounting rules, and is known as offsetting receipts. In the Mint's Congressional justification a more traditional business definition of revenue is used, the total receipts from the sale of Mint products to its customers (the public and the Federal Reserve). This provides the basis for the Mint's performance based budget, and is part of the calculation used in determining the off-budget transfer of seigniorage to the Treasury general fund.

U.S. Mint Public Enterprise Fund

Program Performance

The Mint expects to achieve the following levels of performance toward bureau-wide targets in FY 2004:

- Inventory Turnover – reduce the cost to store and carry inventory by increasing the number of times per year in which the average inventory is sold to 3.3 from 1.6 in FY 2002.
- Yield – increase the percentage of raw material that is transformed into finished goods from 86% in FY 2002 to 97% in FY 2004.

United States Customs Service

Program Summary (<i>dollars in millions</i>)					
Appropriation Title	FY 2002 Enacted	FY 2003 Request	FY 2004 Request	Increase or Decrease	
				\$millions	percent
Salaries and Expenses	2,501.3	2,225.0	0.0	-2,225.0	-100.0%
Air/Marine Operation & Maintenance	184.6	170.8	0.0	-170.8	-100.0%
Automation Modernization	427.8	435.3	0.0	-435.3	-100.0%
Harbor Maintenance Fee Collections	3.0	3.0	0.0	-3.0	-100.0%
Program Request	3,116.7	2,834.1	0.0	-2,834.1	-100.0%

Explanation of FY 2004 Request

Pursuant to Public Law 107-296, The Homeland Security Act of 2002, the United States Customs Service was transferred to the new Department of Homeland Security. FY 2004 budget and performance information regarding this bureau can be obtained from the Department of Homeland Security.

Bureau of the Public Debt

Program Summary (dollars in millions)					
Appropriation Title	FY 2002 Enacted	FY 2003 Request	FY 2004 Request	Increase or Decrease	
				\$millions	percent
Salaries and Expenses	191.4	195.5	178.1	-17.4	-8.9%
Offsetting Maintenance fees	-4.4	-4.4	-4.4	0.0	0.0%
Totals	187.0	191.1	173.7	-17.4	-8.9%

Explanation of FY 2004 Request

The request for the Bureau of the Public Debt (BPD) maintains a program level consistent with the current level of effort necessary to borrow the money needed to operate the Federal Government and to account for the resulting public debt. In addition, BPD is working toward becoming a *World Class* organization consistent with the President's Management Reform Agenda. BPD is reviewing programmatic efforts on a continual basis to reduce or remove those producing little or no programmatic value.

In FY 2004, Public Debt is reducing resources devoted to marketing paper saving bonds. As a first step in the transition to an all electronic environment, Public Debt introduced its new *TreasuryDirect* system which will ultimately offer "one-stop shopping" for the full range of Treasury securities.

Purpose of Program

This appropriation is used to administer the laws and regulations pertaining to: public debt financing; accounting for the public debt and related interest costs; and the issuance, servicing, and retirement of public debt securities.

Program Description and Benefits

BPD's responsibilities funded by this appropriation include:

- Economic Policy - Marketable Securities:** Implementing regulations governing the primary issuance of Treasury securities and secondary market transactions involving government securities.
- Fiscal and Financial Policy:** Issuing and servicing of Treasury securities; conducting transactions on outstanding securities including exchanges, transfers and redemptions; receiving, auditing, recording, storing, and destroying redeemed securities and interest coupons; protecting the investor by adjudicating claims on lost, stolen or destroyed securities.

Bureau of the Public Debt

- ❑ **Fiscal and Financial Policy – Accurate and Timely Information:** Establishing and maintaining accurate records of the sale and redemption of savings bonds; managing, issuing and accounting for investments on behalf of more than 200 Government agencies and Federal Trust Funds; conducting auctions, and announcing auction results in a timely manner; and recording and reporting accurate financial data concerning the public debt.
- ❑ **Management Policy – Customer Service:** Providing quality customer service and convenience to the investor by making savings securities available through a nationwide network of financial institution issuing and paying agents; by issuing marketable securities directly and through the Federal Reserve Banks; and by enabling investors to request information and complete financial transactions using emerging electronic technologies.

Program Performance

BPD expects to achieve the following levels of performance in selected program areas in FY 2004, subject to requested funding:

- ❑ Provide accurate and timely public debt accounting information.
- ❑ Receive unqualified audit opinions on the Schedule of Federal Debt and Loans Receivable.
- ❑ Provide quality service to purchasers of savings bonds by:
 - Issuing 99.95 percent of over-the-counter savings bonds in three weeks; and,
 - Completing 90 percent of customer service transactions within 13 business days.
- ❑ Meet the borrowing needs of the Federal Government by:
 - Conducting 100 percent of marketable securities auctions without error; and,
 - Announcing auction results within 2 minutes \pm 30 seconds 95 percent of the time.
- ❑ Provide quality service to investors in Treasury marketable securities by:
 - Completing 90 percent of *TreasuryDirect* customer service transactions within three weeks;
 - Making 100 percent of *TreasuryDirect* and Commercial Book Entry interest and redemption payments timely and accurately; and,
 - Processing Federal Investment Program transactions timely and accurately.
- ❑ Enhance customer service satisfaction in the Savings Securities and Marketable Securities Activities.
- ❑ Enhance employee satisfaction in the Savings Securities and Marketable Securities Activities.

Internal Revenue Service

Program Summary (<i>dollars in millions</i>)					
Appropriation Title	FY 2002 Enacted	FY 2003 Request	FY 2004 Request	Increase or	
				\$millions	percent
Processing, Administration and Management	3,810.9	3,958.3	4,074.7	116.4	2.9%
Tax Law Enforcement	3,542.9	3,729.1	3,976.6	247.5	6.6%
Information Systems	1,569.2	1,632.4	1,670.0	37.6	2.3%
Business Systems Modernization	405.6	380.0	429.0	49.0	12.9%
EITC Compliance	146.0	146.0	251.2	105.2	72.1%
Health Insurance Tax Credit Administration	0.0	70.0	35.0	-35.0	n/a
Total Appropriation	9,474.6	9,915.8	10,436.5	520.7	5.3%

Explanation of FY 2004 Request

The Internal Revenue Service (IRS) Budget request for FY 2004 builds on the progress it has made on modernizing its organization and systems. The request also supports IRS's three strategic goals: Service to Each Taxpayer, Service to all Taxpayers, and Productivity through a Quality Work Environment.

To better serve each taxpayer, IRS will continue to improve telephone level of service and expand electronic filing options. The FY 2004 request will support efforts already underway to improve the automatic routing of taxpayer calls to specially trained employees. IRS is also requesting an additional \$100 million to re-engineer its administration of the Earned Income Tax Credit program. IRS is proposing to develop new procedures that would prevent fraud from occurring by implementing a pre-qualification system.

To serve all taxpayers, IRS is continuing its efforts to strengthen compliance and increase fairness for all taxpayers. IRS is requesting \$133 million for additional staff to strengthen compliance, particularly in areas of high risk for non-compliance such as tax shelters, and abusive tax schemes. IRS is also re-engineering the collection process in two key ways. First, IRS will identify high risk accounts early enough to intervene immediately. Second, it is proposing to employ contract collection agents. These efforts will be supported with improved technological tools. No appropriated funds are being requested for administering these collections changes.

Productivity through a quality work environment continues to be fostered through the continuation of the Business Systems Modernization program at \$429 million. IRS is beginning to enjoy the benefits from modernization of both its systems and its business processes. FY 2004 is the second year in which IRS has been able to identify areas of savings and re-apply them to high-priority needs, thus reducing their requirements for additional appropriations. Because of productivity increases, especially due to the increase in electronic filing, IRS will be able to close one of its processing sites.

Internal Revenue Service

Purpose of Program

IRS receives Federal tax payments and is committed to provide top quality service by helping taxpayers understand and meet their tax responsibilities. They are also committed to helping taxpayers comply with tax laws and applying tax laws with integrity and fairness to all.

Program Description and Benefits

IRS provides three primary services: Pre-Filing Services, Filing Services and Post-Filing Services.

- Pre-Filing Services**—Provides taxpayer service before the return is filing to assist in the filing of a correct return. IRS continues to emphasize taxpayer education, outreach, increased volunteer support time and locations, expanding pre-filing agreements and rulings, and enhancing pre-filing customer support through electronic media.
- Filing Services**-- Provides taxpayer service in processing filed returns and paying taxes, including electronic filing and payment. IRS continues to make progress in decreasing paper returns and increasing the use of electronic filing and payment methods. IRS is also increasing both the capacity and effectiveness of its telephone and in-person taxpayer support.
- Post-Filing Services**—Applies tax laws and enforces compliance. IRS interacts with taxpayers after a return is or should have been filed to identify underreporting, non-filing and non-payment. IRS continues to focus on improving the quality of examinations and investigations, increasing customer and employee satisfaction, increasing offers in compromise, and increasing case closures.

Program Performance

IRS expects to achieve the following levels of performance in selected program areas in FY 2004, subject to requested funding:

- Provide taxpayers greater access to information, assistance and support in filing their returns. IRS will assist 29 million taxpayers through direct and indirect means.
- Improve the quality of service to taxpayers during and after they file their returns. IRS will assist 50 million taxpayers through toll free, automated/Teletax services. The toll free level of service will be 73%, tax law accuracy will be 89%, and accounts accuracy will be 93%. An additional 35 million taxpayers will be assisted directly over the phone. IRS expects 44% of individual returns to be filed electronically, continuing the increasing trend of the last few years.
- Identify and correct all substantive errors in filed tax returns, reporting of income, and payment of taxes.
- IRS will increase the number of cases closed in field examinations, the automated collection system, and the automated underreporter system.
- Assist Americans through the administration of the Earned Income Tax Credit. In the 2002 filing season, IRS administered approximately 18.5 million credits for a total of \$32 billion.

U.S. Secret Service

Program Summary (<i>dollars in millions</i>)					
Appropriation Title	FY 2002 Enacted	FY 2003 Request	FY 2004 Request	Increase or Decrease	
				\$millions	percent
Salaries and Expenses	1,062.1	1,010.4	0.0	-1,010.4	-100.0%
Acq., Constr., Improv., and Related Expenses	3.5	3.5	0.0	-3.5	-100.0%
Appropriation	1,065.6	1,013.9	0.0	-1,013.9	-100.0%

Explanation of FY 2004 Request

Pursuant to Public Law 107-296, The Homeland Security Act of 2002, the United States Secret Service was transferred to the new Department of Homeland Security. FY 2004 budget and performance information for this bureau can be obtained from the Department of Homeland Security.

Interagency Crime and Drug Enforcement

Appropriation Title	FY 2002	FY 2003	FY 2004	Increase or Decrease	
	Enacted	Request	Request	\$millions	percent
Interagency Law Enforcement	107.6	107.6	0.0	-107.6	-100.0%

Explanation of FY 2004 Request

The FY 2004 President's Budget proposes to transfer the Interagency Crime and Drug Enforcement (ICDE) account to the Department of Justice. Budgetary and performance information for this account can be obtained from the Department of Justice.

Community Development Financial Institutions Fund

Program Summary (dollars in millions)					
Appropriation Title	FY 2002	FY 2003	FY 2004	Increase or Decrease	
	Enacted	Request	Request	\$millions	percent
Community Dev. Financial Institutions Fund	80.0	68.0	51.0	-17.0	-25.0%

Explanation of FY 2004 Request

The Community Development Financial Institutions (CDFI) Fund is working toward becoming a *World Class* organization consistent with the President's Management Reform Agenda. CDFI is reviewing programmatic efforts on a continual basis to reduce or remove those producing little or no programmatic value. Budget and performance integration, as part of the President's Management Agenda, requires this kind of business review, with the emphasis on best results at the lowest total cost. The request for CDFI reflects this review.

Purpose of Program

CDFI was created to expand the availability of credit, investment capital, and financial services in distressed urban and rural communities, and to carry out the Community Development Banking and Financial Institutions Act of 1994. By stimulating the creation and expansion of diverse community development financial institutions (CDFIs) and by providing incentives to traditional banks and thrifts through the Bank Enterprise Award (BEA) Program, the Fund's investments work toward building private markets, creating healthy local tax revenues, and empowering residents. The CDFI Fund provides small infusions of capital to institutions that serve distressed communities and low-income individuals. The Fund's activities leverage millions of private-sector investments dollars from banks, foundations, and other funding sources.

Program Description and Benefits

The CDFI Fund's responsibilities funded by this appropriation include:

- Promoting fair and efficient deliveries of credit and other financial services and helping to bring residents of distressed communities into the economic mainstream by: Investing directly in CDFIs that satisfy quality standards and are able to raise private matching funds; providing training and technical assistance to improve the capacity of CDFIs; implementing secondary market initiatives which draw in new sources of private institutional capital to support the activities of CDFIs; providing incentives to traditional financial institutions to increase their support of CDFIs and increase the lending and financial services they provide in distressed communities; and develop tax incentives designed to improve the prospects for economic growth in distressed areas and increase job opportunities for low-income workers.

Community Development Financial Institutions Fund

Program Performance

CDFI expects to achieve the following performance objectives in selected program areas with requested funding in FY 2004:

- Increase financing to businesses (including non-profit businesses) and individuals that are low wealth, have limited collateral, are located in underserved communities, or have other characteristics that inhibit them from getting business or commercial real estate loans or equity investments from traditional financial sources.
- Expand the supply and quality of housing units in underserved communities and increase homeownership in these markets by increasing the availability of housing financing that leverages conforming mortgages or that would not likely be made by traditional financial institutions.
- Expand access to affordable financial services for the “unbanked,” low-income people and others in underserved communities.
- Build the self-sufficiency and capacity of CDFI Fund awardees and certified CDFIs.