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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

JUL 08 2013

This responds to your Freedom of Information Act (FOIA) request to the Department of the Treasury dated April 27, 2013, which was received in this office on May 7, 2013, and assigned tracking number 2013-05-084. Your request seeks memo(s) and document(s) describing the impact of federal budget sequestration upon the agency's operations and functions.

Please be advised that pursuant to the Consolidated and Further Continuing Appropriations Act, 2013, which was enacted on March 26, 2013, the Department of the Treasury was required to submit to the Committees on Appropriations of the House of Representatives and the Senate spending plans reflecting implementation of sequestration. We have included, with this FOIA response, the plans for our operating accounts and International Assistance Programs as submitted to Congress on April 25, 2013 and May 15, 2013 respectively.

This constitutes Treasury's final response to your FOIA request. Should you choose to appeal this response, you must do so within 35 days from the date of this letter. Your appeal must be in writing, must be signed by you, and should specify the basis for your appeal. Your appeal should be addressed to:

Freedom of Information Appeal
Disclosure Services, DO
Department of the Treasury
Washington, D.C. 20220

The appeal should specify the date of your initial request and the date of this letter. If possible, please provide a copy of your request and this letter.

Sincerely,

Bob Mahaffie
Departmental Budget Director,
U.S. Department of the Treasury

Department of the Treasury
FY 2013 Operating Plans
Sequestration Actions Summary

Each fiscal year, the Treasury Department is required to submit an operating plan to the appropriators for its appropriated accounts. Attached is the FY 2013 enacted operating plan as directed by the Consolidated and Further Continuing Appropriations Act, 2013, Public Law 113-6. The direction this year requires the operating plan to be submitted within 30 days of enactment. P.L. 113-6 was signed on March 26, 2013.

As required by the sequestration order issued by the President on March 1, 2013, non-exempt appropriated budget resources are reduced by five percent from the FY 2012 enacted level. At Treasury, all appropriated bureaus are subject to sequestration with the exception of the Special Inspector General for TARP (SIGTARP). Accordingly, affected Treasury bureaus incorporated sequestration impacts in the FY 2013 enacted operating plans.

Treasury bureaus subject to sequestration conducted an extensive review of expenses in an effort to achieve the savings required by sequestration while minimizing the impact on Treasury's mission and employees. Nevertheless, sequestration will result in a reduction in the agency's ability to provide quality services to taxpayers. At the Internal Revenue Service (IRS), furloughs and cuts to other operating expenses will impede taxpayer access to IRS call and assistance centers. The IRS expects sequestration to result in billions of dollars in lost revenue due to fewer tax return reviews and diminished fraud detection. Sequestration also will force a reduction in Treasury support of counterterrorism and anti-money laundering investigations. In addition to providing fewer services, Treasury sequestration will require a decrease in payments, tax credits, and financial assistance programs that support small businesses and state and local governments.

In order to achieve the cuts required by sequestration, the IRS will furlough all employees for up to seven days. At this time we do not anticipate any other Treasury organizations will require employee furloughs to meet the lower sequestration funding levels. However, most Treasury bureaus will continue implementing hiring freezes or delay hiring to meet savings targets.

Bureaus will also see significant reductions in non-labor spending in FY 2013 as a result of sequestration. Contracts, travel, training, supplies, and conferences will be reduced in whole or in part at most Treasury bureaus. Several bureaus will defer the refresh of critical IT hardware, as in the cases of the Alcohol and Tobacco Tax and Trade Bureau (TTB) and the IRS. Sequestration cuts to Treasury's Community Development Financial Institutions Fund (CDFI) will weaken economic growth and hurt job creation, with fewer or smaller grants awarded in FY 2013 to underserved populations and disadvantaged communities. In addition to decreased payments to support state and municipal bond programs, sequestration will force Treasury to reduce assistance for the development of renewable energy and tax credits that support small businesses, putting jobs and economic growth at risk.

To combat the impacts of sequestration, several Treasury bureaus have proposed the transfer of enacted funds to minimize impacts on Treasury operations. Within the Bureau of the Fiscal

Service, the Bureau of the Public Debt (BPD) plans to transfer funds to the Financial Management Service (FMS). The IRS plans to transfer funds from Enforcement to Taxpayer Services and Operations Support in an effort to allocate resources between appropriations so that furlough days can be standardized for every IRS employee. The FY 2013 enacted operating plan attachments for each bureau provides additional transfer information regarding funding by object class and program / project / activities (PPA).

Department of the Treasury FY 2013 Enacted Operating Plan

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FY 2013 Operating Level (Dollars in Thousands)					
	FY 2012 Enacted P.L. 112-74	FY 2013 Enacted P.L. 113-6	Sequestration Reduction 5%	Across the Board Rescission (0.2%)	FY 2013 Operating Level
Management & Financial	\$963,191	\$963,191	-\$46,351	-\$1,926	\$914,913
Departmental Offices Salaries and Expenses	\$308,388	\$308,388	-\$15,514	-\$617	\$292,257
Office of Inspector General	\$29,641	\$29,641	-\$1,491	-\$59	\$28,091
Treasury IG for Tax Administration	\$151,696	\$151,696	-\$7,631	-\$303	\$143,761
Community Development Financial Institutions Fund	\$221,000	\$221,000	-\$11,118	-\$442	\$209,440
Financial Crimes Enforcement Network	\$110,788	\$110,788	-\$5,573	-\$222	\$104,993
Alcohol and Tobacco Tax and Trade Bureau	\$99,878	\$99,878	-\$5,024	-\$200	\$94,654
Special IG TARP	\$41,800	\$41,800	\$0	-\$84	\$41,716
Fiscal Service Operations	\$383,440	\$390,440	-\$19,641	-\$781	\$370,018
Financial Management Service	\$217,805	\$217,805	-\$10,957	-\$436	\$206,412
Bureau of the Public Debt, Gross	\$173,635	\$173,635	-\$8,735	-\$345	\$164,555
Less user fees	-\$8,000	-\$1,000	\$50	\$0	-\$950
Tax Administration	\$11,816,696	\$11,816,696	-\$594,451	-\$23,633	\$11,198,612
IRS Taxpayer Services	\$2,239,703	\$2,239,703	-\$112,670	-\$4,479	\$2,122,553
IRS Enforcement	\$5,299,367	\$5,299,367	-\$266,590	-\$10,599	\$5,022,178
IRS Operations Support	\$3,947,416	\$3,947,416	-\$198,579	-\$7,895	\$3,740,942
IRS Business Systems Modernization	\$330,210	\$330,210	-\$16,612	-\$660	\$312,938
Total, Treasury Appropriations Committee	\$13,163,327	\$13,170,327	-\$660,444	-\$26,341	\$12,483,543

- 1) Although discretionary, SIGTARP is exempt from Sequestration but is subject to the Rescission.
- 2) Does not include sequester amounts for Spending Authority from Collections
- 3) BPD's rescission amount is calculated using the net appropriation.

Departmental Office Salaries and Expenses FY 2013 Enacted Operating Plan

FY 2012 Enacted P.L. 112-74	FY 2013 Enacted P.L. 113-6	Sequestration Reduction 5%	Across the Board Rescission (0.2%)	FY 2013 Operating Level
\$308.388 Million	\$308.388 Million	-\$15.514 Million	-\$0.617 Million	\$292.257 Million

FY 2013 Proposed Funding and Operations Overview:

Departmental Offices (DO) is funded at a level of \$292.257 million, a reduction of \$16.131 compared to FY 2012 enacted. Of this amount, up to \$0.948 million is provided for Treasury's contribution to the Global Forum on Transparency and Exchange of Information for Tax Purposes. The operating plan provides \$9.609 million in two-year funding for: DO Information Technology Modernization (\$2.703 million); Treasury-wide financial audits (\$6.432 million); and Sensitive Compartmented Information Facilities (\$0.474 million). Additionally, the plan provides for the alignment of costs for the Treasury attaché program between the Office of International Affairs and the Office of Terrorism and Financial Intelligence, based on the Office's respective allocation of work as proposed in the FY 2013 President's Budget.

On March 1, to fully assess the impact of the sequestration order on DO activities, DO implemented increased scrutiny on all office spending. DO will meet the sequestration funding cut of \$15.5 million through a combination of delayed hiring; reductions in travel, training, and supplies; delaying the stand-up of the Treasury attaché posts in Cairo and Mexico City until the fourth quarter of FY 2013 or the first quarter of FY 2014; contract reductions; and a reduction in the Critical Infrastructure Protection Program.

The performance impact on DO under a sequestration in FY 2013 is difficult to quantify. The sequestration operating plan achieves the funding reduction for DO while attempting to maintain the Department's domestic programs, intelligence and enforcement functions, and tax and fiscal reform efforts. However, delays in hiring and reductions in non-pay object classes will reduce DO's ability fulfill its broad array of missions.

Planned Execution of Funds:

Executive Direction: The Executive Direction programs will be funded at \$35.763 million, which supports the direct programs, and includes \$9.528 million for the allocation of administrative program funding. The Executive Direction program area provides direction and policy formulation to the Department and Departmental Offices and interacts with Congress and the public on Departmental policy matters. These offices include: Secretary/Deputy Secretary, Chief of Staff, Executive Secretariat, General Counsel, Legislative Affairs, Public Affairs, and the Treasurer of the United States.

International Affairs and Economic Policy: The Office of Economic Policy and the Office of International Affairs will be funded at \$56.804 million, which supports the direct programs for both offices, and includes \$14.896 million for the allocation of administrative program funding. This funding level allows both offices to meet their program objectives. The Office of Economic

Policy will continue with the key role of supporting the Secretary by providing technical analysis, economic forecasting, and policy guidance. International Affairs will lead the Treasury Department effort in the development of policies and guidance related to international monetary affairs, trade and investment policy, international debt strategy, and United States participation in international financial institutions.

Domestic Finance and Tax Policy: The Office of Domestic Finance and the Office of Tax Policy will be funded at \$68.351 million, which supports the direct programs for both offices, and includes \$17.365 million for the allocation of administrative program funding. This funding level enables Domestic Finance and Tax Policy to fulfill their primary function of creating the conditions necessary for the resiliency of the financial sector and analysis of tax revenues. The plan does not provide multi-year funds for Domestic Finance.

Terrorism and Financial Intelligence (TFI): This office will be funded at \$96.116 million, which supports the direct programs, and includes \$25.945 million for the allocation of administrative program funding. This funding level enables TFI to identify the financial underpinnings of criminal, terrorist, and weapons proliferation networks, as well as protect the integrity of the financial system through targeted financial measures to support U.S. government policy goals.

Treasury-wide Management and Programs: The Treasury-wide Management programs will be funded at \$35.223 million, which supports the direct programs, and includes \$8.613 million for the allocation of administrative program funding. These offices provide policy and strategic direction in the fields of human resources, information technology security, and financial administration, in addition to formulating and managing Treasury's budget.

Proposed Reprogramming of Enacted Funds:

To reduce operational risks and minimize impacts on DO's high priorities and core mission areas, DO proposes the reprogramming of funds as indicated on Attachment 4 to maximize the Department's domestic programs, intelligence and enforcement functions, and tax and fiscal reform efforts. The operating plan includes the realignment of resources for activities that support all policy offices from Treasury-wide Management and Programs to administrative programs.

Items of Special Congressional Interest:

DO does not have any items of special Congressional interest.

FY 2013 ENACTED OPERATING PLAN
(Dollars in Thousands)

Bureau: Departmental Offices (DO)
Appropriation Title: Salaries and Expenses
Account Number(s): 20-0101/2013

Object Class	FY 2013 Full Year Continuing Resolution Enacted		Reductions under Sequestration Order		FY 2013 Rescission (0.2%)		FY 2013 Enacted (less sequestration & rescission reductions)		Proposed Reprogramming and Inter-Approp. Transfers		FY 2013 Operating Plan	
	FTE (1)	\$ (2)	FTE (3)	\$ (4)	FTE (5)	\$ (6)	FTE (8)	\$ (9)	FTE (7)	\$ (8)	FTE (9)	\$ (10)
11.1 Full-time permanent		132,762		(6,879)		(266)	-	125,817		6,945		132,762
11.3 Other than full-time perm.		2,112		(106)		(4)	-	2,002		110		2,112
11.5 Other personnel comp.		5,458		(275)		(11)	-	5,172		286		5,458
Total Personnel Comp.	1,199	\$ 140,332	-	\$ (7,060)	-	\$ (281)	-	\$ 132,991	-	\$ 7,341	1,187	\$ 140,332
12.0 Personnel Benefits		38,871		(1,955)		(78)	-	36,886		2,033		38,871
13.0 Benefits Former Personnel		38		(2)		-	-	38		250		286
21.0 Travel		4,873		(245)		(10)	-	4,618		255		4,873
22.0 Transportation of Things		358		(18)		(1)	-	339		19		358
23.1 Rental payments to GSA		5,508		(277)		(11)	-	5,218		(362)		4,836
23.2 Rental payments to others		1,285		(64)		(3)	-	1,188		67		1,285
23.3 Commun., util. & misc. charges		8,219		(413)		(16)	-	7,780		(3,571)		4,219
24.0 Printing & Reproduction		2,020		(102)		(4)	-	1,914		(1,284)		820
25.1 Advisory & assist. services		22,178		(1,116)		(44)	-	21,016		(7,500)		13,516
25.2 Other services		30,945		(1,557)		(62)	-	29,326		(6,830)		22,496
25.3 Other purchases - Govt accts		42,520		(2,139)		(85)	-	40,298		2,224		42,520
25.4 Oper. & maint. of facilities		516		(26)		(1)	-	489		27		516
25.7 Oper. & Maint. of equipment		1,818		(91)		(4)	-	1,721		1,285		3,016
25.8 Subst. & Support of Persons		121		(6)		-	-	115		6		121
28.0 Supplies & Materials		6,650		(335)		(13)	-	6,302		(1,252)		5,050
31.0 Equipment		1,162		(58)		(2)	-	1,102		7,280		8,382
32.0 Lands & Structures		1,000		(50)		(2)	-	948		52		1,000
TOTAL Object Classes	1,199	\$ 308,388	-	\$ (16,514)	-	\$ (617)	-	\$ 292,257	-	\$ -	1,187	\$ 292,257
Program/Project/Activities												
1) Executive Direction		37,219		(1,872)		(74)	-	35,273		400		35,783
2) International Affairs and Economic Policy		59,277		(2,982)		(119)	-	56,176		628		56,804
3) Domestic Finance and Tax Policy		71,451		(3,594)		(143)	-	67,714		637		68,351
4) Terrorism and Financial Intelligence		100,000		(5,031)		(200)	-	94,769		1,347		96,116
5) Treasury-wide Management and Programs		40,441		(2,035)		(81)	-	38,325		(3,102)		35,223
TOTAL Programs/Project/Activities	1,199	\$ 308,388	-	\$ (16,514)	-	\$ (617)	-	\$ 292,257	-	\$ -	1,187	\$ 292,257

NOTE: The FTE estimate of 1,187 reflects the FY 2013 President's Budget request. DO expects its actual FTE usage will be lower by the end of the fiscal year due to the hiring pause put in place on March 1, 2013.

NOTE: The following DO business areas are subject to sequestration; however, they are not distinct and separate DO Budget Activities. The table below does not include the allocation of Administrative costs.

1) Secure Space		500		(25)		(1)	-	474		-		474
2) Treasury-Wide Financial Statement and Internal Control Program		6,787		(341)		(14)	-	6,432		-		6,432

**Office of Inspector General (OIG)
FY 2013 Enacted Operating Plan**

FY 2012 Enacted P.L. 112-74	FY 2013 Enacted P.L. 113-6	Sequestration Reduction 5%	Across the Board Rescission (0.2%)	FY 2013 Operating Level
\$29.641 Million	\$29.641 Million	-\$1.491 Million	-\$0.059 Million	\$28.091 Million

FY 2013 Funding and Operations Overview:

The 2013 operating level for OIG is \$28.091 million. This is \$1.550 million below FY 2012 Enacted. The OIG performs independent, objective reviews of Treasury programs and operations, except for those of the Internal Revenue Service (IRS) and the Troubled Asset Relief Program (TARP), and keeps the Secretary of the Treasury and Congress fully informed of problems, deficiencies, and the need for corrective action. The OIG's budget activities include the following:

- Audit:** (\$21,630,000) - The Office of Audit conducts audits aimed to ensure the accountability of resources, protect information, and provide recommendations for improving the economy, efficiency, effectiveness, and integrity of Treasury programs and operations under its jurisdiction. The authorized funding is necessary to perform mandated work and maintain an appropriate level of oversight of Treasury programs and operations consistent with its responsibilities under the Inspector General Act. As a newer responsibility, in FY 2013, the OIG must also provide oversight of Gulf Coast Restoration Trust Fund programs, projects and activities. Reimbursable funding supports agreements for contract audits of other Treasury bureaus, as well as oversight of the Small Business Lending Fund (SBLF) and the State Small Business Credit Initiative (SSBCI) programs. SBLF/SSBCI program oversight and expected performance is detailed in the SBLF/SSBCI Program Office budget submission.
- Investigations:** (\$6,461,000) - The Office of Investigations prevents, detects, and investigates complaints of fraud, waste, and abuse. This includes the detection and prevention or deterrence of employee misconduct and fraud, or related financial crimes within or directed against Treasury. The Office refers its cases to the Department of Justice, state or local prosecutors for criminal prosecution or civil litigation, or to agency officials for corrective administrative action. With the increased risk of the Recovery Act grant programs for low-income housing and specific energy properties, the Office of Investigations faces greater challenges and anticipated increases in grant fraud. Investigative efforts are being directed towards those that subvert bank examination processes, subsequently defrauding the system and eroding the public's trust. Additionally, the OI remains committed to investigating those actions that threaten, intimidate, or harass Treasury employees in the performance of their duties. These types of complaints are received frequently given the ongoing economic climate.

Planned Execution of Funds:

A reduction of \$1.550 million is needed to meet sequester and across the board reduction levels in these two activities are being achieved primarily through advance planning and tight personnel management. Through the latter half of FY 2012 and the first half of FY 2013, OIG experienced higher than normal and expected attrition, due in part, to some federal agencies that operate under a non-GS pay scale which offers higher salaries at equivalent grades. Accordingly, the OIG has been very judicious in backfilling positions, requiring justification for each requested mission essential backfill, and approval by the Inspector General. OIG has postponed all planned conferences/planning meetings for the fiscal year, limited training to only that necessary to maintain professional credentials or certifications, and eliminated any travel that cannot be mission justified, as well as reducing the number of travelers per trip. Any training or travel must be approved by GS-15 managers or higher. OIG has also halted any monetary awards for GS personnel in accordance with OMB guidance, and is authorizing purchase of supplies and equipment only as necessary to maintain a functional organization.

The OIG currently does not plan to use furloughs to meet the sequestration reduction, but will continue to consider all options to meet financial or operational changes.

Items of Special Congressional Interest: The Office of the Inspector General does not have any items of special Congressional interest.

FY 2013 ENACTED OPERATING PLAN
(Dollars in Thousands)

Bureau: Office of Inspector General
Appropriation Title: Salaries & Expenses
Account Number(s): 20-0106/2013

	FY 2013 Full Year Continuing Resolution Enacted		Reductions under Sequestration Order		FY 2013 Rescission (0.2%)		FY 2013 Enacted (less sequestration & rescission reductions)		Proposed Reprogrammings and Inter-Approp. Transfers		FY 2013 Operating Plan	
	FTE (1)	\$ (2)	FTE (3)	\$ (4)	FTE (5)	\$ (6)	FTE (5)	\$ (8)	FTE (7)	\$ (8)	FTE (9)	\$ (10)
Object Class												
11.1 Full-time permanent	172	16,820	(10)	(950)			162	15,870			162	15,870
11.3 Other than full-time perm.		90					-	90			-	90
11.5 Other personnel comp.		500					-	500			-	500
11.8 Spec. personal serv. paym'ts		795					-	795			-	795
Total Personnel Comp.	172	\$ 18,205	(10)	\$ (950)	-	\$ -	162	\$ 17,255	\$ -	\$ -	162	\$ 17,255
12.0 Personnel Benefits		4,909		(275)			-	4,634			-	4,634
13.0 Benefits Former Personnel							-	-			-	-
21.0 Travel		550		(91)			-	459			-	459
22.0 Transportation of Things							-	-			-	-
23.1 Rental payments to GSA		1,310					-	1,310			-	1,310
23.2 Rental payments to others		453					-	453			-	453
23.3 Commun., util. & misc. charges		750					-	750			-	750
24.0 Printing & Reproduction		20				(9)	-	11			-	11
25.1 Advisory & assist. services							-	-			-	-
25.2 Other services		950					-	950			-	950
25.3 Other purchases - Gov't accts		1,400		(50)			-	1,350			-	1,350
25.4 Oper. & maint. of facilities							-	-			-	-
25.5 R&D contracts							-	-			-	-
25.6 Medical care		60					-	60			-	60
25.7 Oper. & Maint. of equipment		400				(25)	-	375			-	375
25.8 Subsist. & Support of Persons							-	-			-	-
26.0 Supplies & Materials		250		(50)			-	200			-	200
31.0 Equipment		384		(75)		(25)	-	284			-	284
32.0 Lands & Structures							-	-			-	-
33.0 Investments & Loans							-	-			-	-
41.0 Grants, Subsidies							-	-			-	-
42.0 Insurance Claims & Indemn.							-	-			-	-
43.0 Interest & Dividends							-	-			-	-
44.0 Refunds							-	-			-	-
91.0 Unvouchered Expenses							-	-			-	-
TOTAL Object Classes	172	\$ 29,641	(10)	\$ (1,491)	-	\$ (59)	162	\$ 28,091	-	\$ -	162	\$ 28,091
Program/Project/Activities												
) Audit		22,823		(1,148)		(45)	-	21,830			-	21,830
ations		6,818		(343)		(14)	-	6,461			-	6,461
TOTAL Programs/Project/Activities	-	\$ 29,641	-	\$ (1,491)	-	\$ (59)	-	\$ 28,091	-	\$ -	-	\$ 28,091

**Treasury Inspector General for Tax Administration (TIGTA)
FY 2013 Enacted Operating Plan**

FY 2012 Enacted P.L. 112-74	FY 2013 Enacted P.L. 113-6	Sequestration Reduction 5%	Across the Board Rescission (0.2%)	FY 2013 Operating Level
\$151.696 Million	\$151.696 Million	-\$7.631 Million	-\$0.304 Million	\$143.761 Million

FY 2013 Funding and Operations Overview:

The enacted sequestration operating plan funds the Treasury Inspector General for Tax Administration (TIGTA) at a level of \$143.761 million which is \$7.935 million below the 2012 Enacted level. TIGTA provides critical audit, investigative, and inspection and evaluation services, ensuring the integrity of tax administration on behalf of the Nation's taxpayers. TIGTA's budget activities include the following:

- Adapting to the Internal Revenue Service's (IRS) continuously evolving operations and mitigating intensified risks associated with modernization, security, procurement fraud, the Tax Gap, and human capital challenges facing the IRS in domestic and International operations in order to increase voluntary tax compliance;
- Providing the IRS with the investigative coverage and the information necessary to mitigate threats against its employees, facilities, and systems;
- Responding to domestic and foreign threats and attacks against IRS employees, property, data infrastructure, and sensitive information;
- Improving the integrity of IRS operations by detecting and deterring fraud, waste, abuse or misconduct by IRS employees;
- Conducting comprehensive audits, inspections, and evaluations that include recommendations for monetary benefits, addressing erroneous and improper payments, and enhancing IRS's service to taxpayers;
- Informing the American people, the Congress and the Secretary of the Treasury of problems and progress made to resolve them; and
- Overseeing IRS's efforts to administer tax provisions of the Patient Protection and Affordable Care Act, and the Health Care and Education Reconciliation Act of 2010 (ACA).

Planned Execution of Funds:

To achieve the savings necessary to meet its reduced funding level under sequestration and the 0.2% rescission, TIGTA conducted an extensive review of all of its expenses resulting in significant reductions to its travel, training, conferences, supplies, contracts, and overtime budgets. Spending on new training, conferences, and travel has been reduced so only mission critical travel as well as training for required certifications will be approved. In addition,

TIGTA will not purchase or lease any Government Owned Vehicles in Fiscal Year (FY) 2013. To save additional costs, TIGTA has implemented a hiring freeze for the remainder of the fiscal year and will not issue any discretionary monetary awards for the remainder of Fiscal Year 2013.

TIGTA has achieved the savings necessary to stay within its enacted sequestration operating plan level and will not issue any furlough notices in FY 2013. TIGTA will continue to closely monitor its budget to ensure the sequestration savings identified will be achieved.

Proposed Reprogramming of Funds: Not Applicable

Items of Special Congressional Interest: Not Applicable

Proposal for 50% of Fiscal Year 2012 Unobligated Funds Balance:

Salaries and Expense Appropriation	
Available Balance April 2013	1,041,800
50% Carryover Available	520,900

TIGTA proposes to use 50% of its FY 2012 unobligated balance of \$1.042 million to fund the following projects:

Approximately \$325,000 to fund Infrastructure Improvements Supporting Improved Operational Resilience

Proposed changes in TIGTA's infrastructure will provide for improved performance, be better suited for purpose in the changing environment, and offer significant cost saving opportunities due to information technology (IT) growth and historical low financial terms. A significant portion of this strategy involves improving the operational resilience of the infrastructure currently located in Beltsville, Maryland. The equipment located in this space provides infrastructure and services critical to the TIGTA mission, including email and other applications that service approximately half of the TIGTA employee population. Just as important, this equipment provides redundant services in the event of a failure at the TIGTA Atlanta location. This space, while functional and operational, is not an enterprise class facility from an IT operations perspective. TIGTA intends to transition its existing infrastructure from Beltsville to the IRS Enterprise Computing Center – Martinsburg (ECC-MTB). ECC-MTB provides a stable environment which is less susceptible to outages.

In the past year, TIGTA has experienced three (3) outages at the Beltsville location that have cost the organization over \$130,000 in lost productivity. Similar patterns are expected in the foreseeable future because there have been no significant changes made to the power grid that would improve its resilience or durability. Other steps to improve the operational resilience of TIGTA in Beltsville have been taken in the past year. While these steps have proven useful, the underlying issues associated with the Beltsville facility remain a high risk for future power outages and lost productivity. TIGTA has determined that a migration to an enterprise class facility, such as what ECC-MTB offers, would provide the agency with the environmental

stability it needs to ensure mission fulfillment that it cannot currently assure with the IT infrastructure located at the Beltsville location.

Relocation of the equipment to Martinsburg would not impair physical presence of TIGTA IT personnel on site, should that be necessary. The TIGTA IT support staff is closer to Martinsburg than they are to Beltsville. Additionally, the Martinsburg site provides TIGTA with the potential for reduced expenditures regarding separate UPS and HVAC maintenance & replenishment.

Relocating the TIGTA Infrastructure from Beltsville to ECC-MTB aligns the agency with the following initiatives:

- Follows the President's 25 Point plan for Data Center Consolidation;
- Follows the Department of the Treasury's plan for Data Center Consolidation;
- Adheres to the Go Green initiative addressing heat and power environmental concerns.

In summary, the migration of TIGTA resources to Martinsburg will help mitigate productivity losses that the agency has incurred over the past couple of years. This migration also places the organization in a position where it can employ improved network capacity, reduced network latency, and reduced network complexity in addition to the other attributes associated with an enterprise class facility. We believe the one-time expenditure of approximately \$325,000 is in the best interests of the American taxpayer and TIGTA's mission.

Approximately \$195,900 to fund one-time cost of converting TIGTA's paper Official Personnel Folders (OPF) to an electronic format

The Office of Management and Budget (OMB) mandated all Executive Branch agencies to eliminate paper Official Personnel Folders (OPF) by December 2013. This E-Government initiative known as the Electronic Official Personnel Folder (eOPF) was developed for all Federal agencies by the Office of Personnel Management (OPM) to manage and administer the Official Personnel Folder process and to provide employees access to their individual file through a secure Internet connection. TIGTA is requesting to use approximately \$195,900 of its FY 2012 unobligated balance to become compliant with this OMB mandate. Using a portion of its Fiscal Year 2012 Unobligated Fund Balance to pay for this one-time cost will permit TIGTA to dedicate its significantly reduced resources to carrying out its mission of critical audit, investigative, and inspection and evaluation services, thus ensuring the integrity of tax administration on behalf of the Nation's taxpayers.

FY 2013 ENACTED OPERATING PLAN
(Dollars in Thousands)

Bureau: TIGTA

Appropriation Title: Salaries & Expenses

Account Number(s): 20-0119/2013

	FY 2013 Full Year Continuing Resolution Enacted		Reductions under Sequestration Order		FY 2013 Rescission (0.2%)		FY 2013 Enacted (less sequestration & rescission reductions)		Proposed Reprogrammings and Inter-Approp. Transfers		FY 2013 Operating Plan	
	FTE (1)	\$ (2)	FTE (3)	\$ (4)	FTE (5)	\$ (6)	FTE (5)	\$ (6)	FTE (7)	\$ (8)	FTE (9)	\$ (10)
Object Class												
11.1 Full-time permanent	830	81,906	(14)	(1,390)			816	80,516			816	80,516
11.3 Other than full-time perm.	5	590					5	590			5	590
11.5 Other personnel comp.		8,530		(185)			-	8,345			-	8,345
11.8 Spec. personal serv. paymts							-	-			-	-
Total Personnel Comp.	835	\$ 91,026	(14)	\$ (1,575)	-	\$ -	821	\$ 89,461	\$ -	\$ -	821	\$ 89,461
12.0 Personnel Benefits		29,882		(620)			-	29,262			-	29,262
13.0 Benefits Former Personnel							-	-			-	-
21.0 Travel		3,526		(2,374)			-	1,152			-	1,152
22.0 Transportation of Things		20					-	20			-	20
23.1 Rental payments to GSA		9,071					-	9,071			-	9,071
23.2 Rental payments to others		221		(15)			-	206			-	206
23.3 Commun., util. & misc. charges		1,928		(36)			-	1,892			-	1,892
24.0 Printing & Reproduction		10					-	10			-	10
25.1 Advisory & assist. services		815		(82)			-	733			-	733
25.2 Other services		812		(504)			-	308			-	308
25.3 Other purchases - Govt accts		7,844		(815)		(304)	-	6,725			-	6,725
25.4 Oper. & maint. of facilities		413					-	413			-	413
25.5 R&D contracts							-	-			-	-
25.6 Medical care							-	-			-	-
25.7 Oper. & Maint. of equipment		1,183					-	1,183			-	1,183
25.8 Subst. & Support of Persons							-	-			-	-
26.0 Supplies & Materials		1,237		(223)			-	1,014			-	1,014
31.0 Equipment		3,633		(1,387)			-	2,246			-	2,246
32.0 Lands & Structures							-	-			-	-
33.0 Investments & Loans							-	-			-	-
41.0 Grants, Subsidies							-	-			-	-
42.0 Insurance Claims & Indemn.		50					-	50			-	50
43.0 Interest & Dividends							-	-			-	-
44.0 Refunds							-	-			-	-
91.0 Unvouchered Expenses		25					-	25			-	25
TOTAL Object Classes	835	\$ 151,696	(14)	\$ (7,631)	-	\$ (304)	821	\$ 143,761	-	\$ -	821	\$ 143,761
Program/Project/Activities												
1) Audit	349	57,306	(6)	(2,882)		(115)	343	54,309			343	54,309
2) Investigations	486	94,390	(8)	(4,749)		(189)	478	89,452			478	89,452
3)							-	-			-	-
4)							-	-			-	-
TOTAL Programs/Project/Activities	835	\$ 151,696	(14)	\$ (7,631)	-	\$ (304)	821	\$ 143,761	-	\$ -	821	\$ 143,761

**Special Inspector General for TARP (SIGTARP)
FY 2013 Enacted Operating Plan**

FY 2012 Enacted P.L. 112-74	FY 2013 Enacted P.L. 113-6	Sequestration Reduction 5%	Across the Board Rescission (0.2%)	FY 2013 Operating Level
\$41.800 Million	\$41.800 Million	\$0.000 Million	-\$0.084 Million	\$41.716 Million

FY 2013 Proposed Funding and Operations Overview:

The enacted appropriation funds the Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) at a level of \$41.716 million, which is \$0.084 million below the Annualized CR level. SIGTARP was created by section 121 of the Emergency Economic Stabilization Act of 2008 (EESA) in December 2008. Under EESA, SIGTARP has the responsibility, among other things, to conduct, supervise, and coordinate audits and investigations of the purchase, management, and sale of assets under the Troubled Asset Relief Program (TARP) and, with certain limitations, any other action taken under EESA.

TARP investment authority expired on October 3, 2010. SIGTARP's oversight mandate did not end with the expiration of Treasury's authorization for new TARP funding. Rather, under the authorizing provisions of EESA, SIGTARP is to carry out its duties until the Government has sold or transferred all assets and terminated all insurance contracts acquired under TARP.

The Consolidated and Further Continuing Appropriations Act, 2013, Public Law 113-6, funded SIGTARP at \$41.7 million. Section 905(i) of the Balanced Budget and Emergency Deficit Control Act, as amended, exempts SIGTARP's single budget account from sequestration. Accordingly, SIGTARP's resources are not reduced pursuant to sequestration, and the agency will utilize its \$41.7 million appropriation to cover necessary expenses, including staff's salaries and benefits and operating support and services. SIGTARP budget activities include the following:

- **Audit:** (\$14,601,000) - SIGTARP's Audit Division (AD) conducts, supervises, and coordinates programmatic audits with respect to the operation of TARP and recipients' compliance with their obligations under relevant law and contracts as well as the evaluation of TARP policies and procedures. With respect to auditing, the division is designed to provide SIGTARP with maximum flexibility to identify the scope and methodology of audits to ensure a rigorous and timely review of policy and procedures of specific programs within TARP. The audit results identify program deficiencies or weaknesses and their impact on the efficiency and effectiveness of the program, how funds were expended, and recommendations to improve the operations of TARP. Since its inception, SIGTARP has initiated a total of 29 audits and four evaluations. SIGTARP has published 20 audits and evaluations. In addition, nine audits and evaluations are in progress. The remaining announced audits were either closed out or terminated. As of January 30, 2013, SIGTARP made 114 detailed recommendations. In addition to oversight, SIGTARP brings transparency through audits and evaluations.

- **Investigations:** (\$27,115,000) - SIGTARP's Investigations Division (ID) supervises and conducts criminal and civil investigations into those persons and entities, whether inside or outside of government, who waste, steal, or abuse TARP funds. The division is comprised of experienced financial and corporate fraud investigators, including not only special agents, but also forensic analysts and investigative attorneys. These investigations include complex issues concerning suspected TARP fraud, accounting fraud, securities fraud, insider trading, bank fraud, mortgage fraud, mortgage servicer misconduct, fraudulent advance-fee schemes, public corruption, false statements, obstruction of justice, money laundering, and tax-related investigations. This structure provides SIGTARP with a broad array of expertise and perspectives in developing even the most sophisticated investigations. In the interests of maximizing criminal and civil enforcement, ID coordinates closely with other law enforcement agencies with the goal of forming law enforcement partnerships, including task force relationships, across the Federal government to leverage SIGTARP's expertise and unique position. Currently, SIGTARP has more than 150 ongoing criminal and civil investigations, many in partnership with other law enforcement agencies. SIGTARP's investigations have resulted in sizeable recoveries and prevented the loss of millions of TARP dollars. This includes restitution orders entered for \$3.7 billion, forfeiture orders entered for \$170.4 million and civil judgments and other orders entered for \$281.9 million and savings of \$553 million in TARP funds that SIGTARP prevented from going to the now-failed Colonial Bank.

In summary, SIGTARP will continue to design and conduct programmatic audits of TARP operations, as well as recipients' compliance with their obligations under relevant law and contract. SIGTARP will continue to conduct and supervise criminal and civil investigations into any parties suspected of TARP-related fraud, waste, or abuse.

Planned Execution of Funds:

The majority of SIGTARP's enacted funds will be utilized for salaries and benefits of staff carrying out the organization's mission and goals. The remaining funds will be used for operating support and services.

List Major FY 2013 Procurements:

- \$2.1 million for Reznick Group, for consultative and production assistance to SIGTARP on its statutorily-mandated quarterly report submission to Congress.
- \$4.8 million for Treasury's Departmental Offices for provision of operating and IT support services.
- \$1.2 million for Treasury Franchise Fund for other operating support and services (i.e., travel, financial reporting, procurement, and HR services).

List Items of Special Congressional Interest: The Special Inspector General for TARP does not have any items of special Congressional Interest.

FY 2013 ENACTED OPERATING PLAN
(Dollars in Thousands)

Bureau: Special Inspector General for TARP
 Appropriation Title: Discretionary
 Account Number(s): 20-0133/2013

	FY 2013 Full Year Continuing Resolution Enacted		Reductions under Sequestration Order		FY 2013 Rescission (0.2%)		FY 2013 Enacted (less sequestration & rescission reductions)		Proposed Reprogrammings and Inter-Approp. Transfers		FY 2013 Operating Plan	
	FTE (1)	\$ (2)	FTE (3)	\$ (4)	FTE (5)	\$ (6)	FTE (5)	\$ (6)	FTE (7)	\$ (8)	FTE (9)	\$ (10)
Object Class												
11.1 Full-time permanent	192	17,607	-	-	-	-	192	17,607	(422)	-	192	17,185
11.3 Other than full-time perm.	-	2,571	-	-	-	-	-	2,571	(268)	-	-	2,283
11.5 Other personnel comp.	-	1,700	-	-	-	-	-	1,700	(334)	-	-	1,366
11.8 Spec. personal serv. paym'ts	-	-	-	-	-	-	-	-	-	-	-	-
Total Personnel Comp.	192	\$ 21,878	-	\$ -	-	\$ -	\$ 192	\$ 21,878	\$ -	\$ (1,044)	192	\$ 20,834
12.0 Personnel Benefits	-	5,065	-	-	-	-	-	5,065	353	-	-	5,418
13.0 Benefits Former Personnel	-	-	-	-	-	-	-	-	-	-	-	-
21.0 Travel	-	1,061	-	-	-	-	-	1,061	102	-	-	1,163
22.0 Transportation of Things	-	-	-	-	-	-	-	-	-	-	-	-
23.1 Rental payments to GSA	-	-	-	-	-	-	-	-	-	-	-	-
23.2 Rental payments to others	-	197	-	-	-	-	-	197	36	-	-	233
23.3 Commun., util. & misc. charges	-	55	-	-	-	-	-	55	31	-	-	86
24.0 Printing & Reproduction	-	195	-	-	-	-	-	195	(51)	-	-	144
25.1 Advisory & assist. services	-	4,000	-	-	-	-	-	4,000	(272)	-	-	3,728
25.2 Other services	-	83	-	-	-	-	-	83	409	-	-	492
25.3 Other purchases - Govt accts	-	8,190	-	-	-	(84)	-	8,106	(9)	-	-	8,097
25.4 Oper. & maint. of facilities	-	-	-	-	-	-	-	-	-	-	-	-
25.5 R&D contracts	-	-	-	-	-	-	-	-	-	-	-	-
25.6 Medical care	-	-	-	-	-	-	-	-	100	-	-	100
25.7 Oper. & Maint. of equipment	-	-	-	-	-	-	-	-	-	-	-	-
25.8 Subst. & Support of Persons	-	-	-	-	-	-	-	-	-	-	-	-
26.0 Supplies & Materials	-	518	-	-	-	-	-	518	(36)	-	-	482
31.0 Equipment	-	548	-	-	-	-	-	548	391	-	-	939
32.0 Lands & Structures	-	-	-	-	-	-	-	-	-	-	-	-
33.0 Investments & Loans	-	-	-	-	-	-	-	-	-	-	-	-
41.0 Grants, Subsidies	-	-	-	-	-	-	-	-	-	-	-	-
42.0 Insurance Claims & Indemn.	-	10	-	-	-	-	-	10	(10)	-	-	-
43.0 Interest & Dividends	-	-	-	-	-	-	-	-	-	-	-	-
44.0 Refunds	-	-	-	-	-	-	-	-	-	-	-	-
61.0 Unvouchered Expenses	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL Object Classes	192	\$ 41,800	-	\$ -	-	\$ (84)	192	\$ 41,716	-	\$ -	192	\$ 41,716
Program/Project/Activities												
1) Audit	83	14,826	-	-	-	(25)	83	14,801	-	-	83	14,801
2) Investigations	109	27,174	-	-	-	(59)	109	27,115	-	-	109	27,115
3)	-	-	-	-	-	-	-	-	-	-	-	-
4)	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL Programs/Project/Activities	192	\$ 41,800	-	\$ -	-	\$ (84)	192	\$ 41,716	-	\$ -	192	\$ 41,716

**Community Development Financial Institution Fund
FY 2013 Enacted Operating Plan**

FY 2012 Enacted P.L. 112-74	FY 2013 Enacted P.L. 113-6	Sequestration Reduction 5%	Across the Board Rescission (0.2%)	FY 2013 Operating Level
\$221.000 Million	\$221.000 Million	-\$11.118 Million	-\$0.442 Million	\$209.440 Million

FY 2013 Proposed Funding and Operations Overview:

The proposed operating plan reflects the Community Development Financial Institutions (CDFI) Fund's activities at a funding level of \$209.440 million, which is \$11.560 million below the FY 2012 enacted level after application of the enacted rescission (\$0.442 million) and sequestration reductions (\$11.118 million). The primary role of the CDFI Fund is to administer a variety of programs that build the capacity of financial institutions to serve low-income and underserved communities and populations. Through its programs and initiatives, the CDFI Fund provides financial assistance, technical assistance, tax credit allocations, and training to support community and economic development activities and to expand access to credit to finance such projects as affordable housing, small businesses, community facilities, and financial services, among others.

The CDFI Fund's activities include the following:

- **Community Development Financial Institutions Program:** The purpose of the CDFI Program is to use federal resources to invest in CDFIs and to build their capacity to serve low-income and underserved communities and populations that lack access to affordable financial products and services. Through the CDFI Program, the CDFI Fund provides two types of monetary awards to CDFIs - Financial Assistance (FA) awards and Technical Assistance (TA) grants.

FA awards may be used for financing capital, loan loss reserves, or capital reserves. FA awards are made in the form of equity investments, loans, deposits, or grants, and the CDFI is required to match its FA award dollar-for-dollar with non-federal funds of the same type as the award itself. This requirement enables CDFIs to leverage private capital to meet the demand for affordable financial products and services in low-income and underserved communities.

TA awards allow certified CDFIs and established entities seeking to become certified to build their capacity to provide affordable financial products and services to low-income and underserved communities. TA awards may be used to purchase equipment; consulting or contracting services; salaries and benefits of certain personnel; and/or to train staff or board members.

The CDFI Program also includes a Capacity Building Initiative that provides specialized training and technical assistance to CDFIs, through third-party contractors, to help build their capacity in providing lending and development services in low-income and underserved communities.

- **Bank Enterprise Award (BEA) Program:** Through the BEA Program, the CDFI Fund provides grants to FDIC-insured banks and thrifts to reward investment in CDFIs, as well as increased lending and financial services in low income and underserved communities.
- **Native American CDFI Assistance (NACA) Initiatives:** The purpose of the NACA Program is to build the capacity of Certified Native CDFIs, Emerging Native CDFIs, and Sponsoring Entities, and to increase access to capital in Native Communities. Through the NACA Program, the CDFI Fund provides two types of monetary awards – FA awards and TA grants to increase access to capital in Native Communities.
- **Healthy Food Financing Initiative (HFFI):** Through the HFFI, the CDFI Fund will continue to increase the availability of affordable, healthy foods in underserved urban and rural communities. The CDFI Fund will make CDFI Program awards to CDFIs that will finance healthy food alternatives in low-income communities.
- **Administration:** This budget activity includes funding for the CDFI Fund's operational support and management activities for each of the programs described above, as well as the New Markets Tax Credit (NMTC) Program. Through NMTC, the CDFI Fund will allocate up to \$3.5 billion in 2013 of tax credit authority to Community Development Entities (CDEs) that, in turn, provide investments in low-income communities. The CDFI Fund will also continue to develop and implement the CDFI Bond Guarantee Program (BGP).

Planned Execution of Funds:

CDFI Program - FA Awards: In FY 2012, the CDFI Fund received 285 applications requesting more than \$384.2 million under the FA component and awarded \$137.1 million to 145 organizations. This included 37 Small and Emerging CDFI Award (SECA) awardees and 108 Core awardees. SECA awards are capped at \$600,000 and Core awards are capped at \$1.5 million; however, the CDFI Fund reduced all Core recommended funding amounts by \$46,194 to reach additional highly qualified applicants in order to achieve geographic and institutional diversity. The CDFI Fund made approximately \$12.7 million in direct loans to CORE awardees, which resulted in a \$5.1 million credit subsidy.

In FY 2013, the CDFI Fund received 309 applications requesting approximately \$402.2 million in FA awards. The CDFI Fund anticipates making \$124.7 million in FA awards and plans to award up to \$1.6 million for the Capacity Building Initiative in FY 2013. The CDFI fund will also set aside \$8.0 million as the subsidy for the cost of direct loans.

CDFI Program - TA Awards: In FY 2012, the CDFI Fund received 118 applications requesting more than \$11.4 million in TA and it awarded over \$3 million to 33 organizations. TA awards are capped at \$100,000. In FY 2013, the CDFI Fund received 92 applications requesting approximately \$8.5 million in TA. The CDFI Fund anticipates awarding \$4.1 million in TA awards in FY 2013.

BEA Program: The CDFI Fund expects to award \$17.1 million in October 2013. In FY 2012, the CDFI Fund received 71 eligible applications requesting a total of approximately \$88.5

million. The CDFI Fund awarded approximately \$18 million to 59 FDIC-insured institutions with an average award size of \$304,569. The target for FY 2013 anticipates similar demand and results with lower program funding due to sequestration.

NACA Program – FA Awards: In FY 2012, the CDFI Fund received 66 eligible NACA applications requesting \$20.94 million and awarded over \$9 million to 15 organizations. NACA FA awards are capped at \$750,000. In FY 2013, the CDFI Fund received 30 applications requesting approximately \$21.7 million under the NACA Program. The CDFI Fund anticipates awarding \$7.8 million in NACA FA awards and up to \$0.8 million under the Capacity Building Initiative.

NACA Program – TA Awards: In FY 2012, the CDFI Fund received 44 applications requesting over \$6.3 million and awarded approximately \$2.4 million to 18 organizations. NACA TA awards are capped at \$150,000. In FY 2013, the CDFI Fund received 35 applications requesting approximately \$5.2 million under the NACA Program. The CDFI Fund expects to award \$2.7 million in FY 2013.

Healthy Food Financing Initiative - FA Awards: In FY 2012, the CDFI Fund received 26 applications requesting over \$25 million and awarded \$22 million to 12 organizations. HFFI-FA awards are capped at \$3 million. The CDFI Fund made approximately \$1.8 million in direct loans to HFFI FA awardees, which resulted in a \$740,283 credit subsidy.

In FY 2013, 81 CDFI and NACA Program applicants indicated interest in applying for funding under the HFFI-FA Program. A supplemental HFFI-specific application will be distributed to eligible CDFI and NACA Program applicants in May 2013. The CDFI Fund expects to award \$20.8 million by September 2013.

Administration: The CDFI Fund will use \$21.8 million to accommodate the staffing and resource needs for its programs. Administrative activities include finalizing the terms of assistance and allocation agreements with awardees, making disbursements of awards, monitoring awardees' compliance with the terms of their award and allocation agreements, IT functions, training and outreach, research, and evaluation. Additional activities include enhancement of existing IT capabilities to support existing programs; improving certification and compliance monitoring processes; and redesigning and modernizing the Community Investment Impact System (CIIS) and the Community Impact Mapping System (CIMS).

Savings achieved: We have reviewed all contracts that are critical to support the CDFI Fund's day-to-day operations, including reviewing award applications, providing additional technical expertise for the CDFI Bond Guarantee Program, and maintaining legacy IT systems used to support the awards process. As a result of a careful review of planned and existing contract authority, the CDFI Fund determined that only the research and evaluation contracts were deemed discretionary. Under sequestration the CDFI Fund will terminate the NMTC Compliance Risk Research project resulting in \$350,000 savings and conduct the following planned research and evaluation projects subject to availability of funds:

- CDFI Credit Risk Model (\$350,000, estimated completion date: October 2014): This project will develop a CDFI credit risk model for use by several business units within the CDFI Fund including: compliance, the CDFI program, and research.
- BEA Evaluation (\$400,000, estimated completion date: October 2014): The evaluation design has three objectives: 1) develop a baseline analysis of the effects of the BEA award on bank behavior and investment patterns; 2) conduct a peer group analysis of BEA participant banks (both awardees and applicants) with comparable (e.g., similar asset size, geographic footprint, etc.) non-BEA banks to assess differences in investments and services provided to CDFIs and low-income communities; 3) evaluate the overall effectiveness of the program and identify potential program design changes to improve the effectiveness of the program including assessing the best performance measure of program effectiveness. The CDFI Fund will explore an interagency collaboration with the Federal Reserve Board and the Federal Deposit Insurance Corporation to use their expertise and call data and CRA examination data to develop and conduct the BEA proposed evaluation under a Memorandum of Understanding.

Performance impact: Based on current pro-rata line item reductions in program budgets, the CDFI Fund expects several mission-related impacts due to cuts in the award programs. Note that the CDFI Fund cannot reallocate these reductions across programs in most cases because the funding levels are fixed in the appropriations language. \$7.3 million in cuts to the CDFI Program Financial Assistance and Technical Assistance awards compared to FY 2012 levels will have significant impacts on low-income and disadvantaged communities, including reductions in affordable housing units built, small and micro-business lending, job creation and retention associated with business lending, clients served by financial counseling and education, and credit rehabilitation lending to businesses and households, as well as other reduced services and products. Exact quantifiable estimates are difficult to forecast because the mix of the portfolio lending products and services varies across CDFI awardees based on their specializations in financial markets and the communities that they serve. Based on past trends and a moving average of the composition of CDFI awardee's portfolios, for example, housing impacts could vary from several hundred to a few thousand fewer units produced. Likewise, the job reduction forecasts are sensitive to the awardee's portfolio of business loans, the average size of the loans, the total project costs, and the industrial sector in which the loan is made, among other factors.

Proposed Reprogramming of Enacted Funds: None

Items of Special Congressional Interest: None

FY 2013 ENACTED OPERATING PLAN
(Dollars in Thousands)

Bureau: Community Development Financial Institutions Fund

Appropriation Title: Community Development Financial Institutions Fund Program Account

Account Number(s): 20-1881/2013

	FY 2013 Full Year Continuing Resolution Enacted		Reductions under Sequestration Order		FY 2013 Rescission (0.2%)		FY 2013 Enacted (less sequestration & rescission reductions)		Proposed Reprogrammings and Inter-Approp. Transfers		FY 2013 Operating Plan	
	FTE (1)	\$ (2)	FTE (3)	\$ (4)	FTE (5)	\$ (6)	FTE (5)	\$ (6)	FTE (7)	\$ (8)	FTE (9)	\$ (10)
Object Class												
11.1 Full-time permanent	79	8,196	-	-	-	-	79	8,196			79	8,196
11.3 Other than full-time perm.	-	-	-	-	-	-	-	-			-	-
11.5 Other personnel comp.	-	-	-	-	-	-	-	-			-	-
11.8 Spec. personal serv. paym'ts	-	-	-	-	-	-	-	-			-	-
Total Personnel Comp.	79	\$ 8,196	\$ -	\$ -	\$ -	\$ -	\$ 79	\$ 8,196	\$ -	\$ -	79	\$ 8,196
12.0 Personnel Benefits		2,130	-	-	-	-	-	2,130			-	2,130
13.0 Benefits Former Personnel		-	-	-	-	-	-	-			-	-
21.0 Travel		177	-	-	-	-	-	177			-	177
22.0 Transportation of Things		4	(0.2)	(0.01)	-	-	-	4			-	4
23.1 Rental payments to GSA		-	-	-	-	-	-	-			-	-
23.2 Rental payments to others		-	-	-	-	-	-	-			-	-
23.3 Commun., util. & misc. charges		135	(7)	(0)	-	-	-	128			-	128
24.0 Printing & Reproduction		25	(1)	(0)	-	-	-	24			-	24
25.1 Advisory & assist. services		10,230	(1,044)	(42)	-	-	-	9,145			-	9,145
25.2 Other services		350	(18)	(1)	-	-	-	332			-	332
25.3 Other purchases - Gov't accts		5,242	(264)	(10)	-	-	-	4,968			-	4,968
25.4 Oper. & maint. of facilities		-	-	-	-	-	-	-			-	-
25.5 R&D contracts		-	-	-	-	-	-	-			-	-
25.6 Medical care		-	-	-	-	-	-	-			-	-
25.7 Oper. & Maint. of equipment		-	-	-	-	-	-	-			-	-
25.8 Subsist. & Support of Persons		-	-	-	-	-	-	-			-	-
26.0 Supplies & Materials		31	(2)	(0.1)	-	-	-	29			-	29
31.0 Equipment		-	-	-	-	-	-	-			-	-
32.0 Lands & Structures		-	-	-	-	-	-	-			-	-
33.0 Investments & Loans		33	(2)	(0.1)	-	-	-	31			-	31
41.0 Grants, Subsidies		194,447	(9,782)	(389)	-	-	-	184,276			-	184,276
42.0 Insurance Claims & Indemn.		-	-	-	-	-	-	-			-	-
43.0 Interest & Dividends		-	-	-	-	-	-	-			-	-
44.0 Refunds		-	-	-	-	-	-	-			-	-
91.0 Unvouchered Expenses		-	-	-	-	-	-	-			-	-
TOTAL Object Classes	79	\$ 221,000	-	\$ (11,118)	-	\$ (442)	79	\$ 209,440	-	\$ -	79	\$ 209,440
Program/Project/Activities												
1) CDFI Program		146,035	(7,346)	(292)	-	-	-	138,396			-	138,396
2) Bank Enterprise Award Program		18,000	(906)	(36)	-	-	-	17,058			-	17,058
3) Native American CDFI Assistance Program		12,000	(804)	(24)	-	-	-	11,372			-	11,372
4) Administration		22,965	(1,155)	(46)	-	-	-	21,764			-	21,764
5) Health Food Financing Initiative		22,000	(1,107)	(44)	-	-	-	20,849			-	20,849
TOTAL Programs/Project/Activities	-	\$ 221,000	-	\$ (11,118)	-	\$ (442)	-	\$ 209,440	-	\$ -	-	\$ 209,440

**Financial Crimes Enforcement Network (FinCEN)
FY 2013 Enacted Operating Plan**

FY 2012 Enacted P.L. 112-74	FY 2013 Enacted P.L. 113-6	Sequestration Reduction 5%	Across the Board Rescission (0.2%)	FY 2013 Operating Level
\$110.788 Million	\$110.788 Million	-\$5.573 Million	-\$0.222 Million	\$104.993 Million

FY 2013 Proposed Funding and Operations Overview: FinCEN is funded at \$104.993 million, \$5.795 million below the 2012 Enacted level. The FY 2013 operating level will support core functions to safeguard the nation's financial system from the abuses of financial crime, including terrorist financing, money laundering, and other illicit activity.

BSA Administration and Analysis: This budget activity comprises FinCEN's efforts to administer the BSA, including promulgating regulations; providing outreach and issuing guidance to the regulated industries; providing oversight of BSA compliance; and managing the information reported by the regulated industries, as well as BSA compliance of non-bank financial institutions. FinCEN's enforcement programs employ an intelligence-driven approach to target examination efforts in high-risk areas; proactively investigate and exercise the full range of FinCEN authorities to disrupt the illicit use of the financial system by priority targets; and use effective and proportionate measures to enforce compliance with the BSA. These measures may include compliance letters, civil money penalties, injunctive actions, and special measures. FinCEN's efforts also include support to U.S. law enforcement and international FIUs in combating financial fraud and crime by facilitating the exchange of investigative information, including with foreign counterpart FIUs; identifying foreign and domestic financial fraud, money laundering, and terrorist financing trends, patterns, and techniques; and liaison with and support of intelligence initiatives within the intelligence community and within Treasury.

FY 2013 Execution of Funds: To meet the reductions from the FY 2012 enacted level, totaling \$5.573 million, FinCEN will implement a number of the reductions previously proposed in the FY 2013 President's Budget. These include staff attrition, information technology maintenance and other contractual services. FinCEN will monitor planned contractual efforts to ensure affordability.

List Items of Special Congressional Interest: FinCEN does not have any items of Special Congressional Interest.

FY 2013 ENACTED OPERATING PLAN

(Dollars in Thousands)

Bureau: Financial Crimes Enforcement Network
 Appropriation Title: DISC Non-defense - Salaries and expenses
 Account Number(s): 20-0173/2013

	FY 2013 Full Year Continuing Resolution Enacted		Reductions under Sequestration Order		FY 2013 Rescission (0.2%)		FY 2013 Enacted (less sequestration & rescission reductions)		Proposed Reprogrammings and Inter-Approp. Transfers		FY 2013 Operating Plan	
	FTE (1)	\$ (2)	FTE (3)	\$ (4)	FTE (5)	\$ (6)	FTE (8)	\$ (9)	FTE (7)	\$ (8)	FTE (9)	\$ (10)
Object Class												
11.1 Full-time permanent	345	40,045	(3)	(543)			342	39,502			342	39,502
11.3 Other than full-time perm.		408					-	408			-	408
11.5 Other personnel comp.		205					-	205			-	205
11.8 Spec. personal serv. paym'ts							-	-			-	-
Total Personnel Comp.	345	\$ 40,658	(3)	\$ (543)	-	\$ -	\$ 342	\$ 40,115	\$ -	\$ -	342	\$ 40,115
12.0 Personnel Benefits		11,466		(153)			-	11,313			-	11,313
13.0 Benefits Former Personnel		-					-	-			-	-
21.0 Travel		845					-	845			-	845
22.0 Transportation of Things		-					-	-			-	-
23.1 Rental payments to GSA		4,951					-	4,951			-	4,951
23.2 Rental payments to others		900					-	900			-	900
23.3 Commun., util. & misc. charges		1,595					-	1,595			-	1,595
24.0 Printing & Reproduction		252					-	252			-	252
25.1 Advisory & assist. services		1,875					-	1,875			-	1,875
25.2 Other services		13,841		(3,285)		(222)	-	10,134			-	10,134
25.3 Other purchases - Govt accts		7,585					-	7,585			-	7,585
25.4 Oper. & maint. of facilities		740					-	740			-	740
25.5 R&D contracts		-					-	-			-	-
25.6 Medical care		160					-	160			-	160
25.7 Oper. & Maint. of equipment		18,975		(1,592)			-	18,975			-	18,975
25.8 Subst. & Support of Persons		-					-	-			-	-
26.0 Supplies & Materials		305					-	305			-	305
31.0 Equipment		7,288					-	7,288			-	7,288
32.0 Lands & Structures		-					-	-			-	-
33.0 Investments & Loans		-					-	-			-	-
41.0 Grants, Subsidies		-					-	-			-	-
42.0 Insurance Claims & Indemn.		-					-	-			-	-
43.0 Interest & Dividends		-					-	-			-	-
44.0 Refunds		-					-	-			-	-
91.0 Unvouchered Expenses		-					-	-			-	-
TOTAL Object Classes	345	\$ 110,788	(3)	\$ (5,573)	-	\$ (222)	342	\$ 104,993	-	\$ -	342	\$ 104,993
Program/Project/Activities												
1) BSA Administration and Analysis		110,788		(5,573)		(222)	-	104,993			-	104,993
2)		-					-	-			-	-
3)		-					-	-			-	-
4)		-					-	-			-	-
TOTAL Programs/Project/Activities	-	\$ 110,788	-	\$ (5,573)	-	\$ (222)	-	\$ 104,993	-	\$ -	-	\$ 104,993

Bureau of the Fiscal Service
Financial Management Service Appropriation
FY 2013 Enacted Operating Plan

FY 2012 Enacted P.L. 112-74	FY 2013 Enacted P.L. 113-6	Sequestration Reduction 5%	Across the Board Rescission (0.2%)	FY 2013 Enacted (less Seq. & Rescission)	Proposed Transfer	FY 2013 Operating Level
\$217.805 Million	\$217.805 Million	-\$10.957 Million	-\$0.436 Million	\$206.412 Million	\$3.466 Million	\$209.878 Million

FY 2013 Proposed Funding and Operations Overview:

The Financial Management Service (FMS) operating plan for FY 2013 is \$209.878 million, which includes a sequestration reduction of five percent, a rescission of 0.2 percent and the proposed transfer of \$3.466 million from the Bureau of Public Debt appropriation. This level is \$7.9 million below the FY 2012 enacted. The Bureau of the Fiscal Service (Fiscal Service) plays a key role in supporting the Department of the Treasury's strategic goal of managing the United States Government's finances effectively by operating as the financial manager and principal fiscal agent for the federal government. This role includes managing the nation's finances by collecting money due to the United States, making its payments and performing central accounting functions. The budget activities funded by the FMS appropriation include the following:

Payments (\$125.57 million): The Payments activity issues and distributes payments, develops and implements federal payment policy and procedures, promotes the use of electronics in the payment process, and assists agencies in converting payments from paper checks to Electronic Funds Transfer (EFT). This activity also includes controlling and providing financial integrity to the payments process through reconciliation, accounting, and claims activities. The claims activity settles claims against the United States which result from federal government checks that have been forged, lost, stolen, or destroyed. The Payments activity collects monies from those parties liable for fraudulent or otherwise improper negotiation of government checks. It also includes processing claims and reclamations for EFT payments.

Collections (\$20.851 million): The Collections activity collects revenues needed to operate the federal government through the management of the federal government's collections infrastructure. It also manages the collection of federal revenues such as individual and corporate income tax deposits, customs duties, loan repayments, fines, and proceeds from leases. The Collections activity establishes and implements collection policies, regulations, standards and procedures for the federal government.

Government-wide Accounting and Reporting (\$63.457 million): The Government-wide Accounting and Reporting (GWA) activity maintains the federal government's books and accounts for its monetary assets and liabilities by operating and overseeing the government's central accounting and reporting system. It also works with federal agencies to adopt uniform accounting and reporting standards and systems and provides support, guidance, and training to assist FPAs in improving their government-wide accounting and reporting responsibilities.

GWA gathers and publishes government-wide financial information which is used in establishing fiscal and debt management policies and is also used by the public and private sectors to monitor the government's financial status. These publications include: the Daily Treasury Statement, the Monthly Treasury Statement, the Treasury Bulletin, the Combined Statement of the United States Government, and the Financial Report of the United States Government (FR).

Debt Collection (Funded through reimbursable resources): The Debt Collection activity collects delinquent government and child support debt by providing centralized debt collection, oversight and operational services to Financial Program Agencies (FPAs) and states as required by the Debt Collection Improvement Act of 1996 (DCIA) and related legislation. The services include, but are not limited to, collecting delinquent debts through Cross-Servicing and offsetting federal payments, providing a database for use as a tool for barring delinquent debtors, providing post-judgment collection, advising and educating agencies towards improving debt management, and referrals to the Department of Justice. This activity is funded through revenues charged primarily to debtors as authorized in the DCIA; as well as the Economy Act, which is used for the Federal Payment Levy Program (Tax Levy).

Planned Execution of Funds: The Fiscal Service will utilize funds as stated in the FY 2013 operating plan table to support the mission of providing central payment services to FPAs, operating governmental collection and deposit systems, and providing government-wide accounting and reporting services. These services link to three of the Fiscal Service's main functions within the Department of the Treasury: Payments, Collections, and Government-wide Accounting and Reporting. With the funding allocated to the agency, the Bureau will support the Department's goal of increasing electronic transactions with the public to improve service, prevent fraud, and reduce costs. Please note that the FMS appropriation cannot be used to pay for the Salary and Expenses incurred by executing Debt Collection activities.

There will be no negative performance impacts as the reductions will be achieved through the following actions:

- Realize the FY 2013 efficiencies, \$7.376 million, as identified in the President's Budget :
 - Data Center Consolidation / Fiscal IT (\$6.044 million)
 - Paperless Treasury (\$0.875 million)
 - Administrative Services Reduction (\$0.457 million)
- Realize savings, \$0.551 million, from current attrition rate
- Exercise the transfer authority of \$3.466 million from the BPD appropriation

Furloughs are not necessary to achieve the required sequestration or rescission savings.

Proposed Reprogramming of Funds: Propose to exercise the Secretary's 2 percent transfer authority from the BPD appropriation in the amount of \$3.466 million to support the Collections, and Government-wide Accounting and Reporting operations which would otherwise be negatively impacted. This will make the FY 2013 funding level total \$209.878 million.

List Items of Special Congressional Interest: Not Applicable

FY 2013 ENACTED OPERATING PLAN

(Dollars in Thousands)

Bureau: Fiscal Service - Legacy FMS
 Appropriation Title: Salaries and Expenses
 Account Number(s): 20-1801/2013

Object Class	FY 2013 Full Year Continuing Resolution Enacted		Reductions under Sequestration Order		FY 2013 Rescission (0.2%)		FY 2013 Enacted (less sequestration & rescission reductions)		Proposed Reprogrammings and Inter-Approp. Transfers		FY 2013 Operating Plan	
	FTE (1)	\$ (2)	FTE (3)	\$ (4)	FTE (5)	\$ (6)	FTE (5)	\$ (6)	FTE (7)	\$ (8)	FTE (9)	\$ (10)
11.1 Full-time permanent	1,110	104,138	-	(84)	-	(190)	1,110	103,864	-	-	1,110	103,864
11.3 Other than full-time perm.		1,540					-	1,540			-	1,540
11.5 Other personnel comp.		5,081					-	5,081			-	5,081
11.8 Spec. personal serv. paym'ts		3,603					-	3,603			-	3,603
Total Personnel Comp.	1,110	\$ 114,362	-	\$ (84)	-	\$ (190)	\$ 1,110	\$ 114,088	\$ -	\$ -	1,110	\$ 114,088
12.0 Personnel Benefits		25,213		(24)		(246)	-	24,943			-	24,943
13.0 Benefits Former Personnel		627					-	627			-	627
21.0 Travel		1,411		(567)			-	844			-	844
22.0 Transportation of Things		278					-	278			-	278
23.1 Rental payments to GSA		12,519					-	12,519			-	12,519
23.2 Rental payments to others		677					-	677			-	677
23.3 Commun., util. & misc. charges		9,309					-	9,309			-	9,309
24.0 Printing & Reproduction		505					-	505			-	505
25.1 Advisory & assist. services		6,062					-	6,062			-	6,062
25.2 Other services		9,911		(7,733)			-	2,178		3,466	-	5,644
25.3 Other purchases - Govt accts		26,928					-	26,928			-	26,928
25.4 Oper. & maint. of facilities		2,079		(1,674)			-	405			-	405
25.5 R&D contracts		-					-	-			-	-
25.6 Medical care		-					-	-			-	-
25.7 Oper. & Maint. of equipment		1,738					-	1,738			-	1,738
25.8 Subsid. & Support of Persons		-					-	-			-	-
26.0 Supplies & Materials		2,767		(875)			-	1,892			-	1,892
31.0 Equipment		2,589					-	2,589			-	2,589
32.0 Lands & Structures		780					-	780			-	780
33.0 Investments & Loans		-					-	-			-	-
41.0 Grants, Subsidies		-					-	-			-	-
42.0 Insurance Claims & Indemn.		50					-	50			-	50
43.0 Interest & Dividends		-					-	-			-	-
44.0 Refunds		-					-	-			-	-
91.0 Unvouchered Expenses		-					-	-			-	-
TOTAL Object Classes	1,110	\$ 217,805	-	\$ (10,957)	-	\$ (436)	1,110	\$ 206,412	-	\$ 3,466	1,110	\$ 209,878
Program/Project/Activities												
1) Payments	660	132,502		(6,667)		(265)	660	125,570			660	125,570
2) Collections	117	21,097		(1,060)		(42)	117	19,995		856	117	20,851
3) Government-wide Accounting	333	64,206		(3,230)		(128)	333	60,847		2,610	333	63,457
TOTAL Programs/Project/Activities	1,110	\$ 217,805	-	\$ (10,957)	-	\$ (436)	1,110	\$ 206,412	-	\$ 3,466	1,110	\$ 209,878

Bureau of the Fiscal Service
Bureau of the Public Debt Appropriation
FY 2013 Enacted Operating Plan

FY 2012 Enacted P.L. 112-74	FY 2013 Enacted P.L. 113-6	Sequestration Reduction 5%	Across the Board Rescission (0.2%)	FY 2013 Enacted (less Seq. & Rescission)	Proposed Transfer	FY 2013 Operating Level
\$173.635 Million	\$173.635 Million	-\$8.685 Million	-\$0.345 Million	\$164.605 Million	-\$3.466 Million	\$161.139 Million

Note: The FY 2013 operating level includes \$1 million in projected Legacy Treasury Direct User Fees

FY 2013 Proposed Funding and Operations Overview:

The Bureau of the Public Debt (BPD) operating plan for FY 2013 is \$161.139 million, after accounting for a sequestration reduction of 5 percent, a rescission of 0.2 percent and the proposed transfer of \$3.466 million to the FMS appropriation. This level is \$12.5 million below the FY 2012 enacted. The Bureau of the Fiscal Service (Fiscal Service) borrows the money needed to operate the federal government, accounts for the resulting debt, and provides reimbursable support services to federal agencies. The budget activities funded by the BPD appropriation include the following:

Wholesale Securities Services (\$22.092 million): The Wholesale Securities Services program is responsible for the announcement, auction, issuance and settlement of marketable Treasury bills, notes, bonds and TIPS. It also oversees an infrastructure that provides for the transfer, custody and redemption of all Treasury marketable securities, which are purchased mostly by commercial market participants.

Government Agency Investment Services (\$14.728 million): The Government Agency Investment Services program includes the offering of specialized investments for government entities at the federal, state, and local levels, as well as borrowings by federal agencies.

Retail Securities Services (\$110.876 million): The Retail Securities Services (RSS) program serves more than 50 million retail customers who have invested in marketable and savings securities directly with Treasury. Investors may hold these securities in book-entry or paper form. The RSS Program is working on developing a new Treasury security that is simple, electronic, and attractive to encourage savings to a wide audience of individual investors.

Summary Debt Accounting (\$8.443 million): The Summary Debt Accounting (SDA) program produces daily reports on the balances and composition of the public debt, the *Monthly Statement of the Public Debt*, and the annual, audited *Schedules of Federal Debt*, which reports on the single largest liability in the annual Financial Report of the U.S. Government. SDA has received an unqualified opinion on the *Schedules of Federal Debt* for the past 15 years.

Do Not Pay Business Center (\$5 million): Following the June 2010 Presidential Memorandum on Enhancement of Payment Accuracy Through a "Do Not Pay List," the Do Not Pay Business Center was established for use by all departments and agencies in order to achieve the goal of preventing ineligible recipients from receiving payments or awards from the federal government.

The Do Not Pay Business Center is a significant step toward meeting the President's directive to establish a single-entry point that departments and agencies can access to determine eligibility information prior to making an award or payment, while also providing other services.

Planned Execution of Funds:

Furloughs are not necessary, as the FY 2013 enacted operating plan provides more funding than the proposed FY 2013 President's Budget. This funding level has no negative impact on performance.

Proposed Reprogramming of Funds:

Propose to exercise the Secretary's 2 percent transfer authority from the BPD appropriation in the amount of \$3.466 million to support the Collections and Government-wide Accounting and Reporting operations, which are funded by the FMS appropriation. This transfer authority is based on the FY 2013 Enacted budget less the across-the-board rescission.

Items of Special Congressional Interest (If Applicable): Not Applicable

FY 2013 ENACTED OPERATING PLAN
(Dollars in Thousands)

Bureau: Fiscal Service - Legacy Public Debt
 Appropriation Title: Administering the Public Debt
 Account Number(s): 20-0560/2013

	FY 2013 Full Year Continuing Resolution Enacted		Reductions under Sequestration Order		FY 2013 Rescission (0.2%)		FY 2013 Enacted (less sequestration & rescission reductions)		Proposed Reprogrammings and Inter-Approp. Transfers		FY 2013 Operating Plan	
	FTE (1)	\$ (2)	FTE (3)	\$ (4)	FTE (5)	\$ (6)	FTE (5)	\$ (6)	FTE (7)	\$ (8)	FTE (9)	\$ (10)
Object Class												
11.1 Full-time permanent	844	55,164	(54)	(2,775)		(110)	790	52,279			790	52,279
11.3 Other than full-time perm.		352		(18)		(1)	-	333			-	333
11.5 Other personnel comp.		1,648		(83)		(3)	-	1,562			-	1,562
11.8 Spec. personal serv. paym'ts		-		-		-	-	-			-	-
Total Personnel Comp.	844	\$ 57,164	(54)	\$ (2,876)	-	\$ (114)	\$ 790	\$ 54,174	\$ -	\$ -	790	\$ 54,174
12.0 Personnel Benefits		17,991		(905)		(36)	-	17,050			-	17,050
13.0 Benefits Former Personnel		20		(1)		-	-	19			-	19
21.0 Travel		816		(41)		(2)	-	773			-	773
22.0 Transportation of Things		79		(4)		-	-	75			-	75
23.1 Rental payments to GSA		10,362		(521)		(21)	-	9,820			-	9,820
23.2 Rental payments to others		3		-		-	-	3			-	3
23.3 Commun., util. & misc. charges		2,679		(135)		(5)	-	2,539			-	2,539
24.0 Printing & Reproduction		219		(11)		(1)	-	207			-	207
25.1 Advisory & assist. services		1,358		(68)		(3)	-	1,287			-	1,287
25.2 Other services		7,088		(305)		(12)	-	6,749			-	6,749
25.3 Other purchases - Gov't accts		73,795		(3,714)		(148)	-	69,933	(3,466)		-	66,467
25.4 Oper. & maint. of facilities		612		(31)		(1)	-	580			-	580
25.5 R&D contracts		-		-		-	-	-			-	-
25.6 Medical care		9		-		-	-	9			-	9
25.7 Oper. & Maint. of equipment		181		(9)		-	-	172			-	172
25.8 Substist. & Support of Persons		-		-		-	-	-			-	-
26.0 Supplies & Materials		961		(48)		(2)	-	911			-	911
31.0 Equipment		237		(12)		-	-	225			-	225
32.0 Lands & Structures		83		(4)		-	-	79			-	79
33.0 Investments & Loans		-		-		-	-	-			-	-
41.0 Grants, Subsidies		-		-		-	-	-			-	-
42.0 Insurance Claims & Indemn.		-		-		-	-	-			-	-
43.0 Interest & Dividends		-		-		-	-	-			-	-
44.0 Refunds		-		-		-	-	-			-	-
91.0 Unvouchered Expenses		-		-		-	-	-			-	-
TOTAL Object Classes	844	\$ 173,635	(54)	\$ (8,685)	-	\$ (345)	790	\$ 164,805	-	\$ (3,466)	790	\$ 161,139
Program/Project/Activities												
1) Wholesale Securities Services	113	23,828	(1)	(1,199)		(47)	112	22,582		(490)	112	22,092
2) Government Agency Investment Services	76	15,885	(4)	(799)		(32)	72	15,054		(326)	72	14,728
3) Retail Securities Services	605	119,540	(47)	(5,964)		(237)	558	113,339	(2,463)		558	110,876
4) Summary Debt Accounting	43	9,106	(2)	(458)		(18)	41	8,830	(187)		41	8,443
5) Do Not Pay Business Center	7	5,276		(265)		(11)	7	5,000			7	5,000
TOTAL Programs/Project/Activities	844	\$ 173,635	(54)	\$ (8,685)	-	\$ (345)	790	\$ 164,805	-	\$ (3,466)	790	\$ 161,139

**Alcohol and Tobacco Tax and Trade Bureau
FY 2013 Enacted Operating Plan**

FY 2012 Enacted P.L. 112-74	FY 2013 Enacted P.L. 113-6	Sequestration Reduction 5%	Across the Board Rescission (0.2%)	FY 2013 Operating Level
\$99.878 Million	\$99.878 Million	-\$5.024 Million	-\$0.200 Million	\$94.654 Million

FY 2013 Proposed Funding and Operations Overview:

The FY 2013 enacted level funds the Alcohol and Tobacco Tax and Trade Bureau at \$94.654 Million. This is \$5.224 Million below the FY 2012 enacted level and is comprised of a cut of \$5.024 Million from sequestration and a rescission of \$0.200 Million.

TTB is the nation's primary Federal authority in the regulation of the alcohol and tobacco industries. TTB is responsible for administering and enforcing the Federal Alcohol Administration Act, which provides for the regulation of the alcohol beverage industry and the protection of consumers of alcohol beverages, and the provisions of the Internal Revenue Code relating to excise taxes on alcohol, tobacco, firearms, and ammunition. TTB's operating budget consists of two primary budget activities: Collect the Revenue and Protect the Public.

- ***Collect the Revenue*** (\$48,927,167) - This activity provides for the collection and enforcement of alcohol, tobacco, firearms, and ammunition excise taxes. These products generate over \$23 billion in tax revenue annually, making TTB the third largest tax collection agency in the Federal government. Alcohol and tobacco taxes collected by TTB are remitted to the Department of the Treasury General Fund. Firearms and ammunition excise taxes are remitted to the Fish and Wildlife Restoration Fund under provisions of the Pittman-Robertson Act of 1937. The excise taxes collected by TTB are paid by approximately 8,500 businesses that had operations that resulted in tax payments during the year. Members of the regulated industries paying excise taxes are distilleries, breweries, bonded wineries, bonded wine cellars, manufacturers of paper and tubes for tobacco products, manufacturers of tobacco products, and manufacturers and importers of firearms and ammunition.
- ***Protect the Public*** (\$45,726,614) - This activity provides the regulatory framework that ensures the integrity of the alcohol and tobacco industries and of beverage alcohol products in the marketplace through the regulation of over 61,000 alcohol and tobacco businesses. TTB enforces Federal laws related to the issuance of permits to industry members and the production, labeling, and advertising of alcohol products through investigations, application reviews, laboratory testing, and educational programs. TTB works with industry, foreign and state governments, and other interested parties to facilitate compliance with regulatory requirements and to maintain the requisite level of oversight to ensure public safety, including through education, partnerships, and open communication.

In FY 2013, TTB will continue to assist industry members in complying with alcohol and tobacco laws and regulations to ensure that the appropriate excise taxes are collected from those industries and that alcoholic beverages in the U.S. market meet all Federal production, labeling, and advertising standards.

FY 2013 Planned Execution of Funds and Performance Impact:

TTB tracks its cost of operations under the Collect the Revenue and Protect the Public budget activities by program and project, and develops its operating plan based on the actual costs of delivering the core services that support the bureau's mission. The actual dollar amounts spent under these budget activities varies each year, but are relatively equally split. For the FY 2013 CR, TTB's operating plan is based on FY 2012 actual spending under these two budget activities (52 percent Collect the Revenue/48 percent Protect the Public). Under sequestration, the budget reductions were applied to each budget activity equally.

The FY 2013 operating level enables TTB to maintain its core activities that support revenue collection and the enforcement of laws and regulations governing alcohol and tobacco products. TTB prioritized budget reductions that are the least likely to present risks to its core mission areas. More specifically, TTB will achieve the preponderance of the reductions required through cuts to its contracts and operating costs, resulting in budget savings of approximately \$3.8 million for FY 2013. TTB's plan to reduce operating costs includes the deferral of critical IT hardware and laboratory equipment refresh and the reduction of travel, supplies, and rent costs. With few options, TTB must achieve the remaining \$1.4 million in savings by reducing its workforce costs. To minimize the impact on its employees, TTB does not plan to initiate any furlough actions, but it will continue its current hiring freeze through the remainder of the fiscal year. TTB's anticipated workforce reduction under the operating plan is 17 FTEs, or 4% of its authorized staffing level. The impact of these budget reductions on TTB's core mission activities will put the bureau's annual revenue collections at risk, hinder economic growth, and reduce the services that TTB must provide to the public under its governing statutes.

To approximate the potential revenue losses due to reductions in staff contributing to the Collect the Revenue activity, TTB assumes a total reduction of roughly 8-10 FTE based on the current FTE allocation. Further, TTB will reduce its reimbursable agreement with the Internal Revenue Service for special agents to deter and address illicit trade in alcohol and tobacco products. As the effectiveness of TTB's tax enforcement program is dependent on the complementary skill sets of its auditors, investigators, special agents, tax specialists, chemists, and data scientists, any combination of staffing losses in this area would have a direct adverse impact on revenue collections. TTB's enforcement program has demonstrated that each FTE generates a positive return on investment of roughly 4:1 for each FTE, thus placing at risk roughly millions of dollars in Federal excise tax revenue collections. These budget reductions will result in not only a direct revenue loss, but also a diminished field presence that may compromise the deterrent effect of these activities on the broader marketplace, which contributes to TTB's collection of roughly \$23 billion in annual tax revenue.

In addition, the Protect the Public Activity will result in a reduction of 8-10 staff. TTB is a unique regulatory agency in that the businesses it regulates cannot legally operate without a

Federal permit issued by TTB. Annually, the bureau processes roughly 7,900 permits for new businesses, the majority of which are small startup operations. The bureau also issues Certificates of Label Approval (COLA), which are required before alcohol beverage manufacturers or importers can bottle or introduce their products into U.S. commerce; TTB's labeling specialists process more than 150,000 applications annually. Under the 2013 operating levels, the processing times for a COLA or a permit application could increase by several weeks, though the delays are difficult to quantify at this point. The impact of increased permit and COLA processing times is two-fold, as they impact tax revenue and the regulated industries. Without a Federal permit, businesses cannot legally manufacture alcohol and tobacco products and, therefore, would not pay taxes on those manufactured goods. Similarly, because TTB collects the tax on alcohol beverage products at the point of removal from an industry member's premises, delays in COLA processing affect tax collection.

Finally, there are other important effects of the 2013 operating levels on TTB's programs. For instance, with minimal staff, TTB processes approximately 10,000 export certifications required by foreign markets where U.S. wine, beer, and spirits producers export goods. These export certifications directly facilitate approximately \$300 million in domestically-produced alcohol beverage sales to foreign markets. At the 2013 operating levels, TTB's ability to timely process these certifications will be impeded, as will TTB's capacity to address international trade barriers, thereby hindering industry members' ability to export their products.

In addition to the revenue and economic impact of 2013 operating levels, the required staffing reductions will negatively impact TTB's important consumer protection-related programs. These reductions will decrease staff conducting product integrity investigations and technical analyses of alcohol beverage products. These functions detect and address health hazards, such as pesticide and heavy metal contamination in alcohol beverages, and reductions in TTB's regulation and enforcement resources in these areas could lead to public health and safety risks.

Proposed Reprogramming of Funds: None

Items of Special Congressional Interest: None

FY 2013 ENACTED OPERATING PLAN

(Dollars in Thousands)

Bureau: Alcohol and Tobacco Tax and Trade Bureau
 Appropriation Title: Discretionary
 Account Number(s): 20-1008/2013

Object Class	FY 2013 Full Year Continuing Resolution Enacted		Reductions under Sequestration Order		FY 2013 Rescission (0.02%)		FY 2013 Enacted (less sequestration & rescission reductions)		Proposed Reprogrammings and Inter-Approp. Transfers		FY 2013 Operating Plan	
	FTE (1)	\$ (2)	FTE (3)	\$ (4)	FTE (5)	\$ (6)	FTE (5)	\$ (6)	FTE (7)	\$ (8)	FTE (9)	\$ (10)
11.1 Full-time permanent	482	45,425	(17)	(1,094)			485	44,331			485	44,331
11.3 Other than full-time perm.		-		-			-	-			-	-
11.5 Other personnel comp.		702		(17)			-	885			-	885
11.8 Spec. personal serv. paym'ts		-		-			-	-			-	-
Total Personnel Comp.	482	\$ 46,127	(17)	\$ (1,111)	-	\$ -	485	\$ 45,016	-	\$ -	485	\$ 45,016
12.0 Personnel Benefits		12,648		(264)			-	12,384			-	12,384
13.0 Benefits Former Personnel		-		-			-	-			-	-
21.0 Travel		2,153		(30)			-	2,123			-	2,123
22.0 Transportation of Things		48		-			-	48			-	48
23.1 Rental payments to GSA		4,913		(250)			-	4,663			-	4,663
23.2 Rental payments to others		-		-			-	-			-	-
23.3 Commun., util. & misc. charges		1,616		(209)			-	1,407			-	1,407
24.0 Printing & Reproduction		253		-			-	253			-	253
25.1 Advisory & assist. services		-		-			-	-			-	-
25.2 Other services		22,727		(2,188)		(200)	-	20,339			-	20,339
25.3 Other purchases - Govt accts		7,588		(100)			-	7,488			-	7,488
25.4 Oper. & maint. of facilities		-		-			-	-			-	-
25.5 R&D contracts		-		-			-	-			-	-
25.6 Medical care		-		-			-	-			-	-
25.7 Oper. & Maint. of equipment		-		-			-	-			-	-
25.8 Subsist. & Support of Persons		-		-			-	-			-	-
26.0 Supplies & Materials		617		(10)			-	607			-	607
31.0 Equipment		1,188		(862)			-	326			-	326
32.0 Lands & Structures		-		-			-	-			-	-
33.0 Investments & Loans		-		-			-	-			-	-
41.0 Grants, Subsidies		-		-			-	-			-	-
42.0 Insurance Claims & Indemn.		-		-			-	-			-	-
43.0 Interest & Dividends		-		-			-	-			-	-
44.0 Refunds		-		-			-	-			-	-
91.0 Unvouchered Expenses		-		-			-	-			-	-
TOTAL Object Classes	482	\$ 99,878	(17)	\$ (5,024)	-	\$ (200)	485	\$ 94,854	-	\$ -	485	\$ 94,854
Program/Project/Activities												
1) Collect the Revenue 1/	251	51,643	(9)	(2,612)		(104)	242	48,927			242	48,927
2) Protect the Public	231	48,235	(8)	(2,412)		(96)	223	45,727			223	45,727
							-	-			-	-
TOTAL Programs/Project/Activities	482	\$ 99,878	(17)	\$ (5,024)	-	\$ (200)	485	\$ 94,854	-	\$ -	485	\$ 94,854

1/ The Collect the Revenue budget activity includes a PPA for special agents with funding in the amount of \$2 million. A sequester reduction of \$100 thousand and a rescission of \$4 thousand to this PPA results in a post sequester operating level of \$1.9 million.

Internal Revenue Service FY 2013 Enacted Operating Plan

Appropriation	FY 2012 Enacted Level	FY 2013 Enacted*	FY2013 Sequestration Reduction	FY 2013 Sequestered Budget	Dollar Change FY 2012 Enacted	% Change	Proposed Transfers**	FY 2013 Operating Plan	% Change
Taxpayer Services	\$2,239,703	\$2,235,224	(\$112,670)	\$2,122,553	(\$117,150)	-5.23%	\$13,000	\$2,135,553	-5.81%
Enforcement	5,299,367	5,288,768	(266,590)	\$5,022,178	(277,189)	-5.23%	(75,000)	\$4,947,178	-3.82%
Operations Support	3,947,416	3,939,521	(198,579)	\$3,740,942	(206,474)	-5.23%	62,000	\$3,802,942	-6.80%
Business Systems Modernization	330,210	329,550	(16,612)	\$312,938	(17,272)	-5.23%		\$312,938	-5.23%
Total	\$11,816,696	\$11,793,063	(\$594,451)	\$11,198,612	(\$618,084)	-5.23%	\$0	\$11,198,612	-5.23%

* Includes 0.2% rescission

** Transfer Authority reflects "Up To" Amounts

FY 2013 Proposed Funding and Operations Overview:

The proposed operating plan funds the Internal Revenue Service (IRS) at \$11,198.6 million, which is \$618 million below the FY 2012 enacted level after application of the enacted rescission and sequestration reductions. The IRS collects the revenue that funds the government and administers the nation's tax laws. IRS funding is appropriated in three operating accounts and an information technology modernization investment account:

- Taxpayer Services:** The Taxpayer Services appropriation provides funding for taxpayer service activities and programs, including services to assist with tax return preparation such as tax law interpretation, forms, and publications in addition to providing advocate services and taxpayer education, and outreach. It also funds the programs that provide filing and account services to taxpayers, process paper and electronically-submitted tax returns, issue refunds, and maintain taxpayer accounts. The Taxpayer Services appropriation also provides operating resources to administer the advance payment feature of the Trade Act of 2002 (Public Law 107-210) health insurance tax credit program, which assists dislocated workers with their health insurance premiums.
- Enforcement:** The Enforcement appropriation provides funding for the programs that enforce the tax laws and increase compliance through examination of tax returns, both domestic and international, and collection of unpaid accounts. It also funds administrative and judicial settlement of taxpayer appeals of examination findings; technical rulings; monitoring of employee pension plans; determination of qualifications of organizations seeking tax-exempt status; the examination of tax returns of exempt organizations; the enforcement of statutes relating to detection and investigation of criminal violations of the internal revenue laws; the identification of underreporting of tax obligations; and collection of unpaid accounts. In addition, funded by this appropriation are programs and offices responsible for ensuring standards of competence, integrity, and conduct of professionals representing taxpayers before the IRS.
- Operations Support:** The Operations Support appropriation provides funding for overall planning, direction, and support for the IRS, including shared service support related to facilities services, rent payments, printing, postage, and security. This appropriation funds headquarters policy and management activities such as corporate support for strategic planning, communications and liaison, finance, human resources, Equity, Diversity and Inclusion (EDI), research and statistics of income, and necessary

expenses to manage, maintain and operate the information systems and telecommunication programs critical to the support of tax administration.

- **Business Systems Modernization (BSM):** The Business Systems Modernization appropriation provides resources for the planning and capital asset acquisition of information technology to modernize IRS business systems.

Impact of Sequestration and Reprogramming:

The \$594.5 million sequestration and \$24 million rescission across all IRS appropriations reduces FY 2013 operating levels by more than \$618 million which is 5.23% below the FY 2012 enacted level. In FY 2012, the IRS had a net \$306 million reduction across all accounts relative to FY 2011, with the Taxpayer Services, Enforcement and Operations Support appropriations cut \$360 million (not including the \$15 million impact of absorbing the Health Insurance Tax Credit Account within the Taxpayer Services account). The FY 2013 total operating level is now almost \$1 billion below FY 2011. At this level, the IRS expects to furlough all employees for up to seven (7) days starting in late May, contingent on utilization of reprogramming and carryover authorities.

As the result of the FY 2012 budget reductions, the IRS took aggressive steps to reduce spending. The 'by-exception-only' hiring freeze that has remained in effect since December 2010 and targeted staff cuts have resulted in a reduction of more than 8,000 full time permanent employees over a little more than two years. Additionally, in support of the 2011 Executive Order *Promoting Efficient Spending*, by the end of FY 2012 the IRS has already reduced non-labor spending across the board resulting in savings since FY 2010 of 68% in training travel, 45% in other travel, 30% in supplies and materials, 30% in printing, and 25% in professional and technical services to name a few. The IRS is on track for additional savings in these areas by the end of FY 2013.

The IRS has identified over \$400 million of spending reductions below FY 2012 as the result of: salary savings achieved through prior year attrition and buyouts; anticipated attrition for the remainder of FY 2013; and significant reductions to non-labor spending in travel, training, supplies and services, IT and other core infrastructure (including reduced funding for space and housing). Although these savings partially offset the impact of sequestration, further cuts in mission-critical non-labor and infrastructure requirements would have excess impacts on the IRS mission. As salaries and benefits make up 72 percent of the total IRS budget (93 percent in the Taxpayer Services and Enforcement accounts), across the board furloughs will be required to achieve the balance of the targeted reductions.

Items of particular congressional interest and the effects of sequestration and rescission are included in the lower section of the FY 2013 Enacted Operating Plan tables by appropriation later in this document.

Proposed Transfer of Funds:

In order to effectively manage available operating resources through the remainder of FY 2013 while ensuring the integrity of core operations is maintained, the IRS proposes to transfer up to \$75M from Enforcement to Taxpayer Services and Operations Support accounts. Sequestration and the rescission apply reductions by the same percentage across all appropriations and, as the

result of a greater attrition rate in the enforcement programs, without these transfers, the IRS would have to furlough employees differently depending from which appropriation they are funded. With the proposed transfer, the IRS will be able to allocate resources between appropriations so that every IRS employee will need to be furloughed for only up to seven days. Furthermore, in order to protect filing season the IRS plan is to delay the start of these furlough days until after the filing season. The table below shows the maximum potential transfer amounts between appropriation accounts.

Appropriation	FY 2012 Enacted Level	FY 2013 Sequestered Budget	Proposed Transfers**	FY 2013 Operating Plan	% Change
Taxpayer Services	\$ 2,239,703	\$ 2,122,553	\$ 13,000	\$ 2,135,553	-4.65%
Enforcement	\$ 5,299,367	\$ 5,022,178	\$ (75,000)	\$ 4,947,178	-6.65%
Operations Support	\$ 3,947,416	\$ 3,740,942	\$ 62,000	\$ 3,802,942	-3.66%
Business Systems Modernization	\$ 330,210	\$ 312,938		\$ 312,938	-5.23%
Total	\$ 11,816,696	\$ 11,198,612	-	\$ 11,198,612	-5.23%

** Transfer Authority reflects "Up To" Amounts

The operating plan also reflects the following resources, by budget activity by account, which align with the critical operational priorities.

Taxpayer Services

Budget Activities	FY 2013 Sequestered Budget	Transfers Up To	FY 2013 Operating Plan	Change from FY 2013 Sequestered Budget	
				\$	%
Pre-filing Taxpayer Assistance & Education	\$605,761,327	\$3,743,305	\$609,504,632	\$3,743,305	0.62%
Filing & Account Services	1,516,791,768	9,256,695	1,526,048,463	9,256,695	0.61%
Total	\$2,122,553,095	\$13,000,000	\$2,135,553,095	\$13,000,000	0.61%

Pre-Filing Taxpayer Assistance and Education

Funds services to assist with tax preparation, including tax law interpretation, and advocate services. At the 2013 operating level, the IRS will be able to continue these activities but expects the availability of such services to be reduced across the board.

Filing and Account Services

Funds programs that provide filing and account services to taxpayers, process paper and electronically-submitted tax returns, issue refunds, and maintain taxpayer accounts. Provides operating resources to administer health insurance tax credit program and allocate resources to maintain an appropriate proper level of service (LOS) to meet taxpayer needs during filing season. In terms of performance, the 2013 operating level will result in degraded telephone LOS, and result in increased paper correspondence inventory with a slower response rate to the public.

Enforcement

Budget Activities	FY 2013 Sequestered Budget	Transfers Up To	FY 2013 Operating Plan	Change from FY 2013 Sequestered Budget	
				\$	%
Investigations	\$589,751,452	(\$8,663,185)	\$581,088,268	(\$8,663,185)	-1.47%
Exam & Collections	4,283,108,068	(64,107,207)	4,219,000,862	(64,107,207)	-1.50%
Regulatory	149,318,789	(2,229,609)	147,089,180	(2,229,609)	-1.49%
Total	\$5,022,178,310	(\$75,000,000)	\$4,947,178,310	(\$75,000,000)	-1.49%

Investigations

Funds Criminal Investigation (CI) programs that explore potential criminal and civil violations of tax laws. Enforces criminal statutes relating to violations of tax laws and other financial crimes, and provides campus support of Questionable Refund program. The FY 2013 operating level will likely reduce the number of cases CI can work and refer to the Department of Justice's Tax Division for legal action, meaning some quality cases will likely go unprosecuted. The reduced deterrence effect will contribute to reduced revenues in the long term.

Examinations and Collections

Funds programs that enforce tax laws through examination and collection programs that ensure proper payment and tax reporting. Supports appeals and litigation activities associated with exam and collection. Exam and Collections includes most direct revenue-generating programs. The FY 2013 operating level will result in lower compliance coverage and ultimately in billions of tax dollars going uncollected which, in turn, hurts the integrity and fairness of the entire tax system.

Regulatory

Funds development and printing of published IRS guidance material, interpretation of tax laws, internal advice to IRS, enforcement of regulatory rules, laws and approved business practices and support for taxpayers. The FY 2013 operating level will slow and hinder responsiveness, harming the IRS' ability to get out in front of emerging tax issues. It will slow reviews of tax-exempt entities and also reduce taxpayers' ability to get timely answers to tax controversies.

Operations Support

Budget Activities	FY 2013 Sequestered Budget	Transfers Up To	FY 2013 Operating Plan	Change from FY 2013 Sequestered Budget	
				\$	%
Infrastructure	\$871,202,447		\$871,202,447	\$0	0.00%
Shared Services & Support	1,109,217,256	23,841,710	1,133,058,966	23,841,710	2.15%
Information Services	1,760,522,756	38,158,290	1,798,681,046	38,158,290	2.17%
Total	\$3,740,942,459	\$62,000,000	\$3,802,942,459	\$62,000,000	1.66%

Infrastructure

Funds administrative services related to space and housing, rent and space alterations, building services, maintenance, guard services, and non-IT equipment. The IRS will continue to identify savings in this area related to, for example, reducing its office space footprint and optimizing the space it does have under the FY 2013 operating level.

Shared Services and Support

Funds policy and management; IRS-wide support for research; strategic planning; communications and liaison; finance; human resources; and equity, diversity and inclusion programs. Allocates resources for printing and postage, business systems planning, security, corporate training, legal services, procurement, and employee benefits programs. As previously noted, IRS continues to identify reductions in these areas to meet the FY 2013 operating level.

Information Services

Funds staffing, equipment, and related costs to manage, maintain, and operate the information systems critical to support tax administration. Funds the development and maintenance of programming code to support the tax processing and operation of various management information systems. IT systems and data are key to all IRS functions and the FY 2013 reductions add additional risks and potential for delays to critical system upgrades and maintenance necessary for tax administration.

Business Systems Modernization

Budget Activities	FY 2013 Sequestered Budget	Transfers Up To	FY 2013 Operating Plan	Change from FY 2013 Sequestered Budget	
				\$	%
Business Systems Modernization	\$312,938,036	\$0	\$312,938,036	\$0	0.00%
Total	\$312,938,036	\$0	\$312,938,036	\$0	0.00%

Business Systems Modernization

Funds the planning and capital acquisition of information technology to modernize IRS business systems, including labor and related contractual costs. Sufficient funding of information technology is critical to modernize business systems to provide timely information and data. Under the FY 2013 operating levels, major IRS IT investments face likely schedule/cost risks.

Request for 50% of Fiscal Year 2012 Unobligated Funds Balance

Appropriation	Taxpayer Services	Enforcement	Operations Support	Total
FY 2012 Balance	\$20,825,017	\$30,646,462	\$32,634,542	\$84,106,020
50% Carryover Availability	\$10,412,508	\$15,323,231	\$16,317,271	\$42,053,010
Requests:				
Reduce furlough days	\$10,412,508	\$15,323,231	\$16,317,271	\$42,053,010
Total Requirements	\$10,412,508	\$15,323,231	\$16,317,271	\$42,053,010

The IRS operating plan also contemplates the use of all available 50% carryover from FY 2012 unobligated balances to offset the impact of sequestration. These resources will help minimize the number of furlough days and facilitate applying days evenly across appropriations.

Currently the IRS has \$42.1 million in lapsed appropriations potentially subject to the 50% carryover authority. This \$42.1 million consists of \$10.4 million from Taxpayer Services; \$15.3 million from Enforcement; and \$16.3 million from Operations Support.

FY 2013 ENACTED OPERATING PLAN

(Dollars in Thousands)

Bureau: Internal Revenue Service

Appropriation Title:

Account Number(s): TOTAL

	FY 2013 Full Year Continuing Resolution Enacted		Reductions under Sequestration Order		FY 2013 Recession (0.2%)		FY 2013 Enacted (less sequestration & recession reductions)		Proposed Reprogrammings and Inter-Approp. Transfers		FY 2013 Operating Plan	
	FTE (1)	\$ (2)	FTE (3)	\$ (4)	FTE (5)	\$ (6)	FTE (7)	\$ (8)	FTE (9)	\$ (10)	FTE (11)	\$ (12)
Object Class												
11.1 Full-time permanent	87,787	6,254,307	(3,041)	(202,880)	(363)	(17,740)	84,383	6,033,888	(60)	866	84,323	6,034,552
11.3 Other than full-time perm.	2,071	98,195	(11)	3,104	(7)	(287)	2,052	101,011	6	6	2,059	101,017
11.5 Other personnel comp.	-	255,040	-	398	-	-	-	255,438	-	-	-	255,438
11.8 Spec. personal serv. paym'ts	-	15,846	-	260	-	-	-	16,106	-	-	-	16,106
Total Personnel Comp.	89,858	\$ 6,623,388	(3,052)	\$ (199,119)	(370)	\$ (18,027)	86,435	\$ 6,406,242	(54)	\$ 872	86,381	\$ 6,407,114
12.0 Personnel Benefits	-	1,917,042	-	(23,482)	-	(5,606)	-	1,887,954	-	(872)	-	1,887,082
13.0 Benefits Former Personnel	-	47,671	-	(225)	-	-	-	47,447	-	-	-	47,447
21.0 Travel	-	169,610	-	(48,892)	-	-	-	120,718	-	-	-	120,718
22.0 Transportation of Things	-	23,054	-	(2,404)	-	-	-	20,650	-	-	-	20,650
23.1 Rental payments to GSA	-	644,152	-	(8,506)	-	-	-	635,646	-	-	-	635,646
23.2 Rental payments to others	-	14,139	-	(177)	-	-	-	13,963	-	-	-	13,963
23.3 Commun., util. & misc. charges	-	388,854	-	(11,584)	-	-	-	377,270	-	-	-	377,270
24.0 Printing & Reproduction	-	37,758	-	(2,606)	-	-	-	35,153	-	-	-	35,153
25.1 Advisory & assist. services	-	865,683	-	(231,461)	-	-	-	634,222	-	-	-	634,222
25.2 Other services	-	162,101	-	(846)	-	-	-	161,255	-	-	-	161,255
25.3 Other purchases - Govt accts	-	175,225	-	1,233	-	-	-	176,458	-	-	-	176,458
25.4 Oper. & maint. of facilities	-	174,911	-	(6,933)	-	-	-	167,978	-	-	-	167,978
25.5 R&D contracts	-	3,984	-	-	-	-	-	3,984	-	-	-	3,984
25.6 Medical care	-	14,381	-	-	-	-	-	14,381	-	-	-	14,381
25.7 Oper. & Maint. of equipment	-	95,942	-	(482)	-	-	-	95,460	-	-	-	95,460
25.8 Subst. & Support of Persons	-	3,686	-	(1,622)	-	-	-	2,064	-	-	-	2,064
26.0 Supplies & Materials	-	58,729	-	(8,017)	-	-	-	50,712	-	-	-	50,712
31.0 Equipment	-	340,417	-	(40,945)	-	-	-	299,472	-	-	-	299,472
32.0 Lands & Structures	-	16,612	-	(8,610)	-	-	-	8,002	-	-	-	8,002
33.0 Investments & Loans	-	-	-	-	-	-	-	-	-	-	-	-
41.0 Grants, Subsidies	-	27,893	-	(907)	-	-	-	26,986	-	-	-	26,986
42.0 Insurance Claims & Indemn.	-	2,219	-	169	-	-	-	2,388	-	-	-	2,388
43.0 Interest & Dividends	-	-	-	-	-	-	-	-	-	-	-	-
44.0 Refunds	-	-	-	-	-	-	-	-	-	-	-	-
91.0 Unvouchered Expenses	-	9,244	-	965	-	-	-	10,208	-	-	-	10,208
TOTAL Object Classes	89,858	\$ 11,816,696	(3,052)	\$ (594,451)	(370)	\$ (23,633)	86,435	\$ 11,198,812	(54)	\$ -	86,381	\$ 11,198,612
Program/Project/Activities												
1) Taxpayer Services	30,403	2,239,703	(846)	(112,670)	(110)	(4,479)	29,447	2,122,553	253	13,000	29,700	2,135,553
2) Enforcement	46,702	5,299,367	(1,228)	(266,590)	(167)	(10,599)	45,307	5,022,178	(981)	(75,000)	44,326	4,947,178
3) Operations Support	12,240	3,947,416	(937)	(198,579)	(92)	(7,895)	11,211	3,740,942	674	62,000	11,885	3,802,942
4) Business Systems Modernization	513	330,210	(41)	(16,612)	(1)	(660)	471	312,938	-	-	471	312,938
TOTAL Programs/Project/Activities	89,858	\$ 11,816,696	(3,052)	\$ (594,451)	(370)	\$ (23,633)	86,435	\$ 11,198,812	(54)	\$ -	86,381	\$ 11,198,612

FY 2013 ENACTED OPERATING PLAN
(Dollars in Thousands)

Bureau: Internal Revenue Service
Appropriation Title: Taxpayer Services
Account Number(s): 20-0912/2013

Object Class	FY 2013 Full Year Continuing Resolution Enacted		Reductions under Sequestration Order		FY 2013 Rescission (0.2%)		FY 2013 Enacted (less sequestration & rescission reductions)		Proposed Reprogrammings and Inter-Approp. Transfers		FY 2013 Operating Plan	
	FTE (1)	\$ (2)	FTE (3)	\$ (4)	FTE (5)	\$ (6)	FTE (7)	\$ (8)	FTE (9)	\$ (10)	FTE (11)	\$ (12)
11.1 Full-time permanent	29,054	1,560,147	(828)	(64,459)	(107)	(3,564)	28,119	1,492,124	242	10,344	28,361	1,502,468
11.3 Other than full-time perm.	1,348	42,487	(18)	3,252	(3)	(97)	1,328	45,842	11	282	1,338	45,923
11.5 Other personnel comp.		72,284	-	2,180			-	74,464				74,464
11.8 Spec. personal serv. paym'ts		0	-	0			-	1				1
Total Personnel Comp.	30,403	\$ 1,674,918	(846)	\$ (59,026)	(110)	\$ (3,661)	29,447	\$ 1,612,231	253	\$ 10,625	29,700	\$ 1,622,856
12.0 Personnel Benefits		358,187	-	(31,907)		(818)	-	325,462		2,375	-	327,838
13.0 Benefits Former Personnel		150	-	0			-	150			-	150
21.0 Travel		24,583	-	(6,839)			-	17,744			-	17,744
22.0 Transportation of Things		942	-	0			-	942			-	942
23.1 Rental payments to GSA		-	-	-			-	-			-	-
23.2 Rental payments to others		50	-	(36)			-	13			-	13
23.3 Commun., util. & misc. charges		1,958	-	(231)			-	1,725			-	1,725
24.0 Printing & Reproduction		10,166	-	(1,234)			-	8,933			-	8,933
25.1 Advisory & assist. services		34,333	-	(11,408)			-	22,925			-	22,925
25.2 Other services		34,307	-	2,176			-	36,483			-	36,483
25.3 Other purchases - Govt accts		62,331	-	(967)			-	61,364			-	61,364
25.4 Oper. & maint. of facilities		47	-	-			-	47			-	47
25.5 R&D contracts		-	-	-			-	-			-	-
25.6 Medical care		-	-	-			-	-			-	-
25.7 Oper. & Maint. of equipment		0	-	-			-	0			-	0
25.8 Subsist. & Support of Persons		1,351	-	(1,317)			-	35			-	35
26.0 Supplies & Materials		6,990	-	(538)			-	6,452			-	6,452
31.0 Equipment		719	-	(420)			-	298			-	298
32.0 Lands & Structures		336	-	(42)			-	295			-	295
33.0 Investments & Loans		-	-	-			-	-			-	-
41.0 Grants, Subsidies		27,893	-	(907)			-	26,986			-	26,986
42.0 Insurance Claims & Indemn.		443	-	25			-	468			-	468
43.0 Interest & Dividends		-	-	-			-	-			-	-
44.0 Refunds		-	-	-			-	-			-	-
91.0 Unvouchered Expenses		-	-	-			-	-			-	-
TOTAL Object Classes	30,403	\$ 2,239,703	(846)	\$ (112,670)	(110)	\$ (4,479)	29,447	\$ 2,122,553	253	\$ 13,000	29,700	\$ 2,135,553
Program/Project/Activities												
1) Pre-filing Taxpayer Assistance & Education	5,656	644,815	(73)	(37,864)	(21)	(1,290)	5,563	605,781	47	3,743	5,610	609,505
2) Filing & Account Services	24,746	1,594,788	(773)	(74,807)	(89)	(3,190)	23,884	1,518,792	206	9,257	24,090	1,526,048
TOTAL Programs/Project/Activities	30,403	\$ 2,239,703	(846)	\$ (112,670)	(110)	\$ (4,479)	29,447	\$ 2,122,553	253	\$ 13,000	29,700	\$ 2,135,553
Items of Interest												
1) Tax Counseling for the Elderly Program		5,600		(282)		(11)	-	5,307			-	5,307
2) Low-Income Taxpayer Clinic Grants		9,750		(490)		(20)	-	9,240			-	9,240
3) Community Volunteer Income Tax Assistance		12,000		(604)		(24)	-	11,372			-	11,372
4) Taxpayer Advocate Service	2,017	205,000	(73)	(10,313)	(6)	(410)	1,938	194,277			1,938	194,277
5) Tax Credit in Title II Division A of the Trade Act of 2002	15	15,481	(1)	(779)		(31)	14	14,671			14	14,671
TOTAL Items of Interest	2,032	\$ 247,831	(74)	\$ (12,467)	(6)	\$ (496)	1,952	\$ 234,868	-	-	1,952	\$ 234,868

FY 2013 ENACTED OPERATING PLAN
(Dollars in Thousands)

Bureau: Internal Revenue Service
Appropriation Title: Enforcement
Account Number(s): 20-0913/2013

	FY 2013 Full Year Continuing Resolution Enacted		Reductions under Sequestration Order		FY 2013 Rescission (0.2%)		FY 2013 Enacted (less sequestration & rescission reductions)		Proposed Reprogrammings and Inter-Approp. Transfers		FY 2013 Operating Plan	
	FTE (1)	\$ (2)	FTE (3)	\$ (4)	FTE (5)	\$ (6)	FTE (7)	\$ (8)	FTE (9)	\$ (10)	FTE (11)	\$ (12)
Object Class												
11.1 Full-time permanent	46,125	3,528,298	(1,258)	(103,412)	(165)	(7,888)	44,701	3,416,998	(969)	(55,821)	43,733	3,361,177
11.3 Other than full-time perm.	577	43,220	30	58	(2)	(97)	606	43,181	(12)	(684)	593	42,497
11.5 Other personnel comp.		151,644	-	(1,805)			-	149,840			-	149,840
11.8 Spec. personal serv. paym'ts		15,846	-	260			-	16,106			-	16,106
Total Personnel Comp.	46,702	\$ 3,739,009	(1,228)	\$ (104,900)	(167)	\$ (7,985)	45,307	\$ 3,626,124	(981)	\$ (56,504)	44,326	\$ 3,569,619
12.0 Personnel Benefits		1,169,068	-	(3,362)		(2,614)	-	1,163,093		(18,496)	-	1,144,597
13.0 Benefits Former Personnel		25	-	-			-	25			-	25
21.0 Travel		109,420	-	(29,882)			-	79,538			-	79,538
22.0 Transportation of Things		3,241	-	(1,616)			-	1,624			-	1,624
23.1 Rental payments to GSA		0	-	-			-	0			-	0
23.2 Rental payments to others		699	-	21			-	720			-	720
23.3 Commun., util. & misc. charges		4,066	-	(283)			-	3,782			-	3,782
24.0 Printing & Reproduction		4,460	-	(609)			-	3,851			-	3,851
25.1 Advisory & assist. services		138,258	-	(120,548)			-	17,710			-	17,710
25.2 Other services		43,693	-	(5,747)			-	37,946			-	37,946
25.3 Other purchases - Gov't accts		47,057	-	(1,003)			-	46,054			-	46,054
25.4 Oper. & maint. of facilities		10	-	0			-	10			-	10
25.5 R&D contracts		3,950	-	-			-	3,950			-	3,950
25.6 Medical care		55	-	-			-	55			-	55
25.7 Oper. & Maint. of equipment		1,269	-	176			-	1,446			-	1,446
25.8 Subsist. & Support of Persons		2,120	-	(130)			-	1,990			-	1,990
26.0 Supplies & Materials		19,746	-	562			-	20,307			-	20,307
31.0 Equipment		2,515	-	(502)			-	2,013			-	2,013
32.0 Lands & Structures		201	-	20			-	222			-	222
33.0 Investments & Loans		-	-	-			-	-			-	-
41.0 Grants, Subsidies		-	-	-			-	-			-	-
42.0 Insurance Claims & Indemn.		1,261	-	248			-	1,509			-	1,509
43.0 Interest & Dividends		-	-	-			-	-			-	-
44.0 Refunds		-	-	-			-	-			-	-
91.0 Unvouchered Expenses		9,244	-	965			-	10,208			-	10,208
TOTAL Object Classes	46,702	\$ 5,299,367	(1,228)	\$ (266,590)	(167)	\$ (10,599)	45,307	\$ 5,022,178	(981)	\$ (75,000)	44,326	\$ 4,947,178
Program/Project/Activities												
1) Investigations	3,791	612,125	(57)	(21,150)	(14)	(1,224)	3,721	589,751	(80)	(8,663,185)	3,641	581,088
2) Exam & Collections	41,725	4,529,702	(1,102)	(237,534)	(149)	(9,059)	40,474	4,283,108	(875)	(64,107,207)	38,597	4,219,001
3) Regulatory	1,186	157,540	(69)	(7,906)	(4)	(315)	1,112	149,319	(25)	(2,229,609)	1,087	147,089
TOTAL Programs/Project/Activities	46,702	\$ 5,299,367	(1,228)	\$ (266,590)	(167)	\$ (10,599)	45,307	\$ 5,022,178	(981)	\$ (75,000)	44,326	\$ 4,947,178
Items of Interest												
1) Interagency Crime and Drug Enforcement Program	329	60,257	(16)	(3,031)	(1)	(121)	312	57,105	-	-	312	57,105
TOTAL Items of Interest	329	\$ 60,257	(16)	\$ (3,031)	(1)	\$ (121)	312	\$ 57,105	-	-	312	\$ 57,105

FY 2013 ENACTED OPERATING PLAN
(Dollars in Thousands)

Bureau: Internal Revenue Service
Appropriation Title: Operations Support
Account Number(s): 20-0919/2013

	FY 2013 Full Year Continuing Resolution Enacted		Reductions under Sequestration Order		FY 2013 Rescission (0.2%)		FY 2013 Enacted (less sequestration & rescission reductions)		Proposed Reprogrammings and Inter-Approp. Transfers		FY 2013 Operating Plan	
	FTE (1)	\$ (2)	FTE (3)	\$ (4)	FTE (5)	\$ (6)	FTE (7)	\$ (8)	FTE (9)	\$ (10)	FTE (11)	\$ (12)
Object Class												
11.1 Full-time permanent	12,101	1,143,136	(913)	(89,017)	(90)	(5,901)	11,097	1,048,218	666	46,343	11,764	1,094,561
11.3 Other than full-time perm.	139	10,065	(24)	(1,194)	(2)	(52)	113	8,819	8	408	121	9,227
11.5 Other personnel comp.		29,298	-	(2,434)			-	26,862			-	26,862
11.8 Spec. personal serv. paym'ts			-				-				-	
Total Personnel Comp.	12,240	\$ 1,182,497	(937)	\$ (92,646)	(92)	\$ (5,953)	11,211	\$ 1,083,899	674	\$ 46,751	11,885	\$ 1,130,649
12.0 Personnel Benefits		376,144	-	(2,588)		(1,942)	-	371,614		15,249	-	386,863
13.0 Benefits Former Personnel		47,496	-	(225)			-	47,271			-	47,271
21.0 Travel		34,740	-	(12,221)			-	22,519			-	22,519
22.0 Transportation of Things		18,871	-	(788)			-	18,083			-	18,083
23.1 Rental payments to GSA		644,152	-	(8,506)			-	635,646			-	635,646
23.2 Rental payments to others		13,390	-	(161)			-	13,229			-	13,229
23.3 Commun., util. & misc. charges		380,422	-	(11,069)			-	369,353			-	369,353
24.0 Printing & Reproduction		23,131	-	(763)			-	22,369			-	22,369
25.1 Advisory & assist. services		456,656	-	(9,315)			-	447,341			-	447,341
25.2 Other services		82,169	-	2,725			-	84,894			-	84,894
25.3 Other purchases - Gov't acts		65,693	-	3,203			-	68,896			-	68,896
25.4 Oper. & maint. of facilities		174,854	-	(6,933)			-	167,921			-	167,921
25.5 R&D contracts		34	-	-			-	34			-	34
25.6 Medical care		14,326	-	-			-	14,326			-	14,326
25.7 Oper. & Maint. of equipment		92,323	-	(1,059)			-	91,264			-	91,264
25.8 Subst. & Support of Persons		215	-	(175)			-	40			-	40
26.0 Supplies & Materials		31,889	-	(8,041)			-	23,848			-	23,848
31.0 Equipment		291,823	-	(41,323)			-	250,500			-	250,500
32.0 Lands & Structures		16,074	-	(8,569)			-	7,486			-	7,486
33.0 Investments & Loans			-	-			-	-			-	-
41.0 Grants, Subsidies			-	-			-	-			-	-
42.0 Insurance Claims & Indemn.		515	-	(104)			-	411			-	411
43.0 Interest & Dividends			-	-			-	-			-	-
44.0 Refunds			-	-			-	-			-	-
91.0 Unvouchered Expenses			-	-			-	-			-	-
TOTAL Object Classes	12,240	\$ 3,947,416	(937)	\$ (198,579)	(92)	\$ (7,895)	11,211	\$ 3,740,942	674	\$ 62,000	11,885	\$ 3,802,942
Program/Project/Activities												
1) Infrastructure		898,393		(27,190)				871,202				871,202
2) Shared Services & Support	5,774	1,172,483	(934)	(60,229)	(38)	(3,036)	4,802	1,109,217	318	23,841,710	5,120	1,133,059
3) Information Services	6,466	1,876,540	(3)	(111,159)	(54)	(4,859)	6,409	1,760,623	356	38,158,290	6,765	1,798,681
TOTAL Programs/Project/Activities	12,240	\$ 3,947,416	(937)	\$ (198,579)	(92)	\$ (7,895)	11,211	\$ 3,740,942	674	\$ 62,000	11,885	\$ 3,802,942
Items of Interest												
1) IRS Oversight Board		2,000		(101)		(4)	-	1,895				1,895
TOTAL Items of Interest	-	\$ 2,000	-	\$ (101)	-	\$ (4)	-	\$ 1,895	-	-	-	\$ 1,895

FY 2013 ENACTED OPERATING PLAN
(Dollars in Thousands)

Bureau: Internal Revenue Service
Appropriation Title: Business Systems Modernization
Account Number(s): 20-0921/2013

Object Class	FY 2013 Full Year Continuing Resolution Enacted		Reductions under Sequestration Order		FY 2013 Rescission (0.2%)		FY 2013 Enacted (less sequestration & rescission reductions)		Proposed Reprogrammings and Inter-Approp. Transfers		FY 2013 Operating Plan	
	FTE (1)	\$ (2)	FTE (3)	\$ (4)	FTE (5)	\$ (6)	FTE (7)	\$ (8)	FTE (9)	\$ (10)	FTE (11)	\$ (12)
11.1 Full-time permanent	507	22,725	(41)	54,008	(1)	(387)	465	76,346			465	76,346
11.3 Other than full-time perm.	6	2,423	-	988	-	(41)	6	3,370			6	3,370
11.5 Other personnel comp.		1,816	-	2,457			-	4,273			-	4,273
11.8 Spec. personal serv. paym'ts			-	-			-	-			-	-
Total Personnel Comp.	513	\$ 26,965	(41)	\$ 57,453	(1)	\$ (428)	471	\$ 83,989	-	-	471	\$ 83,989
12.0 Personnel Benefits		13,643	-	14,375		(232)	-	27,786			-	27,786
13.0 Benefits Former Personnel			-	-			-	-			-	-
21.0 Travel		866	-	50			-	916			-	916
22.0 Transportation of Things			-	-			-	-			-	-
23.1 Rental payments to GSA			-	-			-	-			-	-
23.2 Rental payments to others		0	-	-			-	0			-	0
23.3 Commun., util. & misc. charges		2,410	-	-			-	2,410			-	2,410
24.0 Printing & Reproduction		0	-	-			-	0			-	0
25.1 Advisory & assist. services		236,436	-	(90,190)			-	146,246			-	146,246
25.2 Other services		1,931	-	-			-	1,931			-	1,931
25.3 Other purchases - Govt accts		144	-	-			-	144			-	144
25.4 Oper. & maint. of facilities			-	-			-	-			-	-
25.5 R&D contracts			-	-			-	-			-	-
25.6 Medical care			-	-			-	-			-	-
25.7 Oper. & Maint. of equipment		2,350	-	400			-	2,750			-	2,750
25.8 Subsist. & Support of Persons			-	-			-	-			-	-
26.0 Supplies & Materials		105	-	-			-	105			-	105
31.0 Equipment		45,360	-	1,300			-	46,660			-	46,660
32.0 Lands & Structures			-	-			-	-			-	-
33.0 Investments & Loans			-	-			-	-			-	-
41.0 Grants, Subsidies			-	-			-	-			-	-
42.0 Insurance Claims & Indemn.			-	-			-	-			-	-
43.0 Interest & Dividends			-	-			-	-			-	-
44.0 Refunds			-	-			-	-			-	-
91.0 Unvouchered Expenses			-	-			-	-			-	-
TOTAL Object Classes	513	\$ 330,210	(41)	\$ (16,612)	(1)	\$ (660)	471	\$ 312,938	-	-	471	\$ 312,938
Program/Project/Activities												
1) Business Systems Modernization	513	330,210	(41)	(16,612)	(1)	(660)	471	312,938			471	312,938
TOTAL Programs/Project/Activities	513	\$ 330,210	(41)	\$ (16,612)	(1)	\$ (660)	471	\$ 312,938	-	-	471	\$ 312,938

The following comments are from the IRS Oversight Board, an independent body charged with overseeing IRS administration and management.

IRS Oversight Board Comments

The Board is pleased to have the opportunity to review and comment on the Internal Revenue Service (IRS) Fiscal Year (FY) 2013 Operating Plan. The plan describes how the IRS will spend the \$11.198 billion it received under the FY 2013 Continuing Resolution, less \$594.5 million due to the sequestration and less an additional \$24 million in rescission cuts. Thus, the IRS' FY 2013 operating level is reduced by more than \$618 million, which is 5.23% below the enacted full year Continuing Resolution, and approximately \$1.6 billion less than the President's FY 2013 Budget Request. It is also 1.8 billion less than the funding level the Board determined was necessary for the IRS to fully comply with its statutory obligations. Given the realities of the FY 2013 funding environment, the Board supports the realignment of funds as outlined by the IRS in its FY 2013 Operating Plan.

The IRS plan is appropriated among the IRS' three operating accounts and its business systems modernization investment account and reflects the austere budget environment the IRS is facing in FY 2013, one that has only worsened over the past several years. In fact, over the past two years alone the IRS' funding has declined almost \$1 billion. This drastic reduction has resulted in real world consequences on both service and compliance programs. Nowhere is this more visible than in the IRS' toll-free telephone level of service which has dropped from 74 percent in FY 2010 to 68 percent in FY 2012. The Board continues to believe an acceptable level of service is 80 percent.

Despite taking multiple actions to absorb the anticipated impact of sequestration in FY 2013, the plan reflects the actions the IRS must take to implement the remaining cuts while maintaining the integrity of its core operations. Unfortunately, at this time, the IRS is planning to furlough employees to meet its FY 2013 funding level. To apply employee furloughs evenly throughout the organization, the IRS proposes to transfer up to \$75 million from its Enforcement Appropriation to its Taxpayer Services and Operations Support Appropriations. Additionally, the IRS proposes to apply its available fifty percent carryover of FY 2012 unobligated funds to reduce the total number of furlough days needed, and requests advance authority to increase the dollar amount, with notification to the appropriate committees, if additional FY 2012 unobligated funds are identified during the year.

The Board believes the Operating Plan will result in significantly reduced performance results and the erosion of taxpayer service and compliance programs in FY 2013 and future years. It should also be noted that a reduction of this size and scope will most likely impact voluntary compliance and IRS efforts to close the tax gap.

The Board hopes that the Congress will consider the significance of the impact of reduced funding on the IRS and ensure appropriate funding for the IRS in the years that follow.

Treasury International Programs
(dollars in thousands)

	2013			
	Enacted	ATB Rescission (.032%)	Sequester Reduction	Final Operating Level
Poverty Reduction and Economic Growth (MDBs)	2,083,114	(667)	(38,038)	2,044,409
International Development Association (IDA) 1/	1,358,500	(435)	(7,047)	1,351,018
Int'l Bank for Reconstruction and Development (IBRD)	186,957	(60)	(5,904)	180,993
Inter-American Development Bank (IDB and FSO)	111,153	(36)	(4,008)	107,110
Multilateral Investment Fund (MIF) 1/	15,000	(5)	-	14,995
Inter-American Investment Corporation (IIC)	-	-	-	-
Asian Development Bank (AsDB)	106,586	(34)	(5,362)	101,190
Asian Development Fund (AsDF)	100,000	(32)	(5,031)	94,937
African Development Bank (AfDB)	32,418	(10)	(1,690)	30,717
African Development Fund (AfDF)	172,500	(55)	(8,995)	163,449
Food Security	165,000	(53)	(8,300)	156,647
Global Agriculture and Food Security Program (GAFSP)	135,000	(43)	(6,791)	128,165
Int'l Fund for Agricultural Development (IFAD)	30,000	(10)	(1,509)	28,481
World Bank Environmental Trust Funds	363,930	(116)	(16,317)	347,497
Clean Technology Fund (CTF)	184,630	(59)	(9,288)	175,283
Strategic Climate Fund (SCF)	49,900	(16)	(2,510)	47,374
Global Environment Facility (GEF)	129,400	(41)	(4,518)	124,840
Debt Relief	12,000	(4)	(604)	11,392
Bilateral Debt Reduction	-	-	-	-
MDRI for AfDF	-	-	-	-
MDRI for IDA	-	-	-	-
Tropical Forest Conservation Act (TFCA)	12,000	(4)	(604)	11,392
Treasury Office of Technical Assistance	27,000	(8)	(1,358)	25,634
Total	2,651,044	(846)	(64,616)	2,585,582

1/ The sequestration amount for this account was reduced by the savings achieved by the full-year appropriation, pursuant to section 253(f)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

**Department of the Treasury
International Programs
Fiscal Year 2013 Operating Plan**

Section 1113 of Public Law 113-6, the Consolidated and Further Continuing Appropriations Act, 2013, requires the Department of the Treasury, to provide an operating plan at the “program, project and activity level.” The attached table at Tab 1 outlines the FY 2013 appropriations for Treasury’s International Programs and the specific reductions required as a result of sequestration. As the bulk of Treasury’s appropriations are for contributions to the multilateral development banks (MDBs) and related trust funds, the operating amounts shown in the table reflect Treasury’s planned obligation of FY 2013 funds. In the case of funds for the Office of Technical Assistance, additional information is provided at Tab 2.

SEQUESTRATION IMPACT

Multilateral Development Bank Hard Loan Windows

Funding for the hard loan windows allows the U.S. to subscribe to shares as a part of agreed capital increases. The reductions caused by sequestration will result in dilutions of U.S. voting power at the International Bank for Reconstruction and Development (IBRD), the Asian Development Bank (AsDB) and the African Development Bank (AfDB). At the IBRD, the sequestration reduction could force the U.S. to be diluted below the 15 percent veto threshold that allows the U.S. to block amendments to the Bank’s Articles of Agreement, depending on the timing of other shareholder subscriptions. At the AsDB, the sequestration reduction will reduce the U.S. voting power vis a vis Japan with whom the U.S. equally divides a 26 percent stake. At the AfDB, the sequestration reduction will force the U.S. to forfeit its right to purchase 1,898 shares associated with the second installment payment of the general capital increase. While the U.S. may have the opportunity to repurchase a percentage of these shares when they are offered to other non-regional shareholders, the resulting dilution will threaten the U.S. single-constituency board seat. Finally, under a new credit rating methodology recently adopted by S&P, higher weight is now given to the perception of shareholder support. Any reduced or delayed subscriptions to capital could be assessed as a lack of support from the U.S., negatively influencing S&P’s MDB assessments.

Multilateral Development Bank Concessional Windows and Trust Funds

Funding for concessional windows and trust funds helps support poverty reduction, food security, and environmental initiatives. The sequestration reductions will reduce programming that supports these efforts. Further, sequestration will add to growing U.S. arrears, which now amount to nearly \$1.3 billion. Beyond limiting important project funding, unmet commitments and pledges to these institutions and trust funds limit U.S. influence on a range of issues and can impede progress on key policy objectives.

Office of Technical Assistance (OTA)

Funding for OTA helps developing and transition countries build efficient revenue collection systems, well-planned and executed budgets, judicious debt management policies, sound banking systems, and strong controls to combat corruption and other economic crimes. The sequester will result in OTA scaling back or terminating technical assistance projects. Based on current

estimates, the sequester reduction of \$1.3 million will result in the program conducting two to three fewer projects beginning in 2013.

ATTACHMENTS

Tab 1: FY 2013 Appropriations and Operating Levels

Tab 2: Office of Technical Assistance Detail

Treasury International Affairs Technical Assistance (TIATA)
FY 2013 Project Plan *
BY REGION

- For 2013, OTA's footprint continues to evolve in parallel with broader U.S. foreign policy priorities and in response to specific requests for technical assistance that seem especially promising. For example, OTA continues to strengthen its presence in Asia, with a quarter of the program's TIATA funded projects now being executed in that region (excluding Overseas Contingency Operations funding). In Latin America and Sub-Saharan Africa, OTA is maintaining a strong presence overall and has strengthened its engagement in certain countries, such as El Salvador and Tanzania.

- In Arab Spring countries, OTA had initiated engagements in Tunisia and Libya in 2012 using OCO funding, but had to interrupt these projects because of security constraints. Also funded by OCO, OTA is currently planning an engagement with the Government of Djibouti.

- While the specific number of projects and countries fluctuates from year to year, in 2013 OTA continues to focus on providing more robust assistance to fewer countries. This selective approach recognizes the systemic nature of public financial management and the importance of engaging with a counterpart government in various disciplines-tax administration, budget execution, debt management, financial sector supervision, and anti-corruption-both simultaneously and in a coordinated way to achieve more convincing results and a stronger overall system.

		Assistance Area	Type of Project	New or Continuing TIATA Project	2013 Funding Allocation
					\$
The Americas					
1	Colombia	Tax	Project Coordinator + Intermittents	Continuation	\$ 420,998
2	Costa Rica	Economic Crimes	Resident	Continuation	\$ 580,791
3	Costa Rica (Infrastructure Finance)	Debt	Resident	Continuation	\$ 242,902
4	Dominican Republic	Debt	Intermittent	Continuation	\$ 91,340
5	Dominican Republic 01	Budget	Resident	Continuation	\$ 208,974
6	Dominican Republic 02	Budget	Resident	New	\$ 287,187
7	Dominican Republic 03	Budget	Intermittent	New	\$ 56,611
8	El Salvador	Budget	Resident	New	\$ 531,574
9	El Salvador	Debt	Resident	Continuation	\$ 482,224
10	El Salvador	Banking	Intermittent	Continuation	\$ 77,568
11	El Salvador (Infrastructure Finance)	Debt	Intermittent	Continuation	\$ 133,260
12	El Salvador Regional Financial Inclusion (CAFTA and DR)	Banking	Resident	Continuation	\$ 143,129
13	Guatemala	Budget	Resident	Continuation	\$ 437,422
14	Guatemala	Debt	Resident	Continuation	\$ 498,562
15	Guatemala	Tax	Project Coordinator + Intermittents	Continuation	\$ 256,767
16	Guatemala	Economic Crimes	Resident	Continuation	\$ 462,008
17	Honduras	Budget	Resident	Continuation	\$ 491,052
18	Honduras	Debt	Resident	Continuation	\$ 533,362
19	Honduras	Economic Crimes	Resident + Intermittent	Continuation	\$ 529,500
20	Peru (Infrastructure Finance)	Debt	Resident	Continuation	\$ 502,143
21	Regional LACFI	Banking	Resident/Regional	Continuation	\$ 586,648
22	Uruguay	Banking	Intermittent	Continuation	\$ 217,487
Subtotal of Projects					\$ 7,771,509
					<i>As % of total</i> 23.0%
Asia					
23	Cambodia	Banking	Resident + Intermittent	Continuation	\$ 718,075
24	Cambodia	Budget	Resident	Continuation	\$ 655,662
25	Cambodia	Tax	Project Coordinator + Intermittents	Continuation	\$ 623,976
26	Cambodia	Economic Crimes	Resident	Continuation	\$ 583,558
27	Indonesia	Banking	Intermittent	Continuation	\$ 550,756
28	Indonesia	Debt	Resident	Continuation	\$ 495,123
29	Mongolia	Debt	Resident	Continuation	\$ 776,224
30	Mongolia	Tax	Project Coordinator + Intermittents	Continuation	\$ 599,345
31	Nepal	Banking	Intermittent	Continuation	\$ 42,353
32	Philippines	Budget	Resident	Continuation	\$ 493,958
33	Thailand	Banking	Intermittent	Continuation	\$ 40,353
34	Vietnam	Banking	Resident + Intermittent	Continuation	\$ 632,845
35	Vietnam	Budget	Resident	New	\$ 802,880
36	Vietnam	Economic Crimes	Intermittent	Continuation	\$ 226,067
37	Vietnam	Debt	Intermittent	Continuation	\$ 250,000
38	Vietnam	Tax	Project Coordinator + Intermittents	Continuation	\$ 479,921
Subtotal of Projects					\$ 7,971,096
					<i>As % of total</i> 23.6%

		Assistance Area	Type of Project	New or Continuing TIATA Project	2013 Funding Allocation
Middle East and North Africa					
39	Morocco	Economic Crimes	Resident	Continuation	\$ 65,007
40	Palestinian Authority	Economic Crimes	Resident	Continuation	\$ 600,144
Subtotal of Projects					\$ 665,151
					As % of total 2.0%
Sub-Saharan Africa					
41	Angola	Economic Crimes	Resident	New	\$ 608,512
42	Angola	Debt	Resident	Continuation	\$ 580,364
43	Botswana	Economic Crimes	Resident	Continuation	\$ 105,130
44	Cote D'Ivoire	Budget	Resident	New	\$ 702,880
45	Djibouti (OCO)	Budget	Resident	New	\$ 793,155
46	Ghana	Banking	Resident + Intermittent	New	\$ 755,740
47	Ghana	Budget	Resident	Continuation	\$ 319,235
48	Ghana	Economic Crimes	Intermittent	Continuation	\$ 221,135
49	Ghana	Tax	Project Coordinator + Intermittents	Continuation	\$ 528,835
50	Kenya	Budget	Resident	New	\$ 615,586
51	Lesotho	Tax	Project Coordinator + Intermittents	Continuation	\$ 248,114
52	Liberia	Tax	Project Coordinator + Intermittents	Continuation	\$ 230,524
53	Nigeria	Banking	Resident	Continuation	\$ 639,639
54	Nigeria	Tax	Project Coordinator + Intermittents	Continuation	\$ 243,210
55	Regional East Africa EAC IFT Initiative (Kenya and Tanzania)	Debt	Resident	Continuation	\$ 189,956
56	Regional East Africa (Kenya, Rwanda, Burundi)	Debt	Resident	Continuation	\$ 513,714
57	Regional East Africa (Kenya, Uganda, Rwanda, Burundi)	Banking	Resident + Intermittent	Continuation	\$ 714,658
58	Rwanda	Banking	Intermittent	Continuation	\$ 133,085
59	Senegal	Debt	Resident	Continuation	\$ 635,125
60	South Africa	Budget	Intermittent	Continuation	\$ 100,676
61	Tanzania	Debt	Resident	Continuation	\$ 601,275
62	Tanzania	Tax	Project Coordinator + Intermittents	New	\$ 50,869
63	Uganda	Debt	Resident	Continuation	\$ 440,788
64	Zambia	Budget	Resident	Continuation	\$ 638,376
65	Zambia	Tax	Project Coordinator + Intermittents	Continuation	\$ 574,693
Subtotal of Projects					\$ 11,185,274
					As % of total 33.1%
Senior Advisors					
66	Senior Advisor (AFR/EUR)	Banking		Continuation	\$ 396,897
67	Senior Advisor (LAC/MENA)	Banking		Continuation	\$ 361,741
68	Senior Advisor	Budget		Continuation	\$ 476,444
69	Senior Advisor	Debt		Continuation	\$ 351,876
70	Senior Advisor: 1	Economic Crimes		Continuation	\$ 359,124
71	Senior Advisor: 2	Economic Crimes		Continuation	\$ 260,359
72	Senior Advisor	Tax		Continuation	\$ 485,479
Subtotal of Projects					\$ 2,691,920
					As % of total 8%
Global Initiatives					
73	Cash Management	Budget/Debt	Full-time TDY	Continuation	\$ 432,038
74	Contingency Operations (OCO)	TBD	TBD	New	\$ 2,157,106
75	Deposit Insurance	Banking	Intermittent	Continuation	\$ 223,646
76	Global FIU Development	Economic Crimes	Full-time TDY	Continuation	\$ 222,512
77	Infrastructure Finance Team	Debt	Intermittent	Continuation	\$ 160,968
78	Natural Resources Audit	Tax	Full-time TDY	Continuation	\$ 336,677
Subtotal of Projects					\$ 3,532,947
					As % of total 10.4%
TOTAL PROJECT AMOUNTS **					\$ 33,817,897

Notes:

* Operating plan required by appropriations statute.

** Total amount includes: \$6.7 million in prior year TIATA funds (carryover) and \$2.9 million in contingency (OCO) appropriations.