DEPARTMENT OF THE TREASURY

Funding Highlights:

- Provides $14 billion in total budgetary resources, including program integrity funding, for Treasury programs, a reduction of 2.7 percent below the 2012 enacted level when IRS funding is excluded. Overall, the Department's budget increases by 6.9 percent, including investments in robust IRS tax enforcement and compliance initiatives that can return $5 for each dollar spent.
- Saves over $100 million through reduced administrative costs and efficiency initiatives.
- Improves market transparency, protects consumers, and increases financial competitiveness by supporting implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act.
- Supports small business lending and protects vulnerable homeowners, while responsibly winding-down the Troubled Asset Relief Program.
- Promotes community development through capital, credit, and financial services to low-income communities.
- Proposes debt collection legislative reforms to increase collections over the next 10 years from individuals and businesses that have failed to pay taxes or repay Government loans.
- Consolidates the Bureau of the Public Debt and the Financial Management Service to streamline and modernize operations.
- Builds on the Treasury Secretary's December 2011 action to stop the overproduction of $1 coins with an initiative to reduce the cost of producing pennies and nickels.
- Increases funding for the Healthy Food Financing Initiative, which helps make healthy foods more affordable and accessible to underserved communities.

The Department of the Treasury supports a strong U.S. economy by promoting economic growth, building a comprehensive financial regulatory framework, and identifying domestic and international economic threats. The Department also carries out many functions that are essential to the financial integrity of the Government, such as collecting revenue, managing Federal finances, distributing payments, and producing currency. To support this mission, the President's Budget provides $14 billion in total budgetary resources, including program integrity funding, for the Department, 6.9 percent above the 2012 enacted level. The increase is largely due to investments that strengthen the Internal Revenue Service's (IRS) tax enforcement activities, which are critical to a fair and cost-effective tax system and which significantly reduce the deficit. The Budget also provides funding to continue implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act (Wall Street Reform) and the Affordable Care Act (ACA). Wall Street Reform establishes a transparent, competitive, and fair financial system, and ACA expands health care access to millions of Americans.

Excluding the IRS, Treasury's budget decreases by 2.7 percent compared to the 2012 enacted level. Savings are achieved through program reductions and administrative reforms like information technology consolidations, telework expansions, and efficiency initiatives.

Strengthens Financial Market Stability, Promotes Economic Growth, and Supports Homeowners

Protects Consumers and Supports Continued Implementation of Wall Street Reform. Over one year after the enactment of Wall Street Reform, the Administration continues to support financial regulators' efforts to effectively implement the requirements of the Act in order to improve market transparency and operations, financial competitiveness, and consumer fairness. Through the Financial Stability Oversight Council chaired by the Treasury Secretary, the Administration supports efforts to identify, monitor, and respond to emerging threats to U.S. financial stability. The Administration also continues to vigorously support the protection of American consumers, and on July 21, 2011, Treasury successfully completed its role in standing up the Consumer Financial Protection Bureau (CFPB). The CFPB is now exercising its full regulatory powers as an independent bureau in the Federal Reserve System.

Encourages Small Business Lending. The Small Business Lending Fund (SBLF) and the State Small Business Credit Initiative (SSBCI), both created by the Small Business Jobs Act of 2010, have committed over $5 billion to facilitate the restoration of credit markets and financing options for small businesses for years to come. The SBLF has provided over $4 billion to 332 banks across the country, providing low-cost capital to small and community banks to enable them to increase their small business lending. As of January 1, 2012, the $1.5 billion SSBCI, which boosts State-sponsored small business loan funds, has approved funding for 47 States, 3 territories, and the District of Columbia, and is expected to spur at least $15 billion in new lending. Treasury is working with the State funds to maximize the effectiveness of this assistance to small businesses.

Supports Struggling Homeowners. The Administration continues to actively implement ongoing Troubled Asset Relief Program (TARP) activities targeted to assist homeowners threatened by foreclosure, including unemployed homeowners and those with negative home equity. As of December 31, 2011, nearly 910,000 borrowers have received permanent modifications through the Home Affordable Modification Program (HAMP), which amounts to an estimated $10 billion in realized aggregate savings for these homeowners. The Administration's TARP housing programs have also been a catalyst for private sector modifications. Between April 2009 and the end of October 2011, HAMP and the private-sector HOPE NOW alliance initiated more than 5.5 million mortgage modifications, which is more than double the number of foreclosure completions that were executed in the same period. Furthermore, through the HFA Hardest Hit Fund, the Administration has allocated $7.6 billion to eligible States to implement innovative housing programs to bring stability to local housing markets and meet the unique needs of their communities.

Responsibly Winds Down TARP. The Treasury's authority to enter into new financial commitments through the TARP program ended on October 3, 2010. The President's Budget continues to support the effective, transparent, and accountable winding down of TARP programs that have helped stabilize the financial system, preserve jobs in the American automotive industry, and restart markets critical to financing American households and businesses. Moreover, TARP's banking programs have generated a positive return for taxpayers—with almost $258 billion recovered as of December 31, 2011 compared to the $245 billion originally invested in banks. The progressing economic recovery and the Administration's prudent management of TARP have also resulted in an estimated overall TARP cost of $68 billion, significantly lower than the $341 billion cost estimated for the program in its first year.

Requires Wall Street to Pay Back the American Taxpayer. The President's Budget proposes a $61 billion Financial Crisis Responsibility Fee to be imposed on the largest financial firms in order to compensate the American people for the extraordinary assistance they provided to Wall Street, as well as to discourage excessive risk-taking. Many of the largest financial firms contributed to the financial crisis through the risks they took, and all of the largest firms benefited enormously from the extraordinary actions taken to stabilize the financial system. The Budget asks these firms to compensate Americans for benefits they received from these actions and to recoup TARP costs.

Invests in Community Development. The Budget maintains robust funding for Community Development Financial Institutions, including for the Healthy Food Financing Initiative, which promotes the development of healthy food outlets in underserved communities. The Budget also includes funding for the Bank on USA program to facilitate access to affordable, high quality financial services for individuals and families that may not have bank accounts or other fundamental financial services.

Makes Necessary Cuts in a Constrained Fiscal Environment

Cuts Administrative Overhead. The Administration proposes over $100 million in reduced Treasury Department administrative costs through information technology consolidations, teleworking implementation, efficiency initiatives, and other overhead reductions that are consistent with the President's Campaign to Cut Waste. In particular, the Budget includes consolidation of Treasury data centers and a Paperless Treasury initiative that will save an estimated $500 million over five years. As part of its Paperless Treasury initiative, the Department is using electronic payments rather than paper Social Security checks for new beneficiaries, such as millions of baby boomers and others applying for Federal benefits.

Modernizes U.S. Currency. Treasury has increased the use of electronic financial transactions to meet the needs of commerce while working to ensure efficient and secure currency and coin production. In December 2011, the Treasury Secretary suspended production of circulating Presidential $1 Coins in light of the Federal Reserve Banks' inventories of 1.4 billion in $1 coins. This measure will reduce the U.S. Mint's expenses by $50 million annually. In addition, the Budget proposes legislation to provide the Secretary flexibility to change the composition of coins to more cost-effective materials, given that the current cost of making the penny is 2.4 cents and the nickel is 11.2 cents. Treasury is also taking additional actions to improve the efficiency of the coin and currency production efforts, including more than $75 million in savings proposed in the 2013 Budget.

Saves Taxpayer Money

Invests in and Modernizes Tax Administration to Prevent Evasion and Cheating. The Budget funds the IRS at nearly $12.8 billion, roughly $950 million above the 2012 enacted level. About $700 million of this total is provided through a "program integrity" adjustment to the discretionary caps that recognizes the benefit to taxpayers of a strong tax enforcement program that can return $5 for each additional IRS dollar spent. The Budget also continues significant investment in the IRS Business Systems Modernization program, which will yield substantial benefits to both taxpayers and the IRS by bringing tax data onto a fully modernized technology platform. Driven by up-to-date and comprehensive tax data, this modernized platform will revolutionize the efficiency and effectiveness with which the IRS serves taxpayers.

Improves Efforts to Collect Debt. The Budget proposes common sense debt collection reforms that will significantly increase Federal collections from individuals and businesses that have failed to pay taxes or repay Government loans, and help States collect a portion of the sizable State income tax debt owed by former residents. These proposals will help enforce a fairer tax system in which everyone pays their share. These reforms will increase collections by more than $2 billion over the next 10 years, a significant portion of which is owed to States and will be passed through to them.

Streamlines Core Operations Through Bureau Consolidation. The Budget supports a full consolidation by 2014 of the Bureau of the Public Debt and the Financial Management Service into the Fiscal Service. This allows Treasury to adopt more innovative strategies and streamline its core functions. The consolidation also strengthens Treasury's leadership of Federal financial management issues, reduces costs, and enhances efficiencies by further modernizing Federal financial management processes.

Department of the Treasury
(In millions of dollars)

	Actual	Estimate	
	2011	2012	2013
Spending			
Discretionary Budget Authority:			
Internal Revenue Service	12,150	11,816	12,070
Fiscal Service	411	384	360
Departmental Offices	316	308	308
Department and IRS Inspectors General	181	182	183
Special Inspector General for Troubled Asset Relief Program (TARP)	36	42	40
Alcohol and Tobacco Tax and Trade Bureau	101	100	97
Financial Crimes Enforcement Network	111	111	102
Community Development Financial Institutions Fund	228	221	221
All other	–85	—	—
Subtotal, Discretionary budget authority	13,449	13,164	13,381
Discretionary Changes in Mandatory Programs *(non-add in 2012)*:[1]			
Treasury Forfeiture Fund		*–950*	–830
Total, Discretionary budget authority	13,449	13,164	12,551

Department of the Treasury—Continued
(In millions of dollars)

	Actual 2011	Estimate 2012	Estimate 2013
Discretionary Cap Adjustment:[2]			
Program Integrity	—	—	691
Total, Discretionary outlays	13,113	13,486	14,054
Mandatory Outlays:			
Tax Expenditure programs	108,383	87,473	87,891
Legislative proposals		139	3,889
Government Sponsored Enterprise (GSE), Mortgage-Backed Securities (MBS) and Housing Finance Agencies (HFA) purchases	12,633	12,317	–10,458
Troubled Asset Relief Program (TARP)	24,148	40,152	12,193
TARP Housing (non-add)	*1,935*	*13,619*	*12,148*
TARP Equity (non-add)	*20,656*	*18,675*	*45*
TARP Direct Loans (non-add)	*1,557*	*7,858*	—
TARP Downward Reestimate of Subsidies	–60,355	–5,206	—
TARP Equity (non-add)	*–52,148*	*–3,567*	—
TARP Direct Loans (non-add)	*–8,207*	*–1,639*	—
Office of Financial Stability	352	457	291
Special Inspector General for TARP	5	7	7
Internal Revenue Collections for Puerto Rico	452	390	370
Legislative proposal		97	96
Terrorism Insurance Program	2	105	245
State Small Business Credit Initiative	366	859	251
Financial Research Fund (Office of Financial Research and FSOC)	4	120	154
All other	5,783	11,801	1,294
Total, Mandatory outlays	91,773	148,711	96,223
Total, Outlays	104,886	162,197	110,277
Credit activity			
Direct Loan Disbursements:			
HFA Purchases	—	102	3,452
Troubled Asset Relief Program	23,840	3,389	615
Small Business Lending Fund	4,028	—	—
Community Development Financial Institutions Fund	—	10	8
Total, Direct loan disbursements	27,868	3,501	4,075

Department of the Treasury—Continued
(In millions of dollars)

	Actual	Estimate	
	2011	2012	2013
Guaranteed Loan Disbursements by Private Lenders:			
Troubled Asset Relief Program	73	51,862	51,862
Total, Guaranteed loan disbursements by private lenders	73	51,862	51,862

[1] The 2012 amounts reflect OMB's scoring of the 2012 Appropriations acts (P.L. 112–55 and 112–74) as transmitted to the Congress. These amounts are displayed as non-add entries because they have been rebased as mandatory and are not included in any 2012 discretionary levels in the 2013 Budget.
[2] The Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), as amended by the Budget Control Act of 2011, limits—or caps—budget authority available for discretionary programs each year through 2021. Section 251(b)(2) of BBEDCA authorizes certain adjustments to the caps after the enactment of appropriations.