



## DEPARTMENT OF THE TREASURY

### Funding Highlights:

- Includes resources to implement the Administration's proposal to reform financial regulation including a new agency to protect consumers, and increases the security and convenience of Federal payment and collection transactions.
- Manages responsibly Troubled Asset Relief Program (TARP) investments to protect taxpayer interests while winding down extraordinary market interventions.
- Provides \$250 million to expand job-creating investments and access to credit in disadvantaged communities through the Community Development Financial Institutions Fund.
- Invests over \$8 billion in the Internal Revenue Service's enforcement and modernization programs, while continuing to drive innovation and responsiveness in taxpayer services. The Budget supports significant new revenue-generating initiatives that will target critical areas of non-compliance, and enhances a multi-year modernization strategy that will deliver a vastly improved IRS within the next five years.
- Supports the capacity of the Department to respond to future economic challenges by expanding Treasury's finance and tax policy resources. This increased analytical capability will also fund the Administration's plan to strengthen oversight of financial institutions and markets so that the system is safer for consumers and investors.

The Department of the Treasury is a leader in the President's efforts to promote the economic prosperity and financial security of the United States. Treasury operations are critical to the core functions of government, including collecting over \$2.3 trillion in revenue and disbursing over \$2.3 trillion in payments, managing Federal finances, and protecting the financial system from threats. Treasury also plays a key role in modernizing the American financial regulatory framework and ensuring effective, transparent administration of programs designed to strengthen the economy.

**Supports the Administration's Reform of Financial Regulation and Consumer Protection.** In June 2009, the Administration proposed comprehensive financial reform legislation designed to create a robust financial regulatory system that could help prevent future economic crises. The proposal includes changes to improve the safety and soundness of the financial sector, especially large and interconnected firms, and creates a new Government entity responsible for monitoring financial businesses and practices that impact consumers directly.

**Redirects TARP to Small Businesses and Homeowners.** The Budget continues to support activities authorized under the Emergency Economic Stability Act of 2008 and the Housing and Economic Recovery Act of 2008 that help stabilize the financial system and restart markets critical to financing American households and businesses, through new and existing investment agreements with financial institutions including banks, servicers, insurance companies, and the Government-Sponsored Enterprises Fannie Mae and Freddie Mac. New TARP agreements will be directed toward assisting homeowners threatened with foreclosure and small businesses needing access to affordable credit. The Budget emphasizes effective, transparent, and accountable management of the TARP. Over the past year, financial markets have rebounded faster than expected, and as a result the Budget reflects a significantly lower cost and volume of TARP asset purchases than previously estimated.

**Supports Lending in Low-Income Communities.** The Budget supports the availability of affordable financing in low-income communities by providing targeted support to Community Development Financial Institutions throughout the Nation. The \$250 million in financial support will help these local financial institutions offer affordable loans to small businesses, consumers, nonprofit developers, and home buyers in communities that lack access to affordable credit. These resources will also be coordinated with resources in other agencies to support the Administration's place-based initiatives. New initiatives will expand financing for access to healthy foods and access to financial services in underserved communities. Supporting the Department's efforts to improve protections for consumers of complicated financial products, Treasury will continue its work to improve financial literacy, especially among youth and young adult populations. Treasury along with its partners, will work to improve access to financial services for America's unbanked and underbanked, building upon findings from its multi-year community financial access pilot, which concludes in 2010.

**Improves Services to Taxpayers.** The Administration will improve the quality of IRS services to taxpayers, providing for a better tax filing experience. The Budget provides additional resources for high-quality phone service so that taxpayers' questions are answered quickly and correctly. A top priority of the IRS is to promptly and correctly answer a taxpayer's question the first time asked, through the most efficient and taxpayer-friendly means. The IRS will also work to improve interactions between taxpayers and tax preparation service providers through a new targeted strategy, and will further enhance electronic filing capabilities through increased availability of electronic forms and improved information technology infrastructure.

**Streamlines Internal Processes to Deliver Tax Fairness while Targeting Waste and Fraud.** The Budget supports the IRS' continued progress in reducing the tax gap through fair, robust, and equal application of the tax laws—including new revenue-generating enforcement initiatives that will increase recovery of tax debts by nearly \$2 billion a year once the initiatives are fully mature in 2013. This set of initiatives will be balanced with an increased focus on IRS modernization, for which the Budget makes a significant commitment through nearly \$200 million in targeted investments in the IRS' new core taxpayer database and processing platform. Once complete, this modernized system will improve both the taxpayer experience through, for example, enhanced service capabilities such as more individualized self-service offerings, as well as the IRS' operational effectiveness, creating a more responsive, nimble organization. The Budget also includes a set of innovative legislative proposals to improve the fairness, effectiveness and efficiency of tax administration, which will also narrow the tax gap.

**Achieves New Savings Through Commonsense Reforms.** The Budget will increase collections of delinquent debt owed to the Federal Government, as well as child support payments through States, expand the use of electronic payment and collection transactions, and propose other cross-cutting initiatives that are expected

to yield approximately \$2 billion in savings over the next 10 years. The Budget eliminates nearly \$250 million in Federal subsidies to insurance companies for terrorism insurance. These subsidies are no longer necessary given the robust private market for such insurance, and domestic terrorism insurance policies are now sufficiently available and affordable to meet demand. According to industry data, property and casualty insurers' surpluses—the balances available to pay claims associated with covered terrorist attacks—are currently estimated at over \$490 billion.

**Strengthens the Analytic Capacity of Departmental Offices.** The Budget funds additional staff with expertise in finance and tax policy. This investment will allow the Department to identify more effectively and address emerging economic challenges and improve policy-making capacity. Some of the new positions will support implementation of Financial Regulation Reform initiatives, including the launch of the Office of National Insurance and the Financial Services Oversight Council, which will improve supervision and regulation of financial institutions and markets.

**Department of the Treasury**  
(In millions of dollars)

	Actual 2009	Estimate	
		2010	2011
<b>Spending <sup>1</sup></b>			
Discretionary Budget Authority:			
Internal Revenue Service .....	11,522	12,147	12,633
Financial Management Service .....	240	244	235
Departmental Offices .....	279	305	346
Department-wide Systems and Capital Investments Programs .....	27	10	22
Bureau of the Public Debt .....	179	182	176
Department and IRS Inspectors General.....	172	182	185
Special Inspector General for TARP.....	—	23	50
Alcohol and Tobacco Tax and Trade Bureau .....	99	103	—
Financial Crimes Enforcement Network .....	91	111	100
Community Development Financial Institutions Fund .....	107	247	250
All other .....	-92	—	-62
<b>Total, Discretionary budget authority .....</b>	<b>12,624</b>	<b>13,554</b>	<b>13,935</b>
<i>Memorandum:</i>			
<i>Budget authority from American Recovery and Reinvestment Act .....</i>	<i>318</i>	<i>—</i>	<i>—</i>
<b>Total, Discretionary outlays .....</b>	<b>12,224</b>	<b>13,278</b>	<b>13,738</b>
<i>Memorandum: Outlays from American Recovery and Reinvestment Act ...</i>	<i>139</i>	<i>149</i>	<i>16</i>
Mandatory Outlays:			
Payment where tax credit exceeds liability for tax (multiple programs)..	78,604	71,821	59,438
GSE MBS and HFA Purchases .....	-4,500	-9,879	—

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

	Actual 2009	Estimate	
		2010	2011
GSE Preferred Stock Purchase Agreements and Dividends .....	91,264	56,746	5,435
Troubled Asset Relief Program (TARP) .....	151,151	41,427	10,734
TARP Downward Reestimate of Subsidies .....	—	-114,531	—
Office of Financial Stability .....	90	443	309
Special Inspector General for TARP .....	12	37	11
Internal Revenue Collections for Puerto Rico .....	473	356	348
Legislative Proposal .....	—	66	91
Terrorism Insurance Program .....	2	104	236
Legislative proposal .....	—	—	-26
All other .....	-2,633	5,239	3,163
Total, Mandatory outlays .....	314,463	51,763	79,674
<i>Memorandum: Outlays from American Recovery and Reinvestment Act ...</i>	<i>2,433</i>	<i>49,156</i>	<i>44,181</i>
Total, Outlays .....	326,687	65,041	93,412
<b>Credit activity</b>			
Direct Loan Disbursements:			
GSE MBS and HFA Purchases .....	190,574	48,676	—
Troubled Asset Relief Program .....	363,825	85,713	5,168
Total, Direct loan disbursements .....	554,399	134,389	5,168
Guaranteed Loan Commitments:			
Troubled Assets Relief Program .....	301,000	—	—
Total, Guaranteed loan commitments .....	301,000	—	—

<sup>1</sup> Excludes International Programs.