



Strategic Plan

DEPARTMENT OF THE TREASURY
FISCAL YEARS 2007-2012

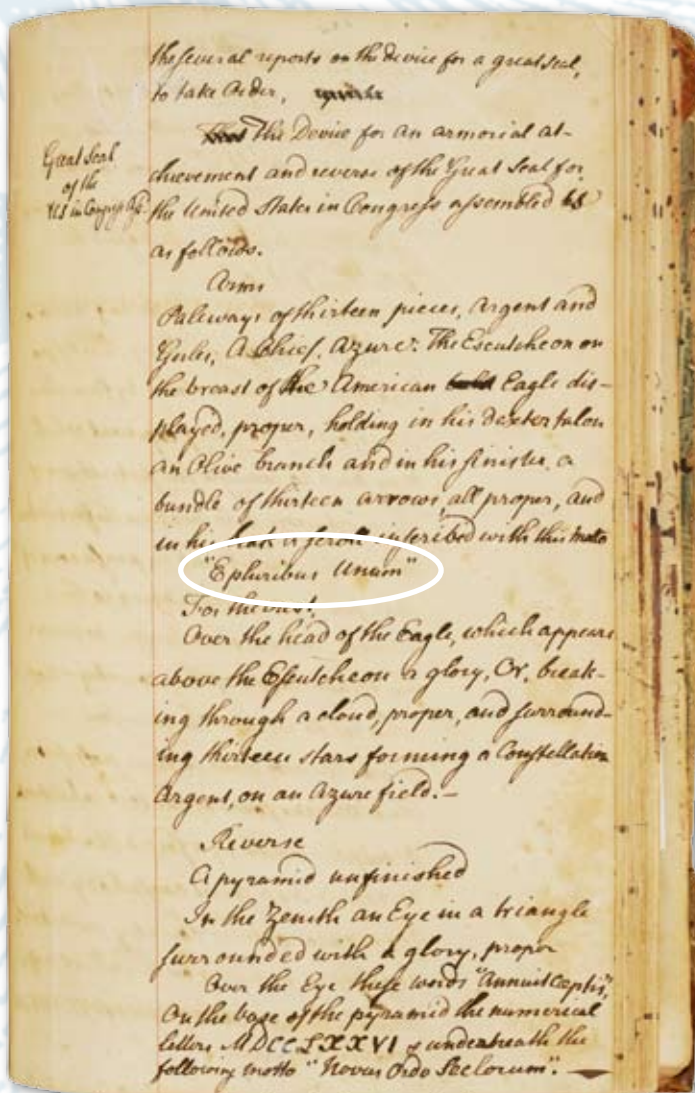


E Pluribus Unum

The theme for the Department of the Treasury's 2007-2012 Strategic Plan is E Pluribus Unum—Out of many, one. Just as the 13 colonies came together to form our Union, the many Treasury departmental offices and bureaus operate in unity to serve the American people.

The Latin phrase E Pluribus Unum is found in the Journals of the Continental Congress, June 20, 1782, where it is used to describe the Great Seal adopted that day (1). From the Great Seal's earliest depiction (2), E Pluribus Unum has appeared on coins since 1795 (3) and has graced the back of \$1 notes (4) since 1935. The phrase has been required on all U.S. coinage by law since February 12, 1873 (5). The Treasury Department produces all U.S. legal tender coins and notes for both public and private debts.

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A large, semi-circular image of a statue of George Washington, shown from the waist up, wearing a military-style coat and a cravat. The statue is set against a dark blue background that curves around the left side of the page.

E Pluribus Unum
Out of Many, One

Strategic Plan

Fiscal Years 2007-2012



United States Department of the Treasury

*"Sphuribou
Us"*

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Message from the Secretary

July 2007

The Treasury Department plays a critical role in U.S. and global economies that reaches back to America's founding. We are pleased to submit the *Strategic Plan* of the Department of the Treasury for fiscal years 2007 to 2012, which provides the basis for strengthening this legacy over the next five years.

The American economy is a model of strength, flexibility, and resiliency. At the Treasury Department, we help to sustain this model by effectively managing the government's finances, promoting economic opportunity at home and abroad through sound fiscal policy, working for entitlement reform, strengthening trade and investment policies, and maximizing voluntary tax compliance. Utilizing flexibility in planning these activities allows us to be responsive to today's world and to the challenges of the new century.

We acknowledge that the global integration of economies and the liberalization of markets hold the promise of a more prosperous and secure world. We will continue to promote an economic system that brings a better life for people here and abroad, while supporting the national security strategy and ensuring the safety and integrity of our financial systems against the abuse of terrorist financiers, money launderers, and other criminals.

The Department is fervently committed to creating the conditions that allow its programs and activities to perform efficiently and effectively, while continuing to drive results through performance and cost-based decision-making, aligning resources to deliver outcomes, investing in, securing and leveraging information technology, closing skill gaps, recruiting and retaining a high performing workforce, and developing effective leadership.

The theme of this strategic plan, *E Pluribus Unum* – out of many, one – supports the Department's commitment that despite its organizational diversity, we are one Treasury. Collectively, the strategic objectives are clear, the priorities distinct, and the outcomes are meaningful. Through the use of performance-based management, we establish the foundation for linking funding to performance, helping Treasury employees understand, accept, and meet their responsibilities for achieving organizational excellence.

With this plan, the Treasury Department is well-positioned to embrace change, perform to expectations and fulfill our obligations to the American people. We will keep our economy strong and chart a course for maintaining and enhancing our global economic and financial leadership in the years ahead.



Sincerely,



Henry M. Paulson, Jr.

Secretary of the Treasury



Introduction

E Pluribus Unum — Out of Many, One

Most know the Treasury Department has something to do with money, but few understand the scope of its functions or how it affects their daily lives.

The Department of the Treasury is the steward of the public purse. It takes in money, pays bills, and when appropriate, borrows and invests. On a typical day, the Treasury Department's cash transactions average in excess of \$58 billion.

The most visible evidence of the Department's work is currency — the nation's coins and notes. The *Bureau of Engraving and Printing* produces notes and the *United States Mint* manufactures coins, both for circulation and as collectibles. In addition, the United States Mint makes bullion coins for investment and secures the nation's gold reserves.

One of the most important functions the Department of the Treasury performs is tax collection, which funds federal government operations on behalf of the American people. The *Internal Revenue Service* collects taxes and is the Department's largest bureau, accounting for about 90 percent of its employees. The *Alcohol and Tobacco Tax and Trade Bureau* collects excise taxes on alcohol, tobacco and firearms, and ensures that alcoholic beverages are properly produced, labeled, advertised, and marketed.

At some point nearly every American will receive a federal disbursement, such as an income tax refund or Social Security payment, through the *Financial Management Service*. It also operates the federal government's collections and deposit systems, provides government-wide accounting and reporting services, and manages the collection of delinquent debt.

When the total operating cost of the federal government exceeds available funds, the *Bureau of the Public Debt* borrows money by selling Treasury securities to the public, institutional investors, and authorized government agencies.

Many Americans have bank accounts. The Treasury Department's *Office of the Comptroller of the Currency* and *Office of Thrift Supervision* charter, regulate, examine, and supervise national banks and savings institutions to maintain their safety and soundness, and ensure fair access and treatment of customers. The *Community Development Financial Institutions Fund* expands the capacity of financial

The Department of the Treasury is the steward of the public purse. It takes in money, pays bills, and when appropriate, borrows and invests.





institutions to provide credit, capital, and financial services to underserved communities which spur economic development and create jobs.

The *Office of the Treasurer of the United States* advises the Secretary on currency matters and communicates changes in currency design to the public. The Treasurer also promotes improved financial literacy for Americans by educating people about the basics of cash and credit management so that informed decisions can be made about their personal and family budgets.

The *Office of Terrorism and Financial Intelligence* and the *Financial Crimes Enforcement Network* enhances national security and combats terrorist financing and their support organizations, weapons of mass destruction (WMD) proliferators, drug traffickers, money launderers, and other financial criminals.

The *Inspector General* conducts independent audits, investigations, and reviews to help ensure that the Treasury Department accomplishes its mission, improves its programs and operations, promotes economy, efficiency and effectiveness, and prevents and detects fraud, waste, and abuse.

The *Treasury Inspector General for Tax Administration* provides audit and investigative services to promote economy, efficiency, and effectiveness in the administration of the internal revenue laws.

The Department's headquarter offices develop policies related to financial regulation, entitlements, taxation, and terrorist financing. They also maintain accountability through internal controls, and provide guidance in legal, public, and congressional matters. These offices provide data, analysis, and recommendations that assist the Secretary of the Treasury, Congress and the President, and other federal agencies in financial and economic decision-making for the nation.

Through these combined efforts the Treasury Department stays accountable to its most important stakeholders, the American people.

Vision

Set the global standard in financial and economic leadership.

The Treasury Department's vision statement provides a compelling picture of the organization's future. The Department strives to maintain public trust and confidence in U.S. and international economic and financial systems while building on exemplary leadership, best-in-class processes, and a culture that is characteristic of excellence, integrity, and teamwork to achieve its goals on behalf of the American people.

Mission

Serve the American people and strengthen national security by managing the U.S. Government's finances effectively, promoting economic growth and stability, and ensuring the safety, soundness, and security of U.S. and international financial systems.

The Department of the Treasury's mission highlights its role as the steward of the U.S. economic and financial systems, and as an influential participant in the global economy.

The Treasury Department is the executive agency responsible for promoting economic prosperity and ensuring the financial security of the United States. The Department is responsible for a wide range of activities such as advising the President on economic and financial issues, encouraging sustainable economic growth, and fostering improved governance in financial institutions. The Department of the Treasury operates and maintains systems that are critical to the nation's financial infrastructure, such as the production of coin and currency, the disbursement of payments to the American public, revenue collection, and the borrowing of funds necessary to run the federal government. The Department works with other federal agencies, foreign governments, and international financial institutions to encourage global economic growth, raise standards of living, and, to the extent possible, predict and prevent economic and financial crises. The Treasury Department also performs a critical and far-reaching role in enhancing national security by implementing economic sanctions against foreign threats to the U.S., identifying and targeting the financial support networks of national security threats, and improving the safeguards of our financial systems.

Core Values

Service – Work for the benefit of the American people.

Integrity – Aspire to the highest ethical standards of honesty, trustworthiness, and dependability.

Excellence – Strive to be the best, continuously improve, innovate, and adapt.

Objectivity – Encourage independent views.

Accountability – Responsible for our conduct and work.

Community – Dedicated to excellent customer service, collaboration, and teamwork while promoting diversity.

The Treasury Building – Symbol of Steadfastness

To Americans there is no more impressive symbol of the Treasury Department than the magnificent building itself. Adjacent to the White House, it is the oldest departmental building in Washington, DC and, when completed, was one of the largest office buildings in the world. From the ancient fossils embedded in its black marble flooring tiles to the Greek Revival style of architecture, few U.S. Government buildings evoke such a sense of security, steadfastness, and permanence (1).

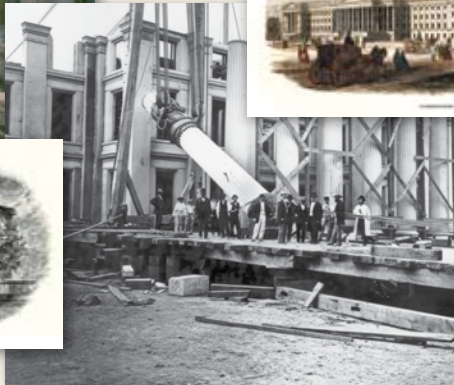
It did not start out that way, the first Treasury building (2) was burned by the British in 1814, and its identical replacement was burned by arsonists in 1833. Construction on the current fire-resistant granite structure began in 1836, with intermittent construction of several additions concluding in 1869 (3) as captured in this 1870 drawing (4). The Treasury building has graced the back of the \$10 note (5) since 1928.



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Strategic Priorities of the Department of the Treasury

The Financial Focus: Managing the Government's Finances

The Department of the Treasury's key priorities for managing the government's finances effectively include collecting money due to the United States by maximizing voluntary compliance with tax laws and regulations, making payments, and financing the federal government by continually improving financial management processes. The Department oversees, accounts for, and reports on government collections and expenditures, and is responsible for collecting delinquent debt owed the government. The Treasury Department forecasts receipts and payments, determines borrowing needs, and executes the borrowing strategy to meet the financial needs of the federal government at the lowest possible cost over time.

Treasury issues more than 960 million payments on behalf of the federal government every year.

Increasing voluntary compliance with the tax laws reduces the cost of tax administration, increases revenue, lessens the need to borrow, and ultimately lowers the cost of government. To reduce the tax gap, the Department must execute its comprehensive, integrated, multi-year strategy. The tax gap is the difference between what taxpayers should pay and what they actually pay. The Treasury Department's tax gap reduction strategy is guided by the principle that voluntary compliance will increase through improved

and expanded taxpayer service and outreach, and effective targeted enforcement. Enforcement should be sensitive to taxpayer rights and maintain the appropriate balance between enforcement and taxpayer burden.

Financial transactions are becoming increasingly electronic, and the Department continues to leverage technology advancements to achieve all-electronic cash management. Electronic transactions are more efficient than paper transactions, saving the federal government millions of dollars each year. The Treasury Department continues to convert

The Department collects over \$2 trillion annually and manages over \$8 trillion in debt with more than \$58 billion in daily cash transactions.



paper transactions to electronic transactions in a manner that ensures the secure transfer of information and funds.

Financing the government at the lowest possible cost over time necessitates that the Department accurately project its revenues and payments, and offer the right mix of debt instruments.

Treasury Vaults

For many years both notes and coins were stored in vaults at the Treasury building (1, 2 & 4). An officer in 1915 demonstrates the security of the Reserve & Cash vault doors (3). Today newly produced coins and notes are released directly into the Federal Reserve System.

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The Economic Focus: Securing America's Economic and Financial Future

The Treasury Department performs both policy and operational roles in promoting prosperous U.S. and world economies, raising standards of living, and protecting domestic and international economic and financial systems. As the principal economic advisor to the President, the Secretary of the Treasury utilizes the policy expertise of the Department to address national and global economic and financial challenges.

A top priority of the Department is the fundamental reform of entitlement programs. Without this reform, annual outlays by the federal government for Social Security and Medicare are projected to more than double by 2080, representing a grave threat to the American economy. In partnership with Congress, the Department of the Treasury will bring its economic and fiscal expertise to design and implement needed entitlement program reform.

Today people live longer, healthier, more productive lives than they did in 1935 when the Social Security program was created. In 1950, 16 workers paid into the Social Security system to benefit each beneficiary. Today that ratio has dropped to only 3.3 workers for each beneficiary.

Tested by Treasury



Over the years many items were analyzed in laboratories inside the Treasury building. Whiskies were tested in the Treasury building from 1804 to 1918. Regulatory testing of alcoholic beverages is still conducted by one of Treasury's bureaus to this day.

The Department will actively strive to maintain America's strength and prosperity by developing and implementing policies that encourage overall economic growth. The Treasury Department will collaborate with Congress to establish pro-growth tax programs, and ensure that U.S. regulations provide necessary protections without harming our international competitive position and the competitiveness of U.S. capital markets. By continuing to develop policies that foster innovation and skill enhancement, the Treasury Department will enable growth in productivity that raises living standards and keeps America the economic envy of the world.

The Security Focus: Strengthening National Security

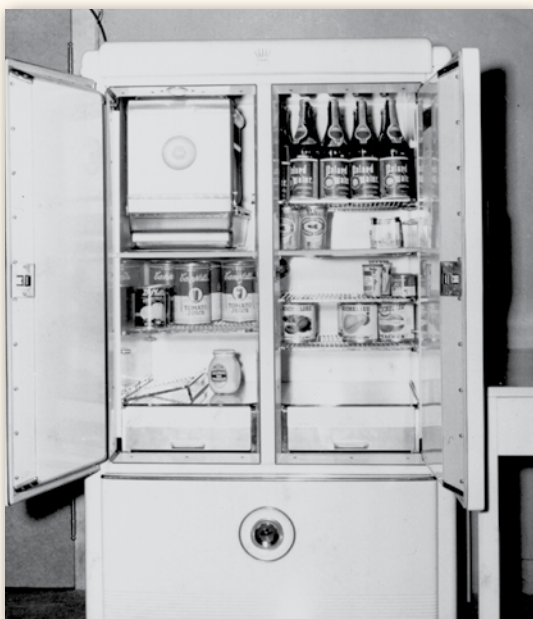
The sponsorship of terrorism and the potential acquisition of WMD by rogue regimes and non-state entities represent a grave threat to U.S. national security and all free and open societies. The Treasury Department implements targeted financial measures and other forms of sanctions against terrorists and their support networks, with the goal of stopping the flow of money to terrorist groups, state sponsors of terrorism, proliferators of WMD, drug traffickers, money launderers, and regimes that constitute a threat to the United States. The Department leads the U.S. Government's multi-faceted effort to keep the world's financial systems accessible to legitimate users, while excluding those who wish to exploit these systems for illegal purposes through law enforcement and appropriate financial regulatory initiatives.

To achieve these goals, the Treasury Department works closely with other U.S. federal agencies, state and local governments, foreign governments, international bodies, and private financial institutions to attack the financial and support networks of terrorism.

The Treasury Department's priority is to integrate its financial intelligence activities into the broader intelligence community, to invest in information technology infrastructure, and to recruit and retain a high-performing workforce required to support the national security strategy.

Safe and Secure

Although it was never needed, during World War II the vault area of Treasury was considered so secure that it was outfitted with an office, desks, beds (1), and a fully appointed kitchen (2) for President Franklin Delano Roosevelt and his staff.



2



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Clean Money



To enable reintroduction of soiled, but still serviceable currency notes into circulation, Treasury invented a “money washing” machine. Each machine could wash, size, and dry 35,000 greenbacks daily (photo dated 1915).

The Management Focus: Producing Effective Results

Management’s primary role and responsibility in the Department is to create the conditions that allow all programs and activities to perform efficiently and effectively. The Treasury Department continues to develop integrated plans where policies and operations align to produce maximum value for the American people.

The Department’s priorities are to drive improved results through performance and cost-based decision-making, strategically align its resources to deliver outcomes, secure its information technology infrastructure and leverage technology investments, close skill gaps in mission critical occupations, and develop leadership capacity.

The Treasury Franchise Fund’s shared services center reduces overhead costs and operational redundancy by pooling and leveraging resources across Treasury. It now provides integrated accounting, human resources, procurement, and other administrative support services for many Treasury bureaus and other federal entities.

The Department of the Treasury achieves effective results through continuous improvement, and linking budget and costs to outcomes. Through an integrated management system, program management will be able to determine if goals were achieved with the provided level of resources. To improve value for the American people, a number of options can be executed, such as redeployment of resources, competitive sourcing, realignment, and redesign of processes.

Definition of Terms

Vision is a compelling picture of the organization that all can strive for in the future. Although it may never be achieved, it is intrinsically motivating and drives the organization toward a common purpose.

Mission is the purpose of the organization.

Core Values are the ideals that guide behavior for all interactions internal and external to the organization.

Strategic Goals are long-term outcomes that help the organization achieve its mission.

Strategic Objectives are broad based outcome statements for a group of value chains.

Value Chains are programs grouped by a common purpose. These help employees understand their shared objectives by identifying activities that cross organizational boundaries in the achievement of the Department's strategic goals.

Value Chain Outcomes describe the intended result from carrying out activities for a group of programs with a common purpose.

Strategies are methods used to achieve outcomes.

Indicators are broad-based metrics which show whether outcomes are trending in the desired direction.

Measures help determine the impact or influence of Department activities on outcomes. They have targets associated with them and can be quantitative or qualitative in nature.

Strategic Framework for the Department of the Treasury

The Treasury Department’s strategic framework is a summary of our goals, objectives, and outcomes. This framework provides the basis for performance planning and continuous improvement.

	Strategic Goals	Strategic Objectives	Value Chains	Outcomes
Finance	Effectively Managed U.S. Government Finances	Cash resources are available to operate the government	Collect Disburse Borrow Invest Account	<ul style="list-style-type: none"> • Revenue collected when due through a fair and uniform application of the law • Timely and accurate payments at the lowest possible cost • Government financing at the lowest possible cost over time • Effective cash management • Accurate, timely, useful, transparent and accessible financial information
Economy	U.S. and World Economies Perform at Full Economic Potential	Improved economic opportunity, mobility and security with robust, real, sustainable economic growth at home and abroad	Strengthen Regulate	<ul style="list-style-type: none"> • Strong U.S. economic competitiveness • Competitive capital markets • Free trade and investment • Prevented or mitigated financial and economic crises • Decreased gap in global standard of living
		Trust and confidence in U.S. currency worldwide	Manufacture	<ul style="list-style-type: none"> • Commerce enabled through safe, secure U.S. notes and coins
Security	Prevented Terrorism and Promoted the Nation’s Security Through Strengthened International Financial Systems	Pre-empted and neutralized threats to the international financial system and enhanced U.S. national security	Secure	<ul style="list-style-type: none"> • Removed or reduced threats to national security from terrorism, proliferation of weapons of mass destruction, drug trafficking and other criminal activity on the part of rogue regimes, individuals, and their support networks • Safer and more transparent U.S. and international financial systems
Management	Management and Organizational Excellence	Enabled and effective Treasury Department	Manage	<ul style="list-style-type: none"> • A citizen-centered, results-oriented and strategically aligned organization • Exceptional accountability and transparency

The Cash Room

The Cash Room was opened March 4, 1869, with the Inaugural Reception of President Ulysses S. Grant (1). The event was so crowded guests had to wait two hours to retrieve their coats. This exquisite room, with its brass chandeliers and seven different types of marble, was where government checks could be cashed as recently as 1976 (2), although the gaslight chandeliers were removed when the building was electrified. The Cash Room has been completely restored and electric duplicates of the original chandeliers were installed. The room is now used for special meetings and events (3).



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Strategic Goals of the Department of the Treasury

Strategic Goal: Effectively Managed U.S. Government Finances

As the executive agency responsible for managing the nation's finances, the Department of the Treasury provides the American public with cost-effective, efficient and secure management of federal finances, and quality customer-centered service.

The Treasury Department manages the nation's finances by collecting money due to the United States, making its payments, managing its borrowing, investing when appropriate, and performing central accounting functions. Sound fiscal management enables continual operation of essential government services and allows the Department to meet its financial obligations while minimizing borrowing costs. Accurate projections of the U.S. government's cash requirements ensure that funds are available to cover federal payments on a daily basis. The ability of the Department of the Treasury to manage the nation's finances with integrity is paramount to maintaining financial stability and enabling economic growth.

Achieving this strategic goal requires the implementation of the Department's comprehensive, integrated, multi-year strategy to reduce the tax gap. This tax gap reduction strategy is guided by the principle that voluntary compliance will increase through improved taxpayer service and outreach, coupled with enforcement to discourage and deter non-compliance.

Strategic Objective: Cash resources are available to operate the government

The Department forecasts the federal government's fiscal needs and has appropriate systems in place for secure, efficient and effective cash management.

The ability of the Department of the Treasury to manage the nation's finances with integrity is paramount to maintaining financial stability and enabling economic growth.



Outcomes

Revenue collected when due through a fair and uniform application of the law

The Department of the Treasury maximizes the level of voluntary compliance through a fair and uniform application of the law.

Government financing at the lowest possible cost over time

The federal government finances its expenditures in excess of tax receipts through the sale of debt obligations at various maturities. The Department's activities minimize the interest paid on the national debt over time and enhance market liquidity.

Timely and accurate payments at the lowest possible cost

The Treasury Department plays a critical role in society and the economy as it issues government payments to the correct recipient at the proper time, including Social Security benefits, tax refunds, and veterans benefits.

Accurate, timely, useful, transparent, and accessible financial information

The Department of the Treasury produces government-wide financial information and reports, that contribute to improved quality of the nation's financial decision-making.

Effective cash management

The Department forecasts receipts and payments accurately to ensure sufficient funds, and minimize excess borrowing. Excess cash balances are invested.

Strategies

Encourage compliance through improved service and expanded outreach

Improving taxpayer service is especially important to help taxpayers avoid unintentional errors that contribute to the tax gap. Underreporting tax liability accounts for 83 percent of the gap between what taxpayers should pay and what they actually pay. The Department works with taxpayers and other stakeholders to help them understand and meet their tax and other financial obligations to the government while minimizing the burden of compliance.

The Department spends
46 cents for every 100
dollars collected in federal
income taxes.

Discourage and deter non-compliance

The Treasury Department relies on those with financial obligations to the government to voluntarily comply with the law, but is prepared to take appropriate action when they do not.

Non-compliance may not be deliberate and can stem from a wide range of causes; however, some non-compliance is intentional, such as the misuse of offshore transactions and the use of abusive tax shelters. The Department conducts examinations to ensure that the proper amount of tax is reported and paid. The Treasury Department is sensitive to taxpayer rights, and will maintain an appropriate balance between enforcement activity and the imposition of unnecessary burden on taxpayers.

An important factor of encouraging compliance and deterring noncompliance is a comprehensive tax gap reduction strategy with components that include:

- Reform and simplify the tax law
- Reduce opportunities for evasion and improve efficiency
- Make a multi-year commitment to research which is essential to identifying sources of non-compliance
- Continue improvements in information technology which provide better tools to improve compliance through early detection, better case selection, and better case management
- Improve compliance activities that enable prevention, detection, and remedy non-compliance
- Enhance taxpayer service to help avoid unintentional errors
- Coordinate with partners and stakeholders to share information and compliance strategies

Optimize cash and debt portfolio

The Department of the Treasury will continue to determine the right mix of investment and debt instruments that will minimize risk and the cost of financing the government.

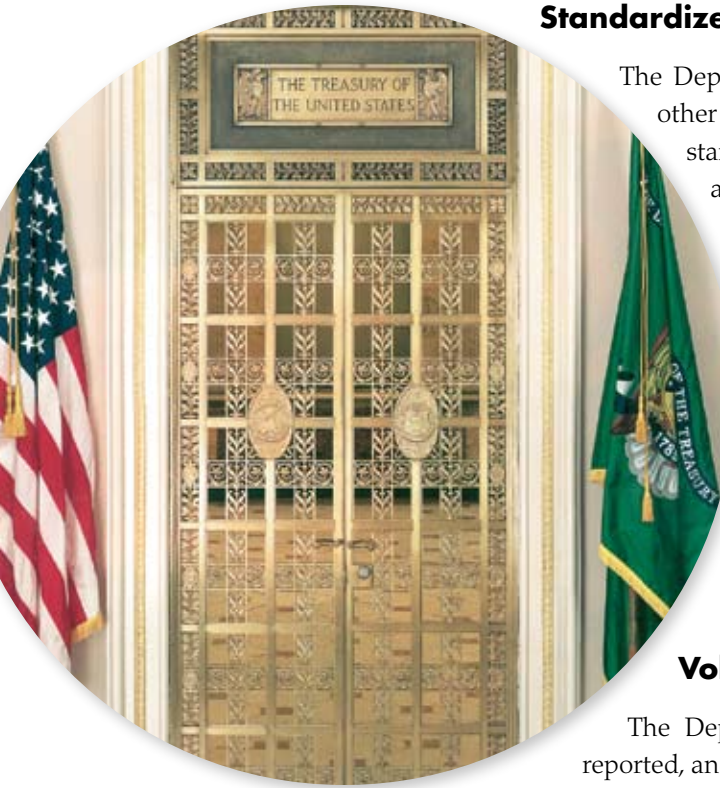
Expand all-electronic transactions

The Department will provide incentives and reduce barriers for agencies and customers to increase use of electronic payments, savings bonds, and other financial transactions while using technology to automate operations, improve security, and create cost-saving efficiencies.

Modernize

The Treasury Department's government-wide accounting modernization project will improve reliability, timeliness, and accessibility of financial information among federal agencies, the Office of Management and Budget, and the banking community.

The Department will strengthen its collection and enforcement efforts by continuing to enhance and implement the Internal Revenue Service's Business Systems Modernization program and projects.



Standardize

The Department of the Treasury will continue its work with other agencies to adopt uniform accounting and reporting standards, common systems, and standardized definitions and usage of federal accounting terms.

Indicators and Measures

Cost to finance the government over time

The Treasury Department will develop a cash balance financing portfolio model to minimize interest costs and other risk factors, such as operational and rollover risk.

Voluntary compliance

The Department estimates the portion of total taxes due, reported, and paid by the scheduled due date.

Projection variance

To optimize cash management, the Treasury Department measures the difference between actual and projected receipts. Improvements in forecast accuracy have a direct impact on reducing borrowing costs and increasing the return on investment.

Percentage of referred delinquent debt collected

The Department of the Treasury tracks the percentage of delinquent debt it collects on behalf of federal agencies by comparing collections to the total amount of referred debt.

Percentage of payments made electronically

The Department measures the portion of the total volume of payments made electronically. Direct deposit, as opposed to paper checks, represents significant savings to American taxpayers, improves payment security, and enhances convenience for payment recipients.

If the almost 154 million benefit checks issued in fiscal year 2006 were converted to direct deposit, the savings to the American taxpayer would have been \$124 million. Of the 154 million checks, 142 million were Social Security and Supplemental Security Income payments.

Strategic Goal: U.S. and World Economies Perform at Full Economic Potential

To achieve conditions that enable economies to perform at full economic potential, the Treasury Department must stimulate growth through the development and implementation of policies that effectively regulate banking and financial markets, create pro-growth tax policies, and advocate free trade. Modernizing entitlement programs and ensuring optimal economic performance, by encouraging and supporting American competitiveness through innovation, is a critical aspect of this strategic goal.

Strong and dynamic foreign and domestic economies serve the United States by creating markets for the trade of goods and services, and encouraging cooperation and collaboration among nations. A more robust global economy is brought about by people and nations exchanging value and information through trade.

Strategic Objective: Improved economic opportunity, mobility, and security with robust, real, sustainable economic growth at home and abroad

Economic growth stimulates economic opportunity, mobility, and security for Americans and others around the world. Promoting the development of new markets in the U.S. ensures that all Americans benefit from economic growth. The expansion of underdeveloped economies abroad opens markets, enhances regional stability, reduces the spread of disease, creates opportunities for profitable trade, and demonstrates democracy in action. The Department of the Treasury leads these efforts on behalf of the American people.

Outcomes

Strong U.S. economic competitiveness

Strong U.S. economic competitiveness is crucial to robust economic growth worldwide, continued investment in the United States, and job creation. The Treasury Department's contribution to the facilitation of a prosperous financial infrastructure, a balanced macro economy, market efficiency, technological readiness, and innovation are critical for keeping a sharp competitive edge.

Competitive capital markets

Prosperous capital markets play an important role in facilitating economic growth. Competitive markets inspire investor confidence and offer fair prices. The Department strives to preserve the integrity of the U.S. market which is essential to maintaining competitiveness.

Free trade and investment

Opening foreign and domestic markets for goods and services is vital for a robust, growing, and sustainable U.S. economy.

Prevented or mitigated financial and economic crises

It is in the best interest of the U.S. and the world to prevent financial and economic crises and diminish their impact when they occur. By promoting sound pro-growth policies and troubleshooting, the Department helps retain the benefits of economic progress, reduces poverty, maintains political stability, and avoids expensive intervention.

A University of Michigan study showed that lowering global trade barriers on all products and services, by even one-third, could boost the U.S. economy by \$177 billion, raising living standards for the average family by \$2,500 annually.

Decreased gap in global standard of living

Sustained strong economic growth creates opportunities, improves quality of life, and reduces poverty.

Strategies

Stimulate U.S. economic growth

Key components of continued American economic growth are remaining competitive in the international marketplace, particularly in the realm of science and technology; fostering an economic climate that promotes productivity, innovation, learning, and excellence in all fields of endeavor; improving and simplifying the tax code and tax strategies; and shrinking the deficit.

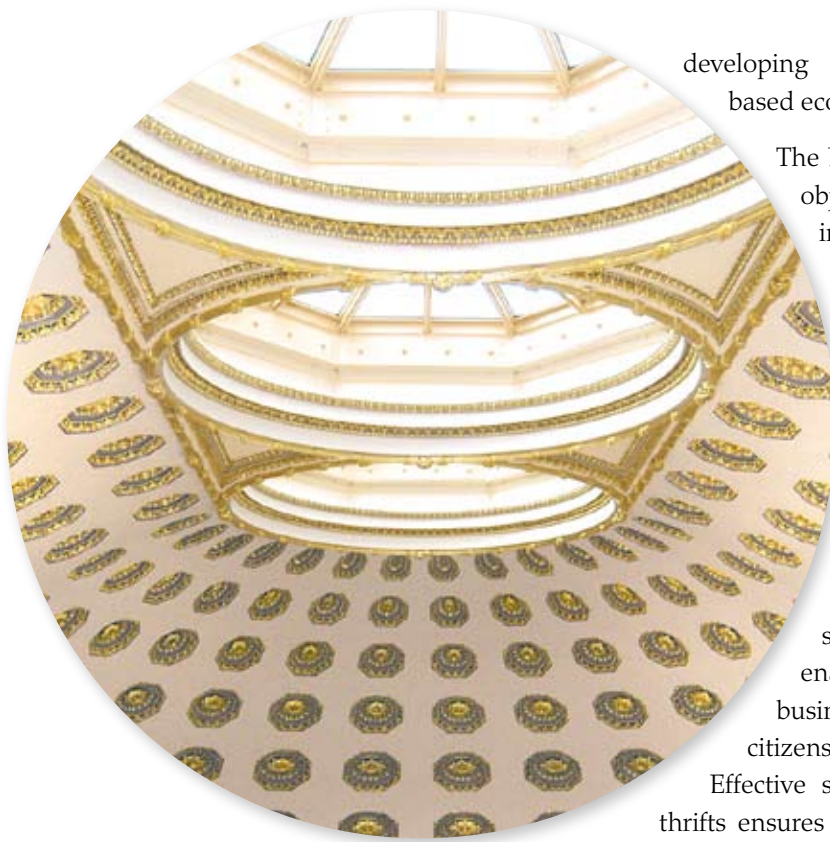
The Department will work to help reform the tort system which currently has a negative impact on U.S. economic competitiveness due to fear of frivolous, costly, and unnecessary litigation.

Strengthen and modernize entitlement programs

The Treasury Department, in collaboration with Congress and other stakeholders, will help to reform Social Security and Medicare which will reduce fiscal burden and enhance the nation's future economic health and competitiveness.

Engage in financial and economic diplomacy

An increasingly interconnected and interdependent global economy requires the Department to maintain its leadership role in financial and economic diplomacy by promoting economic growth, limiting the impact of international financial crises, promoting global economic stability, working to reform the International Monetary Fund, stimulating growth through international trade, encouraging increased debt relief for the most heavily indebted poor countries, managing U.S. participation in multilateral development banks, engaging emerging economies through bilateral initiatives, and providing technical advice to



developing countries on building market-based economies.

The Department will support U.S. policy objectives by playing a critical role in monitoring foreign investment in the United States, responding to humanitarian emergencies, stabilizing fragile economies, and opening new markets for U.S. financial services and investment.

Strengthen financial institutions and markets

A strong financial sector with a full spectrum of competitive services enables the timely and fluid conduct of business on every level, from individual citizens to multi-national corporations.

Effective supervision of national banks and thrifts ensures a safe and sound financial system that complies with laws and regulations, and provides fair

access and treatment of customers. Building the capacity of these and other financial institutions to serve the nation's low-income communities enables economic opportunity.

Encourage voluntary compliance with the tax code while minimizing regulatory and compliance burdens

The Treasury Department encourages voluntary compliance and deters non-compliance through outreach and effective enforcement. The Department is committed to minimizing regulatory and compliance burdens on the public through more agile and responsive systems, which eliminate redundancy in reporting requirements, simplify regulations, forms and instructions, and streamline interactions with regulators.

Promote financial literacy

The Department's financial literacy program provides information, tools, and guidance on a wide range of financial activities from opening a bank account to learning how to invest. These resources help people manage their personal finances more effectively, ensuring them a sound financial future.

Technology accounts for approximately 50 percent of the United States' economic growth since World War II.

Indicators and Measures

Growth-Competitiveness Index

This index provides a quantified framework to evaluate a nation's competitiveness based on the quality of the macroeconomic environment, the state of its public institutions, and the level of its technological readiness.

The U.S. accounts for about 1/3 of global research and development spending.

Research and development as a percent of Gross Domestic Product

Technology is critical to the growth of the economy. The percentage of the Gross Domestic Product spent by both government and the private sector on research and development, in science and technology, is an indicator of the future health of the economy.

Financial crises per year

The number of countries that default on debt obligations is an indicator of financial crises.

Sustainability imbalance

Sustainability imbalance measures the difference between what has been promised to current and future generations above what is projected to be collected in federal tax. Other indicators, such as the cost of entitlement programs as a percentage of Gross Domestic Product and of total federal spending, measure the effect of entitlement reform.

Sum of imports and exports as a percent of Gross Domestic Product

The openness of U.S. markets and the degree of involvement in foreign trade of goods and services is gauged through the sum of imports and exports as a percent of the Gross Domestic Product.

Gap in the global standard of living

The Department uses indicators to monitor the gap in the global standard of living, such as the Thiel Indicator and Gini Index.



Strategic Objective: Trust and confidence in U.S. currency worldwide

Trust and confidence are vital to the continued global acceptance of our currency. U.S. currency is redesigned and manufactured to protect the global user from counterfeiting schemes. In addition, the Department of the Treasury secures the nation's gold reserves.

Outcome

Commerce enabled through safe, secure U.S. notes and coins

The Department reliably provides safe, secure, cost-efficient, high quality U.S. notes, security documents, and coins that are readily accepted by all currency users and customers, which facilitates seamless and stable commerce.

Strategies

Respond to customer requirements through adaptive production capability

As demand varies for coin and currency, the Department of the Treasury adjusts its production in a flexible manner to meet the United States' needs efficiently.

Engage in research and development to enhance counterfeit-deterrence features

Research and development assures the continued safety and security of notes and coins; a continuing commitment keeps the Department ahead of increasingly sophisticated counterfeiters.

Promote global suppression of counterfeiting

Through outreach and education, the Treasury Department works with global partners to promote awareness of changes made to U.S. currency, enabling money handlers to detect counterfeit notes.

Extend the life of currency notes

The Department of the Treasury continues to research and test various materials to prolong the life of U.S. notes. Benefits of these changes must be weighed against all factors, including cost and impact on counterfeit-deterrent features.

The U.S. Secret Service estimates that only 1/1000 of a percent of U.S. currency in circulation worldwide is counterfeit.

Consider alternative coin materials

The Department is considering use of possible alternative materials to reduce the cost of producing coins.

Indicators and Measures

Response to demand

The Treasury Department will measure its ability to supply quality notes and coins dependably to meet Federal Reserve Bank demand.

Counterfeiting rate

The Department of the Treasury will use available information to estimate counterfeiting rates of notes in circulation.

Canceling Money



1

Once notes were too worn for use, they were cancelled (1). Mutilated notes were then taken to a vault to await destruction (2). This Treasury employee carted wheelbarrows of mutilated notes for 50 years. The Federal Reserve Banks now handle the destruction of worn currency.

2



Strategic Goal: Prevented Terrorism and Promoted the Nation's Security Through Strengthened International Financial Systems

While promoting financial and economic growth at home and abroad, the Treasury Department performs an important, unique, and growing role in preserving national security. All national security threats – from terrorists to drug traffickers to proliferators of weapons of mass destruction – depend on financial and support networks to survive. Terrorists use financial systems to move money for training and indoctrinating operatives, bribing officials, procuring false documents, and carrying out horrific attacks. Weapons proliferators access the financial sector to pay for the components and services needed to build weapons. Drug cartels funnel money through fraudulent businesses and front companies to cloak their trafficking activities. Rogue regimes turn to gray markets and illicit activity to raise funds and purchase arms.

The Department's regulatory, law enforcement, and intelligence authorities provide powerful tools for the United States to apply pressure against threats to national security when diplomatic outreach may be unproductive and traditional military action may be ineffective or inappropriate.

The Department of the Treasury leverages its unique authorities to safeguard the security of the U.S. and international financial and economic systems. These authorities defend against threats by detecting and excluding those who would use these systems for illegal purposes or compromise U.S. national security interests, while keeping them free and open to legitimate users.

Strategic Objective: Pre-empted and neutralized threats to the international financial system and enhanced U.S. national security

Potential threats to U.S. national security and financial systems are identified, minimized, and prevented.

Outcomes

Removed or reduced threats to national security from terrorism, proliferation of weapons of mass destruction, drug trafficking and other criminal activity on the part of rogue regimes, individuals, and their financial and other support networks

The financial and other support networks of terrorists, weapons proliferators, drug traffickers, rogue regimes, and other criminals are degraded, impairing the ability of individual actors and organizations to carry out criminal activities or attacks against the United States, its allies and interests worldwide.

"We will direct every resource at our command to win the war against terrorists, every means of diplomacy, every tool of intelligence, every instrument of law enforcement, every financial influence."

— President George W. Bush

Safer and more transparent U.S. and international financial systems

Confidence in the integrity of the U.S. and international financial systems is a key element in fostering economic growth as well as improving national security. Transparency in the financial sector denies terrorists, drug traffickers, WMD proliferators and other criminals the ability to conceal their illicit dealings. U.S. national security is enhanced when financial systems are safeguarded from criminal abuse.

Strategies

Collect, analyze, and disseminate financial and other information concerning national security

Financial intelligence data helps identify the infrastructure of terrorist and criminal organizations. Financial intelligence is uniquely reliable; it allows the Department to track, deter, and disrupt threats. The Department of the Treasury, in support of the U.S. Government's national security policy, has access to financial information and conducts all-source analysis to develop a picture of support networks that can be shared with the intelligence community, law enforcement, foreign authorities, and the private sector. Intelligence and analysis of this type can help create broad deterrence against criminal activity.

Financially and economically isolate, disrupt, and dismantle national security threats

The Department exercises a broad range of intelligence, regulatory, policy, and enforcement authorities, and tools to track and disrupt the support networks of terrorists, proliferators of weapons of mass destruction, rogue regimes, and international drug traffickers; thus degrading security threats facing the United States. Actions include:

- Targeting and applying financial measures and other forms of sanctions that freeze assets, prohibit financial and commercial transactions, and deny access to the U.S. financial and commercial systems
- Promoting international relationships that attack the financial and economic foundation of threats and their support networks
- Tracing and repatriating assets looted by rogue regimes
- Promoting a meaningful exchange of information with the private financial sector to help detect and address threats to the financial system
- Protecting U.S. financial institutions by designating appropriate foreign jurisdictions and institutions as areas of primary money laundering concern

Shape policy, laws and regulations, and increase compliance

The Department of the Treasury administers the Bank Secrecy Act, enforces regulations to reduce illicit financing and money laundering, and ensures compliance with sanctions. The Department leverages its relationships with counterparts in foreign governments and banking and financial service industries to encourage voluntary compliance with existing laws and regulations.

Coordinate and integrate

The Treasury Department will work to seamlessly coordinate its financial intelligence, law enforcement, and policymaking authorities under one unified organization. The Department of the Treasury plays a unique role linking law enforcement and intelligence communities with financial institutions and regulators, as well as with other organizations, and will continue to improve its integration into the broader intelligence community.

Indicators and Measures

Terrorism and Financial Intelligence's program impact

The Department will gauge progress in achieving its national security mission by developing composite performance measures to assess the impact of its sanctions, law enforcement, intelligence, regulatory and diplomatic programs in fighting the war on terror, and reducing threats to U.S. national security. Areas of focus include:

- Impact of financial measures and other forms of sanctions
- Impact of law enforcement actions
- Impact of information collection and the analysis of intelligence
- Impact of regulatory activity on transparency of financial systems
- Impact of policymaking, outreach, and diplomacy

Damaged Currency Redemption



To this day the Treasury Department will redeem damaged currency. In 1900, these experts carefully examined burned notes to determine their denomination.

Strategic Goal: Management and Organizational Excellence

The Department of the Treasury strives to maintain public trust and confidence in U.S. and international economic and financial systems through exemplary leadership, best-in-class processes, and a culture of excellence, integrity, and teamwork.

The Treasury Department realizes its strategic goals by building a strong institution that is citizen-centered, results-oriented, and efficient, while actively promoting innovation. The Department works to implement initiatives and programs that benefit the American people.

Each bureau has individual goals, strategies, and metrics to achieve performance goals and improve internal business operations. The Treasury Department's strategic plan establishes the framework that provides guidance to bureaus and policy offices.

Strategic Objective: Enabled and effective Treasury Department

Management's responsibility is to create conditions that enable program goals to be accomplished and achieve organizational excellence. The Department continues to integrate policies and operational activities to produce optimal value for the American public.

Outcomes

A citizen-centered, results-oriented, and strategically aligned organization

The Treasury Department is dedicated to serving the public interest and focused on delivering results where outcomes align with strategic goals and objectives.

Exceptional accountability and transparency

Operations improve as a result of using clear and understandable reporting, proper internal controls, meaningful performance measures, continuous assessment to achieve desired outcomes, and effective management.

Strategies

Communicate and collaborate effectively with Congress and other stakeholders

Constructive action can only be achieved through collaborative relationships. When developing and implementing policies and programs, it is necessary to have active, open, and productive dialogue with stakeholders whose cooperation and support is required to accomplish the Department's goals on behalf of the American people.

Align and optimize resources strategically

By aligning resources to strategic priorities and outcomes, the Department will be focused on its most important tasks and programs. By leveraging opportunities the Treasury Department optimizes resources for shared services and when necessary reallocates to improve efficiency and deliver best value.

Invest in people

The Department uses succession planning to develop emerging leaders. Targeted development and training is used to close skill gaps. Human capital flexibilities are used to attract and retain a diverse talent pool. Management recognizes and rewards employees for their contributions toward achieving the Department's priorities and outcomes.

Invest in technology

The Department will provide a secure information technology infrastructure, and use Enterprise Architecture and Earned Value Management to establish the appropriate mix of transaction processing, and analytic and transformational applications that can be utilized effectively and efficiently across the Department and the federal government.

Continuously improve

Management regularly reviews progress toward achieving outcomes, and continuously improves by planning, executing, evaluating, and adjusting actions to achieve desired results using an integrated management system. The Department will focus on a set of critical performance measures and indicators and calculate the cost of achieving outcomes and target levels of performance.

Indicators and Measures

Stakeholder indicators

Independent evaluations and audits determine how the Department informs the public, its stakeholders, and management about its performance. Auditing addresses mission critical aspects of the Department, and its financial statements; audit findings and performance evaluations provide recommendations that drive corrective action. The desired result of an audit is an unqualified or clean opinion that conforms to generally accepted accounting principles.

Process indicators

Quality, cycle time, and cost are important indicators of internal process performance.

Human capital indicators

To provide a comprehensive picture of accountability and personnel management, the Department measures core competency gap closure, leadership depth development, hiring time, retention rates, and analyze the results of the Federal Human Capital Survey.

Results indicators

The Department of the Treasury will measure progress on outcomes through appropriate measures and indicators, assess the degree of budget and outcome alignment, and calculate the cost of achieving outcomes and target levels of performance.

On November 15 of each year, the Department issues its Performance and Accountability Report for the prior fiscal year. Since fiscal year 2000, the auditors have given the Department an unqualified or “clean” audit opinion.

Evolving Responsibilities

Many government agencies had their start in the Treasury Department. The Office of the Supervising Architect of the Treasury (1), which began when the building was under construction, grew to handle architectural jobs for other areas of government as well. In 1920 personnel from the Office of the Supervising Architect posed in front of the west portico (2). Architectural functions were transferred to the General Services Administration in 1949.



1



2

Strategic Management System of the Department of the Treasury

Renewing Our Commitment to Excellence

In building the fiscal year 2007-2012 strategic plan, the Treasury Department took the opportunity to refine and test its strategic goals against a changing global environment. In this plan, the Treasury Department went beyond linking performance to the budget, and established an integrated management system that will address continuous improvement and add value for all of its stakeholders.

Typical strategic planning uses a forecast of the future based on the realities of today. This type of planning tends to be event-driven, and narrowly focused. The Treasury Department supplemented this approach by assessing the potential effect that a wide range of factors can have on the organization (see Appendix D). The goal is to manage future uncertainty and act effectively in the face of future ambiguity.

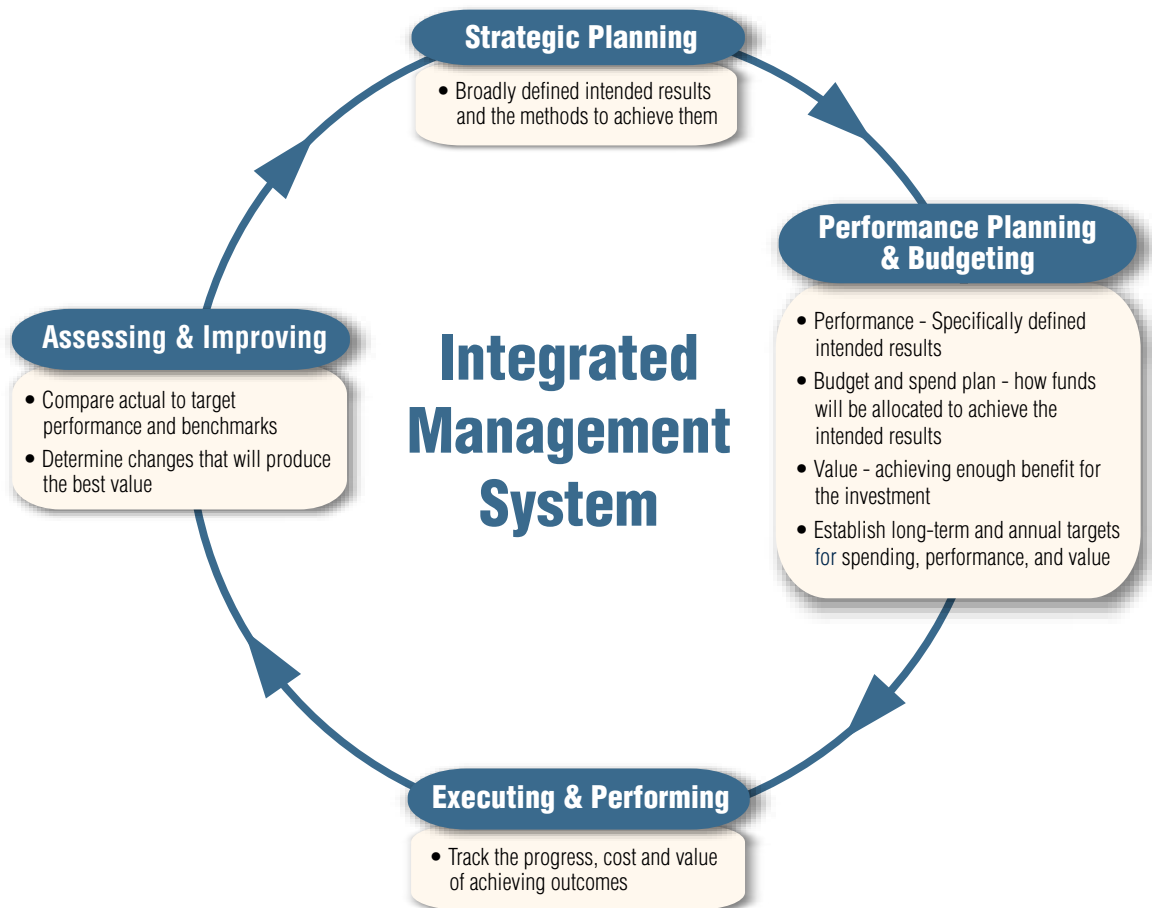
Understanding the future in the context of a broad set of possibilities, the Department tested the robustness of its mission and made some important changes. These changes include articulating a vision and a set of core values by which the Department will operate, enabling the strategic plan to serve the Treasury Department and its stakeholders effectively with a high degree of institutional longevity.

The strategic goals are stated in an outcome-oriented manner, describing the result the Department wishes to achieve. In developing outcomes and objectives, the Treasury Department identifies value chains, or programs grouped by common purpose: collect, disburse, borrow, invest, account, strengthen, regulate, manufacture, secure, and manage. Value chain outcomes help employees understand their shared objectives by identifying activities that cross organizational boundaries in the achievement of the Department's strategic goals. Value chain outcomes can be assessed for cost and performance.



Executing the Strategic Plan

To accomplish its strategic objectives effectively, the Department of the Treasury must link outcomes, strategy, budget, and the production of value into an integrated management system. This management system, based on a model of continuous improvement, is shown below:



The process begins with an understanding of important national priorities and outcomes, which are then translated into broadly defined, intended results for the Department. These become the Treasury Department's strategic goals and objectives. Outcomes related to these strategic goals and objectives are then articulated. Strategies are developed to achieve the outcomes, and then measures and indicators are identified to provide the means to assess progress.

“If you are doing something that cannot be evaluated, you are in the awkward position of being unable to demonstrate that you are doing anything at all.”

— Dr. Robert F. Mager, 1962

Once the Department of the Treasury's strategic framework is established, performance planning is possible. Performance planning is focused on the outcomes developed in this strategic plan, where a funding determination is made to achieve the intended results. Long-term and annual targets for performance measures are then formulated. Funding will be tied to the level of performance that needs to be achieved. As part of the management process, a number of options, such as

reallocation of resources when necessary, shared services, competitive sourcing, realignment, or redesign of processes can be executed to improve value for stakeholders.

The Treasury Department will then execute and perform according to the plan, tracking progress on outcomes, and the cost to achieve them. As part of the Department's continuous improvement strategy, comparisons of actual performance to desired targets and applicable benchmarks will be performed. Management will add value by continually striving to make changes that will produce the most effective results, which will ultimately produce increased value for the American taxpayer.

Managing for Accountability

Achieving and maintaining exemplary accountability and transparency is critical for the Treasury Department as the primary financial agency of the U.S. Government. The Department follows proper internal controls that serve to deter and eliminate fraud, waste, and abuse, while increasing efficiency and effectiveness.

The two independent Offices of the Inspector General and other examiners conduct audits and investigations, when necessary, to identify problems, abuses, and deficiencies in the Department's programs and recommend appropriate corrective actions.



Strength Through Unity

A visual representation of E Pluribus Unum could be the Roman fasces, an axe surrounded by a cylinder of birch rods tied with ribbon, symbolizing power and strength through unity. This design theme is evident throughout Treasury. The architects employed it in the staircases (1 & 2) and in the doorframes and fireplace in the Andrew Johnson Suite (3). A careful eye will also note its use in frosted transoms, on large, ornate golden frames at various locations around the building and on the base of the statue of Alexander Hamilton, Treasury's first Secretary, at the entrance to the south wing (4). An early Treasury seal from 1800 features fasces on a Treasury strongbox. A seal featuring Nero, the Treasury Department's watchdog who guarded the Nation's first minting facility, was purchased in 1793 for \$3 (5). A fasces also appears on the reverse of the Mercury dime (6).



Appendices

Appendix A: Organizations of the Department of the Treasury

The Department of the Treasury (www.treas.gov) is organized into two major components, the departmental offices and the bureaus. The departmental offices are primarily responsible for policy formulation, while the bureaus are primarily the operating units of the organization.

Departmental Offices

Domestic Finance (www.treas.gov/offices/domestic-finance/) advises and assists in areas of domestic finance, banking, and other related economic matters. In addition, this office develops policies and guidance for Treasury Department responsibilities in the areas of financial institutions, federal debt finance, financial regulation, capital markets, financial management, fiscal policy and cash management decisions.

Economic Policy (www.treas.gov/offices/economic-policy/) reports on current and prospective economic developments and assists in the determination of appropriate economic policies. The office is responsible for the review and analysis of domestic economic issues and developments in the financial markets.

Terrorism and Financial Intelligence (www.treas.gov/offices/enforcement/) marshals the Department's intelligence and enforcement functions with the twin aims of safeguarding the financial system against illicit use and combating rogue nations, terrorist facilitators, money launderers, drug kingpins, and other national security threats.

International Affairs (www.treas.gov/offices/international-affairs/) advises and assists in the formulation and execution of U.S. international economic, financial monetary, trade, investment, bilateral aid, environment, debt, development, and energy policy, including U.S. participation in international financial institutions.



Tax Policy (www.treas.gov/offices/tax-policy/) develops and implements tax policies and programs, reviews regulations and rulings to administer the Internal Revenue Code, negotiates tax treaties and provides economic and legal policy analysis for domestic and international tax policy decisions. Tax policy also provides estimates for the President's budget.

Treasurer of the United States (www.treas.gov/offices/treasurer/) advises the Secretary on matters relating to coinage, currency, and the production of other financial instruments. The Treasurer also serves as one of the Department's principal advisors and a spokesperson in the area of financial literacy and education.

The Community Development Financial Institutions Fund (www.cdfifund.gov) expands the capacity of community development financial institutions and community development entities to provide credit, capital, tax credit allocations, and financial services to underserved populations and communities in the United States.

Internally, Treasury's Departmental Offices are responsible for the overall management of the Department. The Office of **Management and the Chief Financial Officer** is responsible for internal management and controls. Support organizations include **General Counsel**, **Legislative Affairs**, and **Public Affairs**. Also, two inspector general organizations, the **Treasury Inspector General for Tax Administration** and the **Office of the Inspector General** provide independent audits, investigations, and oversight to the Department of the Treasury and its programs.

Bureaus

Bureaus employ 98 percent of the work force and are responsible for carrying out specific operations assigned to the Department.

The Alcohol and Tobacco Tax and Trade Bureau (www.ttb.gov) collects excise taxes on alcohol, tobacco, and firearms that are lawfully due the government, protects consumers of alcoholic beverages through voluntary compliance programs that are based on education and enforcement to ensure a fair marketplace, and assists industry members in understanding and complying voluntarily with federal tax, product, and marketing requirements.

The Bureau of Engraving and Printing (www.moneyfactory.gov) designs and manufactures high quality notes and other financial documents that deter counterfeiting and meet customer requirements for quality, quantity, and performance.

The Bureau of the Public Debt (www.publicdebt.treas.gov) borrows the money needed to operate the federal government through the sale of U.S. Treasury marketable, savings, and special purpose securities. In addition, it accounts for and services the resulting public debt and provides reimbursable support services to federal agencies.

The Financial Crimes Enforcement Network (www.fincen.gov) safeguards the financial system from the abuses of financial crime, including terrorist financing, money laundering, and other illicit activity.

The Financial Management Service (www.fms.treas.gov) provides central payment services to federal program agencies, operates the federal government's collections and deposit systems, provides government-wide accounting and reporting services and manages the collection of delinquent debt owed to the U.S. Government.

The Internal Revenue Service (www.irs.gov) is the largest of the Department's bureaus and it determines, assesses, and collects tax revenue for the federal government.

The United States Mint (www.usmint.gov) designs, produces, and issues circulating and bullion coins, numismatic coins and other items, Congressional gold medals, and other medals of national significance. The United States Mint maintains physical custody and protection of the nation's gold assets.

The Office of the Comptroller of the Currency (www.occ.treas.gov) charters, regulates, and supervises national banks to ensure a safe, sound, and competitive banking system that supports citizens, communities, and the economy.

The Office of Thrift Supervision (www.ots.treas.gov) charters, examines, supervises, and regulates federal and many state-chartered thrift associations in order to maintain their safety and soundness and compliance with consumer laws, and to encourage a competitive industry that meets America's financial services needs.

Appendix B:

The Strategic Framework of the Department of the Treasury

The Department's strategic framework is a summary of its goals, objectives, outcomes, value chains, strategies, indicators, and measures. This framework provides the basis for performance planning and continuous improvement.

	Strategic Goals	Strategic Objectives	Value Chains	Outcomes
Finance	Effectively Managed U.S. Government Finances	Cash resources are available to operate the government	Collect Disburse Borrow Account Invest	<ul style="list-style-type: none"> Revenue collected when due through a fair and uniform application of the law Timely and accurate payments at the lowest possible cost Government financing at the lowest possible cost over time Effective cash management Accurate, timely, useful, transparent and accessible financial information
	U.S. and World Economies Perform at Full Economic Potential	Improved economic opportunity, mobility and security with robust, real, sustainable economic growth at home and abroad	Strengthen Regulate	<ul style="list-style-type: none"> Strong U.S. economic competitiveness Competitive capital markets Free trade and investment Prevented or mitigated financial and economic crises Decreased gap in global standard of living
		Trust and confidence in U.S. currency worldwide	Manufacture	<ul style="list-style-type: none"> Commerce enabled through safe, secure U.S. notes and coins
Security	Prevented Terrorism and Promoted the Nation's Security Through Strengthened International Financial Systems	Pre-empted and neutralized threats to the international financial system and enhanced U.S. national security	Secure	<ul style="list-style-type: none"> Removed or reduced threats to national security from terrorism, proliferation of weapons of mass destruction, drug trafficking and other criminal activity on the part of rogue regimes, individuals, and their support networks Safer and more transparent U.S. and international financial systems
Management	Management and Organizational Excellence	Enabled and effective Treasury Department	Manage	<ul style="list-style-type: none"> A citizen-centered, results-oriented and strategically aligned organization Exceptional accountability and transparency

Strategies	Indicators & Measures
<ul style="list-style-type: none"> • Encourage compliance through improving service and expanding outreach • Discourage and deter non-compliance • Optimize cash and debt portfolio • Expand all-electronic cash transactions • Modernize • Standardize 	<ul style="list-style-type: none"> • Cost to finance the government over time • Voluntary compliance • Projection variance • Percentage of referred delinquent debt collected • Percent of payments made electronically
<ul style="list-style-type: none"> • Stimulate U.S. economic growth • Strengthen and modernize entitlement programs • Engage in financial and economic diplomacy • Strengthen financial institutions and markets • Encourage voluntary compliance with the tax code while minimizing regulatory and compliance burdens • Promote financial literacy <ul style="list-style-type: none"> • Respond to customer requirements through adaptive production capability • Engage in research and development to enhance counterfeit-deterrence features • Promote global suppression of counterfeiting • Extend the life of currency notes • Consider alternative coin materials 	<ul style="list-style-type: none"> • Growth-Competitiveness Index • Research and development as a percent of GDP • Financial crises per year • Sustainability Imbalance • Sum of imports and exports as a percent of GDP • Gap in the global standard of living <ul style="list-style-type: none"> • Response to demand • Counterfeiting rate
<ul style="list-style-type: none"> • Collect, analyze and disseminate financial and other information concerning national security • Financially and economically isolate, disrupt, and dismantle national security threats • Shape policy, laws and regulations and increase compliance • Coordinate and integrate into the broader intelligence community 	<p>Terrorism and Financial Intelligence program:</p> <ul style="list-style-type: none"> • Impact of target financial measures and other sanctions programs • Impact of law enforcement actions • Impact of information collection and the analysis of intelligence • Impact of regulatory activity on transparency of financial systems • Impact of policymaking, outreach, and diplomacy
<ul style="list-style-type: none"> • Communicate and collaborate effectively with Congress and other stakeholders • Align and optimize resources strategically • Invest in people • Invest in technology • Continuously improve 	<ul style="list-style-type: none"> • Stakeholder indicators • Process indicators • Human capital indicators • Results indicators

Finance

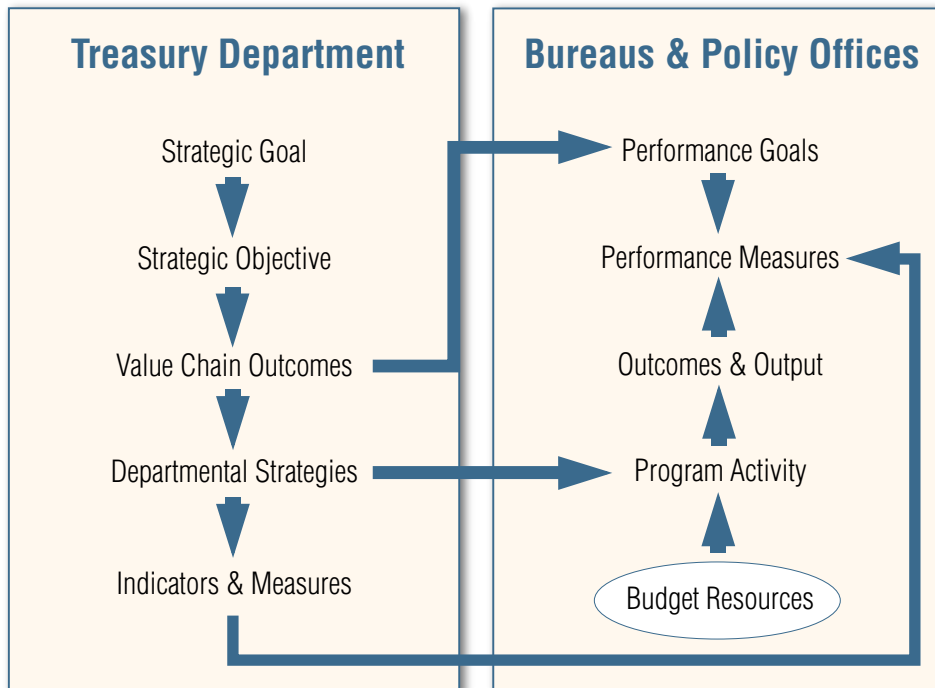
Economy

Security

Management

Appendix C: The Strategic-Operational Relationship

The following chart shows the relationship between the Department’s strategic goals and its annual program performance goals.

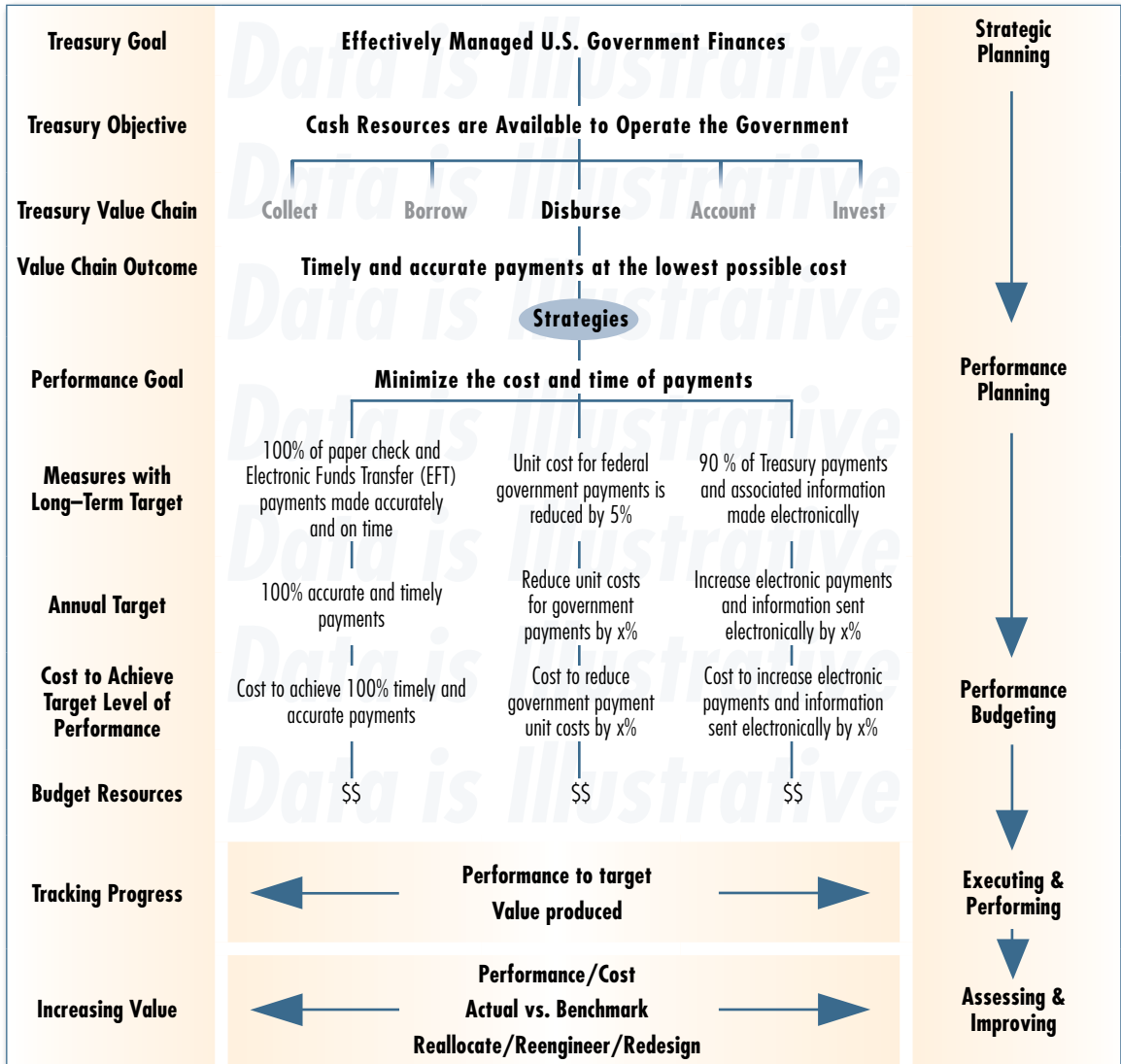


The Treasury Department’s strategic goals are long-term outcomes which will assist the organization in achieving its mission. Strategic objectives are broad-based outcome statements for a group of value chains. Value chains are programs grouped by a common purpose. Value chain outcomes are important results for each of the Department’s major functions. Departmental strategies are agency-wide methods used to achieve value chain outcomes and guide program activities.

To achieve performance goals, program resources must be properly managed to generate desired outcomes and output. Departmental indicators and measures are used to guide the development of long-term and annual performance targets associated with performance goals, which are essential components of the annual performance budget.

The example below illustrates how the “disburse” value chain outcome links to performance goals, measures, and costs. This value chain supports the strategic goal of “Effectively Managed U.S. Government Finances.”

Data is Illustrative – Goals, targets, timeframes, and costs are simulated and may not represent actual values.



Appendix D:

Key Factors Affecting the Strategic Outlook of the Department of the Treasury

A strategic outlook is an appraisal of significant outside forces, such as threats or opportunities, which influence the success an agency will have in achieving its mission and goals. Successful strategic planning efforts develop strategies that respond to a range of alternative futures and consider economic, political, technological, legal, and demographic factors.

The Department of the Treasury, in identifying its own strategic outlook, considered a broad range of possible alternative futures across multiple dimensions, for example: the challenge to a nation-state's power and influence, the gap in the global standard of living, U.S. economic competitiveness, and U.S. public perception of threats to security and quality of life. These dimensions used in the planning process were based on the examination of information from Project Horizon, bureau environmental scans, and the National Intelligence Council 2020 Project.

Review of this information identified a need for the Treasury Department to effectively respond to a number of foreseeable challenges to successfully achieve its goals. The Department's operations are influenced by numerous factors, many not under its direct control. It is important to acknowledge these factors when executing the strategic plan. The following were identified as the most critical factors potentially affecting the achievement of the Department's goals:

Budget Environment

Rapid growth in government spending on major entitlement programs is anticipated, representing a critical economic challenge. If left unchecked, spending on these programs could significantly impair U.S. economic flexibility and erode competitiveness. Tight fiscal constraints will drive fiscally conservative budgets and will be increasingly important for deficit reduction. The Department of the Treasury will need to leverage greater efficiencies to better stretch existing funding. Optimizing resources across the Department and aligning the budget with priorities will become important tools.

Technology

The Department of the Treasury must keep pace with and adapt to technological advancements including those in the areas of electronic commerce and security. The Treasury Department must design information technology that is flexible and allows for rapid response to a constantly changing environment. Furthermore, the Department will need to work across its bureaus to leverage department-wide resources and knowledge.

The continuing rise of electronic commerce will require more efficient and secure processing of electronic collections and payments in an ever-increasing volume.

Advances in duplication technology are becoming more affordable and widely used, thereby broadening the counterfeiting threat. Other new technologies, such as electronic cash, internet electronic payment

systems, and internet banking increase the ability of individuals to rapidly transfer large sums of money, making it increasingly challenging to track transactions related to money laundering and other financial crimes.

Workforce

The Department of the Treasury is not immune to the management challenges which will occur government-wide over the next five years and beyond. These challenges include the increase in the number of employees eligible for retirement, closing skill gaps, and leadership development.

As more of the workforce ages and readies for retirement, the Treasury Department must increase its ability to compete effectively for personnel resources. People

are no longer seeking lifetime employment but rather lifetime employability. The Department will need to respond to changes in workforce trends by implementing systemic changes that will attract and retain talent as an employer of choice.

The Department of the Treasury will need to make continued progress in executive development by building a cadre of leaders with the necessary skills to lead the Department effectively in the future. In addition, the Treasury Department will need to provide specialized training programs to enhance the skills of its existing workforce, and aggressively recruit workers into mission critical positions related to its core competencies. These constraints and challenges will require the Department's management to use foresight in identifying and addressing workforce trends on the horizon.

Approximately 31 percent of the Treasury Department's employees will be eligible to retire by 2008. Leadership positions will see the greatest impact because over half of Senior Executive Service employees will be eligible.

Cooperation

Controlling the flow of funds to terrorists, enforcing international sanctions, and battling money laundering and other financial crimes will require cooperation at all levels of government and with global partners. The degree of commitment by major U.S. trading partners to strengthen regional and multilateral trading initiatives and further open domestic markets will have an impact on the achievement of the Treasury Department's objectives for economic growth. The inability of different countries and international organizations to agree on a flexible approach to economic and regulatory cooperation and stability could delay progress in establishing new or existing arrangements and limit growth opportunities. Reaching widespread cooperation will be an enormous endeavor, but one which must be achieved to accomplish the Department's economic and national security objectives.

Economy

Economic and financial crises are difficult to predict, and the quality of responses to them depends on the adoption of effective policies and the reaction of financial markets. Factors such as natural disasters, infectious disease, war, and civil unrest may adversely affect economic performance. For example:

international terrorism and large scale natural disasters can potentially have a profound impact on the nation's economy due to the amount of required insurance to cover losses. Federal programs are authorized to borrow from the Treasury Department, increasing taxpayer liability, potentially displacing private sector insurance companies, and decreasing the incentive for individuals to purchase private insurance. The Department will need to work closely with its federal partners to minimize any negative economic impact as a result of catastrophic events.

Financial Services

Changes in the financial service industry, such as the consolidation of institutions, variations in the personal savings rate, and the development of new products and services will continue to be a regulatory challenge.

Another increasing challenge for the Treasury Department is integrating the millions of "un-banked" American households into the financial mainstream.

Changes in the market will influence the Department's efforts to modernize, improve reliability, and maintain the integrity of the U.S. financial system, affecting economic performance and competitiveness.

More than 10 million American households do not have accounts at mainstream financial institutions; and by being "un-banked" they are more likely to pay extraordinarily high fees for basic services and less likely to save for the future.

Globalization

The increase in the scope of the financial system and the effects of a globalized economy will continue to present a challenge to the Treasury Department and the regulatory community to remain modern in its efforts to promote financial stability.

Legislation

Legislative mandates will continue to affect the Treasury Department's work. Statutory limits on the total debt could potentially restrict the Department's ability to borrow and finance the activities of the federal government. The Department of the Treasury's desire to effect change, such as modernizing the nation's entitlement programs and simplifying the tax code, can only happen through political consensus and effective legislation.

Society

Changes in American culture affect the way the Treasury Department operates. The Department must be constantly aware of the public's perception of government. Changing demographics will put pressure on the Social Security and Medicare systems and will affect retirement security objectives.

National Security Threats

As the U.S. wages the war on terror, our national security is subject to various threats and challenges. The Department of the Treasury is actively involved in ensuring national security. The Department's success is affected by the willingness of other nations and organizations to cooperate in actions against terrorism, proliferation of weapons of mass destruction, drug trafficking, international crime, and the underground economy. The Treasury Department functions in an environment where financial crime trends and patterns change quickly. The Department will need to stay ahead of financial criminals, requiring increased global cooperation with foreign governments and private sector partners, while minimizing the flow of illegal goods and services.

Immigration

Immigration plays a vital role in the dynamic U.S. economy. Historically, high levels of migration can be an indicator of a strong national economy due to better wages and jobs available to more people. Current trends suggest that economic forces will continue to attract migration to the United States for years to come. Immigration policy reform will be a significant factor in the American economy.



Appendix E: Summary of Consultation Efforts

The Department of the Treasury, as an integral part of the strategic planning process, consulted with its federal government partners and stakeholders in preparing its strategic plan for fiscal years 2007-2012. Federal agency partners, congressional contacts, and independent sources were encouraged to submit comments on the plan which were reviewed and incorporated.

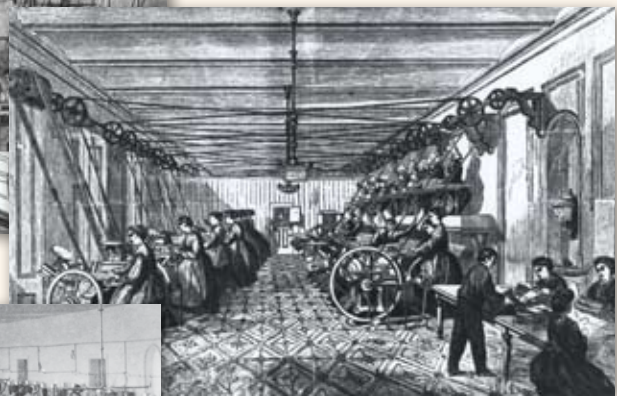
Making Money

The Treasury building has served many functions over the years including barracks for soldiers during the Civil War and as the temporary White House for President Andrew Johnson following the assassination of President Abraham Lincoln in 1865.

When the southern states seceded from the Union, the loss of customs revenue prompted the establishment of the Bureau of Internal Revenue and the printing of paper currency to finance the Civil War. On August 29, 1862, two men and four women began work in the basement of the Treasury building affixing the Treasury seal and cutting apart sheets of notes by machinery. Pictured here are bronzing (an anti-counterfeiting measure) and sealing (affixing the Treasury Seal) in 1867 (1), the hydraulic press room in 1865 (2), and separating and trimming greenbacks in 1867 (3). The printing of currency at the Treasury building ceased in 1880 when operations were moved to another location.



1



2



3

Appendix F: Strategic Goal Linkage to Federal Partners

Strategic Goals:

Goal 1: Effectively Managed U.S. Government Finances

Goal 2: U.S. and World Economies Perform at Full Economic Potential

Goal 3: Prevented Terrorism and Promoted the Nation’s Security Through Strengthened International Financial Systems

Goal 4: Management and Organizational Excellence

<i>Strategic Partner</i>	<i>Strategic Plan Goal</i>
Commodity Futures Trading Commission	Goal 1, 2, & 3
Congress	Goal 1, 2, 3, & 4
Department of Agriculture	Goal 1, 2, & 3
Department of Commerce	Goal 1, 2, & 3
Department of Defense	Goal 1, 2, & 3
Department of Education	Goal 2 & 4
Department of Health and Human Services	Goal 1, 2, & 3
Department of Homeland Security	Goal 1, 2, & 3
Department of Housing and Urban Development	Goal 1 & 2
Department of Interior	Goal 2 & 3
Department of Justice	Goal 1, 2, & 3
Department of Labor	Goal 1 & 2
Department of State	Goal 2 & 3
Department of Transportation	Goal 1, 2, & 3
Department of Veterans Affairs	Goal 2 & 3
Environmental Protection Agency	Goal 2
Export-Import Bank	Goal 2 & 3
Federal Deposit Insurance Corporation	Goal 1, 2, & 3
Federal Financial Institutions Examination Council	Goal 1, 2, & 3
Federal Reserve	Goal 1, 2, & 3
Federal Trade Commission	Goal 1, 2, & 3
General Services Administration	Goal 1 & 4
International Monetary Fund	Goal 2 & 3
National Credit Union Administration	Goal 1, 2, & 3
National Security Council	Goal 1, 2, & 3
Office of Management and Budget	Goal 1 & 4
Office of the Director of National Intelligence	Goal 3
Office of Personnel Management	Goal 4
Organisations for Economic Cooperation and Development	Goal 2 & 3
Overseas Private Investment Corporation	Goal 2 & 3
Pension Benefit Guaranty Corporation	Goal 1 & 2
Securities and Exchange Commission	Goal 2 & 3
Small Business Administration	Goal 2
U.S. Postal Service	Goal 1 & 2
U.S. Trade Representatives	Goal 2
World Bank	Goal 2 & 3

E Pluribus Unum
Out of Many, One



Strategic Plan

Fiscal Years 2007-2012

Vision

Set the global standard for financial and economic leadership

Mission

Serve the American people and strengthen national security by managing the U.S. Government's finances effectively, promoting economic growth and stability, and ensuring the safety, soundness, and security of U.S. and international financial systems

Values

Accountability

Excellence

Integrity

Objectivity

Community

Service

Priorities



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