

Bureau of the Public Debt

Mission:

To borrow the money needed to operate the federal government and to account for the resulting debt.

Program Summary by Appropriations Account

(Dollars in Thousands)

Appropriation	FY 2005	FY 2006	FY 2007		
	Enacted	Enacted	President's Budget	Change	% Change
Salaries and Expenses	\$178,165	\$178,154	\$180,789	\$2,635	1.5%
Wholesale Securities Services	11,905	11,812	11,986	174	1.5%
Government Agency Investment Services	13,360	13,255	13,451	196	1.5%
Retail Securities Services	147,298	147,529	149,711	2,182	1.5%
Summary Debt Accounting	5,602	5,558	5,641	83	1.5%
Subtotal, Bureau of the Public Debt	\$178,165	\$178,154	\$180,789	\$2,635	1.5%
User Fees	(4,400)	(3,000)	(3,000)	0	0.0%
Net Program Operating Level	\$173,765	\$175,154	\$177,789	\$2,635	1.5%
Offsetting Collections - Reimbursables	7,181	16,732	16,919	187	1.1%
Total Program Operating Level	\$180,946	\$191,886	\$194,708	\$2,822	1.4%

Overview

The Bureau of the Public Debt (BPD) conducts Treasury debt financing operations by issuing and servicing Treasury securities. Debt is held by individuals, corporations, state and local governments, federal agencies, and foreign governments.

In FY 2005, BPD:

- Conducted 220 marketable securities auctions, resulting in the issue of more than \$4.6 trillion in Treasury bills, notes, and Treasury Inflation-Protected Securities (TIPS),
- Issued more than \$33 trillion in non-marketable securities,
- Added marketable securities to TreasuryDirect,
- Accounted for and reported on more than \$7.9 trillion in public debt, and
- Received a clean audit opinion on the *FY 2005 and FY 2004 Schedules of Federal Debt*.

BPD's top priority is to ensure that the most efficient systems are in place to conduct borrowing and deliver securities and services to investors. To that end, BPD is working to replace its automated auction system to take advantage of the benefits of current technology and continues to enhance its TreasuryDirect system. TreasuryDirect allows retail customers to purchase and manage electronic securities over the Internet. With its increased reliance on conducting business electronically, Public Debt places a high priority on adopting new technology to ensure that its systems remain secure.

Total resources to support BPD's activities in FY 2007 are \$180,789,000, including \$3,000,000 in user fees, plus \$16,919,000 in reimbursable agreements.

BPD Performance by Budget Activity

Budget Activity	Performance Measure	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	
		Actual	Actual	Actual	Target Met? Target	Target	
Wholesale Securities Svcs.	Cost per debt financing operation (\$) (E)	n/a	n/a	126828	Baseline	133683	141380
	Percent of auction results released in 2 minutes +/- 30 seconds (%) (Oe)	96.5*	99.53	95	✓	95	95
Gov't Agency Investment Svcs.	Cost per federal funds investment transaction (\$) (E)	n/a	n/a	88.74	Baseline	90.15	91.41
	Percentage of Government Agency customer initiated transactions conducted online (%) (Oe)	n/a	n/a	72.74	Baseline	65	75
Retail Securities Svcs.	Cost per TreasuryDirect assisted transaction (\$) (E)	n/a	n/a	8.51	Baseline	7.75	7.08
	Cost per TreasuryDirect online transaction (\$) (E)	n/a	n/a	3.43	Baseline	2.99	2.25
	Percentage of retail customer service transactions completed within 12** business days (%) (Oe)	99.8***	92.5	88.7	✗	90	90
Summary Debt Accounting	Cost per summary debt accounting transaction (\$) (E)	n/a	n/a	12.62	Baseline	12.82	13

(E) = Efficiency Measure (Oe) = Outcome Measure (Ot) = Output Measure

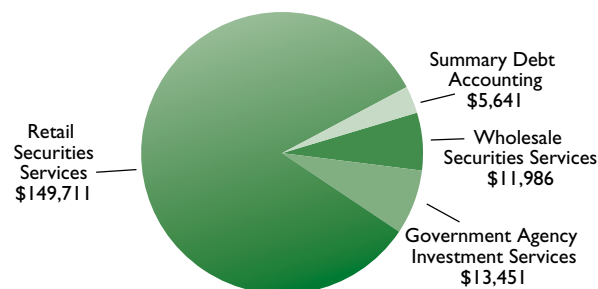
*In 2003, performance measure was 6 minutes.

**In 2007, target decreases from 13 to 12 business days.

***In 2003, performance measure was 3 weeks.

BPD Funding by Budget Activity

(Dollars in Thousands)



Performance Highlights

In FY 2005, BPD met its performance goal of announcing Treasury auction results within two minutes plus or minus 30 seconds of the auction close 95 percent of the time. Shorter release times minimize exposure to adverse market movements and reduce the implicit market premium lowering the cost of borrowing. BPD narrowly missed the goal of processing 90 percent of retail customer service

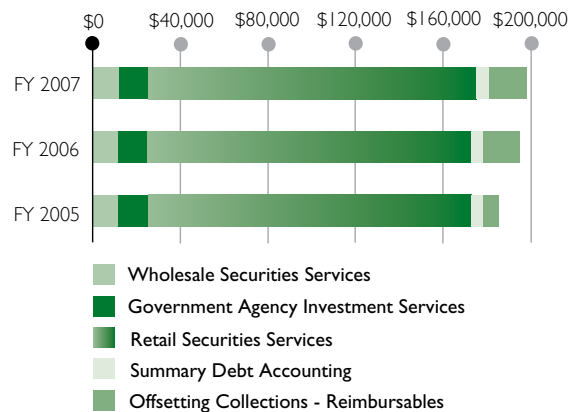
transactions within 13 business days by 1.3 percent because of an abnormally high volume of transaction requests and a temporary workflow disruption as a result of a planned business process reengineering. BPD expects to meet its customer service goals for FY 2006 as business practices are further refined.

Source of Funds

The FY 2007 current estimate for BPD is a total of \$197,708,000, including \$177,789,000 from direct appropriations, \$16,919,000 in reimbursements and \$3,000,000 from user fees.

BPD Funding History

(Dollars in Thousands)



Budget Activities

Salaries and Expenses

Wholesale Securities Services (\$12,938,000 including \$11,986,000 from direct appropriations and reimbursements of \$952,000) BPD announces, auctions, and issues marketable Treasury bills, notes, and TIPS. This program ensures that the government's critical financing needs are met and that an infrastructure is in place for the custody and transfer of Treasury securities in the wholesale market. This program also administers regulations to ensure the integrity and efficiency of the primary and secondary markets for Treasury securities.

Government Agency Investment Services (\$16,920,000 including \$13,451,000 from direct appropriations and reimbursements of \$3,469,000) BPD supports federal, state, and local agency investments in non-marketable Treasury securities as well as federal agency borrowing from the Department. As of September 2005, the total holdings of all funds invested in Government Account Series securities were \$3.38 trillion including \$2.189 trillion for 18 funds, which are managed by BPD on behalf of the Secretary of the Treasury.

Retail Securities Services (\$161,761,000 including \$149,711,000 from direct appropriations including \$3,000,000 in user fee collections and \$12,050,000 in reimbursements) BPD serves more than 50 million retail customers who hold marketable and savings securities directly with Treasury. This program

includes the issuing and servicing of marketable and savings securities in book-entry and paper form.

Summary Debt Accounting (\$6,089,000 including \$5,641,000 from direct appropriations and reimbursements of \$448,000) BPD accounts for and reports on all financial activity related to the public debt. The program provides accounting controls for funds received from the sale of securities, funds disbursed as interest and principal payments, and for the accurate and timely reporting of the outstanding public debt.

BPD FY 2007 Budget Highlights

(Dollars in Thousands)

	Amount
FY 2005 Enacted	\$178,165
FY 2006 Appropriation (PL 109-115)	\$179,923
Rescission (PL 109-148)	(1,769)
FY 2006 Enacted	\$178,154
Current Services	
Adjustments Maintaining Current Levels	\$4,662
Non-Pay Inflation	1,545
Pay Annualization	868
Proposed Pay Raise	2,249
Non-Recurring Costs	(\$5,113)
Non-recur of Miscellaneous Printing, Supplies and Equipment Items	(1,370)
Non-recur of Litigation Support	(3,743)
Program Reductions	(\$2,027)
Revised Customer Service Practices	(2,027)
Base Reinvestments	\$5,113
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Current Services Level	\$180,789
Program Adjustments	
Program Increases	0
FY 2007 Operating Level	\$180,789
User Fees	(3,000)
FY 2007 President's Budget Request	\$177,789

FY 2007 Budget Adjustments

FY 2006 Enacted

The FY 2006 current estimate of BPD appropriations is \$178,154,000, including \$175,154,000 from direct appropriations and \$3,000,000 from user fee collections.

Current Services

Adjustments to Maintain Current Levels \$4,662,000/0 FTE Funds are requested for the FY 2007 cost of the January 2006 pay increase of \$868,000; the proposed January 2007 pay raise of \$2,249,000; other labor related benefits; and non-labor items such as contracts, travel, supplies, equipment, and GSA rent adjustments of \$1,545,000.

Non-Recurring Costs

Non-Recurs Of Miscellaneous Printing, Supplies and Equipment Items -\$1,370,000/0 FTE

Non-Recur Of Litigation Support -\$3,743,000/0FTE

Program Reduction

Revised Customer Service Practices -2,027,000 /0 FTE BPD is able to reduce the resources used to respond to retail customer service inquiries while still exceeding a government-wide standard set by the Citizen Service Levels Interagency Committee (CSLIC). Bringing its responsiveness more in line with the CSLIC standard will allow Public Debt to forego slightly more than \$2 million in overtime expenses beginning in FY 2007.

Base Reinvestments

Base Reinvestments -\$5,113,000/0 FTE The identified savings of \$5,113,000 was used to fund the FY 2006 rescission of \$1,769,000 and reinvested in the following items: \$1,256,000 for a Federal Protective Service Guard Contract, \$700,000 for Homeland Security Presidential Directive–12 costs, \$585,000 for Pay Raise Absorption, \$482,000 for new auction system travel, and \$321,000 for HR Connect.