

**Highlights of the
1999 Performance Report**

Department of the Treasury Highlights of FY 1999 Performance Report

Overview

The Government Performance and Results Act (Results Act) establishes formal requirements for strategic planning and performance measurement in the Federal Government. The Act requires that agencies develop five-year Strategic Plans, and annual Performance Plans and Performance Reports. Treasury published its initial Strategic Plan in September 1997, and has submitted annual performance plans as part of its annual budget since the FY 1997 submission.

This section of the Budget-in-Brief provides selected highlights of the Department's FY 1999 Performance Report. For a complete performance report for any Treasury program, please refer to Treasury's FY 2001 Justification of Appropriations document which includes the full set of performance measures for each bureau and a complete explanation of both actual performance for the prior fiscal year and targeted performance for the budget year and the current year. Also, Treasury will publish a separate FY 1999 Performance Report as a supplement to its Accountability Report in March, 2000.

The Performance Report information provided in this section is presented by Treasury's four mission areas:

Economic Mission: Promote Prosperous and Stable American and World Economies

Financial Mission: Effectively Manage the Government's Finances

Enforcement Mission: Protect our Financial Systems and our Nation's Leaders, and Foster a Safe and Drug-Free America

Management Mission: Continue to Build a Strong Institution

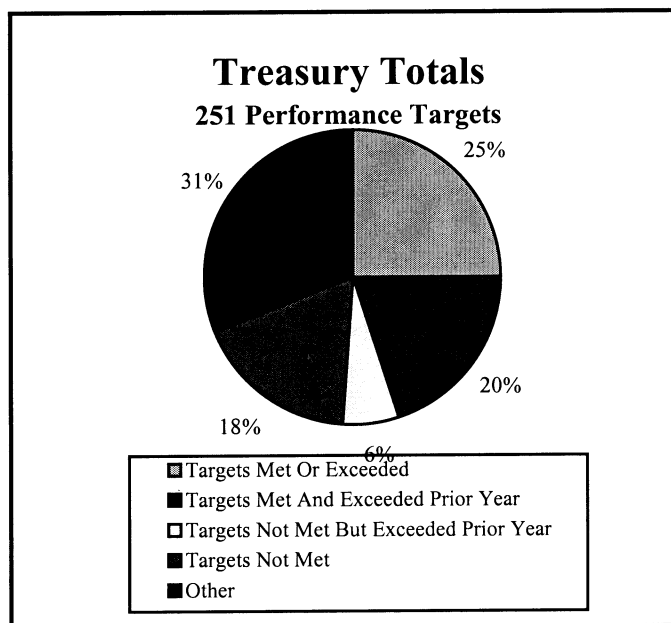
Progress was made during the past year to improve and refine performance measures throughout the Department, striving specifically to present key measures of program *results* rather than the traditional output-oriented or workload measures. We continue to welcome feedback from our stakeholders and customers concerning how to best measure the success of our programs. (Comments can be provided via the Internet opcmail@do.treas.gov, or in writing to the Office of Strategic Planning and Evaluation, 1500 Pennsylvania Avenue, N.W., Washington, DC 20220.)

Department of the Treasury FY 1999 Performance Report Treasury-wide Summary

The purpose of Treasury's planning effort is to improve *results* delivered to the American public. Last year the Department transmitted to the Congress, as part of the budget, a final performance plan for FY 1999 which detailed 251 performance targets for Treasury bureaus linked to their strategic plans.

In total, the Department:

- Improved performance over FY 1998 levels for 65 measures (26%);
- Met or exceeded its targets for 114 measures (45%);
- Did not achieve the target for 60 measures (24%);
- For the remaining 77 measures (31%) categorized as "other":
 - Baselines were being developed during the fiscal year (50 measures);
 - The measures were qualitative and not objectively measurable (12 measures);
 - A final target was not established (4 measures); or
 - Data on the actual performance was not available (11 measures)



Treasury continues to refine its measures to make them more useful in the decision making process, and continues to strive to improve the timeliness and accuracy of its information systems that capture and report performance data.

Many positive results were in programs of particular importance to the Department, such as:

- a record 29.3 million taxpayers filed using convenient electronic filing options, a 19% increase over the prior year. The Internal Revenue Service increased both the speed and accuracy of *e-file* tax return refunds. The percent of refunds made in less than 21 days increased from 98.7% in FY 1998 to 99.6% in FY 1999, and accuracy increased from 98.9% to 99.2%.
- The \$643 million (32 %) increase in collections of delinquent debt referred to Treasury; and
- the release by the Departments of Treasury and Justice of the Administration's first National Money Laundering Strategy.

The following pages present summary performance results and highlights in each of Treasury's four mission areas.

FY 1999 Performance Report Mission Area Summary

MISSION: Promote Prosperous and Stable American and World Economies

The Department of the Treasury has primary responsibility for formulating and recommending domestic and international economic, financial, and fiscal policies that affect growth and stability.

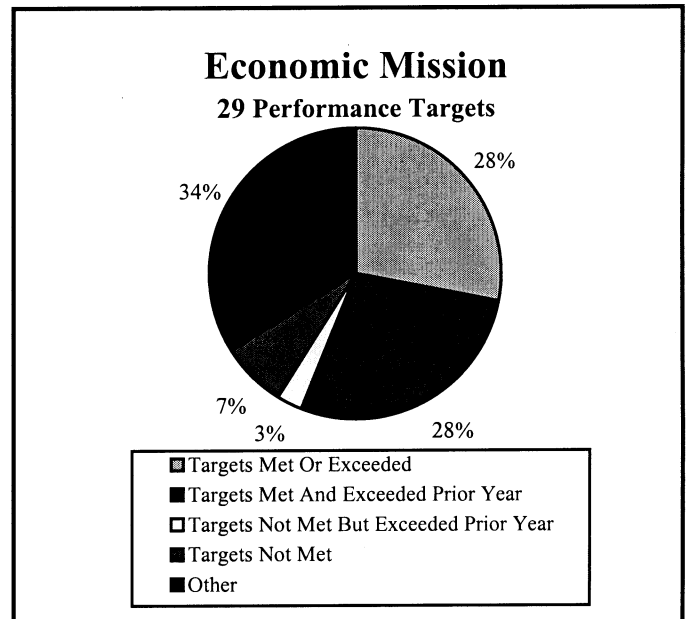
This mission area is supported by programs managed by many of the Departmental Offices, Office of the Comptroller of the Currency, Office of Thrift Supervision, Community Development Financial Institutions Fund, and the U.S. Customs Service's trade programs.

FY 1999 Highlights:

Goal: Promote Domestic Economic Growth

On the domestic side, Treasury continued to work closely with executive branch agencies and offices to monitor economic outlook and policy issues, including the determination of the Administration's economic assumptions, development of Administration policies and policy positions, and evaluations of alternative policy proposals.

- In FY 1999, the Administration put forward several proposals to reform both Social Security and to modernize and strengthen the Medicare program, with Treasury providing substantial input into these proposals.
- Treasury developed many policy proposals to encourage workers and employers to increase pension saving and households to increase other saving from current income, including: coverage of lower-wage workers and Universal Savings Accounts; reducing expenses and complexity for small business retirement plans; accelerated vesting for matching contributions; enhanced retirement security for women; promoting IRS contributions through payroll deduction; and, promoting retirement savings education.
- Treasury worked diligently with Congress on passage of the Gramm-Leach-Bliley Act of 1999, the most historic financial modernization legislation in fifty years. The legislation requires several new initiatives that Treasury will be undertaking, such as a privacy study; a subordinated debt study; regulations on determining an indexing mechanism for asset size limit on subsidiaries of banks; criteria comparable to debt ratings for banks having subsidiaries; and procedures for approving new activities.
- During FY 1999, Treasury worked to develop the Administration's Plan for Financial Privacy and Consumer Protection in the 21st Century to protect financial privacy, expand consumer rights, and prevent fraud and abuse practices.



Goal: Maintain U.S. Leadership on Global Economic Issues

Treasury provided leadership through bilateral and multilateral efforts to calm the turmoil that engulfed the global financial system for much of the past two years. Treasury developed proposals to strengthen the stability of the global financial architecture and to reform and improve the effectiveness of the International Monetary Fund. Treasury worked with other US agencies, other nations and international organizations to improve cooperation between industrial nations, and developing or emerging market economies to increase trade, help reduce world poverty, and resolve global environmental problems.

- To open markets and encourage rules-based international trade, Treasury and the US Trade Representative negotiated with Chinese leaders, who agreed to conditions for China's membership in the World Trade Organization (WTO). China's joining the WTO (probably in the coming year) will result in lowered trade barriers between China, the US and other WTO members and a more global, integrated economy.
- Treasury made an important contribution to the Administration's initiative to relieve or defer debt in forty-one heavily indebted poor countries of the world, mostly in Africa, to help them overcome crushing poverty. Treasury worked with international institutions, lenders in other countries, and non-governmental organizations to develop an economically sound proposal for the initiative. The US encouraged other lender nations to remove or defer payment of the \$200 billion these poorest nations owe other countries, and the lenders agreed to defer or relieve debt of about \$90 billion.
- Treasury led international efforts to stabilize financial crises in Brazil and Indonesia. The Secretary endorsed a \$40.5 billion support program for Brazil, which, combined with Brazil's economic reforms, has been successful to date in stabilizing Brazil's economic situation. Treasury closely monitored Indonesia's economic developments and has worked closely with senior Indonesian economic officials to help resolve that country's serious financial problems. Indonesia's outlook has greatly improved from a year ago. Its currency has stopped depreciating and inflation has remained under control.
- Treasury helped create the international Financial Stability Forum (FSF), which convened in Washington in April 1999 and is a key part of Treasury's proposal to improve the global financial system or architecture. The FSF mission is to assess vulnerabilities of the international financial system, identify and oversee actions needed to deal with them, and improve coordination among the various authorities responsible for financial stability. Membership in the forum consists of several international financial organizations and banking committees and the governments of the Group of Seven (G-7) nations (Canada, France, Germany, Italy, Japan, the UK, and the US) plus Australia, Hong Kong, the Netherlands and Singapore.
- Treasury proposed a broad reform plan to improve the internal operations and cost-effectiveness of the International Monetary Fund. Additionally, the US and other donors to the World Bank agreed on a strong set of recommendations to the Bank for more open procedures, a stronger link between lending allocations and performance of the recipient countries, and better cooperation between the Bank and regional development banks. Treasury supported sound environmental policies by securing a strong reform agenda for the Global Environment Facility, including performance measurement and fixed fees for project implementation.

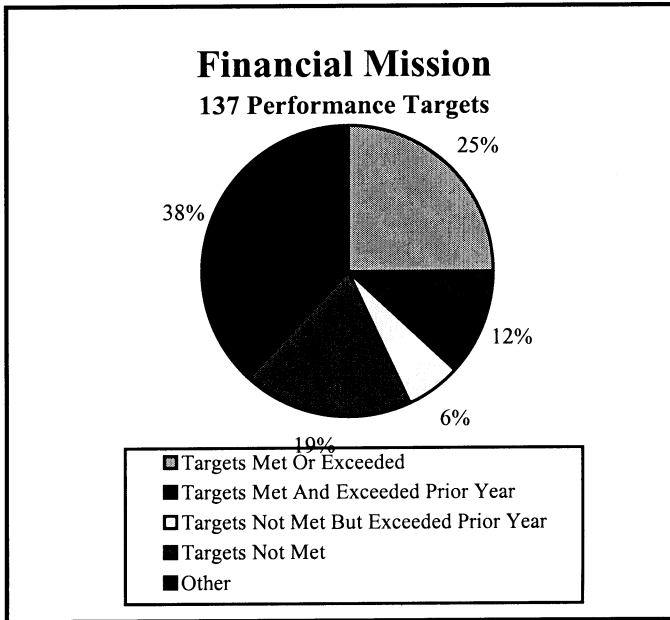
- A Treasury objective is to strengthen the Multilateral Development Banks (MDBs) such as the World Bank and other regional development banks, which provide loans and assistance to developing and transitional countries to help move their people out of poverty and toward prosperity. An indicator of US performance is the reduction in US arrears (unpaid commitments) to the MDBs. The \$1.1 million Congress appropriated in the FY 2000 budget was short of the \$1.4 million request and left the MDBs underfunded. US arrears to MDBs are now up to \$450 million, reversing three years of progress in eliminating these arrears.

FY 1999 Performance Report Mission Area Summary

MISSION: Manage the Government's Finances

As the primary fiscal agent for the Federal government, Treasury manages the nation's finances through collecting money due the United States, making its payments, managing its debt, performing central accounting functions, and producing coins and currency sufficient to meet demand.

This mission area is supported by programs managed by Treasury Departmental Office's Offices of Tax Policy and Domestic Finance, IRS; the tax and tariff programs in Customs, the Bureau of Alcohol, Tobacco and Firearms (ATF), the Financial Management Service (FMS), the Bureau of Public Debt (BPD), the Treasurer, the United States Mint, and the Bureau of Engraving and Printing (BEP).



FY 1999 Highlights:

Goal: Collect Revenue Due to the Federal Government

- The Internal Revenue Service (IRS) collected \$1.746 trillion dollars in fiscal year 1999 while implementing new customer oriented service programs to better help taxpayers meet their tax responsibilities. A record 29.3 million taxpayers, 19% over prior year, filed using convenient electronic filing options. IRS increased both the speed and accuracy of *e-file* tax return refunds. The percent of refunds made in less than 21 days increased from 98.7% in FY 1998 to 99.6% in FY 1999, and accuracy increased from 98.9% to 99.2%.
- The United States Customs Service maintained a 99%+ revenue compliance rate during FY 1999. Customs also collected \$19.1 billion in duties on imports, \$0.3 billion above its FY 1999 projection.
- Investigations by the Bureau of Alcohol, Tobacco and Firearms of diversions of alcohol and tobacco products resulted in 49 defendant prosecutions and seizures resulting in over \$11 million being credited to the Treasury Asset Forfeiture Fund.

Goal: Manage the Federal Government's Accounts

- Treasury improved its cash management capabilities with systems enhancements to better monitor the government's cash flow and cash and debt forecasts, the amount of Federal debt, and the management of the Treasury's daily cash position.

Goal: Cost-Effectively Finance the Federal Government's Operations

- All of Treasury's auctions of marketable securities were conducted without error, and all results were announced with one hour. All interest and redemption payments made through Treasury Direct were timely and accurate.
- Americans can now buy U.S. Savings Bonds over the Internet. Both Series EE and I are available.

Goal: Improve the Efficiency of Production Operations and Maintain the Integrity of U.S. Coin and Currency

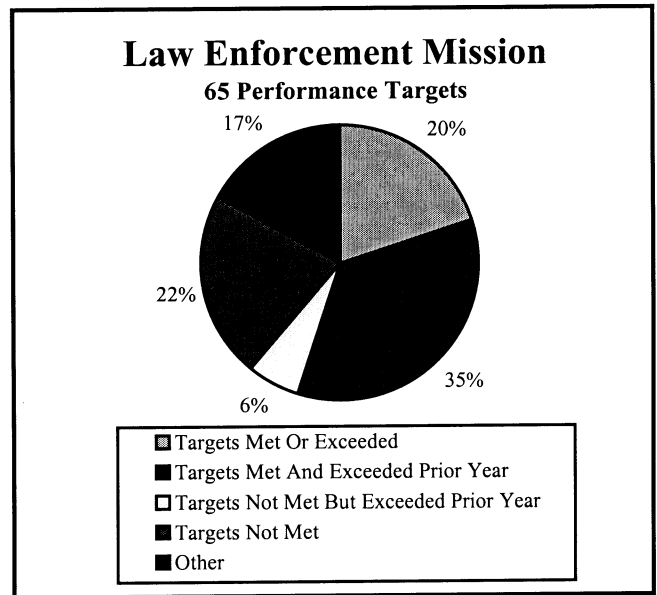
- A record 11.4 billion Federal Reserve Notes were produced and delivered to the Federal Reserve Bank in FY 1999 with a 16% increase in productivity levels at the Bureau of Engraving and Printing.

FY 1999 Performance Report Mission Area Summary

MISSION: Protect Our Financial Systems and Our Nation's Leaders, and Foster a Safe and Drug-Free America

Treasury's effort in the law enforcement area represents a significant amount of the total Federal government's law enforcement activities. The Department helps foster a safer nation by protecting our borders; preventing drug smuggling; protecting the President, Vice President, and visiting foreign dignitaries; combating violent crime; suppressing counterfeiting; fighting money laundering; preventing financial crimes against the currency of the United States; and training the vast majority of Federal law enforcement personnel.

The mission is supported by the United States Customs Service (USCS) Enforcement Programs, the Bureau of Alcohol, Tobacco, and Firearms (ATF), the U.S. Secret Service (USSS), Financial Crimes Enforcement Network (FinCEN), the Criminal Division of the Internal Revenue Service (IRS), the Federal Law Enforcement Training Center (FLETC), and the Treasury Forfeiture Fund (TFF).



FY 1999 Highlights:

Goal: Combat Financial Crimes and Money

- In September 1999, The Departments of Treasury and Justice released the Administration's National Money Laundering Strategy for 1999, calling for a broad-based international and domestic program to combat money laundering. The Strategy calls for a coordinated attack on high-risk money laundering zones; new rules requiring that money transmitters; new legislation to bolster our domestic and international enforcement powers; and intensified pressure on offshore and other lax jurisdictions to adopt strict anti-money laundering controls.
- Treasury published the final regulation that requires registration of the Money Services Business (MSB) industry. The regulation is the latest effort to strengthen anti-money laundering controls. MSBs are financial institutions that provide distinct, but often-complementary services such as money transmission, check cashing, currency exchange, and the issuance, sale and redemption of money orders and traveler's checks.

Goal: Reduce the Trafficking, Smuggling, and Use of Illicit Drugs

- The total weight of narcotics seized was 1,423,299 pounds, up 277,804 pounds, or 23 percent above FY 1998 levels. There was a 27.4 percent increase in the amount of marijuana seized, due largely to enhanced Southwest border and maritime interdiction efforts.

- During FY 1999 Treasury helped the Organized Crime Drug Enforcement Task Force (OCDETF)/Interagency Crime and Drug Enforcement (ICDE) function in 1,484 nationally coordinated investigations of major drug trafficking organizations. Specifically, 9,866 indictments and 6,194 convictions were obtained in OCDETF/ICDE cases involving targeted drug trafficking organizations.

Goal: Fight Violent Crime

- Treasury continued to expand its violent crime prevention efforts by hiring 162 new agents to staff the 27 *Youth Crime Gun Interdiction Initiative* cities. In addition, the Integrated Ballistics Identification System was installed in 34 cities to meet the demands of the law enforcement community.
- In order to keep up with demand for crime gun tracing, the National Tracing Center relocated to the former IRS computer center in Martinsburg, WV, greatly expanding the capacity of the Center.
- During FY 1999, Treasury played a significant role in the disruption of international trafficking activities, especially in the areas of export controlled materials which could be used by terrorist or terrorist nations.

Goal: Protect Our Nation's Leaders and Visiting World Leaders

- Treasury measures success in its protective mission by determining if persons authorized protection arrive and depart safely to and from their destinations. Despite the ever-changing threats, 100 percent of all protectees arrived and departed safely to and from their destinations.
- During FY 1999, the Secret Service successfully applied its resources and expertise to design, plan, and implement security for the April 1999 North Atlantic Treaty Organization 50th Summit in Washington, DC, and the September 1999 United Nations General Assembly 54 in New York City.

Goal: Provide High Quality Training for Law Enforcement Personnel

- Treasury conducted 100 percent of all the law enforcement basic training requests for the fiscal year, serving the training needs of 71 Federal law enforcement agencies.

FY 1999 Performance Report Mission Area Summary

MISSION: Continue to Build a Strong Institution

This mission area focuses on the continued emphasis of a strong and efficient organization in order to effectively accomplish our programmatic goals, and affects all bureaus and policy offices. This mission area includes human resources management, equal employment opportunity, financial management, information technology, procurement, and bureau oversight responsibilities.

Performance improvement initiatives were implemented in several areas, including financial, information, and human resource management, as well as customer service.

FY 1999 Highlights:

Goal: Improve Management Operations

- Treasury undertook several efforts to improve management operations throughout the Department. We used private sector marketing expertise and state-of-the-art recruitment techniques using the Internet to improve the Department's capacity to attract and retain talented staff. Treasury installed the Information Technology Investment Portfolio System (I-TIPS) to aid IT investment management at both the department and bureau levels. And we continued using the Performance Reporting System (PRS) to access accurate and timely status information on key bureau performance measures throughout fiscal year 1999.

Goal: Improve Program Performance

- Treasury continued improving program performance by initiating customer service improvement programs and modernizing operations. Among other efforts, IRS launched a Customer Service Training Initiative to increase competencies of front-line service employees who interact with taxpayers. In addition, IRS has modernized its computer systems to process tax returns efficiently and increased the use of information technology for disseminating tax information and forms and offer electronic filing to taxpayers.

