

Congressional Budget Submission

Fiscal Year 2008



DEPARTMENT OF JUSTICE

**BUREAU OF ALCOHOL, TOBACCO, FIREARMS
AND EXPLOSIVES**

February 2007

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I. Overview of the Bureau of Alcohol, Tobacco, Firearms and Explosives

A. Summary of Budget Request

The Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) requests \$1,013,980,000 and 4,933 full time equivalents (FTE) for FY 2008. The request includes \$995,023,000 and 4,909 FTE for current services and \$18,957,000 and 24 FTE for program improvements in the salaries and expenses account. ATF's budget request supports Administration and Department priorities to:

- Reduce violent crime and illegal gang activity
- Assist state and local law enforcement organizations
- Prevent terrorist acts
- Enhance information technology to advance intelligence sharing among law enforcement at all levels and the intelligence community
- Improve financial and human resource management

Beginning in FY 2007, electronic copies of the Department of Justice's congressional budget justifications and Capital Asset Plan and Business Case exhibits can be viewed or downloaded from the Internet using the Internet address: <http://www.usdoj.gov/jmd/2008justification/>.

B. Mission

ATF is a principal law enforcement agency within the Department of Justice (DOJ) dedicated to preventing terrorism, reducing violent crime, and protecting our Nation. The men and women of ATF perform the dual responsibilities of enforcing federal criminal laws and regulating the firearms and explosives industries. The combined efforts of special agents and industry operations investigators allow ATF to effectively identify, investigate, and recommend for prosecution violators of the federal firearms and explosives laws; additionally, this teamwork enables ATF to ensure that licensees are operating within established laws and regulations. This coordination and cooperation between enforcement and industry operations personnel makes ATF a unique law enforcement agency.

ATF works both independently and through partnerships to investigate and reduce crime involving firearms and explosives, acts of arson, and illegal trafficking of alcohol and tobacco products. ATF accomplishes these objectives by working together with industry groups, international, state and local governments, and other federal agencies.

ATF's expertise in investigating firearms, explosives, and arson crimes is a particularly valuable asset in the Administration's efforts to keep our citizens and neighborhoods safe. Our technology resources and knowledge in these areas are available to every level of government to assist in preventing, detecting, prosecuting, and combating criminal activity. To complete these missions, we use information sharing partnerships with other domestic and international law enforcement agencies and provide accurate and timely intelligence support relating to ATF's core mission.

DOJ Strategic Goal 1: Prevent Terrorism and Promote the Nation's Security

Objective 1.1: Prevent, disrupt and defeat terrorist operations before they occur.

The terrorist attacks of September 11, 2001 highlighted the importance of ATF's role in enforcing the firearms and explosives laws to prevent and deter their use by criminals and terrorists. Like the Transportation Security Administration, the U.S. Customs and Border Protection, and the Bureau of Immigration and Customs Enforcement, ATF's mission has a multi-dimensional impact. ATF's regulation and enforcement efforts deter weapons transfers to criminals and suspect end-users, interrupt supply chains, and disrupt grey and black market weapons sales.

ATF is among five primary DOJ components responsible for counterterrorism efforts articulated in the President's National Implementation Plan. ATF's investigative and inspection programs have a multi-dimensional impact that includes detecting and deterring terrorist use of firearms and explosives. ATF is the only federal agency with the statutory authority to license and inspect firearms dealers, approve import permits, and register National Firearms Act (NFA) firearms and destructive devices. Through regulation of firearms and explosives commerce and through its investigative and criminal enforcement activities, the agency works to prevent the acquisition of firearms and explosives by those prohibited by law and the use of these commodities in acts of terrorism. ATF also disrupts potential sources of funding for terrorist groups by preventing the illegal trafficking of alcohol and tobacco products, whose proceeds have been traced to terrorist organizations.

In support of the President's National Response Plan, ATF leads and administers Emergency Support Function 13 (ESF-13), the federal public safety- and security-related response to terrorist or other catastrophic incidents. ATF works with the Federal Emergency Management Agency (FEMA) and state and local emergency preparedness agencies to identify and fill potential gaps in law enforcement and security capabilities that may arise during a significant incident (e.g., natural disaster, terrorist event). ESF-13 coordinates planning and public safety and security resources in an interagency environment.

An ATF supervisory special agent serves as the Deputy Director for the Terrorist Explosive Device Analytical Center (TEDAC). The TEDAC is supported by special agents from both FBI and ATF, intelligence analysts, explosives specialists, and other personnel with specialized training, who assist in the technical and forensic exploitation of improvised explosives devices (IED) triggering mechanisms used in Iraq and Afghanistan. ATF leads the Department in creating and maintaining explosives databases that identify components used in terrorist IED triggering devices. The TEDAC database, International Terrorist Bombing Information System (ITBIS), houses international terrorist bombing information and IED technical data from Iraq and Afghanistan. The database stores IED information and components which are used to identify similarities between devices and components collected by federal agencies, international governments, and the military. This electronic comparison quickly identifies previously used electronic components to determine whether two or more IEDs have the same "signature" or common origin, thus providing leads for further investigative or preventive work. The

explosives components database will also be utilized in conjunction with our coalition partners (United Kingdom, Australia, etc.) to create an international network of IED information, centralized at TEDAC, to suppress global terrorist bombings.

ATF participates in a number of additional efforts and activities that support the Attorney General's counterterrorism efforts, including participation in the Joint Terrorism Task Forces (JTTF) and the Law Enforcement Information Sharing Program (LEISP) networks with both investigative and intelligence resources.

The United States Bomb Data Center (USBDC) has standardized the way DOJ captures and shares global bomb and arson incident data. ATF developed the Bomb Arson Tracking System (BATS) to allow law enforcement agencies to track and share information to help solve arsons and bombings and determine national trends and patterns. DFuze, ATF's international bombing database, allows international law enforcement agencies to compare and exchange information on explosives incidents. DFuze was developed in partnership with the New Scotland Yard Bomb Data Centre in the United Kingdom. DFuze and BATS share explosive and bombing data with authorized federal, state, local, military and tribal partners. Because of ATF's specialization in explosives investigation, the Department of Defense (DOD) requested that ATF special agent certified explosives specialists and explosives enforcement officers provide technical support for operations in Iraq.

ATF trains explosives detection canines (EDC) for other federal, state, local, and international partners, the latter in partnership with the State Department's Office of Anti-Terrorist Assistance. Approximately 100 ATF-trained EDCs are deployed across the United States, and 400 more operate in 16 foreign countries, safeguarding borders and checkpoints and engaging in preventive screening measures in the host countries. These teams have contributed to the location of hidden explosives and weapons in enforcement actions conducted by host governments against terrorist groups.

ATF has established partnerships in the explosives arena with the Metropolitan Police Service, New Scotland Yard, Anti-Terrorist Branch. New Scotland Yard and TEDAC have agreed to place a New Scotland Yard Anti-Terrorism detective in the TEDAC to create an information exchange between the United States and the United Kingdom to prevent future terrorist bomb attacks.

DOJ Strategic Goal 2: Enforce Federal Laws and Represent the Rights and Interests of the American People

Objective 2.1: Reduce the threat, incidence, and prevalence of violent crime, including crimes against children

Objective 2.5: Enforce federal statutes, uphold the rule of law, and vigorously represent the interests of the United States in all matters for which the Department has jurisdiction

ATF's strategic plan has three strategic goals based on criminal enforcement, regulatory mandates, and ATF's jurisdiction and expertise in firearms, arson and explosives, and alcohol and tobacco.

The majority of ATF's programmatic resources are devoted to the Administration's Project Safe Neighborhoods (PSN) initiative, which investigates violent firearms offenders. Often these offenders are gang members and armed narcotics traffickers, and ATF has extensive investigative experience with these criminals. Through the creation of grassroots partnerships in communities where firearms crime threatens the quality of life, PSN acts as a catalyst in developing localized strategies that vigorously enforce existing firearms laws.

ATF maintains extensive expertise in investigating gangs. ATF's strategy in combating gangs is to target the most egregious violent criminals by relying on partnerships with local law enforcement, appropriate investigative strategies, and the application of federal statutes. These statutes range from the Racketeer Influenced and Corrupt Organizations Act (RICO) to the Armed Career Criminal statute.

ATF employs a comprehensive law enforcement approach, including prevention, community outreach, training, intelligence gathering and analysis, and advanced investigative techniques, and coordinates their resources to ensure that they are used in those communities most impacted by gang violence. One recent ATF gang investigation into the illegal activities of MS-13 in Maryland resulted in the arrest and indictment of 23 subjects on RICO charges, with predicate acts including seven homicides and numerous other shootings, assaults and other violent crimes in aid of racketeering. Judicial action is ongoing for many of these defendants.

ATF participates in the National Gang Targeting, Enforcement, and Coordination Center (GangTECC), the Department's new national anti-gang task force comprised of multiple DOJ components. The Center facilitates the exchange of law enforcement strategies and operations across agency lines. In keeping with the Attorney General's direction, GangTECC represents a unified federal effort to help disrupt and dismantle the most violent gangs in the United States. GangTECC assists in initiating and coordinating gang-related investigations and prosecutions, developing a refined understanding of the national gang problem, proposing appropriate countermeasure strategies, and supporting the National Gang Intelligence Center. The Deputy Attorney General has directed ATF and other DOJ components to assign agents to GangTECC. An ATF special agent is currently assigned as the Deputy Director of GangTECC.

The Violent Crime Impact Team (VCIT) initiative, a focused component of PSN, pursues violent criminals to reduce the occurrence of homicide and firearms-related violent crime through the use of geographic targeting, proactive investigation, and prosecution of those responsible. Multi-agency enforcement teams identify, target, disrupt, arrest, and prosecute the "worst of the worst" criminals. These efforts produce long-term reductions in firearms violence rather than a mere shift of the violence to adjacent neighborhoods.

ATF identifies, investigates, and recommends the prosecution of a wide range of firearms offenders: career criminals who use firearms, individuals who are actively involved in armed violent criminal activities or armed drug trafficking, and other categories of prohibited persons in

possession of firearms (e.g., convicted felons, fugitives from justice, illegal aliens, and individuals convicted of certain domestic violence misdemeanors or subject to qualified domestic violence restraining orders). ATF also deters the diversion of firearms from lawful commerce into the illegal market. Through firearms trafficking interdiction efforts, ATF reduces violent crime by decreasing the availability of illicit secondary market firearms and by recommending prosecution for those who illegally supply firearms to those prohibited from possessing them (e.g., felons, gang members, juveniles). Violent gang members—a primary enforcement concern—are often involved in firearms trafficking, both in furtherance of drug trafficking activities and diverting weapons to commit firearms-related crimes.

ATF enforces the import provisions of the Arms Control Export Act, the Gun Control Act and the National Firearms Act and works closely with the Department of Homeland Security to monitor imports and exports of firearms to ensure that their international movement is consistent with law. ATF is the only DOJ component actively involved in efforts to combat the illicit manufacturing of and trafficking in firearms, their parts and components, and ammunition and explosives in a number of international forums. These efforts, which include the negotiation of legally and politically binding agreements and model regulations, prevent the diversion and misuse of dangerous commodities by terrorists. Additionally, ATF participates in the DHS's Interagency Incident Management Group and the International Law Enforcement Academy (ILEA) program, which encourage cooperation among participating countries and other U.S. Government agencies.

ATF's National Tracing Center (NTC) is the Nation's only firearms tracing facility, tracing crime guns for federal, state, local, and international law enforcement to provide investigative leads. ATF collects, analyzes, and disseminates criminal intelligence information for the purpose of reducing violent crime. Through crime gun analysis, ATF supports federal, state, local and international law enforcement with this information to identify sources of crime guns.

ATF ensures that the firearms and explosives industries comply with federal laws and regulations and provides safety information to the industries and the public. These regulatory compliance activities promote community, law enforcement, and industry partnerships, and ATF-sponsored programs to reduce public safety risks. ATF protects the public from criminal acts through the vigorous application of its explosives and arson specialized assets, including special agent certified explosives specialists (CES), special agent certified fire investigators (CFI), technical specialists that serve as explosives enforcement officers (EEO), and laboratories with a range of forensic capabilities.

Additionally, ATF's National Response Team (NRT) investigates fire and explosives incidents. The NRT brings together all of ATF's explosives and arson expertise and experience to work alongside state and local officers. Since its inception in 1978, the NRT has responded to more than 600 fire and explosion incidents, including the September 11th Pentagon site, the Alfred P. Murrah Federal Building site in Oklahoma City, and the 1994 bombing of the World Trade Center.

ATF is the federal agency responsible for administering and enforcing both the regulatory and criminal provisions of federal laws pertaining to explosives. The Safe Explosives Act of 2002

(SEA) reflected Congressional intent to close a loophole in the regulation of explosives commerce. The SEA expanded the scope of the federal explosives controls that have been administered by ATF since 1970 by placing controls on the intrastate movement of explosives and mandating background checks on employees of explosives licenses and those who acquire explosives in order to prevent prohibited persons from gaining access to explosive materials.

ATF's enforcement of explosives laws and regulations helps prevent thefts and the acquisition and use of explosives for criminal or terrorist purposes. ATF also administers voluntary programs, operated in partnership with the Department of Homeland Security (DHS) and The Fertilizer Institute, to educate fertilizer retailers on the need to maintain secure storage of ammonium nitrate and to report suspicious activity to ATF.

ATF enforces federal criminal statutes that address the diversion of alcohol and tobacco products in avoidance of federal, state, local, and/or foreign tax revenue, including the Contraband Cigarette Trafficking Act. Organized crime groups and individuals with ties to terrorist organizations increasingly engage in illegal trafficking of tobacco products. The proliferation of large-volume trafficking across international borders and in interstate commerce to avoid taxes provides increased funding to terrorist organizations and traditional criminal enterprises. This trafficking also robs the federal and state governments of important tax-based funding. Current investigations have identified instances of terrorist groups forming alliances with tobacco traffickers to generate monies used to support their organizations and activities. Diversion activities often generate tremendous cash profits that are laundered and used to further other unlawful schemes, such as narcotics and firearms trafficking.

Program Assessment Rating Tool

ATF's arson and explosives programs were selected for evaluation as part of the Office of Management and Budget (OMB) FY 2006 Program Assessment Rating Tool (PART) process. OMB assessed the effectiveness of ATF's arson and explosives programs at 82 out of 100 possible points in FY 2005.

OMB also evaluated ATF's firearms enforcement program as part of the FY 2005 PART process. OMB assessed the effectiveness of ATF's Firearms Programs at 77 out of 100 possible points in FY 2004.

ATF's firearms, arson, and explosives programs have received positive overall assessments for purpose, resource utilization, strategic planning, program management, and program results. ATF's firearms decision unit will be reassessed in FY 2007.

ATF is working with the Department and OMB to develop a long-term performance measure for the firearms program during the FY 2007 PART.

Spectrum Relocation - \$48,024,000

In December 2004, the Congress passed and the President signed the Commercial Spectrum Enhancement Act (CSEA, Title II of P.L. 108-494), creating the Spectrum Relocation Fund (SRF) to streamline the relocation of federal systems from certain spectrum bands to accommodate commercial use by facilitating reimbursement to affected agencies of relocation costs. The Federal Communications Commission has auctioned licenses for reallocated federal spectrum, which will facilitate the provision of Advanced Wireless Services to consumers. Funds are made available to agencies in fiscal year 2007 for relocation of communications systems operating on the affected spectrum. These funds are mandatory and will remain available until expended, and agencies will return to the SRF any amounts received in excess of actual relocation costs.

C. Performance Challenges

Firearms Enforcement

There are a number of challenges facing ATF's firearms enforcement program: ensuring coordination of gang enforcement efforts with other federal agencies, providing sufficient resources to address firearms violators who commit violent crimes and supply weapons to criminals, responding to requests for additional assistance from state, local, and tribal law enforcement partners, and providing necessary infrastructure so that investigators can effectively enforce the federal firearms laws.

ATF actively participates in the multi-agency DOJ Anti-Gang Budget Committee and several related subcommittees, which ensure that agencies' gang enforcement efforts are coordinated for maximum effectiveness. Additionally, ATF's FY 2008 request addresses many of the challenges mentioned above, enabling the Bureau to create focused firearms trafficking investigative teams to stop the supply of illegal firearms.

Explosives Regulation and Enforcement

The United States produces or imports approximately 6 billion pounds of explosive materials annually. Each year, 8 billion pounds of ammonium nitrate are produced, and 50 percent is used for explosives. Illegal use of these materials threatens our nation's public safety. ATF continually monitors explosives licensees who have committed a public safety violation noted during previous inspections. The provisions of the SEA of 2002 mandate a field inspection on all original and renewal applications for licenses or user permits. Because licenses and most permits expire every 3 years, ATF is mandated to perform one inspection every 3 years. ATF uses existing resources to ensure that all violations noted in such inspections are appropriately resolved. ATF will also continue to investigate all reported explosives thefts, respond to and investigate bombings and other explosives incidents, and assist state, local, and other federal agencies with explosives-related issues.

In conjunction with the Technical Support Working Group, ATF conducts significant research and development activities that could have a global impact in the war on terrorism, including the development of explosives detection instruments and research into the characterization of enhanced novel explosives (ENE). ENEs, manufactured from currently uncontrolled materials, are similar to commercial high explosives. Criminals and terrorists worldwide (including those in Moscow, Bali, Morocco, and Israel) have used ENEs. Terrorist training manuals include ENE formulations that equal or exceed the effects of the explosives compound trinitrotoluene (TNT).

Internet Trafficking

Illegal trafficking of ATF-regulated commodities through the Internet continues to grow. In recent years, criminals engaged in illegal activity use computer media as tools more frequently. Cybercrime uses a computer and the Internet to steal a person's identity, sell contraband, stalk victims, or disrupt operations with malevolent programs and viruses. To effectively target cybercrime, ATF established law enforcement information sharing partnerships with federal, state, local, and international agencies, as well as with industry groups and the scientific community. These partnerships greatly enhance ATF's ability to collect, analyze, and disseminate domestic intelligence to fight alcohol and tobacco diversion.

The illicit sale of tobacco products via the Internet continues to grow rapidly and causes a substantial loss of excise tax revenue to federal, state, and foreign governments. ATF utilizes laws such as the Contraband Cigarette Trafficking Act and wire fraud and money laundering statutes to interdict illicit interstate cigarette distribution via the Internet and the mail. Although ATF has been successful in identifying and prosecuting Internet firearms traffickers in the past, a recent study indicates that additional in-depth research and analysis is warranted. ATF will increase both computer forensic capabilities and technological efforts to ensure the acquisition, preservation, retrieval, cross-reference, and presentation of data that is processed and stored electronically. Through intelligence information sharing and collaboration with law enforcement partners, ATF will utilize analytical, investigative and computer forensics techniques to identify and link previously unknown targets.

Information Technology

ATF faces the information technology (IT) challenge of improving the flow of critical intelligence data to first responders. On August 11, 2004, the Attorney General directed that ATF maintain all consolidated arson and explosives incident databases. ATF maintains relevant data and shares all appropriate arson and explosives incidents with federal, state, and local agencies, including first-responder partners. By centralizing this data and intelligence information, ATF will reduce redundancy and provide access to information currently housed in compartmentalized systems.

To address this IT challenge, ATF works with the Department and its components to share information efficiently and seamlessly with other law enforcement partners. The Law Enforcement Information Sharing Program (LEISP) enhances the ability of agents and industry operations investigators to share investigative information (BATS, Arson and Explosives Incident System [AEXIS], Firearms Integration Technology [FIT], International Bomb Data

Center Working Group Portal [IBDCWG Portal], GangNet, National Field Office Case Information System [N-FORCE], Secret Internet Protocol Router Network [SIPRNET], and DFuze (ATF's international bomb incident database) to link and solve complex cases and acts of terrorism that involve explosives, arson or firearms. The consolidation of explosives incident databases ensures that first responders and intelligence organizations have one definitive source for explosives incident information, explosive device data, trends, and the identities of known offenders.

ATF consolidates information gathering assets in order to more effectively share intelligence regarding the criminal use of firearms and explosives and funds raised illegally from the diversion of regulated commodities such as tobacco. ATF has achieved significant progress in providing BATS and DFuze to various domestic and international law enforcement organizations as information and intelligence gathering initiatives. An e-Gov award for the BATS initiative recently recognized ATF's success. These systems, components of ATF's Arson and Explosives National Repository, provide first responders with access to critical investigative information as it develops. Through ATF's relationship with the Department of State, Mexico, Colombia, and the United Kingdom currently share information on bombings and destructive devices. Additionally, ATF provides explosives countermeasures and intelligence support to a multitude of special events, including the Olympics, the Democratic and Republican National Conventions, the International Monetary Fund Conferences, and the Free Trade Area of the Americas (FTAA). One key initiative involves role clarification for field intelligence groups and their interface with ATF Headquarters, as well as communications enhancements that provide real-time intelligence and operational security support.

The continuing development of the National Field Office Case Information System (NFOCIS) application suite enhances ATF's ability to collect, disseminate, manage, and analyze data. NFOCIS provides ATF with an integrated and centralized data management solution that allows for real-time monitoring and oversight of all criminal enforcement and industry regulatory operations activities in the field. The system also provides a platform for analysis of case information to aid in the identification and tracking of criminal enterprises.

The success of the Nation's efforts to combat domestic terrorism and other criminal threats requires the intelligence components of DOJ to coordinate their collection, production, and dissemination of intelligence information. ATF directly supports LEISP as a means to accomplish this important objective.

Safety and Security of ATF Employees

ATF continues to promote the continuity of operations and the continuity of Government through expansion and enhancement of ATF's alternate operating sites and capabilities as recommended by Federal Preparedness Circular 65. The centralization of ATF's security operations and the upgrades of systems to incorporate technological advances in equipment will enable ATF to proactively mitigate current threats. Further, the mandate requiring a secure identity and access control credential for all ATF employees in accordance with Homeland Security Presidential Directive 12 and the implementation of initiatives from the Intelligence

Reform and Terrorism Prevention Act of 2004 (regarding improvements to the security clearance process) ensure that sensitive work will be performed in an environment of integrity and safety.

Strategies for the President's Management Agenda

ATF is fully committed to the President's Management Agenda (PMA), which seeks to implement best practices, improve federal management, and hold agencies accountable for results. The PMA consists of five Government-wide goals: strategic management of human capital, competitive sourcing, improved financial performance, expanded e-Government, and budget and performance integration. In addition to the five Government-wide goals, ATF is also subject to the federal real property asset management initiative.

In order for ATF to operate effectively, we must have a solid administrative infrastructure that uses efficient processes and provides high-quality services to our customers. A comprehensive program has been developed to monitor ATF's progress in each of the PMA goals and to ensure that taxpayer money is used wisely. Below are some of the efforts underway in each of the PMA goal areas.

Strategic Management of Human Capital. Human capital is ATF's most important asset. In accordance with the standards for success developed by the President's Management Council, the Bureau developed a Human Capital Strategic Plan. ATF created a Human Capital Council, consisting of Deputy Assistant Directors and the Deputy Chief Counsel, to ensure that human capital issues are addressed at the highest level. The Human Capital Council now implements the human capital strategy throughout ATF.

In early FY 2006, ATF restructured its Human Resources Division (HRD) in order to provide more timely and efficient service to its customers. By creating and implementing the use of standardized position descriptions at the GS-1811-14 level, the HRD streamlined its position description library from 34 supervisory GS-1811-14 position descriptions to one generic position description. Currently, a generic GS-1811-15 supervisory position description is in the final approval stage. When approved, this will replace 16 stand alone position descriptions with one GS-1811-15 supervisory position description. To speed up the hiring process, the HRD continues to work with various directorates in the Bureau to develop job-specific questions for the automated Quick Hire Recruitment System.

An external Human Resources consultant has reviewed the ATF Special Agent Assessment Center and concluded that "ATF's promotion process is technically sound and meets the most rigorous legal and professional standards for a valid process." This year, 275 agents completed the assessment center process – the largest group to date. ATF developed an action plan to ensure that ATF special agents are effectively prepared for first-line and mid-level management positions. The career plan identifies key training and development initiatives and provides for a common understanding of career development activities. The Bureau will also implement e-performance within the agent population to facilitate the on-line preparation and completion of performance appraisals.

Employee safety is an extremely high priority at ATF. ATF recently recognized that exposure to high levels of nitroglycerin (NG) and ethylene glycol dinitrate (EGDN), which may be present in some explosives magazines, pose a number of health risks for industry operations investigators (IOI). To address these risks, ATF added IOIs to the Bureau's Respiratory Protection Program, which already includes special agents and selected employees who are subject to exposure risks at hazardous materials (HAZMAT), post-arson, and post-explosives scenes. ATF works to ensure that IOIs promptly receive appropriate medical screening, training, fit testing, and equipment.

Competitive Sourcing. A delivery order for A-76 Consultant Services for the ATF Invoice Processing Function was awarded April 5, 2006. This function includes 15 FTE in the Financial Management Division (FMD) at ATF Headquarters. Employees in the Finance and Accounting Branches began interviewing May 1, 2006, in order to identify job analysis requirements for the ATF A-76 Streamlined Competition. An award decision was made August 17, 2006 to continue performance with the Government staff.

Improved Financial Performance. ATF received unqualified opinions for all years that its financial statements were independently audited, from FY 1995 forward. This signifies that ATF's financial statements are materially correct and that readers of the financial statements can rely on the information to be accurate.

ATF demonstrates its continued commitment to maintaining its unqualified audit opinion and addressing its material weaknesses through proactive measures. These measures include conducting its own accounts payable reviews, quarterly meetings on accounts payable requirements, and additional training on financial management. In addition, in accordance with the requirements of OMB Circular A-123, ATF works to implement stronger internal control policies and procedures through documentation and testing. ATF understands that American taxpayers expect their monies to be used judiciously in the furtherance of ATF's mission, and that ATF must demonstrate good judgment and fiscal responsibility in its financial operations.

Expanded E-Government. In expanding e-Government, ATF worked to "E-Authenticate" the BATS using the federated identity "open" architecture. This architecture let ATF expand the user population in a safe, secure, and consistent manner. The expansion assisted the DOJ in meeting the OMB's mandate to authenticate at least one public access system in FY 2006 in support of the Justice Department's strategic goals of the LEISP. BATS is a web-based application available to all federal, state, local, military and tribal law enforcement with bomb or fire investigative functions. The system can be used as an incident based or case management system and allows users to share information with other users in real time.

The Bureau implemented a portfolio management tool that closely aligns ATF investments with the mission and ensures that ATF IT investments deliver enhanced capability. The application supports several IT governance functions including Enterprise Architecture, Capital Planning and Program Control. This solution helps to implement demand management, Federal Enterprise Architecture (FEA) alignment, earned value reporting, portfolio management, and program control, and also provides an executive dashboard to track ATF strategic imperatives. These

enhanced management controls help the Bureau select the right investments and deliver the planned capability within cost and schedule constraints.

Budget and Performance Integration. In the area of budget and performance integration, all three decision units (firearms, arson and explosives, and alcohol and tobacco diversion) are linked to the ATF strategic plan and ATF budget execution structure. Additionally, senior managers meet quarterly to review financial executive reports, which lay the foundation for integrating financial and performance information for the Bureau.

ATF has implemented two new efficiency measures for the firearms and alcohol and tobacco diversion programs. ATF's arson and explosives program received a Program Assessment Rating Tool score of 82 out of 100 in FY 2005 and ATF's firearms programs were rated 77 out of 100 possible points in FY 2004. ATF's Firearms Decision Unit will be reassessed in FY 2007.

Real Property Asset Management Initiative. The real property asset management initiative applies to all ATF space (approximately 2.3 million square feet of space in three ATF-owned facilities, 87 federal buildings, and 187 commercial buildings) as well as to space actions (approximately 15 major actions per year). Although the Bureau has met its requirements in this area by submitting its real property asset management plan and the required real property inventory to DOJ, ATF always searches for ways to use taxpayer resources more efficiently.

For example, ATF is working with the Department of Justice and other DOJ agencies to acquire space in Miami, Florida as part of a DOJ multi-agency campus. ATF also successfully completed a project with Drug Enforcement Administration on shared space in Birmingham, Alabama, and is identifying other opportunities for sharing space. These multi-agency efforts offer a number of potential benefits including improved security, greater DOJ and agency control over design and operations, and cost-effectiveness.

In summary, ATF must employ sound management practices. The Bureau continues to make progress in its PMA efforts to meet its management challenges, improve program delivery, and pursue new initiatives that will enhance its performance. To ensure that the PMA continues to be a high priority at the Bureau, the Director's chief of staff, who represents the Bureau on the Department's PMA Council, manages ATF's PMA program.

Fiscal Year 2008 Request

D. Full Program Costs

ATF's budget decision units mirror ATF's strategic plan priorities and the Department's strategic goals and objectives. Each performance objective is linked with the costs of critical strategic actions in the accounting system to efficiently measure performance, benchmarks, status, and goal attainment. For explosives regulatory compliance a 60 million dollar program area in the arson and explosives decision unit ATF was able to achieve its mandates under the Safe Explosives Act mandate to inspect explosives licensees and permittees at least once every three years, by committing to performance targets of inspecting approximately one third of

licensees/permittees each year. Data is compiled on site by ATF inspectors and reported in the National Field Office Case Information System (NFOCIS). In FY 2006 the targets for the number of inspections and as a percentages was 5,518 (35%) representing the number of licensees scheduled for renewal. Actual results were 6,392 inspections (55% of licensees).

In addition, all senior executive service (SES) performance work plans link to ATF's strategic plan, the Department's plan, and the Attorney General's goals to ensure performance-based outcomes.

As ATF carries out its critical mission objectives to reduce violent firearms, explosives, arson, and alcohol and tobacco crime, approximately 40% percent of ATF's resources support efforts related to homeland security and counterterrorism.

FY 2008 Current Services/Adjustments to Base (ATB):

Each of ATF's programs is essential to the prevention of terrorism, the reduction of violent crime, and the protection of the Nation. ATF's unique authority to perform regulatory work in firearms and explosives provides a tremendous edge in accomplishing its law enforcement mission.

ATF's mission supports the priorities of the Administration and the Attorney General under the Department's Strategic Goals 1 and 2, to "Prevent Terrorism and Promote the Nation's Security" and "Enforce Federal Laws and Represent the Rights of the American People." ATF's Congressional budget request totals \$1,013,980,000 and 4,933 FTE, which includes \$995,023,000 and 4,909 FTE for the FY 2008 current services level. The request also includes \$18,957,000 and 24 FTE for program improvements.

ATF Resource Profile FY 2008

Resources in Support of DOJ Strategic Goals 1 & 2

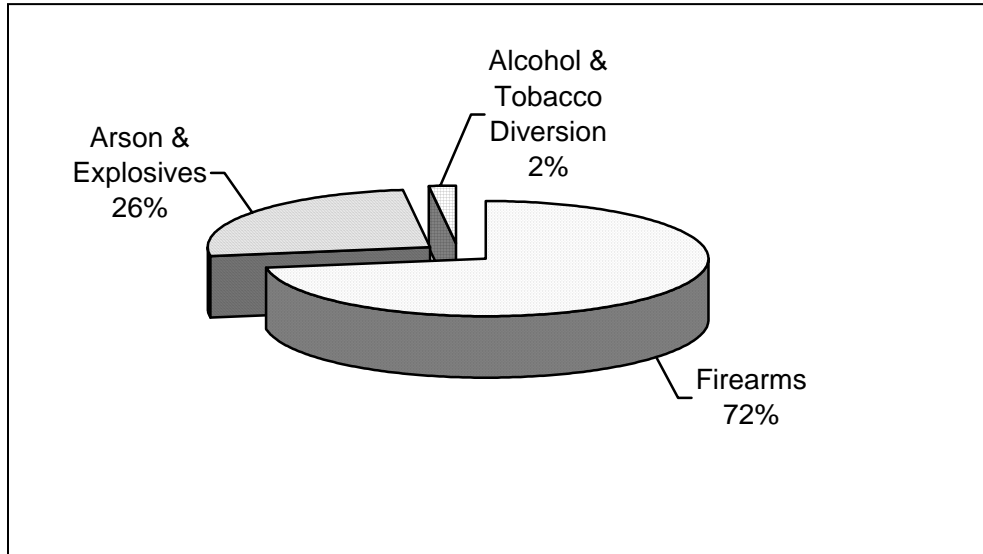
Decision Unit	FY 2006 FTE	FY 2006 Enacted (\$000)	FY 2007 Estimate FTE	FY 2007 Estimate 1/ (\$000)	FY 2008 FTE	FY2008 Request (\$000)
Firearms	3,598	\$656,508	3,576	\$705,692	3,525	\$730,065
Arson and Explosives	1,349	\$237,072	1,361	\$232,593	1,318	\$263,635
Alcohol and Tobacco Diversion	93	\$18,237	93	\$19,603	90	\$20,280
TOTAL ATF	5,040	\$911,817	5,030	\$957,888	4,933	\$1,013,980

1/ Total assumes \$103,950,000 of the \$120,000,000 from explosives poundage fee offset will be funded, based on FY 2007 estimate, which is the average of the Senate and House passed marks less 1 percent.

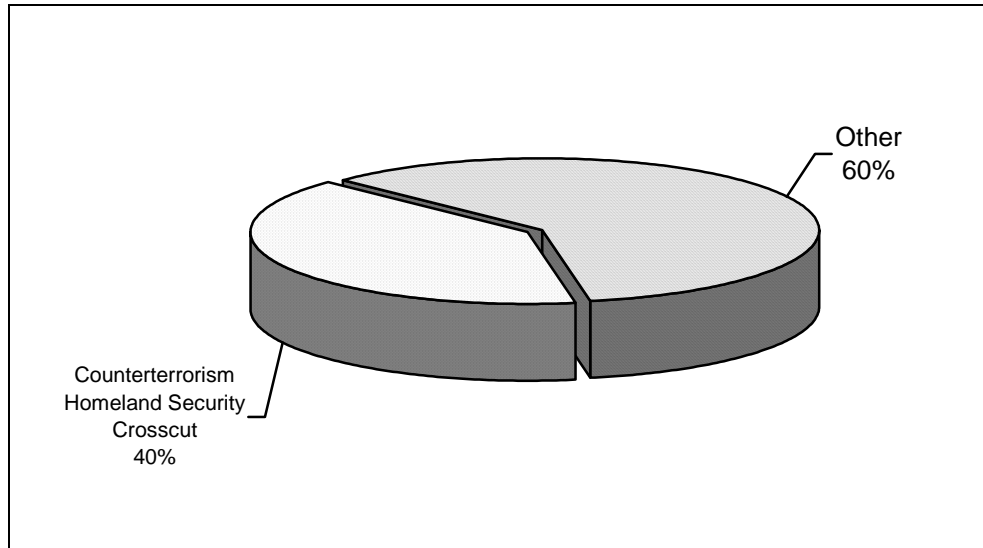
Resources in Support of DOJ Strategic Goals 1 & 2

By Decision Units and Counterterrorism Crosscut 1/

Decision Units



ATF Homeland Security Counterterrorism Crosscut



II. Summary of Program Changes

Item Name	Description				Page
	S & E	Pos.	FTE	Dollars (\$000)	
Direct S&E					
Adjustment of Explosives Poundage Fee Offset	Does not re-propose the \$120 million explosives poundage fee language included in the FY 2007 President's Budget and the FY 2007 Estimate (which is based on the average of the Senate and House passed marks less 1 percent) provides \$103.950 million of the \$120 million offset. An additional \$10 million is funded as a program improvement.	0	0	10,000	50
Firearms Trafficking	Establishes firearms trafficking teams, which will be devoted to enforcement efforts nationwide, with specific focus on certain trafficking corridors throughout the U.S.	34	17	6,344	32
Project Safe Neighborhoods/ Firearms Violence Reduction	Expands ATF's gang and firearms enforcement efforts which support Project Safe Neighborhoods (PSN) nationwide. These PSN resources will focus on immediate reductions in violent crime, by taking violent criminals off the street and ensuring that any resulting leads involving multi-defendant conspiracies and criminal organizations are fully investigated.	12	6	2,240	35
GangTECC	Supports the National Gang Targeting, Enforcement, and Coordination Center (GangTECC), a unified federal effort to help disrupt and dismantle the most violent gangs in the United States.	2	1	373	38

II. Summary of Program Changes Descriptions

Adjustment of Explosives Poundage Fee Offset (\$10M; 0 Positions; 0 FTE)

ATF requests \$10 million related to the collection of a proposed fee on explosives manufactured in, or imported into the United States. The enhancement will increase funding for the Arson & Explosives Decision Unit whose funding had been reduced by \$120,000,000 through a proposed offsetting collection. That proposal was rejected by both houses of Congress. The FY 2007 Estimate (which is based on the average of the Senate and House passed marks less 1 percent) provides \$103.950 million of the \$120 million.

Firearms Trafficking (\$6.344M; 34 Positions; 17 FTE)

ATF requests \$6.3 million and 17 FTE to expand its domestic firearms trafficking enforcement efforts nationwide and to specifically focus on certain trafficking corridors throughout the United States. With this funding, ATF will establish firearms trafficking investigative teams that will be solely devoted to pursuing investigative leads involving trafficking along the SW border and to and from identified areas of the country with the highest levels of out-of-state guns recovered in crimes.

Project Safe Neighborhoods/Firearms Violence Reduction (\$2.24M; 12 Positions; 6 FTE)

ATF requests \$2.2 million and 6 FTE to expand its gang and firearms enforcement efforts supporting Project Safe Neighborhoods (PSN) nationwide. These PSN resources will focus on immediate reductions in violent crime, by conducting both quick investigations to take violent criminals off the street and ensuring that any resulting leads involving multi-defendant conspiracies and criminal organizations are fully investigated.

Gang Targeting, Enforcement, and Coordination Center (GangTECC) (\$0.4 million; 2 Positions; 1 FTE)

ATF also requests \$0.4 million and 1 FTE to be dedicated to the National Gang Targeting, Enforcement, and Coordination Center (GangTECC). ATF participation in GangTECC, the Department's new national anti-gang task force aimed at facilitating law enforcement strategies and operations across agency lines, includes an ATF agent serving as the Deputy Director of GangTECC, as well as other assigned agents.

III. Appropriations Language and Analysis of Appropriations Language

FY 2008

Appropriations Language and Analysis of Appropriations Language 1/ Salaries and Expenses

For necessary expenses of the Bureau of Alcohol, Tobacco, Firearms and Explosives, including the purchase of not to exceed 822 vehicles for police-type use, of which 650 shall be for replacement only; not to exceed \$25,000 for official reception and representation expenses; for training of state and local law enforcement agencies with or without reimbursement, including training in connection with the training and acquisition of canines for explosives and fire accelerants detection; and for provision of laboratory assistance to state and local law enforcement agencies, with or without reimbursement, \$1,013,980,000, of which not to exceed \$1,000,000 shall be available for the payment of attorneys' fees as provided by 18 U.S.C. 924(d)(2); and of which \$10,000,000 shall remain available until expended. Provided, That no funds appropriated herein shall be available for salaries or administrative expenses in connection with consolidating or centralizing, within the Department of Justice, the records, or any portion thereof, of acquisition and disposition of firearms maintained by federal firearms licensees: Provided further, That no funds appropriated herein shall be used to pay administrative expenses or the compensation of any officer or employee of the United States to implement an amendment or amendments to 27 CFR 178.118 or to change the definition of "Curios or relics" in 27 CFR 178.11 or remove any item from ATF Publication 5300.11 as it existed on January 1, 1994: Provided further, That none of the funds appropriated herein shall be available to investigate or act upon applications for relief from federal firearms disabilities under 18 U.S.C. 925(c): Provided further, That such funds shall be available to investigate and act upon applications filed by corporations for relief from federal firearms disabilities under section 925(c) of title 18, United States Code: Provided further, That no funds made available by this or any other Act may be used to transfer the functions, missions, or activities of the Bureau of Alcohol, Tobacco, Firearms and Explosives to other agencies or Departments in fiscal year 2008: That beginning in fiscal year 2008 and thereafter, no funds may be used to disclose part or all of the information in the Firearms Trace System database maintained by the National Tracing Center or any information required to be kept by licensees pursuant to subsection 923(g) of title 18, United States Code, or required to be reported pursuant to paragraphs (3) and (7) of subsection 923(g) of title 18, United States Code, except: (a) to an official of a Federal, State, local, tribal or foreign law enforcement agency or a Federal, State, or local prosecutor who certifies that the information is sought solely in connection with a bona fide criminal investigation or bona fide criminal prosecution; (b) to a Federal agency for national security or intelligence purposes, and will not be used or disclosed for any other purpose; or (c) for use in an action or proceeding commenced by the Bureau of Alcohol, Tobacco, Firearms and Explosives, or a review of such an action or proceeding, to enforce the provisions of chapter 44 of title 18, United States Code; and all such data shall be immune from legal process and shall not be subject to subpoena or other discovery, shall be inadmissible in evidence, and shall not be used, relied on, or disclosed in any manner, nor shall testimony or other evidence be permitted based upon such data, in any civil action in any State (including the District of Columbia) or Federal court or in any administrative proceeding other than a proceeding commenced by the Bureau of Alcohol, Tobacco, Firearms and Explosives to enforce the provisions of chapter 44 of title 18, United States Code, or a review of such an action or proceeding; except that this proviso shall not be construed to prevent the disclosure of statistical information concerning total production, importation, and exportation by each licensed importer (as defined in section 921(a)(9) of such title) and licensed manufacturer (as defined in section 921(a)(10) of such title): Provided further, That no funds

made available by this or any other Act shall be expended to promulgate or implement any rule requiring a physical inventory of any business licensed under section 923 of title 18, United States Code: Provided further, That no funds under this Act may be used to electronically retrieve information gathered pursuant to 18 U.S.C. 923(g)(4) by name or any personal identification code: Provided further, That no funds authorized or made available under this or any other Act may be used to deny any application for a license under section 923 of title 18, United States Code, or renewal of such a license due to a lack of business activity, provided that the applicant is otherwise eligible to receive such a license, and is eligible to report business income or to claim an income tax deduction for business expenses under the Internal Revenue Code of 1986.

1/ The FY 2008 President's Budget uses the FY 2007 President's Budget language as a base so all language is presented as new.

Recommended change to the General Provisions – Department of Justice:

Amends section 106

The Attorney General is authorized to extend through September 30, 2009, the Personnel Management Demonstration Project transferred to the Attorney General pursuant to section 1115 of the Homeland Security Act of 2002, Public Law 107-296 (6 U.S.C. 533) without limitation on the number of employees or the positions covered.

Analysis of Appropriations Language 1/

- *The revised language clarifies that firearms trace data may be shared with tribal and foreign law enforcement agencies. This corrects an unintentional drafting error and is consistent with ATF's law enforcement mission and the express purpose of the Gun Control Act to assist other law enforcement agencies.*
- *The revised language clarifies that firearms trace data may be shared with federal agencies for national security purposes. There was never any intention to prohibit intelligence or security agencies from requesting firearms traces in the course of anti-terrorist or homeland security investigations.*
- *Would extend the pay demonstration project for one year through September 30, 2009 without limit on the number of employees.*

1/ The FY 2008 President's Budget uses the FY 2007 President's Budget language as a base so all language is presented as new.

IV. Decision Unit Justification

A. Firearms

	Perm Pos.	FTE	Amount
Firearms TOTAL			
2006 Enacted w/Rescissions and Supplementals	3,676	3,598	672,008
2007 Estimate	3,696	3,576	705,692
Adjustments to Base and Technical Adjustments	(123)	(75)	15,416
2008 Current Services	3,573	3,501	721,108
2008 Program Increases	48	24	8,957
2008 Program Offsets	0	0	0
2008 Request	3,621	3,525	730,065
Total Change 2007-2008	(75)	(51)	24,373

1. Program Description

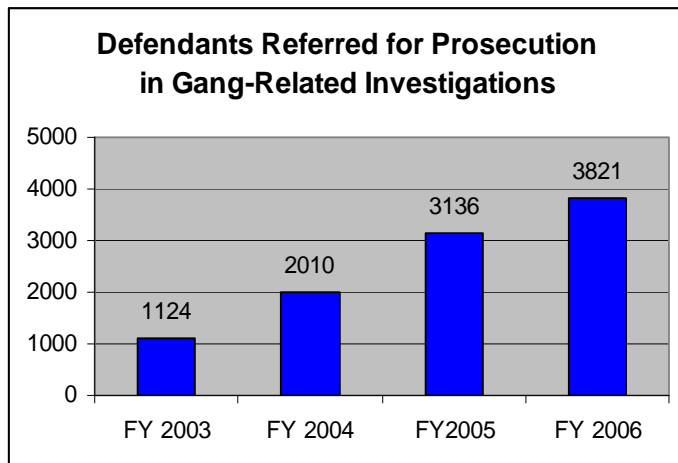
ATF is committed to the reduction of gun violence, one of the Nation's top domestic law enforcement priorities. The men and women of ATF protect the Nation by carrying out this important mission

Project Safe Neighborhoods (PSN) and ATF's Gang Strategy

PSN, led by the Department, is tailored to the needs of the communities in each U.S. Judicial District across the country. Through this initiative, ATF fights violent firearms crime by investigating armed career criminals, prohibited possessors, and firearms traffickers, effectively regulating the firearms industry to prevent firearms diversion, and discouraging firearms violence through outreach efforts.

ATF has played an active role in PSN since its inception in 2001 with a focus on a wide range of firearms cases—those involving Racketeer Influenced Corrupt Organization (RICO) violations, illegal firearms trafficking, and the criminal possession of firearms by convicted felons. In 2006, the Department of Justice announced that PSN would expand to include gang enforcement and prevention activities.

ATF oversees a comprehensive gang strategy, combining criminal enforcement tactics to take violent gang members and their organizations off the streets through education, prevention, and training efforts. ATF shares investigative information on gangs nationally through its case management system. This system gives every agent and task force member the ability to access information about other cases in order to coordinate efforts. ATF referred more than 10,000 gang members and their associates for prosecution over the past four fiscal years between FY 2003 and 2006 for charges including firearms violations, continuing criminal enterprise violations, RICO violations, and arson and explosives violations.



As the leading agency responsible for enforcing the federal firearms laws, ATF is committed to assisting state and local law enforcement agencies, particularly in areas that are hardest hit by violence. Violent Crime Impact Teams (VCITs), which operate under PSN, establish or expand upon violent crime task forces in cities across the country. As noted previously, the goal of the VCIT program is the reduction of a community's occurrence of homicide and firearms-related violent crime through the use of geographic targeting, proactive investigation, and prosecution of those responsible, including violent gang members. ATF's VCIT program relies on leveraging partnerships with other law enforcement agencies in combination with the sustained use of new and innovative technology, analytical investigative tools, and progressive law enforcement strategies.

Illegal Firearms Trafficking Enforcement

The goal of ATF's illegal firearms trafficking enforcement efforts is to reduce violent crime by identifying, investigating, and arresting individuals who illegally supply firearms to others prohibited from possessing them (e.g., felons, gang members, juveniles) and to deter the diversion of firearms from lawful commerce into the illegal market. Multiple, complementing approaches and technologies are utilized to thwart illegal firearms trafficking: enlisting partnerships with the firearms industry to help identify illegal third-party firearms purchasers, identifying firearms licensees whose businesses have multiple risk factors for trafficking (either with or without the complicity of the business owner), and investigating leads generated through these referrals and other investigative information.

ATF enforces the import provisions of the Arms Export Control Act, administers and enforces the import provisions of the Gun Control Act and the National Firearms Act, and approves registered firearms for export under the National Firearms Act. ATF works closely with U.S. Customs and Border Protection to monitor imports and exports of firearms, ammunition, and other defense articles to ensure that their international movement is consistent with the law.

Historically, ATF's international enforcement programs have primarily combated international firearms and explosives trafficking in the Western hemisphere. ATF participates in a number of international policy forums, such as the Cross Border Crime Forum with Canada and the Senior Law Enforcement Plenary sessions with Mexico to address firearms trafficking problems and other policy issues common to the United States and its neighbors. ATF also works with other agencies to prevent U.S.-sourced firearms from reaching the hands of drug traffickers, organized criminals, and terrorist organizations.

The Deputy Attorney General recently announced the creation of an ATF-led Violent Crime Impact Team (VCIT) in Laredo, Texas that addresses firearms violence along the southwest border. ATF uses firearms tracing data in conjunction with intelligence from local police to pinpoint problem areas and to identify the "worst of the worst" criminals. ATF ensures that U.S.-source firearms recovered in Mexico are properly identified and traced through the ATF Mexico Country Office. In an effort to increase the number of traces involving U.S. source guns recovered in Mexico, ATF provides a secure online tracing system called eTrace to the Mexican Attorney General's Intelligence Branch (CENAPI). Comprehensive firearms tracing not only provides intelligence regarding the sources of crime guns recovered in Mexico, but it also assists local offices in identifying, targeting, and investigating straw purchasers and the traffickers who employ them. ATF special agents working in cooperation with Mexican law enforcement officials recently arrested seven individuals for trafficking 84 firearms, including AK-47 rifles.

Due to the growth in narcotics-trafficking and firearms and explosives related violence along the southwest border with Mexico, ATF initiated a strategy to address such violence on both sides of the border. This strategy calls for focusing resources in affected areas such as Laredo, Texas, as mentioned previously, and the emphasis is on working partnerships with other law enforcement agencies at the federal (e.g., Drug Enforcement Administration and Immigration and Customs Enforcement), state and local level (e.g., the Laredo Police Department). Similarly, in Mexico, the ATF Mexico Office works closely with Mexican law enforcement agencies to increase their capacity to effectively combat the criminal elements affecting their communities. Technological support and training is provided to them in an effort to enhance their effectiveness.

National Integrated Ballistic Information Network (NIBIN)

Through its National Integrated Ballistic Information Network (NIBIN) Program, ATF deploys Integrated Ballistics Identification System (IBIS) equipment to federal, state, and local law enforcement agencies for their use in imaging and comparing crime gun evidence. IBIS equipment allows firearms technicians to acquire digital images of the markings made by a firearm on bullets and cartridge casings; the images then undergo automated initial comparison. If a high-confidence candidate emerges, firearms examiners compare the original evidence to confirm a match. By minimizing the amount of non-matching evidence that firearms examiners must inspect to find a confirmable match, the NIBIN system enables law enforcement agencies to discover links between crimes more quickly, including links that would have been lost without the technology. In funding and supporting this program, ATF provides federal, state, and local law enforcement agencies with valuable access to an effective intelligence tool. The system also makes it possible to share intelligence across jurisdictional boundaries, enabling federal, state, and local law enforcement agencies to work together to stop violent criminals. NIBIN is

presently sharing ballistic information with the Canadian Integrated Ballistic Information Network (CIBIN) as part of a cross-border firearms initiative. In the near future, sharing ballistic information between NIBIN and CIBIN will be done electronically on a real time basis.

Firearms Tracing

ATF's National Tracing Center (NTC) is the Nation's only firearms tracing facility, tracing crime guns for federal, state, local, and international law enforcement in order to provide investigative leads. The investigative leads link suspects to firearms in criminal investigations, identify potential traffickers (whether unlicensed or licensed sellers), and when sufficiently comprehensive tracing is undertaken by a given community, the leads detect in-state, interstate, and international patterns in the sources and kinds of crime guns. The NTC is working with the State Department to expand this unique deterrent and prevention tool to specific source areas. ATF has partnered with Canadian authorities through the Cross Border Crime Forum and Mexican authorities through the Southwest Border Initiative to enhance the sharing of information, deter the illegal flow of firearms, and prevent terrorist activity on both sides of the border. The NTC also manages a number of associated programs to support firearms tracing and criminal investigations that involve firearms and firearms-related crimes. Programs and services provided include the following:

Firearms Tracing is the systematic tracking of the movement of a firearm recovered by law enforcement officials from its first sale by the manufacturer or importer through the distribution chain (wholesaler/retailer) to the first retail purchaser.

eTrace is a web-based system that assists law enforcement agencies in proper identification of firearms and ensures that trace submissions are processed accurately and expeditiously. The system allows authorized law enforcement agencies worldwide to securely send trace requests to the NTC, receives the results, and performs limited analysis of those results. To ensure that the greatest benefit is provided, the eTrace program was designed, developed and tested with the assistance of a consortium of law enforcement agencies.

The **Stolen Firearms Program** manages the theft and loss reports from federal firearms licensees, interstate carriers, and DOD. Additionally, the program makes notifications related to those firearms that have been subsequently recovered and traced by law enforcement agencies and supports investigations related to thefts from federal firearms licensees (FFL) and interstate carriers.

ACCESS 2000 is a partnership between ATF and firearms industry members, such as importers, manufacturers, and wholesalers. The partnership provides the NTC with 24/7 access to firearms disposition information in order to complete firearms trace requests for law enforcement agencies engaged in bona fide criminal investigations.

Brady Act Enforcement Strategy

The Brady Handgun Violence Prevention Act (Brady Act) requires a check through the National Instant Criminal Background Check System (NICS) for the purchase of every firearm by a non-licensee from a federal firearms licensee (FFL). While the NICS record check process is performed by the FBI, ATF investigates and enforces Brady Act violations. Under 18 U.S.C. § 922(t), with limited exceptions, a licensee is prohibited from transferring a firearm to an unlicensed person unless the licensee contacts the NICS system and receives a response that he or she may proceed, or receives no response and 3 days have elapsed since contacting the system. ATF's Brady Operations Branch serves as the liaison with the FBI on NICS matters, responds to FFL inquiries and concerns regarding NICS, and analyzes data from NICS denials to identify firearms trafficking trends. As the lead agency for the enforcement of federal firearms laws, ATF focuses on prohibited individuals who have obtained or who attempt to obtain firearms from FFLs.

In 2005, ATF field divisions coordinated with the U.S. Attorney's Offices (USAO) from each of the 94 U.S. Judicial Districts to establish new referral criteria for Brady Act violators. The new criteria provide tailored referrals that meet each of USAO's specific prosecutorial guidelines, resulting in a more efficient referral process and more productive investigations.

Federal Firearms Licensee (FFL) Inspections

Inspections of FFLs verify that FFLs are complying with the provisions of the Gun Control Act (GCA) and its implementing regulations, and detect and prevent the diversion of firearms from legal to illegal commerce. Compliance with the GCA by the firearms industry is essential to assist with nationwide crime control and public safety efforts. As an added benefit, industry operations investigators (IOI) educate FFLs on the rights and responsibilities associated with conducting a firearms business.

ATF inspections of FFLs play a vital role developing important firearms trafficking cases. One such case involved an IOI's referral to special agents of two individuals who were making suspicious purchases. These individuals were later found to have ties to a known Mexican cocaine smuggling organization that was trafficking narcotics from Mexico through the Rio Grande Valley. Both were suspected to have trafficked more than 20 Alexander Arms Beowulf .50 caliber rifles. These rifles are prized by the Mexican drug cartels due to their ability to penetrate engine blocks and armored glass. Investigations continue in the case.

ATF works closely with the firearms industry to identify internal control weaknesses in business operations that lead to the diversion of firearms from legal to illegal sources. These internal control assessments often involve a variety of voluntary actions the licensees can take outside of the regulations, such as training employees to identify firearms trafficking indicators and "straw purchases." Straw purchases are the acquisitions of firearms from an FFL by an individual (the straw) on behalf of another person, concealing the identity of the true purchaser—a person either prohibited from lawfully acquiring a firearm themselves or otherwise unwilling to have their name associated with the firearm transaction. Other internal control assessments include: (a)

FFLs reviewing ATF Form 4473 to ensure that all information is properly recorded and that sales are not inadvertently made to prohibited individuals, (b) taking frequent inventories to ensure accountability of product, and (c) implementing security measures to safeguard firearms from theft or loss.

ATF conducts a warning conference with licensees who are in violation of the law or regulations. ATF then performs a recall inspection the next year to ensure that the licensee is complying with federal laws and specific record keeping regulations.

National Firearms Act (NFA) Enforcement

The National Firearms Act (NFA) requires that firearms makers, importers, and manufacturers register the NFA firearms they make or import, and that ATF approve in advance all NFA firearms transfers. The NFA also imposes a tax on the making and transfer of NFA firearms and requires manufacturers, importers, and dealers to pay a special occupational tax. NFA requires registration and payment of a transfer or making tax for the following types of firearms: machine guns, silencers, short-barreled rifles and shotguns, destructive devices, and certain concealable weapons classified as “any other weapons.” ATF processes all applications to manufacture, transfer, and register NFA firearms and notices of NFA firearms manufactured or imported. The registration information is captured in the National Firearms Registration and Transfer Record (NFRTR), and is used to support ATF’s field efforts to inspect firearms licensees and conduct criminal investigations. ATF also continually provides technical information to the industry and the public concerning compliance with the NFA.

Importation of Firearms

ATF regulates the importation of firearms, ammunition, and other defense-related articles through the issuance of import permits. ATF also regulates the importation of firearms and ammunition by nonimmigrant aliens. The Bureau maintains close liaison with the Department of State and U.S. Customs and Border Protection, under the Department of Homeland Security, to ensure that the permits issued do not conflict with the foreign policy and national security interests of the United States.

ATF Partnerships with the Firearms Industry

ATF updates members of the regulated firearms community of statutory, regulatory, and policy changes that affect their day-to-day operations. Accordingly, ATF publishes and distributes open letters to importers of firearms, ammunition, and other regulated commodities advising them of important issues that impact their operations. ATF also publishes pertinent articles in its semi-annual *FFL Newsletter* and conducts seminars for licensees at various locations.

“Don’t Lie for the Other Guy”

“Don’t Lie for the Other Guy” is a successful outreach program developed jointly by ATF and the National Shooting Sports Foundation (NSSF) as a result of findings in the “Following the Gun” report of 2000. Designed to train federal firearms licensees in the detection and avoidance

of illegal straw purchases, “Don’t Lie for the Other Guy” also educates the public about the serious consequences of being involved in straw purchases.

ATF and NSSF have conducted “Partnership for Progress Seminars” for thousands of federal firearms licensees in which “Don’t Lie for the Other Guy” has been the cornerstone of the presentation. Retailers attending these seminars view a video and are exposed to the methods straw purchasers commonly use to illegally obtain firearms for someone who may be prohibited. A retailer education kit, which has been distributed to more than 20,000 firearms retailers and to gun show promoters and pawn shops, supports the program’s intent of deterring illegal purchases.

“Don’t Lie for the Other Guy” was expanded and placed under the umbrella of PSN, incorporating additional outreach efforts designed to warn the public that participating in a straw purchase is a felony. This public awareness component sends “Don’t Lie for the Other Guy” representatives to ATF-targeted areas to encourage retailers to participate in the program. At the same time, community residents in these selected areas learn about the program’s message through billboard advertising, radio, and TV public service announcements by U.S. Attorneys and through media coverage of press conferences attended by U.S. Attorneys, ATF, law enforcement, and elected officials. The combination of retailer education and public awareness components makes for a highly visible and powerful message to deter straw purchases.

2. PERFORMANCE AND RESOURCES TABLE

Decision Unit: Firearms

DOJ Strategic Goal/Objective: Goal 2, Objective 2.1

WORKLOAD/ RESOURCES	Final Target		Actual		Estimate		Changes		Requested (Total)	
	FY 2006		FY 2006		FY 2007 Estimate		Current Services Adjustments and FY 2008 Program		FY 2008 Request	
Workload										
Number of firearms compliance inspections completed	5,508		7,292		6,650		--		6,650	
Number of firearms investigations initiated during fiscal year ¹	N/A		29,166		28,500		--		28,500	
Total Costs and FTE.	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000
	3,598	\$672,008	3,363	\$655,126	3,576	\$705,692	(51)	\$24,373	3,525	\$730,065

¹ This figure includes all firearms investigations, including NICS investigations forwarded to ATF field offices from ATF's Brady Operations Branch.

TYPE/ STRATEGIC OBJECTIVE	PERFORMANCE	FY 2006 Final Target		FY 2006 Actual		FY 2007 Estimate		Current Services Adjustments and FY 2008 Program		FY 2008 Request	
		FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000
Program Activity	Criminal Enforcement²	2,909	\$591,367	2,749	\$576,645	2,923	\$621,152	(30)	\$23,676	2,893	\$644,828
	Number and Percentage of gang related defendants	N/A		3,821 / 20%		3,800 / 20%		--		3,800 / 20%	
	Number and Percentage of defendants ³ who are involved in trafficking	18%		3,017 / 17%		3,000 / 17%		150 / 0.7%		3,150 / 17%	
	Number and Percentage of defendants who are prohibited possessors of firearms ⁴	50%		8,655 / 48%		8,700 / 48%		--		8,700 / 48%	
Program Activity	Regulatory Compliance	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000
		689	\$80,641	614	\$78,481	653	\$84,540	(21)	\$697	632	\$85,237
	Reduction in unaccounted firearms based on total recall	75%		88%		75%		--		75%	
EFFICIENCY MEASURE	Percent of firearms traces completed within nine days	63%		65%		67%		--		67%	

² Beginning with the FY 2006 Actual column through the FY 2008 projections (for the three measures involving the number and percentage of defendants) no longer represent defendants convicted, but instead track to the number of defendants referred for prosecution.

³ The percentage represents the defendants convicted involved in firearms trafficking as a percentage of total defendants convicted in all firearms investigations.

⁴ This measure specifically reflects ATF defendants convicted under Title 18 of the United States Code, Section 922(g) (1). This section prohibits possession of a firearm by persons convicted of a crime punishable by imprisonment for a term exceeding one year. Again the percentage represents the defendants convicted under this statute as a percentage of total defendants convicted in all firearms investigations.

2. PERFORMANCE MEASURE TABLE

Decision Unit: Firearms

Performance Report and Performance Plan Targets		FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006		FY 2007	FY 2008
		Actual	Actual	Actual	Actual	Actual	Actual	Target	Actual	Target	Target
Performance Measure	Number and Percentage of gang related defendants	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3,821 / 20%	3,800 / 20%	3,800 / 20%
Performance Measure	Number and Percentage of defendants who are involved in trafficking	N/A	N/A	N/A	N/A	N/A	N/A	18%	3,017 / 17%	3,000 / 17%	3,150 / 17%
Performance Measure	Number and Percentage of defendants who are prohibited possessors of firearms	N/A	N/A	N/A	N/A	N/A	N/A	50%	8,655 / 48%	8,700 / 48%	8,700 / 48%
Performance Measure	Reduction in unaccounted firearms based on total recall	N/A	N/A	N/A	N/A	N/A	N/A	75%	88%	75%	75%
EFFICIENCY MEASURE	Percent of firearms traces completed within nine days	N/A	N/A	N/A	N/A	N/A	58%	63%	65%	67%	67%

N/A = Data unavailable

3. Performance, Resources, and Strategies

ATF's unique jurisdiction, skills, and assets provide a focused, flexible, and balanced approach to fighting unlawful firearms use and firearms trafficking while protecting the public's legitimate access to firearms. ATF specializes in investigations involving illegal acquisition, possession, use, and trafficking of firearms. Constrained by limited resources, ATF continually strives to align its assets to maximize performance through the leveraging of technical, scientific, and legal expertise.

a. Performance Plan and Report for Outcomes

Ensuring the integrity of the federal firearms industry is another key element of preventing violent firearms crime and ensuring that investigators have the tools needed to do their jobs. Although comprising only a small percentage of the more than 106,000 licensees, federal firearms licensees who willfully disregard the laws and regulations represent a significant threat to public safety. To bring all federal firearms licensees in line with the law, ATF is focused on improving its compliance procedures, which will be essential to ensure that (a) prohibited individuals do not obtain firearms licenses, and (b) firearms are not illegally diverted from legal to illegal markets. ATF will measure reductions in instances of violations among federal firearms licensees to ensure that its regulatory efforts (i.e., inspection and education) are having the desired impact. Where problems are discovered, appropriate actions will be taken.

b. Strategies to Accomplish Outcomes

Violent firearms crime and firearms trafficking continue to plague the country. As the agency responsible for enforcing federal firearms laws, ATF leads the fight to reduce violent firearms crime. To achieve the performance goals outlined for FYs 2006 and 2007, as well as the long-term goals into FY 2008, ATF will depend on a strategy balanced between incremental increases in personnel and the maximization of resources through the leveraging of partnerships, technology, and expertise. ATF faces a number of emerging challenges in the years ahead, and ATF will need to create innovative solutions and use technology in its strategies to accomplish the Bureau's ambitious goals. ATF did meet its target for the 2004 reporting cycle. ATF placed VCITs in seven of the cities where violent firearms crime increased: Camden, Hartford, Houston, Los Angeles, Richmond, Tulsa, and Washington, DC.

In order to address the increasing crime rate on the national level, ATF must build upon its investigative expertise and past successes. Through PSN, ATF addresses firearms violence nationwide. ATF works closely with other federal, state, and local agencies to prevent armed offenders from victimizing the American public, to shut down illegal gun markets and apprehend illegal possessors, and to ensure industry adherence to applicable laws and regulations.

To maintain the integrity of the licensee population, ATF is working to update procedures, including those involving the selection of licensees for inspection, as well as license revocation for those who operate outside the law. ATF is reengineering its investigator workforce to maximize efficiency.

As mentioned earlier, ATF's strategic success in reducing violent firearms crime depends upon the effective use of technology. ATF continues to improve its data capabilities so that timely and integrated information is available for all ATF employees to do their jobs, and to share this information when appropriate and when authorized by law with their federal partners, industry members, stakeholders, and the general public. ATF plans to integrate all of its firearms enforcement and licensing systems and explosives systems so that information can be cross-referenced and can be accessed expeditiously. ATF's National Tracing Center is working with firearms manufacturers and wholesalers through electronic linkups to decrease completion time and reduce costs associated with traces. Through the National Integrated Ballistic Information Network (NIBIN), ATF also provides automated ballistic comparison capabilities to hundreds of agencies nationwide.

ATF's enforcement and industry operations strategies are complemented by various outreach efforts. ATF conducts presentations to school children and the general public to promote public safety and prevent violence, partners with industry members and professional organizations, and offers training and other services to employees of other federal, state, and local agencies to improve their professional capabilities.

ATF participates in numerous multi-agency initiatives, including the Joint Terrorism Task Force (JTTF), as well as efforts within the Department of Justice to coordinate regional, national, and transnational criminal investigations and prosecutions against major drug trafficking organizations.

Sharing technology and information is an important element in the success of law enforcement operations. GangTECC is one example of this type of coordinated effort. This task force develops law enforcement strategies and facilitates operations across agency lines aimed at dismantling national and transnational violent gangs. GangTECC coordinates overlapping investigations conducted by different agencies, encourages the sharing of tactical and strategic intelligence between law enforcement agencies, and serves as a central coordinating center for multi-jurisdictional gang investigations involving federal law enforcement agencies. Additionally, ATF is implementing computer applications that will allow field employees greater access to needed data, provide an electronic interface with the FBI for submission of fingerprints and retrieval of results, and facilitate the sharing of domestic intelligence information with the Department of Homeland Security.

Finally, ATF partners with various law enforcement and prosecutorial entities in conducting innovative regional cross-training in firearms enforcement for agents, officers, and attorneys, as well as training in firearms trafficking and tracing to enforcement agencies through the ATF Country offices in Mexico, Canada, and Colombia. ATF has also achieved a greater international presence through its commitment of resources and expertise to the delivery of specialized training and the strategic placement of personnel. An ATF liaison officer is assigned to the INTERPOL General Secretariat in Lyon, France. The placement of these officers facilitates the efficient exchange of information and expertise with the international law enforcement community. These partnerships throughout the world have increased information and technology sharing and strengthened transnational criminal investigations between ATF and our international colleagues.

Program Increase: **Firearms Trafficking**

Budget Decision Unit(s): Firearms Program

Strategic Goal(s) & Objective(s): Strategic Goal 2: Enforce Federal Laws and Represent the Rights and Interests of the American People

Organizational Program: Firearms

Program Increase: Positions 34 Agt 34 FTE 17 Dollars \$6,344,000

Description of Item

Through firearms trafficking interdiction efforts, ATF works to reduce violence by decreasing the availability of illicit secondary market firearms and by referring for prosecution those who illegally supply firearms to those prohibited from possessing them (e.g., felons, gang members, and juveniles). Violent gang members—a primary enforcement concern—are often involved in firearms trafficking, both in furtherance of drug trafficking activities and diverting weapons to commit firearms-related crimes.

ATF is requesting 17 FTE (34 positions) and \$6.3 million to expand its domestic firearms trafficking enforcement efforts nationwide and to specifically focus on trafficking corridors throughout the United States. With this funding, ATF will establish firearms trafficking investigative teams that will be solely devoted to pursuing investigative leads involving trafficking to and from identified areas of the country with the highest levels of out-of-state guns recovered in crimes.

Justification

ATF has placed greater emphasis in recent years on investigating and apprehending those who actively use firearms in violent crimes. Fighting violent crime, however, is most successful when those who supply firearms to criminals are also addressed.

ATF draws on the unique expertise of its industry operations investigators and special agents to employ a three-pronged strategy to address firearms trafficking -- enlisting partnerships with the firearms industry to help identify illegal third-party firearms purchasers, identifying firearms licensees whose businesses have multiple risk factors for trafficking (either with or without the complicity of the business owner), and investigating leads generated through these referrals and other investigative information.

Additional special agents will supplement existing special agent, industry operations investigator and analytical resources (including ATF's National Tracing Center and Violent Crime Analysis Branch) to expand its current capacity to perfect complex, trafficking investigations. Between FY 2001 and FY 2005, ATF increased the number of defendants referred for prosecution by 150

percent, and the number of trafficking-related defendants referred for prosecution more than doubled. Further, the average defendant sentenced in an ATF case faces more than 100 months imprisonment, well above the 82-month average for federal inmates convicted on weapons charges, according to Bureau of Prisons data. This increase in special agent staffing will enhance ATF's ongoing impact on firearms crime.

While specific locations have not yet been determined because of changing crime patterns, ATF anticipates that some of the domestic trafficking areas that are problematic now will continue to be so in the future. ATF is using its analytical resources to provide justification for the establishment of these teams in areas that would be best suited to the goals of the teams. In addition to the Southwest border, other areas that the Bureau is currently monitoring are:

- The I-95 corridor between Miami and Boston.
- Northern rural Mississippi to Chicago
- Northern Indiana to Chicago
- The triangle between Los Angeles, Las Vegas, and Phoenix
- Birmingham to Chicago

ATF is attempting to balance the resources it devotes to fighting violent crime and with those used to address the supply of firearms to criminals. Successfully tackling the problem of firearms trafficking requires a more comprehensive effort in order to be truly effective in shutting down illegal markets in key areas.

Impact on Performance (Relationship of Increase to Strategic Goals)

This initiative supports Department of Justice Strategic Goal 2, "Enforce Federal Laws and Represent the Rights of the American People." ATF is currently working to develop an internal performance measure that will demonstrate the impact of the firearms trafficking teams on the communities they are intended to serve.

Funding

Base Funding

FY 2006 Enacted				FY 2007 Estimate				FY 2008 President's Budget Current Services			
Pos	Agt	FTE	\$(000)	Pos	Agt	FTE	\$(000)	Pos	Agt	FTE	\$(000)
2,066	1,525	2,066	313,093	2,066	1,525	2,066	321,538	2,066	1,525	2,066	331,174

Personnel Increase Cost Summary

Type of Position	Modular Cost per Position	Number of Positions Requested	FY 2008 Request (\$000)	FY 2009 Net Annualization (change from 2008) (\$000)
Special Agents (trafficking teams)	186,585	34	\$6,344	\$1,722
Total Personnel		34	\$6,344	\$1,722

Non-Personnel Increase Cost Summary

Non-Personnel Item	Unit Cost	Quantity	FY 2008 Request (\$000)	FY 2009 Net Annualization (change from 2008) (\$000)

Total Request for this Item

Item	Pos	Agt	FTE	Personnel (\$000)	Non-Personnel (\$000)	Total (\$000)
Grand Total	34	34	17	\$6,344	\$0	\$6,344

Program Increase: **Project Safe Neighborhoods/Firearms Violence Reduction**

Budget Decision Unit(s): Firearms Program

Strategic Goal(s) & Objective(s): Strategic Goal 2: Enforce Federal Laws and Represent the Rights and Interests of the American People

Organizational Program: Firearms

Program Increase: Positions 12 Agt 12 FTE 6 Dollars \$2,240,000

Description of Item

ATF is requesting 6 additional FTE (12 positions) and \$2.240 million to contribute to the Bureau's gang and firearms enforcement efforts supporting Project Safe Neighborhoods (PSN) nationwide. ATF will apply these personnel to offices that have experienced an increase in firearms violence, focusing on immediate reductions in violent crime by taking violent criminals off the street and ensuring that any resulting leads involving multi-defendant conspiracies and criminal organizations are fully investigated.

ATF has been the primary federal enforcement agency supporting the PSN strategy since its inception. ATF's current strategy under PSN is already multifaceted and ATF is the only federal agency that has been involved in gang prevention (through outreach programs such as the Gang Resistance, Education and Training Program, participation in Boys and Girls Clubs programs and the "Don't Lie for the Other Guy" campaign), training (PSN Enforcement Training and PSN Site Support), as well as PSN public service announcements and enforcement operations. Using the PSN strategy, ATF partners with state and local law enforcement to investigate the most egregious violent criminals and violent criminal organizations. ATF special agents work with local police to identify the "worst of the worst" gang members and target these violent offenders first--using undercover operations, surveillance, wiretaps and the controlled purchase of drugs, guns, explosives and other contraband to identify and attack the gang's hierarchy.

Justification

ATF has been the lead federal law enforcement agency participating in PSN since 2001, focusing on a wide range of firearms cases—those involving Racketeer Influenced Corrupt Organization (RICO) violations, firearms trafficking, and the criminal possession of firearms by convicted felons. As the only federal agency that focuses exclusively on violent crime and the regulation of commerce in firearms and explosives, ATF exercises unique statutory authority over the "tools of the trade" that make gangs a threat to public safety.

ATF has been successful in targeting high crime areas and dedicating investigative, inspection, analytical and technological resources to reduce violent crime in those areas. Nonetheless, the Preliminary Uniform Crime Report for 2005 (recently released by the FBI) reports increases in violent crime in many cities across the country. Additionally, the President has identified violent street gangs as a national problem and has instructed the Department to institute strategies to

address this problem. Through this proposal, ATF and DOJ are acting decisively to reassure the American public that federal law enforcement agencies are making every effort to investigate, reduce, and prevent violent crime. This initiative will build upon proven, successful tactics: integrating regulatory enforcement, investigation techniques, and technology to impact violent crime. This increase in special agent staffing will enhance ATF's ongoing impact on violent crime. Between FY 2001 and FY 2005, ATF increased the number of defendants referred for prosecution by 150 percent, and the number of gang-related defendants referred for prosecution by more than 600 percent. Further, the average defendant sentenced in an ATF case faces more than 100 months imprisonment, well above the 82-month average for federal inmates convicted on weapons charges, according to Bureau of Prisons data.

Impact on Performance (Relationship of Increase to Strategic Goals)

This initiative supports the Department of Justice's strategic goal two: "Enforce Federal Laws and Represent the Rights of the American People." ATF projects that convictions of violent criminals and firearms traffickers will increase with the increase in additional staffing for PSN enforcement efforts.

Funding

Base Funding

FY 2006 Enacted				FY 2007 Estimate				FY 2008 President's Budget Current Services			
Pos	Agt	FTE	\$(000)	Pos	Agt	FTE	\$(000)	Pos	Agt	FTE	\$(000)
829	470	754	174,700	721	378	721	152,900	671	362	671	154,262

Personnel Increase Cost Summary

Type of Position	Modular Cost per Position	Number of Positions Requested	FY 2008 Request (\$000)	FY 2009 Net Annualization
Special agents (PSN)	186,585	12	\$2,240	\$608
Total Personnel		12	\$2,240	\$608

Non-Personnel Increase Cost Summary

Non-Personnel Item	Unit Cost	Quantity	FY 2008 Request (\$000)	FY 2009 Net Annualization

Total Request for this Item

Item	Pos	Agt	FTE	Personnel (\$000)	Non-Personnel (\$000)	Total (\$000)
Grand Total	12	12	6	\$2,240	\$0	\$2,240

Program Increase: GangTECC

Budget Decision Unit(s): Firearms Program

Strategic Goal(s) & Objective(s): Strategic Goal 2: Enforce Federal Laws and Represent the Rights and Interests of the American People

Organizational Program: Firearms

Program Increase: Positions 2 Agt 2 FTE 1 Dollars \$373,000

Description of Item

ATF is requesting 1 FTE (2 positions) and \$0.373 million to be dedicated to the National Gang Targeting, Enforcement, and Coordination Center (GangTECC). The Department's new national anti-gang force is comprised of multiple Department of Justice components and aimed at facilitating law enforcement strategies and operations across agency lines. Established by the Attorney General, GangTECC represents a unified federal effort to help disrupt and dismantle the most significant, violent, national and regional gangs. GangTECC brings together representatives from all of the operational components of the Department, as well as from other agencies. The center coordinates overlapping investigations, ensures that tactical and strategic intelligence is shared among law enforcement agencies, and serves as a central coordinating center for multi-jurisdictional gang investigations involving federal law enforcement agencies.

Justification

Gangs are a serious threat to the safety of our communities. According to the most recent National Youth Gang Survey, there are an estimated 760,000 gang members in the United States. Gangs continue to be the primary drug distributors in the nation and continue to become more sophisticated with their use of communications technology. In 2005, there were 850 gang-related murders and gangs are operating in all major cities and 87 percent of all cities with populations between 100,000 and 250,000.

GangTECC is a crucial tool in a unified, federal effort to combat the most violent gangs in the United States. By sharing intelligence and best practices and by assisting local law enforcement with additional resources and expertise, GangTECC will provide federal law enforcement agencies the capacity to more effectively battle the spread of gangs across the country.

Impact on Performance (Relationship of Increase to Strategic Goals)

This initiative supports the Department of Justice's strategic goal two: "Enforce Federal Laws and Represent the Rights of the American People." By assisting in gang-related investigations and prosecutions, developing a refined understanding of the national gang problem and proposing appropriate countermeasure strategies, GangTECC has been influential in the Department's efforts to combat gang activity. Just recently, the center assisted in the capture and indictment of 13 gang members from La Mara Salvatrucha, or MS-13, in Nashville Tennessee.

ATF projects that with additional resources for GangTECC, the center will be able to expand its current capability to share intelligence and coordinate investigations.

Funding

Base Funding

FY 2006 Enacted				FY 2007 Estimate				FY 2008 President's Budget Current Services			
Pos	Agt	FTE	\$(000)	Pos	Agt	FTE	\$(000)	Pos	Agt	FTE	\$(000)
								0	0	0	\$0

Personnel Increase Cost Summary

Type of Position	Modular Cost per Position	Number of Positions Requested	FY 2008 Request (\$000)	FY 2009 Net Annualization
GangTECC	186,585	2	373	101
Total Personnel		2	\$373	\$101

Non-Personnel Increase Cost Summary

Non-Personnel Item	Unit Cost	Quantity	FY 2008 Request (\$000)	FY 2009 Net Annualization

Total Request for this Item

Item	Pos	Agt	FTE	Personnel (\$000)	Non-Personnel (\$000)	Total (\$000)
Grand Total	2	2	1	\$373	\$0	\$373

B. Arson and Explosives

Arson and Explosives TOTAL	Perm Pos.	FTE	Amount
2006 Enacted w/Rescissions and Supplementals	1,356	1,349	244,572
2007 Estimate	1,356	1,361	232,593
Adjustments to Base and Technical Adjustments	(38)	(43)	21,042
2008 Current Services	1,318	1,318	253,635
2008 Program Increases	0	0	10,000
2008 Program Offsets	0	0	0
2008 Request	1,318	1,318	263,635
Total Change 2007-2008	(38)	(43)	31,042

1. Program Description:

ATF is the primary federal agency responsible for administering and enforcing the regulatory and criminal provisions of federal laws pertaining to destructive devices, explosives, and arson. One of ATF's greatest strengths is its dual regulatory and criminal enforcement mission. ATF has unique expertise in the investigation of fire, arson, and explosives incidents, and the Bureau shares its expertise and state-of-the-art resources with other federal, state, local, and foreign law enforcement and fire service agencies. This strategy prevents and allows for the investigation of criminal and terrorist acts involving explosives or fire. ATF's law enforcement mission is supported by its efforts to ensure that qualified and legitimate applicants enter the explosives industry and that licensees employ proper recordkeeping and business practices to help prevent thefts, explosives incidents, and the acquisition of explosives for criminal or terrorist purposes. ATF works closely with public safety officials, explosives industry members, and state governments to provide guidance and instruction on all aspects of the explosives laws, including the Safe Explosives Act, in an effort to make regulation less burdensome and to promote compliance with federal regulations.

Arson and Explosives Enforcement Programs

ATF provides specialists who are highly trained in investigating post-blast scenes in response to explosives incidents. ATF's special agents investigate bombings, explosions, and potential acts of arson. The agents train federal, state, local, and international law enforcement agencies on how to solve such crimes. ATF is recognized for its expertise in fire and explosives investigations, in conducting research to help investigators reconstruct fire and explosives incidents, and in conducting financial analyses to identify illegal arson for profit schemes. ATF's expertise in arson investigation was demonstrated by the apprehension of three individuals charged with committing arsons at nine Alabama churches. ATF also investigates incidents of explosives stolen from licensees, a particular concern considering the threats of terrorism against U.S. citizens.

A comprehensive and integrated set of programs and resources supports ATF's enforcement of the federal explosives laws. The National Response Team (NRT) is designed to utilize ATF's expertise and experience in the investigation of fire and explosives incidents to assist state and local officers in reconstructing the scene, identifying the seat of the blast or origin of the fire, conducting interviews, sifting through debris to obtain evidence related to the explosion and/or fire, assisting with the ensuing investigation, and providing expert court testimony. The NRT is comprised of four geographically located response teams. The NRT can respond to an incident within 24 hours and is comprised of veteran special agents having post-blast and fire origin and cause expertise, as well as special agent certified fire investigators (CFIs), special agent certified explosives specialists (CESs), forensic chemists, explosives enforcement officers (EEOs), fire research engineers, and accelerant and explosives detection canines. Further complementing the team's efforts are intelligence and audit support as well as technical and legal advisors.

ATF brings the full weight of its expertise to the investigation of explosives and fire incidents overseas through its International Response Team (IRT) which is modeled after the NRT and consists of ATF's most experienced investigators, technicians, and forensic experts. The team is deployed at the request of the State Department.

ATF's Certified Fire Investigator (CFI) Program consists of special agents who have undergone an extensive 2-year training program designed to educate them in the field of advanced fire scene examination, with emphasis on modern principles of fire dynamics. CFIs serve as ATF's primary resource in fire-related matters. They conduct fire scene examinations and render origin and cause determinations on behalf of ATF, provide expert testimony on fire scene determinations, and provide technical support and analysis to assist other special agents and prosecutors with court preparation, presentation of evidence, and technical interpretation of fire-related information. The agents lend technical guidance in support of field arson investigative activities, conduct arson-related training for ATF special agents and other federal, state, and local fire investigators, and conduct research and to identify trends and patterns in fire incidents.

The primary mission of ATF's CES program is to provide expert explosives crime scene examinations, to lend expertise in support of security measures implemented at special events, and to assist ATF's law enforcement counterparts at the federal, state, local, and international levels in their efforts to investigate explosives-related incidents. ATF's CESs acquired expertise in post-blast analysis through years of experience in the field. Their training consists of a multiphase program that ensures their continued proficiency in all aspects of explosives handling, instruction, identification, demonstration, and destruction, as well as training in the chemistry of pyrotechnics, hazardous materials incident response operations, advanced explosives destruction techniques, and advanced improvised explosives devices (IED).

Explosives Enforcement Officers (EEO) are ATF's explosives technology experts. EEOs have extensive experience in explosives and bomb disposal. They render explosive devices safe and/or disassemble explosive and incendiary devices, prepare destructive device determinations, and give expert testimony in support of such determinations in state and federal criminal court proceedings. EEOs provide expert analysis and onsite investigative technical assistance at bomb scenes and at scenes where explosions of an undetermined nature have occurred. Determining what constitutes an explosive, incendiary, or destructive device under federal explosives laws

and the National Firearms Act involves highly technical examinations and analysis. EEOs routinely provide expert assistance and testimony in these areas. They also provide assistance and training in all aspects of explosives handling, usage, and destruction; threat vulnerability assessments; and all other explosives-related matters for ATF, federal, state, local and international law enforcement agencies.

ATF's explosives and accelerant detection canine program is a proactive tool used in explosives and arson investigations, as well as in ensuring security at special events. Special agent canine handlers are also called as first responders when explosives threats are made against individuals or property in the United States. These special agents apply their investigative expertise, knowledge as CESSs, and the most effective explosives detection tool available today—their canines. Detection canines are a critical asset to law enforcement at home and abroad. ATF's canine training programs produce extremely reliable, mobile, accurate, and durable explosives and accelerant detection tools, capable of assisting law enforcement and fire investigators worldwide. ATF-trained dogs are located throughout the United States in local police departments, fire departments, fire marshal offices, and federal and state law enforcement agencies. ATF works with agencies that have received ATF-certified explosives detection and accelerant detection canines and supports those that are without the services of such canines in their communities.

A critical component of ATF's fire investigation efforts is ATF's Fire Research Laboratory (FRL), which is a one-of-a-kind fire test facility with the capability of replicating initial fire scenarios under controlled conditions. This facility provides case support in fire investigations using forensic fire science, and it will support ATF's investigative requirements well into the future. The FRL is a unique and innovative resource for law enforcement, fire services, public safety agencies, industry, and academia, using the most advanced scientific, technical, educational, and training methods to make ATF and its partners leaders in fire investigation science.

ATF's forensic auditing capabilities are another important asset. ATF develops and provides financial investigative, forensic accounting, and financial expert witness capabilities in support of criminal and regulatory investigations such as arson-for-profit, the use of explosives and bombings in the furtherance of financial frauds, threats to public safety, and alcohol and tobacco diversion investigations. Industry relations and support are provided to several organizations involved in arson-for-profit and explosives investigations. Auditors provide pretrial depositions and expert witness testimony for state and local governments and insurance companies.

ATF continues deployment of its Bomb Arson Tracking System (BATS), used as a case management system by federal, state, and local agencies investigating arsons, bombings, and other explosives incidents. ATF developed BATS as a tool for law enforcement agencies so that they can track their own investigations and share information with other jurisdictions. This strategy helps in solving arsons and bombings and in determining national trends and patterns. The system provides an electronic gateway for law enforcement and fire service officials to access the information collected in ATF's U.S. Bomb Data Center (The Center), the repository for all domestic bombing incidents. The Center, with an information management system containing more than 140,000 arson and explosives incidents, provides intelligence to ensure the

highest degree of investigative coordination throughout the law enforcement community. The Center also supports CESs and EEOs who are assigned to the Combined Explosives Exploitation Cells (CEXC) in Iraq.

DFuze, ATF's international bombing incident database, allows international law enforcement agencies to compare and exchange information on explosives incidents via encrypted messages about incidents, groups or individuals involved, vehicles used, power sources, initiation system, and firearms. DFuze was developed in partnership with ATF and the New Scotland Yard Bomb Data Centre and is already in use in the United Kingdom, Northern Ireland, Mexico, Columbia, Hong Kong, and Singapore. Embassies in Mexico City, Mexico, and Bogotá, Colombia, are equipped with DFuze, as are several law enforcement agencies in those countries, helping to combat the terrorist use of explosives worldwide.

Through its participation in CEXC, ATF lends its expertise to U.S. efforts in Iraq. Since March 2005, ATF has deployed personnel to support CEXC activity within the U.S. Military Central Command. ATF explosives experts provide onsite investigative assistance in processing post-blast incidents directed at U.S. and allied forces.

ATF is a managing partner in the Terrorist Explosive Device Analytical Center (TEDAC). This DOJ and DOD program is housed at the FBI Laboratory in Quantico, VA with ATF serving in the Deputy Director position. The TEDAC coordinates and manages the exploitation efforts of all IEDs of interest to the U.S. government, in support of both offensive missions against terrorism and force protection missions to suppress terrorist bombings. At the TEDAC, ATF and other partners analyze explosive devices from Iraq and Afghanistan in an effort to identify bombers and to prevent further attacks. Experts technically evaluate IED components to identify similarities and potential bomb makers, provide timely intelligence to military and law enforcement, and collect latent prints and DNA evidence from terrorist IEDs to link individuals to similar devices. The TEDAC receives IED components and other physical items from coalition partners and the branches of the U.S. military and provides a full range of technical and forensic analysis. The TEDAC is a conduit for first responders for receiving and sharing information from allies of the United States.

Congress appropriated \$6 million in FY 2006 to provide ATF personnel to supplement this center. ATF personnel will staff the Center which exploits terrorist IEDs for technical and forensic purposes. ATF is in full support of fusing all information derived from these efforts and promoting improved collaboration and the exchange of life-saving information among partner organizations.

ATF also works with the Department of State to conduct antiterrorism assessments outside of the United States. As part of the State Department team, ATF EEOs assess foreign bomb squads' capabilities, equipment, training, and expertise and they address vulnerability issues within U.S. embassies.

Explosives Inspection and Regulatory Programs

As with the firearms industry, ATF educates and inspects explosives licensees and permittees to detect diversion, prevent thefts of explosives, and identify and correct hazardous storage situations. ATF enforces the SEA of 2002, which controls access to explosives by requiring all explosives purchasers to apply for a federal license or permit and undergo background checks. The SEA also requires a background check of employees of explosives permittees and licensees who will have access to explosives materials. By enforcing the federal explosives laws and regulating the explosives industry, ATF protects the public from criminal acts, the unsafe storage of explosives, and explosives incidents.

ATF industry operations investigators (IOI) ensure that explosives licensees and permittees comply with federal laws and regulations related to storage, recordkeeping, and other business activities. Of particular importance is ensuring that explosives licensees and permittees take all the necessary steps to prevent explosives thefts (and promptly report thefts that do occur) and that explosives are not distributed to prohibited persons. ATF IOIs also check for proper explosives storage to ensure there are no safety hazards by verifying that the appropriate distances are maintained between storage bunkers and surrounding structures and that bunkers are appropriately secured to ensure public safety. When a significant safety hazard or loss of explosives is discovered, IOIs can call upon any number of specialized ATF personnel trained in remedying the hazard or investigating the loss. In the event of willful violations, the IOIs may recommend the revocation or denial of a license or permit or make a criminal referral.

Outreach Activities

ATF works with a variety of customers in providing services such as the NRT, guidance, and advice to our arson programs customers and explosives industry members. A 2005 survey found that customers of ATF's arson and explosives programs and services are generally highly satisfied with ATF and want more of what they are receiving: training, programs, agents, and other ATF expertise.

ATF continues its efforts through the Explosives Threat Assessment and Prevention Strategy (ETAPS). The ETAPS program was instituted in 2004 as an enhanced inspection effort with the regulated explosives industry, as well as an outreach program with retailers of non-regulated commodities such as ammonium nitrate. ATF has held meetings with state fertilizer control officials and distributed "America's Security Begins with You" materials to ammonium nitrate outlets throughout the country. ATF also conducted meetings with chemical company industry groups attempting to implement voluntary measures similar to "America's Security Begins with You," continued discussions with explosives industry groups about security issues and voluntary security controls outside of the mandatory regulatory controls, and began to develop an explosives industry publication encouraging best business practices to reduce explosives thefts.

ATF also continues to work with the Institute of Makers of Explosives (IME) and the International Society of Explosives Engineers (ISEE) and took steps to eliminate explosives losses by examining issues pertaining to the inventory, security, and control of bulk products,

including ammonium nitrate. This project will continue into the future and will expand to include packaged products. These agencies/associations have also been working together to complete an ATF publication titled “Safety and Security of Explosives Materials for Explosives Licensees and Permittees.” ATF, IME, and ISEE work together to increase safety and security and examine new explosives identification and tracking technologies as they become available.

ATF communicates with the fire and explosives investigation community through arson and explosives advisories, the National Bomb Squad Commander Advisory Board (NABSCAB) and the International Bomb Data Center Working Group Portal (IBDCWG Portal) meetings. Each week, an advisory provides information on ATF’s arson and explosives investigative activity. These advisories are distributed to other federal, state, and local law enforcement agencies. ATF also publishes explosives theft advisories and periodic advisories highlighting specific or emerging threats to public safety or the bomb technician community.

National Center for Explosives Training and Research

ATF cooperates fully with federal, state, and local government agencies in a comprehensive effort to develop and maintain adequate domestic preparedness against incidents involving explosives. ATF has long maintained a reputation with federal, state, local and international agencies, as well as the military, as being a hard-working partner. The National Center for Explosives Training and Research (NCETR) further advances this commitment by increasing explosives-related training through our partnerships with other federal entities. However, present demand exceeds ATF’s capability. The NCETR promotes efficiency by consolidating other DOJ and DOD explosives training expertise in one location.

2. PERFORMANCE AND RESOURCES TABLE

Decision Unit: Arson & Explosives

DOJ Strategic Goal/Objective: Goal 1, Objectives 1.1 and 1.2; Goal 2, Objective 2.1

WORKLOAD/ RESOURCES		Final Target		Actual		Estimate		Changes		Requested (Total)	
		FY 2006		FY 2006		FY 2007 Estimate		Current Services Adjustments and FY 2008 Program		FY 2008 Request	
Workload											
Number of explosives investigations initiated during fiscal year		N/A		N/A		2,214		--		2,214	
Number of arson investigations initiated during fiscal year		N/A		N/A		1,834		--		1,834	
Total Costs and FTE		FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000
		1,349	\$244,572	1,394	\$255,696	1,361	\$232,593	(43)	\$31,042	1,318	\$263,635
Program Activity	Criminal investigations	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000
		968	\$193,984	931	\$195,613	907	\$177,938	(29)	\$22,134	878	\$200,072
Explosives	NRT Satisfaction rating	90%		100%		90%		--		90%	

WORKLOAD/ RESOURCES		Final Target		Actual		Estimate		Changes		Requested (Total)	
		FY 2006		FY 2006		FY 2007 Estimate		Current Services Adjustment and FY 2008 Program		FY 2008 Request	
Program Activity	Regulatory compliance	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000
		381	\$50,588	463	\$60,083	454	\$54,655	(14)	\$8,908	440	\$63,563
Explosives	Resolution of unsafe explosives conditions by inspection	1,655		3,931		1,326		510		1,836	
Explosives	Number and percentage of explosives licensee/permittees inspected 1/	5,518 / 35%		6,392 / 55%		3,240 / 28%		(327 / 3%)		2,913 / 25%	
EFFICIENCY MEASURE	Percent of forensic arson cases closed within 30 days	50%		60%		55%		--		55%	
	Percent of forensic explosives cases closed within 30 days	35%		35%		35%		--		35%	
	Percent of perfected explosives applications acted on within 90 day	The baseline for this measure is currently being developed									
OUTCOME	Percentage reduction in public safety violations (recall inspections)	N/A		75%		75%		--		75%	

1/ According to the SEA mandate to inspect explosives licensees and permittees at least once every 3 years, ATF had set a goal to inspect approximately one third of licensees/permittees each year. Based on a fluctuating population of approximately 12,000, this would normally mean about 4,000 inspections each year. (Although ATF did not meet the target for number of inspections, it did slightly exceed the target for percentage of inspections, at 33.7 percent.) However, FY 2006 marks the third year since the enactment of the SEA, resulting in a large number of 3-year licenses requiring renewal. In accordance with the SEA, ATF must inspect 100 percent of licensees upon renewal. Although an unknown percentage of these licensees will not renew, the 5,518 target reflects the number of licenses currently scheduled for renewal in FY 2006.

Performance Measure Table

Decision Unit: Arson & Explosives

		FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006		FY 2007	FY 2008
Performance Report and Performance Plan Targets		Actual	Actual	Actual	Actual	Actual	Actual	Target	Actual	Target	Target
Performance Measure	Minimum satisfaction rating – National Response Team	N/A	N/A	N/A	N/A	100%	100%	90%	100%	90%	90%
Performance Measure	Resolution of unsafe explosives conditions by inspection	N/A	N/A	N/A	N/A	1,235	1,821	1,655	3,943	1,326	1,836
Performance Measure	Number and percentage of explosives licensee/permittees inspected	N/A	N/A	N/A	N/A	22%	33.7%	5518 / 35%	6,392 / 55%	3240 / 28%	2913 / 25%
Efficiency Measure	Percent of forensic arson cases closed within 30 days.	N/A	N/A	N/A	N/A	54%	45%	50%	60%	55%	55%
Efficiency Measure	Percent of forensic explosives cases closed within 30 days	N/A	N/A	N/A	N/A	22%	35%	35%	35%	35%	35%
Efficiency Measure	Percent of perfected explosives applications acted on within 90 days	The baseline for this measure is currently being developed									
OUTCOME Measure	Percent reduction in public safety violations – recall inspections	N/A	N/A	N/A	N/A	N/A	N/A	N/A	75%	75%	75%

3. Performance, Resources, and Strategies

a. Performance Plan and Report for Outcomes

The arson and explosives decision unit contributes to the Department's Strategic Goals 1 and 2. This unit complements ATF's firearms decision unit with advanced investigative techniques, vigorous prosecution of criminals, training and prevention strategies through law enforcement, industry regulation, industry partnerships, technology, and the reduction of public safety risks relative to regulated commodities. Innovation, partnerships, and open communication are employed to fully achieve this strategic goal.

ATF uses its unique investigative jurisdiction, skills, and assets to assist other federal, state, and local public safety officials in the fight against crime and violence. The explosives regulatory enforcement program safeguards the public from explosives incidents caused by improperly stored explosives materials. The program also minimizes criminals' access and use of explosive materials by heightening accountability and increasing the traceability of explosives materials, all without posing undue burden on the explosives industry.

b. Strategies to Accomplish Outcomes

ATF dedicates the necessary resources in order to achieve specialized expertise in fire and explosives investigation. This specialization directs a concentration of resources toward providing effective post-incident response and preventing the criminal use of explosives. ATF is also committed to ensuring that its explosives inspection program is effective and provides for public safety and security from the unauthorized use of explosive materials.

Educating the industry on ATF policies and regulations, product storage safety, and theft prevention, as well as inspecting more industry members, remains an important element in securing public safety. Specifically, continued liaison efforts with explosives industry members, explosives licensees and permittees, the precursor chemical industry, and public safety agencies will help mitigate the possibility of terrorists obtaining explosives through the legal explosives industry. With ATF's comprehensive approach to intensifying efforts in investigating arson and criminal activities involving explosives, the anticipated result is a greater number of convictions.

Crosscutting Activities

ATF plays a major role in the prevention and investigation of violent crimes, including those involving explosives and fire. ATF participates in multi-agency efforts such as the JTTF and provides direct investigative expertise to state and local public safety agencies. The Arson and Explosives Incidents System provides valuable investigative information and intelligence to share with ATF's federal, state, local, and international law enforcement partners.

c. Results of Program Assessment Rating Tool (PART) Reviews

As noted earlier, the arson and explosives program areas were rated 82 out of 100 possible points for the FY 2006 PART review. This was reviewed for program purpose, strategic planning, program management, and program results.

Program Increase: **Adjustment of Explosives Poundage Fee Offset**

Budget Decision Unit(s): Arson and Explosives

Strategic Goal(s) & Objective(s): Strategic Goal 1, Prevent Terrorism and Promote the Nation's Security, Objective 1.1

Goal 2, Enforce Federal Laws and Represent the Rights and Interests of the American People, Objective 2.1,

Organizational Program: Bureau-wide

Program Increase: Positions 0 Agt 0 FTE 0 Dollars \$10,000,000

Description of Item

The FY 2007 President's Budget request for ATF proposed a fee on explosives manufactured in or imported into the U.S. This proposed explosive poundage fee would have levied a fee of approximately 2 cents per pound on these explosives. ATF's direct salaries and expense budget authority was reduced by \$120 million and the explosives fee would have been considered as offsetting collections. Congressional action to date on the President's Budget request for FY 2007 has rejected the proposal. The FY 2007 Estimate (which is based on the average of the Senate and House passed marks less 1 percent) provides \$103.950 million of the \$120 million. An additional \$10 million is being requested as a program improvement.

Justification

The proposal was not intended to reflect any specific change to ATF's core explosives mission. The program increase of \$10 million targets ATF's highest priorities which include Explosives Enforcement Activity, Explosive Industry Operations, Canine Enforcement Activity and the Safe Explosives Act implementation.

Impact on Performance (Relationship to Strategic Goals)

Strategic Goal 1, Prevent Terrorism and Promote the Nation's Security. Objective 1.1
Strategic Goal 2, Enforce Federal Laws and Represent the Rights and Interests of the American People, Objective 2.1

ATF is the primary federal agency responsible for administering and enforcing both the regulatory and criminal provisions of federal laws pertaining to explosives. Without full funding, ATF's capacity to regulate and enforce these laws will be reduced.

Funding

Base Funding

FY 2006 Enacted				FY 2007 President's Budget				FY 2008 President's Budget Current Services			
Pos	Agt	FTE	\$(000)	Pos	Agt	FTE	\$(000)	Pos	Agt	FTE	\$(000)
0	0	0	\$0	0	0	0	(\$120,000)	0	0	0	\$103,950

Personnel Increase Cost Summary

Type of Position	Modular Cost per Position	Number of Positions Requested	FY 2008 Request (\$000)	FY 2009 Net Annualization (change from 2008) (\$000)
Total Personnel				

Non-Personnel Increase Cost Summary

Non-Personnel Item	Unit Cost	Quantity	FY 2008 Request (\$000)	FY 2009 Net Annualization (change from 2008) (\$000)
Adjustment of Explosives Poundage Fee Offset			\$10,000	
Total Non-Personnel			\$10,000	

Total Request for this Item

	Pos	Agt	FTE	Personnel (\$000)	Non-Personnel (\$000)	Total (\$000)
Grand Total					\$10,000	\$10,000

C. Alcohol and Tobacco

Alcohol and Tobacco TOTAL	Perm Pos.	FTE	Amount
2006 Enacted w/Rescissions and Supplementals	96	93	19,237
2007 Estimate	96	93	19,603
Adjustments to Base and Technical Adjustments	(3)	(3)	677
2008 Current Services	93	90	20,280
2008 Program Increases	0	0	0
2008 Program Offsets	0	0	0
2008 Request	93	90	20,280
Total Change 2007-2008	(3)	(3)	677

1. Program Description

ATF enforces federal criminal statutes that address the diversion of alcohol and tobacco products in avoidance of local, federal, state, and/or foreign tax revenue, including the Contraband Cigarette Trafficking Act. Criminals, including organized crime groups and individuals with ties to terrorist organizations, have increasingly engaged in illegal trafficking of alcohol and tobacco products. The proliferation of large-volume trafficking across international borders and in interstate commerce to avoid taxes provides funding to criminal enterprises, including terrorist organizations.

To address these problems, ATF conducts criminal and financial investigations and collaborates with other law enforcement entities. Further, ATF provides training to other federal, state, local, tribal, and foreign law enforcement entities to increase their proficiency in investigating these criminal groups.

ATF incorporates information on suspicious financial transactions into each criminal tobacco diversion investigation and provides this information to the appropriate High Intensity Financial Crime Area (HIFCA) team. Current investigations identify instances of terrorist groups forming alliances with tobacco trafficking to generate monies for their organizations and activities. ATF has country attachés in Mexico, Canada, and Colombia who receive, analyze, and transmit information between ATF and their host governments relating to the commodities for which ATF has regulatory and law enforcement authority. ATF's case management system, NFOCIS, has been fully functioning since 1998 and captures all of ATF's intelligence and investigative information. When cases have aspects that pertain to questionable financial transactions, NFOCIS enables the identification of non-profit organizations, charities or any other individual or entity who misuses this status for criminal or terrorist purposes. The use of NFOCIS to capture and share information concerning terrorist funding through the illicit trafficking of tobacco products via the exploitation of legitimate entities is a prime example of how ATF identifies and tracks financial transactions, institutions and entities that facilitate suspected terrorist activities. As it pertains to cases that have suspicious financial transactions as part of the investigation, special agents, analysts and auditors continue to receive, analyze, and transmit information concerning these suspicious transactions to the appropriate entities strengthening existing terrorist screening tools.

ATF continues to collaborate with agencies in other areas of the world that experience problems with U.S.-sourced firearms or with alcohol and tobacco smuggling, such as Canada, China, Colombia, Europe, Mexico, and the Caribbean. ATF participates in ongoing efforts that reduce the illegal diversion of distilled spirits and tobacco products. Diversion of these legal products on a massive scale to the black market within the United States and abroad generates tremendous cash profits for the criminal enterprises responsible for these schemes.

The profits are often used by criminal organizations to conduct other criminal activities, such as smuggling illegal aliens, financing terrorist groups, narcotics and firearms trafficking, and trafficking in stolen properties. With the aim of combating this type of crime, ATF develops intelligence with our partners in other federal, state, international and local agencies, industry groups, and the scientific community for collection, analysis, and dissemination of domestic intelligence to fight alcohol and tobacco diversion. ATF's investigation of alcohol and tobacco diversion activities is essential because of the inherent interstate activity and limited state enforcement jurisdiction.

Enforcing Laws That Prohibit the Diversion of Alcohol and Tobacco Products From Legitimate Commerce

ATF enforces federal criminal laws as they relate to alcohol and tobacco diversion. ATF's investigative efforts reduce the source of funding to criminal and terrorist organizations. ATF's efforts stem the increasing loss of revenue to affected states and the federal government.

Alcohol and Tobacco Diversion Programs

The incentive to evade cigarette taxes rises dramatically with increased tax rates, resulting in billions of dollars of lost revenue from cigarette smuggling, cigarette diversion, stamp counterfeiting, and Internet sales (currently more than 500 known sites). Current investigations identify instances of terrorist groups forming alliances with tobacco traffickers that generate monies used to support their organizations and activities. Diversion activities often generate tremendous cash profits that are then laundered to disguise the origin of the money and to further other unlawful schemes. Criminal organizations also use these profits to fund other criminal activities, such as smuggling illegal immigrants and trafficking narcotics, firearms, and stolen property.

One notable JTTF case from Detroit, Michigan, in which ATF played an integral role, involves the March 2006 indictment of 19 individuals suspected of operating an international racketeering conspiracy based in Detroit, Michigan, through the illegal trafficking of contraband cigarettes, among other items. The indictment stated that some of the profits from the individuals' activities were channeled to the terrorist group Hezbollah.

Although not as common as tobacco diversion, the smuggling of illegal alcohol is a part of the moneymaking schemes used by organized criminal enterprises. The encroachment of organized crime and other groups played a pivotal role in moving alcohol through illegal channels. Enforcement efforts on both the domestic and international front have contributed to a reduction of illicit trade associated with tobacco and alcohol diversion.

Illegal Sales of Cigarettes over the Internet

Both domestic and international tobacco industry members have encouraged and supported ATF's investigations of cigarettes sold via the Internet. ATF gained cooperation from major credit card companies, who have agreed to take action to prevent the illegal sale of cigarettes over the Internet by prohibiting and investigating the use of their credit cards for online cigarette sale transactions.

An example of ATF's success in disrupting tobacco diversion is the investigation of Otamedia Limited, which resulted in the largest tobacco seizure in ATF's history. ATF investigated the unlawful sales of cigarettes through a single Internet site and seized approximately 156,000 cigarette orders packaged for delivery to persons across the United States. The estimated losses in federal and state tax revenue resulting from this illegal operation exceeded \$425 million. ATF worked with the U.S. attorney's office to conduct property seizures and to initiate forfeitures and prosecutions.

Providing Federal, State, Local, and Foreign Agencies With the Tools Needed to Identify Trafficking Schemes

ATF collects, evaluates, analyzes, and disseminates alcohol and tobacco intelligence and information. Intelligence information and support is both national and international in scope. Some of these multi-jurisdictional investigations involve multi-million dollar trafficking schemes.

ATF maintains constructive working relationships with state and local governments and with members of the tobacco industry. ATF works with these organizations on matters of mutual concern, including counterfeit cigarettes, Internet cigarette sales, and counterfeit tax stamps.

2. PERFORMANCE AND RESOURCES TABLE

Decision Unit: Alcohol and Tobacco

DOJ Strategic Goal/Objective: Goal 2, Objective 2.1

WORKLOAD/ RESOURCES		Final Target		Actual		Estimate		Changes		Requested (Total)	
		FY 2006		FY 2006		FY 2007 Estimate		Current Services Adjustments and FY 2008 Program		FY 2008 Request	
WORKLOAD											
Number of Alcohol and Tobacco investigations initiated during fiscal year		N/A		135		135				135	
Total Costs and FTE		FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000
		93	\$19,237	70	\$17,496	93	\$19,603	(3)	\$677	90	\$20,280
Program Activity	Criminal investigations	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000
		93	\$19,237	70	\$17,496	93	\$19,603	(3)	\$677	90	\$20,280
EFFICIENCY MEASURE	Average dollar value of tobacco seizures	\$6,316		\$82,752		\$30,000		--		\$30,000	
OUTCOME	Number defendants convicted (Alcohol and Tobacco) 1/	50		98		50		--		50	

1/ Current ATF investigations have identified instances of terrorist groups forming alliances with tobacco traffickers to generate monies used to support their organizations and activities. Diversion activities are extremely complex investigations since they generate tremendous cash profits that are then laundered to disguise the origin of the money and to further other unlawful schemes. Based upon this knowledge, ATF has determined that the use of this as a measure of program effectiveness is not recommended. The identification of groups that traffic in tobacco is vastly different than the identification of other type of crime groups. (e.g., Mafia) based upon the nature of their criminal activities. ATF is looking at other means by which to measure effectiveness but are presently using workload data.

Performance Measure Table

Decision Unit: Alcohol and Tobacco

Performance Report and Performance Plan Targets		FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006		FY 2007	FY 2008
		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Target	Actual	Target
EFFICIENCY MEASURE	Average dollar value of tobacco seizures ⁵	N/A	N/A	N/A	N/A	N/A	\$6,353	\$6,316	\$82,752	\$30,000	\$30,000
OUTCOME MEASURE	Number of defendants convicted (Alcohol and Tobacco)	N/A	N/A	N/A	New for 2004	72	50	50	98	50	50

N/A = Data unavailable

⁵ Beginning in FY-08, Average Dollar value will be calculated by using the dollar value of total seizure divided by the number of cases in which a seizure is made.

3. Performance, Resources, and Strategies

a. Performance Plan and Report for Outcomes

This program area counters the funding of violent activities through the use of revenues gained from smuggling alcohol and tobacco products by organized crime, terrorist sympathizers, and tax evasion for profit schemes. ATF measures criminal investigations of alcohol and tobacco diversion. In terms of customer service, we strive to maintain a high satisfaction rate among state and local jurisdictions as well as international law enforcement agencies as we prevent tax revenue losses and stop illicit product trafficking from one state to another.

b. Strategies to Accomplish Outcomes

ATF serves as the primary federal law enforcement agency in the investigation of the diversion of alcohol and tobacco products. Armed with investigative and technical expertise, ATF investigates and dismantles schemes involving alcohol and tobacco products, which primarily focus on diversion from high tax jurisdictions to low tax jurisdictions.

ATF will continue to partner with other federal, state, local, and international law enforcement agencies to combat the illegal diversion of alcohol and contraband cigarette trafficking. This objective will be accomplished by sharing intelligence and investigative information and by providing comprehensive training to our partners to increase their proficiency in identifying and investigating alcohol and tobacco criminal activity. ATF will also train its enforcement partners in maximizing the usage of federal forfeiture statutes in order to divest groups of assets derived from diversion and trafficking activity. ATF's presence in the alcohol diversion and contraband cigarette trafficking arena is fundamental to assisting state, local, and international governments with collecting and recovering tax revenue losses resulting from this criminal activity. ATF's focus on the investigation of alcohol diversion and contraband cigarette trafficking will remain an integral component of our enforcement efforts with an anticipated result of a greater number of convictions and the collection and recovery of tax revenue and forfeiture of proceeds of these crimes.

Crosscutting Activities

ATF participates in multi-agency efforts such as the Framework Convention on Tobacco Control, the Federation of Tax Administrators, and the Canadian/United States working group to address illicit alcohol diversion and contraband cigarette trafficking activity. In addition, ATF fosters effective working relationship with alcohol and tobacco industry members.

Alcohol and Tobacco Information Technology

ATF is pursuing several information technology projects that will advance the investigation of alcohol and tobacco diversion. One example is the Law Enforcement Information Sharing Program (LEISP) project. LEISP reduces redundancy, makes information in disparate systems accessible, and creates an infrastructure to share information efficiently and seamlessly with our federal, state, and local law enforcement partners. LEISP enhances the ability of agents and industry operations investigators to share investigative information in order to link and solve complex alcohol and tobacco diversion crimes.

A: Organizational Chart

BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES

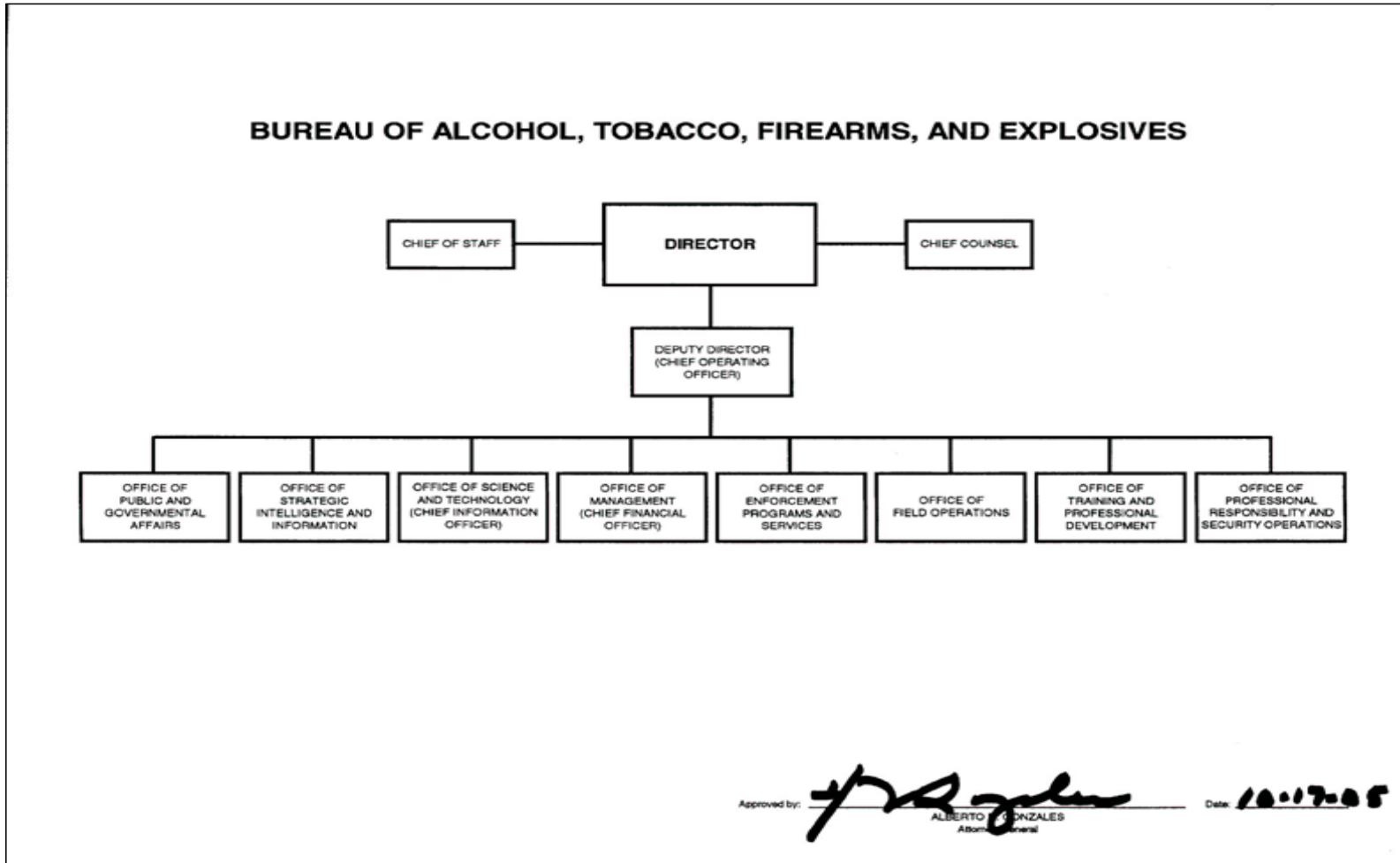


Exhibit A - Organizational Chart

B: Summary of Requirements

Summary of Requirements
 Bureau of Alcohol, Tobacco, Firearms and Explosives
 Salaries and Expenses
 (Dollars in Thousands)

	FY 2008 Pres. Budget		
	Perm. Pos.	FTE	Amount
2006 Enacted (with Rescissions, direct only)	5,128	5,040	\$911,817
2006 Supplementals			\$24,000
Total 2006 Enacted (with Rescissions and Supplementals)	5,128	5,040	935,817
2007 President's Budget (Information Only)	5,148	5,030	860,128
2007 Continuing Resolution Level (as reflected in the 2008 President's Budget; Information Only)			
2007 Estimate (direct only)*	5,148	5,030	957,888
2007 Rescission Against Balances			
2007 Estimate (with Rescissions)	5,148	5,030	957,888
Adjustments to Base			
Increases:			
2008 pay raise (3.0%)			13,291
2007 pay raise annualization (2.2%)			3,567
Annualization of 2007 positions (FTE)		43	
Annualization of 2007 positions (dollars)			9,594
Annualization of 2006 positions (dollars)			2,024
Changes in Compensable Days			4,549
Thrift Savings Plan			1,205
Health Insurance			1,902
Employee Compensation Func			345
GSA Rent			8,704
DHS Security			75
International Cooperative Administrative Support Services (ICASS)			31
Cost of Living Allowance (COLA) Post Allowanc			124
Residential Guard Allowance			3
Subtotal Increases	....	43	45,414
Decreases:			
Unfunded Positions and FTE Reductor	(164)	(164)	0
Non-recrurals of FY 2007 VCIT Positions			(6,094)
Non-recrurals of Non-Personnel Increase:			(1,463)
Moves (Lease Expirations)			(722)
Subtotal Decreases	(164)	(164)	(8,279)
Total Adjustments to Base	(164)	(121)	37,135
2008 Current Services	4,984	4,909	995,023
Program Changes			
Increases			
Adjustment of Explosives Poundage Fee Offse			10,000
Firearms Trafficking	34	17	6,344
PSN Firearms Violence Reduction Group:	12	6	2,240
GangTECC	2	1	373
Subtotal Increases	48	24	18,957
Total Program Changes	48	24	18,957
2008 Total Request	5,032	4,933	1,013,980
2007 - 2008 Total Change	(116)	(97)	56,092
2008 Rescissions from Balances			

* The Department of Justice 2008 budget request was built on a starting point that recognized progress in enacting the FY 2007 appropriation. The starting point used (referred to throughout this document as the "Estimate") is the average of the Senate Co

Summary of Requirements
 Bureau of Alcohol, Tobacco, Firearms and Explosives
 Salaries and Expenses
 (Dollars in Thousands)

Estimates by budget activity	2006 Enacted w/Rescissions and Supplementals			2007 Estimate			2008 Adjustments to Base and Technical Adjustments			2008 Current Services			2008 Increases			2008 Offsets			2008 Request		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
Firearms	3,676	3,598	\$672,008	3,696	3,576	\$705,692	(123)	(75)	\$15,416	3,573	3,501	721,108	48	24	\$8,957	....	....	....	3,621	3,525	\$730,065
Arson & Explosives	1,356	1,349	244,572	1,356	1,361	232,593	(38)	(43)	21,042	1,318	1,318	253,635	....	....	10,000	....	....	....	1,318	1,318	263,635
Alcohol & Tobacco	96	93	19,237	96	93	19,603	(3)	(3)	677	93	90	20,280	....	....	....	....	....	....	93	90	20,280
Total	5,128	5,040	935,817	5,148	5,030	957,888	(164)	(121)	37,135	4,984	4,909	995,023	48	24	18,957	....	....	....	5,032	4,933	1,013,980
Reimbursable FTE		55			55			....		55				....							55
Total FTE		5,095			5,085			(121)		4,964				24			....				4,988
Other FTE:																					
LEAP		626			618			(13)		605				6			....				611
Overtime		36			36			(1)		35				....			....				35
Total Comp. FTE		5,757			5,739			(135)		5,604				30			....				5,634

C: Program Increases/Offsets By Decision Unit

FY 2008 Program Increases/Offsets By Decision Unit
 Bureau of Alcohol, Tobacco, Firearms and Explosives
 (Dollars in Thousands)

Program Increases	Location of Description by Decision Unit	Firearms				Arson & Explosives				Alcohol & Tobacco				Total Increases
		Pos.	Agt.	FTE	Amount	Pos.	Agt.	FTE	Amount	Pos.	Agt.	FTE	Amount	
Firearms Trafficking	Firearms	34	34	17	6,344	....	....	....	....	....	....	....	....	6,344
PSN Firearms Violence Reduction	Firearms	12	12	6	2,240	....	....	....	....	....	....	....	....	2,240
GangTECC	Firearms	2	2	1	373	....	....	....	....	....	....	....	....	373
Adjustment of Explosives Poundage Fee Offset	Arson & Explosives	....	....	....	....	....	....	....	10,000	....	....	....	....	10,000
Total Program Increases		48	48	24	\$8,957	0	0	0	\$10,000	0	0	0	\$0	\$18,957
Program Offsets	Location of Description by Decision Unit	Firearms				Arson & Explosives				Alcohol & Tobacco				Total Offsets
		Pos.	Agt.	FTE	Amount	Pos.	Agt.	FTE	Amount	Pos.	Agt.	FTE	Amount	
	
Total Offsets		0	0	0	\$0	0	0	0	\$0	0	0	0	\$0	\$0

D: Resources by DOJ Strategic Goal and Strategic Objective

Resources by Department of Justice Strategic Goal/Objective
Bureau of Alcohol, Tobacco, Firearms and Explosives
(Dollars in Thousands)

Strategic Goal and Strategic Objective	2006 Enacted w/Rescissions and Supplementals		2007 Estimate		2008 Current Services		2008				2008 Request	
	Direct, Reimb. Other FTE	Direct Amount \$000s	Direct, Reimb. Other FTE	Direct Amount \$000s	Direct, Reimb. Other FTE	Direct Amount \$000s	Increases		Offsets		Direct, Reimb. Other FTE	Direct Amount \$000s
							Direct, Reimb. Other FTE	Direct Amount \$000s	Direct, Reimb. Other FTE	Direct Amount \$000s		
Goal 1: Prevent Terrorism and Promote the Nation's Security												
1.1: Prevent, disrupt, and defeat terrorist operations before they occur	2,038	374,326	2,034	383,155	1,995	395,592	-	10,000	-	-	1,995	405,592
Subtotal, Goal 1	2,038	374,326	2,034	383,155	1,995	395,592	-	10,000	-	-	1,995	405,592
Goal 2: Enforce Federal Laws and Represent the Rights and Interests of the American People												
2.1: Fighting Violent Crime	3,057	561,491	3,051	574,733	2,969	599,431	24	8,957	-	-	2,993	608,388
Subtotal, Goal 2	3,057	561,491	3,051	574,733	2,969	599,431	24	8,957	-	-	2,993	608,388
Goal 3: Assist State, Local, and Tribal Efforts to Prevent or Reduce Crime and Violence												
3.1:	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal, Goal 3	-	-	-	-	-	-	-	-	-	-	-	-
Goal 4: Ensure the Fair and Efficient Operation of the Federal Justice System												
4.1:	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal, Goal 4	-	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL	5,095	\$ 935,817	5,085	\$ 957,888	4,964	\$ 995,023	24	\$ 18,957	-	\$ -	4,988	\$ 1,013,980

E. Justification for Base Adjustments

**Justification for Base Adjustments *
Bureau of Alcohol, Tobacco, Firearms and Explosives**

Increases

2008 pay raise. This request provides for a proposed 3.0 percent pay raise to be effective in January of 2008. (This percentage is likely to change as the budget formulation process progresses.) This increase includes locality pay adjustments as well as the general pay raise. The amount requested, \$13.3 million, represents the pay amounts for 3/4 of the fiscal year plus appropriate benefits (\$9.6 million for pay and \$3.7 million for benefits).

Annualization of 2007 pay raise. This pay annualization represents first quarter amounts (October through December) of the 2007 pay increase of 2.2 percent included in the 2007 House passed bill for Treasury. The amount requested \$3.6 million, represents the pay amounts for 1/4 of the fiscal year plus appropriate benefits (\$2.7 million for pay and \$0.9 million for benefits).

Annualization of additional positions approved in 2006 and 2007. This provides for the annualization of 101 additional positions appropriated in 2006 and 87 additional positions requested in the 2007 President's budget. Annualization of new positions extends to 3 years to provide for entry level funding in the first year with a 2-year progression to the journeyman level. For 2006 increases, this request includes an increase of \$2.0 million for full-year payroll costs associated with these additional positions. For 2007, this request includes a decrease of \$6.1 million for one-time items associated with the increased positions, and an increase of \$9.6 million for full-year costs associated with these additional positions, for a net increase of \$3.5 million.

	2006 Increases (\$000)	Annualization Required for 2008 (\$000)	2007 Increases (\$000)	Annualization Required for 2008 (\$000)
Annual salary rate of 43 new positions		1,510		6,926
Less lapse (50 %)				3,463
Net Compensation	0	1,510	0	3,463
Associated employee benefits		514		2,873
Travel				430
Transportation of Things				297
Rental payments to others				16
Communications/Utilities				264
Printing/Reproduction				17
Other Contractual Services:				
25.2 Other Services				1,014
25.3 Purchase of Goods and Services from Government Accts.				87
25.4 Operation and Maintenance of Facilities				775
25.6 Medical Care				0
25.7 Operation and Maintenance of Equipment				2
Supplies and Materials				132
Equipment				224
TOTAL COSTS SUBJECT TO ANNUALIZATION	0	2,024	0	9,594

* Adjustments to Base must be recalculated following final FY 2007 action.

Changes in Compensable Days. The increased costs of two more compensable days in FY 2008 compared to FY 2007 is calculated by dividing the FY 2007 estimated personnel compensation \$453.4 million and applicable benefits \$138.0 million by 260 compensable days. The cost increase of two compensable days is \$4.6 million.

Retirement. Agency retirement contributions increase as employees under CSRS retire and are replaced by FERS employees. Based on OPM government-wide estimates, we project that the DOJ workforce will convert from CSRS to FERS at a rate of 3 percent per year. The requested increase of \$1.2 million is necessary to meet our increased retirement obligations as a result of this conversion.

Health Insurance. Effective January 2006, this component's contribution to Federal employees' health insurance premiums increased by 5.6 percent. Applied against the 2007 estimate of \$33.0 million, the additional amount required is \$1.9 million.

Employees Compensation Fund. The \$0.3 million increase reflects payments to the Department of Labor for injury benefits paid on our behalf in the past year under the Federal Employee Compensation Act. This estimate is based on the first quarter of prior year billing and current year estimates.

General Services Administration (GSA) Rent. GSA will continue to charge rental rates that approximate those charged to commercial tenants for equivalent space and related services. The requested increase of \$8.7 million is required to meet our commitment to GSA.

DHS Security Charges. The Department of Homeland Security (DHS) will continue to charge Basic Security and Building Specific Security. The requested increase of \$0.075 million is required to meet our commitment to DHS, and cost estimates were developed by DHS.

International Cooperative Administrative Support Services (ICASS). Under the ICASS, an annual charge is made by the Department of State for administrative support based on the overseas staff of each federal agency. This request is based on the initial 2006 billing for post invoices and other ICASS costs. As a result, funding of \$0.031 million is requested for this account.

Post Allowance - Cost of Living Allowance (COLA).

For employees stationed abroad, components are obligated to pay for their COLA. COLA is intended to reimburse certain excess costs and to compensate the employee for serving at a post where the cost of living, excluding the cost of quarters and the cost of education for eligible family members, is substantially higher than in the Washington, D.C. area. A request of \$0.124 million reflects the increase in cost to support existing staffing levels.

Residential Guard Service (RGS).

\$0.003 million is the change in cost to support existing staffing levels for a Department of State's (DOS) Residential Guard Services, which is provided for security of employee housing complexes.

Decreases

Unfunded Position and FTE Reduction. Over the past several years, the Department has been unable to fund positions and FTE at the authorized levels because of enacted rescissions, pay raise absorptions, and other mandatory cost increases. The Department is eliminating these unfunded positions and FTE in FY 2008, including 164 positions and 164 FTE.

Non-Recurring Decreases: This request includes a decrease of \$7.6 million consisting of \$6.1 million for one-time items associated with the increased positions and \$1.5 million for one-time items associated with non-personnel items related to FY 2007.

Moves (Lease Expirations). GSA requires all agencies to pay relocation costs associated with lease expirations. This request provides for the costs associated with new office relocations caused by the expiration of leases in FY 2008. Funding of \$0.7 million is required for this account.

* **Adjustments to Base must be recalculated following final FY 2007 action.**

F: Crosswalk of 2006 Availability

Crosswalk of 2006 Availability
 Bureau of Alcohol, Tobacco, Firearms and Explosives
 Salaries and Expenses
 (Dollars in Thousands)

Decision Unit	FY 2006 Enacted Without Rescissions			Rescissions			Supplementals			Reprogrammings / Transfers			Carryover/ Recoveries			2006 Availability		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
Firearms	3,710	3,632	665,613	(34)	(34)	(9,105)			15,500			(459)			8,904	3,676	3,598	680,453
Arson & Explosives	1,368	1,361	240,000	(12)	(12)	(2,928)			7,500			(325)			3,215	1,356	1,349	247,462
Alcohol & Tobacco	96	93	18,000						237			1,000			(24)			247
TOTAL	5,174	5,086	\$923,613	(46)	(46)	(\$11,796)	....	....	\$24,000	....	....	(\$808)	....	....	\$12,366	5,128	5,040	\$947,375
Reimbursable FTE		55																55
Total FTE		5,141			(46)			....			....			....				5,095
Other FTE																		
LEAP		626																626
Overtime		36																36
Total Compensable FTE		5,803			(46)			....			....			....				5,757

Enacted Rescissions. Funds rescinded as required by the Department of Justice Appropriations Act, 2006 (P.L. 109-108) and the Department of Defense Appropriations Act, 2006 (P.L. 109-148).

Supplementals. \$20 M for Hurricane Supplemental (P.L. 109-148) and \$4.0 M for Iraq Supplemental (P.L. 109-234)

Transfers. Net Transfer of (\$0.808 M) consisting of (\$0.064 M) transfer to the Department of Justice to support the Wireless Management Office efforts related to the Hurricanes in the Gulf of Mexico during calendar year 2005, (\$1.183 M) transfer to the Department of Justice Narrowband Communications for the cost of new radios for agent accession in FY 2006, and \$0.439 M transfer of funding from ONDCP to ATF for approved HIDTA programs within ATF Field Divisio

Carryover/Recoveries. Funds were carried over from FY2005 from the 15x0700, 15x8526, 15x8528 and 15 5/6 0700 accounts. ATF brought forward \$1.739 M from funds provided in FY2005 for the no-year portion of the S&E Appropriations along with recoveries of \$0.084 M from funds provided in FY2005 for the no-year portion of the S&E Appropriations; \$6.039 M from funds provided in FY2005 for GREAT/VCIT, Emergency Supplemental and the construction and establishment of the Federal Firearms Licensing Center at the National Tracing Center facility with recoveries of \$0.698 M from funds provided in FY2005; \$1.042 M from funds provided in the Crime Bill (GREAT), with recoveries of \$0.040 M from funds provided in FY2005; \$0.085 M from funds provided in the Crime Bill (Non-GREAT), with recoveries of \$0.272 M from funds provided in FY2005; and \$2.367 M from FY05 funds provided for HIDTA and the Iraq Supplemental.

G: Crosswalk of 2007 Availability

Crosswalk of 2007 Availability
 Bureau of Alcohol, Tobacco, Firearms and Explosives
 Salaries and Expenses
 (Dollars in Thousands)

Decision Unit	2007 Estimate			Rescissions			Reprogrammings / Transfers			Unobligated Balances Carried Forward /Recoveries			2007 Availability		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
Firearms	3,696	3,576	705,692							6,708			3,696	3,576	712,400
Arson & Explosives	1,356	1,361	232,593							2,422			1,356	1,361	235,015
Alcohol & Tobacco	96	93	19,603							187			96	93	19,790
TOTAL	5,148	5,030	957,888	....	....	\$0	....	....	\$0	....	....	\$9,317	5,148	5,030	967,205
Reimbursable FTE		55												55	
Total FTE		5,085			....			....			....			5,085	
Other FTE															
LEAP		618												618	
Overtime		36												36	
Total Compensable FTE		5,739			....			....			....			5,739	

Carryover/Recoveries. Funds were carried over from FY2006 from the 15x0700, 15x8526 and 15 6/7 0700 accounts. ATF brought forward \$0.504 M from funds provided in FY2006 for the no-year portion of the S&E Appropriations, with year-to-date recoveries of \$0.540 M from funds provided in FY2006 for the no-year portion of the S&E Appropriations; \$4.238 M from funds provided in FY2006 for GREAT/VCIT and the construction and establishment of the National Center for Explosives Training & Research; \$0.027 M from funds provided in the Crime Bill (GREAT), with year-to-date recoveries of \$0.001 M from funds provided in FY2006; and \$4.006 M from FY06 funds provided for HIDTA and the Iraq Supplemental, with year-to-date recoveries of \$0.001 M from funds provided in FY2006.

H: Summary of Reimbursable Resources

Summary of Reimbursable Resources
 Bureau of Alcohol, Tobacco, Firearms and Explosives
 Salaries and Expenses
 (Dollars in Thousands)

Collections by Source	2006 Enacted			2007 Planned			2008 Request			Increase/Decrease		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
ICDE/OCDETF	54	54	11,173	54	54	11,392	54	54	11,402	....	....	10
OJP (GREAT)	1	1	176	1	1	176	1	1	176	....	....	....
Other	....	....	38,651	....	....	38,432	....	....	38,422	....	....	(10)
Budgetary Resources:	55	55	\$50,000	55	55	\$50,000	55	55	\$50,000	....	....	\$0

I: Detail of Permanent Positions by Category

Detail of Permanent Positions by Category
 Bureau of Alcohol, Tobacco, Firearms and Explosives
 Salaries and Expenses

Category	2006 Enacted w/Rescissions and Supplementals		2007 Estimate		2008 Request							
	Total Authorized	Total Reimbursable	Total Authorized	Total Reimbursable	Adj. to Base Increases	Adj. to Base Decreases	Total ATB	Program Increases	Program Decreases	Total Pr. Changes	Total Authorized	Total Reimbursable
Agent (1811)	2,509	54	2,502	54		(82)	(82)	48		48	2,468	54
IO Investigators (1801 and 1854)	797		797			(24)	(24)	....		....	773	
Other	1,822	1	1,849	1		(58)	(58)	....		....	1,791	1
Total	5,128	55	5,148	55	....	(164)	(164)	48	....	48	5,032	55
Location												
Headquarters (Washington, D.C.)	957	1	957	1		(31)	(31)			....	926	1
U.S. Field	4,160	54	4,176	54		(133)	(133)	48		48	4,091	54
Foreign Field	11		15			....	....			....	15	
Total	5,128	55	5,148	55	....	(164)	(164)	48	....	48	5,032	55

J: Financial Analysis of Program Changes

Financial Analysis of Program Changes
 Bureau of Alcohol, Tobacco, Firearms and Explosives
 Salaries and Expenses
 (Dollars in Thousands)

Grades:	Firearms						Arson & Explosives		Program Change	
	Firearms Trafficking/Gun Runner		PSN Firearms Violence Reduction Groups		GangTECC		Adjustment of Explosives Poundage Fee Offset			
	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
GS-9	34	1,646	12	580	2	96	....	....	48	2,322
Total positions & annual amount	34	1,646	12	580	2	96	....	....	48	2,322
Lapse (-)	(17)	(823)	(6)	(290)	(1)	(48)	....	....	(24)	(1,161)
Other personnel compensation	....	206	....	73	....	12	....	374	....	665
Total FTE & personnel compensation	17	1,029	6	363	1	60	....	374	24	1,826
Personnel benefits	....	444	....	157	....	26	....	326	....	953
Travel and transportation of persons	....	58	....	21	....	3	....	1,145	....	1,227
Transportation of things	....	4	....	2	....	....	....	114	....	120
GSA rent	....	....	....	....	....	....	....	....	....	....
Rental payments to others	....	8	....	3	....	....	....	....	....	11
Communication, rents, and utilities	....	95	....	33	....	8	....	74	....	210
Printing	....	6	....	2	....	....	....	....	....	8
Advisory and assistance services	....	....	....	....	....	....	....	7	....	7
Other services	....	1,098	....	388	....	64	....	5,754	....	7,304
Purchases of goods & services from Government accounts	....	10	....	3	....	1	....	....	....	14
Operation and maintenance of facilities	....	294	....	104	....	17	....	411	....	826
Research and development contracts	....	....	....	....	....	....	....	....	....	....
Operation and maintenance of equipment	....	1	....	....	....	....	....	....	....	1
Supplies and materials	....	345	....	122	....	20	....	771	....	1,258
Equipment and Structures	....	2,952	....	1,042	....	174	....	1,024	....	5,192
Total, 2008 program changes requested	17	\$6,344	6	\$2,240	1	\$373	0	\$10,000	24	\$18,957

K: Summary of Requirements by Grade

Summary of Requirements by Grade
 Bureau of Alcohol, Tobacco, Firearms and Explosives
 Salaries and Expenses

Grades and Salary Ranges	2006 Actual Obligations		2007 Estimate		2008 Request		Increase/Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
SES, \$109,808 - \$152,000	48		48		48		....
GS-15, \$107,521 - 139,774	148		148		148		....
GS-14, \$91,407 - 118,828	574		574		574		....
GS-13, \$77,353 - 100,554	1,464		1,464		1,324		(140)	
GS-12, \$65,048 - 84,559	652		652		652		....
GS-11, \$54,272 - 70,558	407		407		383		(24)	
GS-10, 49,397 - 64,213	2		2		2		....
GS-9, \$44,856 - 58,318	703		696		744		48	
GS-8, 40,612 - 52,794	119		119		119		....
GS-7, \$36,671 - 47,669	511		538		538		....
GS-6, \$33,000 - 42,898	62		62		62		....
GS-5, \$29,604 - 38,487	73		73		73		....
GS-4, \$26,460 - 34,402	36		36		36		....
GS-3, \$23,571 - 30,645	28		28		28		....
GS-2, \$21,602 - 27,182	....		....		....		....
GS-1, \$19,214 - 24,029	....		....		....		....
Ungraded Positions	301		301		301		....
Total, appropriated positions	5,128		5,148		5,032		(116)	
Average SES Salary		\$ 147,953		\$ 152,539		\$ 155,895		
Average GS Salary		\$ 75,770		\$ 78,119		\$ 79,837		
Average GS Grade		12.08		12.06		11.95		

L: Summary of Requirements by Object Class

Summary of Requirements by Object Class
 Bureau of Alcohol, Tobacco, Firearms and Explosives
 Salaries and Expenses
 (Dollars in Thousands)

Object Classes	2006 Actual Obligations		2007 Estimate		2008 Request		Increase/Decrease	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
11.1 Direct FTE & personnel compensation	4,827	374,485	5,030	382,535	4,933	402,016	(97)	19,481
11.3 Other than full-time permanent	....	1,408	....	18,620	....	19,615	....	995
11.5 Total, Other personnel compensation	632	54,570	654	57,087	646	59,149	(8)	2,062
<i>Overtime</i>	39	2,032	36	1,753	35	1,932	(1)	179
<i>Other Compensation</i>	593	52,538	618	55,334	611	57,217	(7)	1,883
11.8 Special personal services payments	....	167	....	131	....	131	....	....
Total	5,459	430,630	5,684	458,373	5,579	480,911	(105)	22,538
Reimbursable FTE:								
Full-time permanent								
Other Object Classes:	[55]		[55]		[55]			
12.0 Personnel benefits		165,320		170,234		183,818		13,584
13.0 Benefits to Former Personnel		118		125		125		....
21.0 Travel and transportation of persons		21,839		15,658		17,090		1,432
22.0 Transportation of things		2,421		1,537		1,954		417
23.1 GSA rent		61,971		72,383		80,365		7,982
23.2 Rental Payments to Others		1,023		1,187		1,215		28
23.3 Comm., util., & other misc. charges		25,965		20,875		21,347		472
24.0 Printing and reproduction		1,324		1,360		1,387		27
25.1 Advisory and assistance services		....		95		102		7
25.2 Other services		152,598		163,360		169,023		5,663
25.3 Purchases of goods & services from Government accounts		12,526		21,333		21,433		100
25.4 Operation and maintenance of facilities		10,865		5,519		7,119		1,600
25.5 Research and development contracts		....		....		....		....
25.7 Operation and maintenance of equipment		199		232		235		3
26.0 Supplies and materials		16,254		11,799		12,871		1,072
31.0 Equipment		25,265		13,818		14,985		1,167
Total obligations		\$928,318		\$957,888		\$1,013,980		\$56,092
Unobligated balance, start of year [-]		(10,000)		(9,000)		(9,000)		
Unobligated balance, end of year [+]		9,000		9,000		9,000		
Recoveries of prior year obligations [-]		1,000		....		....
Total requirements		928,318		957,888		1,013,980		
Relation of Obligation to Outlays:								
S&E Approps and Supplemental Obligations		928,318		957,888		1,013,980		
Other Obligations		53,682		....		....
Obligated balance, start of year [+]		170,000		149,000		158,383		
Obligated balance, end of year [-]		(149,000)		(158,383)		(187,733)		
Adjustments in expired accounts		(11,000)		....		....
Recoveries of prior year obligations		(1,000)		....		....
Change in uncollected customer payments from Federal Sources (unexpired)		(38,000)		....		....
Change in uncollected customer payments from Federal Sources (expired)		19,000		....		....
Outlays		972,000		948,505		984,630		

M. Status of Congressionally Requested Studies, Reports, and Evaluations

Bureau of Alcohol, Tobacco, Firearms and Explosives
Salaries and Expenses
(Dollars in Thousands)

Status of Congressionally Requested Studies, Reports, and Evaluations

1. Department of Justice Appropriations Act 2006 - Section 605

Congressional Relocation Report (CRR) (Not an official Congressional reporting requirement): The reporting cycle shall commence upon enactment of the Department's appropriation. It reports notification of any ATF relocations, office closings, or new additions. The Department of Justice submitted the CRR on October 13, 2006. The House approved the CRR on November 15, 2006. The Chelsea relocation was handled as an Out-Of-Cycle request (i.e. Exception Reporting) because it could not be delayed until the next reporting period due to time frames. The remainder of the CRR is still waiting for Senate approval.

2. Conference Report 109-272

TEDAC Report: DOJ is to submit a report to the Committee no later than 30 days after enactment of the Act that identifies: (1) the number of IEDs recovered and submitted to the TEDAC; (2) the dates the devices were recovered and sent to TEDAC; (3) the dates the devices were technically and forensically exploited; (4) the number of completed examinations; (5) the dates the results of examination were disseminated to State and local first responders; and (6) a detailed summary of the information provided in these reports. In addition this report shall provide a spending plan detailing how the \$6M increase will be allocated. The Department of Justice sent the report to Congress on August 8, 2006.