

## SEC Performance Budget for 2006

In accordance with Section 220 of Office of Management and Budget Circular A-11, the SEC has crafted the following *Performance Budget for 2006*. This document aligns the goals and measures developed for the SEC's *Strategic Plan for Fiscal 2004-2009* with the SEC's budget request. It aims to improve the linkages between the SEC's resource needs, effectiveness, and outcomes, and is submitted in lieu of the agency's Government Performance and Results Act Annual Performance Plan, as permitted by OMB.

Separately, the SEC has had both its Division of Enforcement and Division of Corporation Finance scored by OMB's Performance Assessment and Rating Tool (PART). The results of these assessments will be included in the President's budget request for 2006.

### Goals and Outcomes

As established in the SEC's strategic plan, the agency's four goals are to:

- Enforce compliance with federal securities laws;
- Sustain an effective and flexible regulatory environment;
- Encourage and promote informed investment decisionmaking; and
- Maximize the use of SEC resources.

The SEC works to meet these goals by, among other things, detecting potential problems or issues in the securities markets early to prevent violations of federal securities laws; crafting regulations that strengthen corporate and fund governance; providing investors with timely access to accurate and adequate disclosure materials that are useful, and can be easily understood and analyzed across companies, industries, or funds; and ensuring that the agency's human capital strategies, information technology initiatives, and resources are appropriately aligned to achieve the agency's mission, goals, and outcomes.

In 2004, the SEC launched the "dashboards" initiative to measure its progress in achieving these goals. These internally-generated indicators provide useful information regarding the agency's timeliness in completing certain tasks, its changing priorities, and the scope and breadth of its activities. This effort, along with ongoing managerial analyses and reviews of externally generated data, informed the development of the agency's performance measures as shown in this Performance Budget. These measures are useful in helping SEC managers to determine how the SEC should allocate its budgetary resources.

Like other federal regulatory and law enforcement agencies, the SEC has found it challenging to develop measures that accurately depict the outcomes of the agency's activities. In many instances the agency's impact can only be indirectly assessed. The SEC intends to continue refining its work in this area as it gains more experience in integrating its budget and

performance functions. As part of this effort, the SEC intends to implement a performance-based budgeting/activity-based costing system to help monitor operating costs, better allocate costs across business functions, and achieve greater cost efficiency. The agency also will continue to assess alternatives for measuring outcomes that help the public gauge the SEC's progress in achieving its mission, as well as assist program officials in meeting their objectives.

## Goal One: Enforce Compliance with Federal Securities Laws

### Performance Measure: 1. Investment advisers and investment companies examined.

**Description:** To conduct oversight of investment companies and advisers, staff conducts routine exams, cause inspections to follow up on tips and complaints, and special inspections to probe emerging risk areas. The market timing and late trading problems in the mutual fund industry caused the form of the SEC's oversight of investment companies and advisers to change and resulted in a greater number of cause inspections to investigate indications of possible wrongdoing. The number of special inspections increased significantly as the staff followed up on emerging areas of high risk through an extensive program of risk-targeted examination sweeps.

	FY 2001	FY 2002	FY 2003	FY 2004 Plan	FY 2004 Actual	FY 2005	FY 2006
Investment Advisers Examined	1,405	1,570	1,556	--	1,543	1,400	1,400
Investment Companies Examined	272	304	318	--	783	500	500

**FY 2006 Request:** The number of inspections completed each year reflects the facts, circumstances, and priorities unique to that year. Therefore, the figures may differ from the SEC's plan because of changes in priorities resulting from unforeseen events and conditions during a year. However, the emphasis on risk-targeted examinations is expected to continue as the agency refines its risk management practices.

**Performance Measure: 2. Number and percentage of examinations finding “significant” violations.**

**Description:** Examiners find a wide range of violations during examinations. Some of these violations are more technical in nature, such as failing to include all information that is required to be in a record. Other violations may have caused harm to customers or clients of a firm or had a high potential to cause harm. These latter violations are among those categorized as significant. This measure will be implemented in 2005 and data is not available for prior years.

	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004 Plan</b>	<b>FY 2004 Actual</b>	<b>FY 2005</b>	<b>FY 2006</b>
Fund/Adviser Exams Number Percent			Data not available			-- --	-- --
Broker/Dealer and SRO Exams Number Percent			Data not available			-- --	-- --

**FY 2006 Request:** The agency is not projecting the number of violations and significant findings it may identify during examinations. Emphasis will be on further collection of data and trend analysis of potential patterns of violations in the industry.

**Performance Measure: 3. Referrals to the Division of Enforcement from examination staff or the Division of Corporation Finance.**

**Description:** The SEC’s Division of Enforcement receives referrals from a variety of sources. For example, the examination staff and the Division of Corporation Finance’s disclosure review program both strive to uncover serious potential violations of the federal securities laws, among other objectives. When possible violations are found, they are referred to the Division of Enforcement for further investigation. This indicator measures the number of enforcement referrals from the exam staff and the Division of Corporation Finance within each fiscal year.

	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004 Plan</b>	<b>FY 2004 Actual</b>	<b>FY 2005</b>	<b>FY 2006</b>
Examination Staff	Data not available	Data not available	171	---	482	---	---
Corporation Finance	Data not available	Data not available	231	---	415	---	---

**FY 2006 Request:** Targets are not used for this measure.

**Performance Measure: 4. Percentage of first enforcement cases filed within two years.**

**Description:** This measure identifies the percentage of first enforcement actions filed within two years of opening the investigation or inquiry. In conducting investigations, the Division of Enforcement continually strives to balance the need for complete, effective, and fair investigations with the need to file enforcement actions in as timely a manner as possible.

<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004 Plan</b>	<b>FY 2004 Actual</b>	<b>FY 2005</b>	<b>FY 2006</b>
Data not available	Data not Available	62%	52%	69%	54%	57%

**FY 2006 Request:** The figures in this chart are dependent on the types of cases brought or emphasized in a specific year, as well as competing staff priorities, such as litigating actions already filed and bringing additional enforcement actions.

**Performance Measure: 5. Enforcement cases successfully resolved.**

**Description:** A case is considered “successfully resolved” if it resulted in a favorable judgment for the SEC, a settlement, or the issuance of a default judgment. In general, the SEC strives to successfully resolve as many cases as possible but, at the same time, aims to file large, difficult, or precedent-setting cases when appropriate, even if success is not assured.

<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004 Plan</b>	<b>FY 2004 Actual</b>	<b>FY 2005</b>	<b>FY 2006</b>
Data not Available			82%	98%	85%	87%

**FY 2006 Request:** A continued high success ratio depends on numerous factors, including the complexity of cases, the extent to which parties contest actions, and the availability of litigation and investigation resources.

**Performance Measure: 6. Monetary disgorgements and penalties ordered and the amounts and percentage collected by the SEC.**

**Description:** In addition to other types of relief, the Commission may seek orders requiring parties to disgorge any money obtained through wrongdoing. The Commission also is empowered to seek civil penalties for violations of the securities laws. Where appropriate, the Commission has sought to return disgorged funds to defrauded investors and, as a result of the “Fair Funds” provision of the Sarbanes-Oxley Act, to use amounts paid as penalties to reduce losses to injured parties. Funds not returned to investors are sent to the U.S. Treasury; neither disgorgements nor penalties go to the SEC. This chart lists disgorgements and penalties ordered to and collected by the SEC.

	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004 Plan</b>	<b>FY 2004 Actual</b>	<b>FY 2005</b>	<b>FY 2006</b>
Ordered	Data not Available	Data not Available	\$313M	--	\$1.3B	--	--
Collected			\$141M	--	\$924M	--	--
Percentage			45%	--	71%	--	--

**FY 2006 Request:** The agency does not make projections for this measure. The amount of disgorgements and fines may vary widely year to year, and collection success rates depend on numerous variables, including the financial status and size of the parties sued.

**Performance Measure: 7. Number of requests to and by foreign regulators for enforcement assistance.**

**Description:** The Office of International Affairs helps the Division of Enforcement contend with international issues arising from its investigations and cases and seek enforcement-related cooperation from foreign securities regulators. This measure gauges the level of international cooperation on enforcement matters, identifying the number of requests that OIA sent to other regulators and the number of incoming requests from foreign regulators seeking assistance with their own cases.

	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004 Plan</b>	<b>FY 2004 Actual</b>	<b>FY 2005</b>	<b>FY 2006</b>
Requests To Foreign Regulators	364	448	309	330	380	420	440
Requests From Foreign Regulators	483	353	344	360	372	410	430

**FY 2006 Request:** The number of requests between regulators is expected to rise gradually through 2006.

**Performance Measure: 8. Distribution of Cases Across Core Enforcement Areas.**

**Description:** Effective deterrence of securities fraud requires that the cases filed by the SEC have adequate reach across all core enforcement program areas. The mix and types of cases filed by the agency changes year to year based upon the conditions of the markets and the changes in financial instruments being used. The SEC's enforcement program seeks to maintain a presence and depth so that no single area dominates its case mix, nor is underrepresented. This measure evaluates whether the agency maintains an effective distribution of cases so that no category exceeds 40% of the total.

<b>Core Enforcement Program Areas</b>	<b>FY 2003 Percentage of Cases</b>	<b>FY 2004 Percentage of Cases</b>	<b>FY2005</b>	<b>FY2006</b>
Market Manipulation	5%	6%	<40%	<40%
Insider Trading	7%	7%	<40%	<40%
Financial Disclosure	29%	28%	<40%	<40%
Investment Advisers and Investment Companies	11%	14%	<40%	<40%
Broker Dealer	20%	22%	<40%	<40%
Securities Offering	16%	15%	<40%	<40%
Other	12%	8%	<40%	<40%

**FY 2006 Request:** The agency will maintain a presence across all core enforcement program areas. Targets are not used for individual enforcement program areas.

## Goal Two: Sustain a Flexible and Effective Regulatory Environment

<b>Performance Measure: 1. Milestones achieved for high-priority rule makings.</b>		
<b>Description:</b> In 2004, the Commission and staff engaged in extensive rulemaking to address issues of corporate and fund governance and to address provisions of the Sarbanes-Oxley Act. New standards for the governance policies and practices of SROs and participants in the investment management industry will have significant effects for years to come.		
	<b>FY 2005</b>	<b>FY 2006</b>
<b>Investment Management</b>		
Address Mutual Fund Late Trading	Final Action	
Redemption Fees for Mutual Funds	Final Action	
Hedge Fund Adviser Registration	Final Action	
	(Adopted in Dec. '04)	
Changes to Adviser Disclosure Documents	Final Action	
Mutual Fund Transaction Cost Disclosure	Propose	
Broker-Dealer Exemption	Final Action	
Soft Dollars	Propose	
Revamp Fund Disclosure Regime		Implement
Review and Update PUHCA Forms		Implement
Evaluate Changes to Rule 12b-1		Implement
<b>Corporation Finance</b>		
Shareholder Nomination Process	Final Action	
Asset Backed Securities	Final Action	
Shell Companies	Final Action	
Offering Communications	Propose & Final Action	
Disclosures of Executive Compensation, Board Independence, & Related Party Transactions	Propose	Final Action
Company Communications with Owners of Securities Held in Street or Nominee Name	Concept Release & Propose	Final Action
Tagged Data	Propose Concept Release	Decide Whether to Propose
Transition to IFRS Accounting Standards	Final Action	
<b>Market Regulation</b>		
Point-of-Sale Disclosure/Confirmation Requirements	Final Action	Propose Additional Rules
National Market System (Reg NMS)	Final Action & Implement	Evaluate
Short Sale Regulation (Reg SHO)	Implement Pilot	Evaluate
Regulation B	Final Action	Implement
SRO Governance Reporting Rules	Final Action	Implement
Net Capital Rule Revisions	Propose	Final Action
<b>FY 2006 Request:</b> The agency's rulemaking agenda for 2005 and 2006 may change, perhaps substantially, in response to market developments and evolving agency priorities.		



**Performance Measure: 2. Percentage of responses to exemptive, no-action letter, and interpretive requests issued within six months.**

**Description:** Commission staff respond to inquiries from individuals or companies about whether an activity undertaken in a specified manner would violate the securities laws. The inquiries take the form of written requests that the staff not recommend enforcement or other action to the Commission if the activity is completed as specified. The originators of “no-action” requests submit their inquiries privately, but the staff publicly releases both the request and the agency’s response upon completion. Staff also respond to requests to interpret specific provisions of the securities rules and review applications for exemptions from the securities laws.

FY 2001	FY 2002	FY 2003	FY 2004 Plan	FY 2004 Actual	FY 2005	FY 2006
Data not available				84%	85%	85%

**FY 2006 Request:** The agency intends to maintain its response rate.

**Performance Measure: 3. Percentage of SRO rule filings closed in less than 60 days.**

**Description:** SRO rule changes are reviewed for consistency with investor protection and market operation and structure rules that govern the operation of registered national securities exchanges, clearing agencies, and the automated quotation systems operated by the NASD and Municipal Securities Rulemaking Board. The figures below represent the percentage of proposed SRO rules changes reviewed (i.e., approved or disapproved) within 60 days from receipt of the last amendment filed by the SRO.

FY 2001	FY 2002	FY 2003	FY 2004 Plan	FY 2004 Actual	FY 2005	FY 2006
Data not available	Data not available	74%	75%	78%	75%	75%

**FY 2006 Request:** The percentage of SRO rule filings closed in under 60 days will remain steady despite an increasing number of rule filings received, due in part to additional staff and the implementation of an electronic rule filing system.

**Performance Measure: 4. Global access to U.S. markets: Number of new foreign private issuers registering under the Securities Act of 1933 and the Securities Exchange Act of 1934, and the dollar amount of securities registered by foreign private issuers (in billions).**

**Description:** The number of foreign companies registering stocks in the U.S. and the amount of money they bring to the public markets can be viewed as an indicator of the integrity, liquidity, and fairness of the U.S. markets.

	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004 Plan</b>	<b>FY 2004 Actual</b>	<b>FY 2005</b>	<b>FY 2006</b>
Companies	130	70	50	110	63	60	60
Dollar value	\$267	\$147	\$163	\$120	\$146	\$145	\$145

**FY 2006 Request:** Because of the uncertain market and economic conditions, projections of transactional filings (*i.e.*, filings relating to capital raising or business combinations) in 2005 and 2006 have been assumed to approximate 2004 levels.

**Performance Measure: 5. Percentage of households owning mutual funds.**

**Description:** Near record numbers of Americans continue to invest in the U.S. securities markets through the purchase and sale of stocks, bonds, and mutual funds. In particular, the number and percentage of U.S. households that own mutual funds grew dramatically during the 1990s as stock and bond mutual funds became a key repository for U.S. savings dollars. These data are derived from a survey of approximately 3,000 households conducted by the Investment Company Institute. Results have a standard error of +/- 1.8% at the 95% confidence level. The sample is weighted to match the age distribution of the U.S. population. The number of U.S. households is based on the most recent estimate by the U.S. Bureau of the Census.

<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004 Plan</b>	<b>FY 2004 Actual</b>	<b>FY 2005</b>	<b>FY 2006</b>
52%	49.6%	47.9%	---	48.1	---	---

**FY 2006 Request:** Targets are not set for this measure.

### Goal Three: Encourage and Promote Informed Investment Decisionmaking

**Performance Measure: 1. Percentage of corporations and investment companies reviewed each year in a three-year cycle.**

**Description:** Sarbanes-Oxley mandates the review of all corporations and investment companies once every three years. The reviews will facilitate adequate and accurate disclosure of information and provide investors with timely access to material information about emerging and novel issues affecting a corporation or investment company.

	FY 2001	FY 2002	FY 2003	FY 2004 Plan	FY 2004 Actual	FY 2005	FY 2006
Corporations	Data not available	Data not available	23%	24%	22%	36%	38%
Investment Companies	Data not available	Data not available	10%	44%	54%	35%	37%

**FY 2006 Request:** The agency will maintain its review cycle to ensure that corporations and investment companies are reviewed at least once every three years.

**Performance Measure: 2. Number of corporate disclosure filings “significantly” improved by staff comments, and number of “significant” actions taken by disclosure review staff to protect investment company shareholders.**

**Description:** For corporate filings, comments are issued to elicit better compliance with applicable disclosure requirements and improve the information available to investors. In many instances, amendments involve financial restatements. The determination of “significance” stems from the nature of the change (e.g., restating positive income as a loss) or the size of the company. With respect to investment company filings, the staff take actions to elicit better compliance with applicable disclosure requirements, improve the information available to investors, and ensure that fund investment, marketing, and operational activities as described in disclosure documents are conducted in accordance with federal law.

	FY 2001	FY 2002	FY 2003	FY 2004 Plan	FY 2004 Actual	FY 2005	FY 2006
Corporate Filings	Data not available					--	--
Investment Company Filings	Data not available					--	--

**FY 2006 Request:** Data for this measure will become available in 2005. Targets are not used for this measure.

**Performance Measure: 3. Percentage of investment adviser and investment company transactional reviews completed within timeliness goals.**

**Description:** For initial registration statements, the SEC's goal is to comment within 30 days after they are filed (60 days for registration statements of insurance product separate accounts). For post-effective amendments, the goal is to comment within 45 days after they are filed. For preliminary proxy statements, the goal is to comment within ten days after they are filed.

	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004 Plan</b>	<b>FY 2004 Actual</b>	<b>FY 2005</b>	<b>FY 2006</b>
Initial Registration Statements	Data not available	Data not available	81%	85%	88%	85%	85%
Post-Effective Amendments	Data not available	Data not available	86%	90%	98%	90%	90%
Preliminary Proxy Statements			100%	99%	100%	99%	99%

**FY 2006 Request:** As a benchmark, the staff aims under normal circumstances to provide comments within timeliness goals for at least 85% of registration statements, 90% of post-effective amendments, and 99% of preliminary proxy statements. The staff anticipates that it will continue to achieve its performance benchmarks in 2006.

**Performance Measure: 4. Average time to issue initial comments on Securities Act filings.**

**Description:** The target of 30 days has become a de facto industry standard for the maximum time to receive SEC comments. Companies often build this timeframe into their plans. The 30 days is considered aggressive given the other mandatory reviews the agency conducts and the fluctuation in filing volume that impacts workload plans.

<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004 Plan</b>	<b>FY 2004 Actual</b>	<b>FY 2005</b>	<b>FY 2006</b>
Data not available	Data not available	27.7 days	30 days	27.8 days	30 days	30 days

**FY 2006 Request:** The agency intends to maintain its timeliness goal in order to provide staff sufficient time to identify areas of concern without significantly impacting the financing schedules of issuers.

**Performance Measure: 5. Annual number of on-line searches for EDGAR filings.**

**Description:** Greater availability of market-sensitive information through the SEC's EDGAR system provides investors with the ability to make more informed investment decisions. This measure gauges the demand for EDGAR data through the SEC website.

FY 2001	FY 2002	FY 2003	FY 2004 Plan	FY 2004 Actual	FY 2005	FY 2006
52,265,392	96,931,859	141,508,835	205,000,000	288,959,364	425,000,000	615,000,000

**FY 2006 Request:** The SEC anticipates that demand for the disclosure data from EDGAR will increase as improvements are made to the SEC website and the agency's data tagging initiative is implemented.

**Performance Measure: 6. Percentage of forms and submissions filed electronically and in a structured format.**

**Description:** The agency is continuing its emphasis on electronic filing to make information available to the public in a format that can be easily obtained and analyzed. The SEC currently has over 100 forms that must be filed with the agency. These forms generate hundreds of thousands of filings with the SEC. This measure identifies the percentage of forms that are in electronic format and the percentage of resulting filings that are received electronically by the SEC. The agency is redesigning its form filing capabilities to rely on more structured formats (e.g., information is captured in a comma delimited, XML, or XBRL or other format). This measure also gauges the percentage of forms that are available to be filed in a structured format and the percentage of resulting filings that are received in the structured format.

	FY 2001	FY 2002	FY 2003	FY 2004 Plan	FY 2004 Actual	FY 2005	FY 2006
Electronic Filings % of forms in electronic format % of filings received electronically	Data not available						
Structured Filings % of forms in structured format % of filings received in structured format	Data not available						

**FY 2006 Request:** Data for this measure will be available in 2005.

**Performance Measure: 7. Number and percentage investor complaints, questions, and requests completed by the Office of Investor Education (OIEA) within seven calendar days.**

**Description:** OIEA serves the tens of thousands of investors who contact the SEC each year with investment-related complaints and questions. A substantial portion of the complaints received require input from the entities involved and cannot be resolved in less than 30 to 60 days. Nevertheless, the staff aims to close out as many new matters as possible within seven calendar days.

	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004 Plan</b>	<b>FY 2004 Actual</b>	<b>FY 2005</b>	<b>FY 2006</b>
Received	70,187	82,337	70,574	71,864	73,481	72,000	72,000
Closed	71,041	81,748	71,373	71,847	73,415	72,000	72,000
Closed <7 days	53,870	64,818	58,133	58,928	60,688	60,000	61,200
Percentage	76%	79%	81%	82%	83%	83%	84%

**FY 2006 Request:** The volume of investor contacts has held steady over the past five years, rising slightly (approximately 4%) from 70,574 in 2003 to 73,481 in 2004. While OIEA cannot control the volume of incoming investor contacts, the Office aims to improve the efficiency of its operations. The addition of new staff and introduction of new technologies will allow the SEC to increase the percentage of new matters closed within seven days from 76% in 2001 to 84% by 2006.

**Performance Measure: 8. OIEA Publications distributed by the U.S. General Services Administration (GSA).**

**Description:** OIEA has developed an extensive collection of free information to help investors understand the basics of investing, the risks and rewards of various products and strategies, the importance of diversification, how to check out brokers and advisers, and where to find information about companies. In addition to posting these materials on the SEC's website, OIEA publishes a dozen hard-copy educational brochures. The GSA's Federal Citizen Information Center (FCIC) serves as one of the most important distribution channels for the SEC's most popular English and Spanish publications.

<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004 Plan</b>	<b>FY 2004 Actual</b>	<b>FY 2005</b>	<b>FY 2006</b>
48,708	81,917	89,095	200,000	300,530	250,000	300,000

**FY 2006 Request:** Working closely with GSA's FCIC to promote the SEC's educational materials to targeted audiences, the agency aims to increase the demand for these materials and the amount delivered to the public.

## Goal Four: Maximize Use of SEC Resources

<b>Performance Measure: 1. Agency Turnover Rate</b>						
<b>Description:</b> The implementation of several initiatives related to training, recruitment and retention, and work-life programs helped to considerably slow the turnover rate. This measure is determined by dividing the number of employees that leave the agency during the fiscal year by the total number of permanent and term employees on board at the beginning of each fiscal year.						
FY 2001	FY 2002	FY 2003	FY 2004 Plan	FY 2004 Actual	FY 2005	FY 2006
9.1%	5.8%	5.9%	<7%	6.3%	<7%	<7%
<b>FY 2006 Request:</b> The agency aims to keep its turnover rate at historic lows by ensuring that staff compensation and benefits remain commensurate with those offered by other financial regulators, expanding training and work/life programs, and other efforts.						
<b>Performance Measure: 2. Milestones achieved on major human capital initiatives.</b>						
<b>Description:</b> In FY 2004, the Commission implemented eleven human capital initiatives related to training, recruitment and retention, and work-life programs.						
	FY 2004 Plan	FY 2004 Actual	FY 2005	FY 2006		
SEC University	Implement 1 <sup>st</sup> Phase	Implemented	Expand	Evaluate		
New Employee Orientation	Design	Implemented	Evaluate	--		
Expanded Management Training	Design	Implemented	Evaluate	--		
AVUE Digital Services	Implement	Implemented	Evaluate	--		
New Recruitment Program (Nationwide Recruitment with Executive Recruiting Firms)	Implement	Implemented	Evaluate	--		
Pay and Benefit Revisions (e.g. Vision & Dental Coverage)	Implement	Implemented	Evaluate	--		
Pay for Performance and Performance Improvement Planning	Design	Implemented	Evaluate	--		
Enterprise Telework Program	Design	Implemented	Evaluate	--		
Diversity Task Force	Design	Designed	Implement	Evaluate		
Enhance Special Emphasis Committees (Focused on Issues Related to Specific Demographic Groups at the SEC)	Implement	Implemented	Evaluate	--		
<b>FY 2006 Request:</b> These initiatives will be fully implemented and evaluated in 2005. New performance measures will be developed to assess the results of these initiatives and assist in planning for changes in 2006.						

**Performance Measure: 3. Percentage of information technology (IT) projects that conform to the agency's capital planning and investment control process (CPIC).**

**Description:** The agency established information technology capital planning committees for considering and evaluating its IT investments. A corresponding CPIC process is being developed and refined to ensure that IT projects are effectively managed, completed on time, and within budget. This measure identifies the percentage of IT projects that conform to the agency's CPIC process.

<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004 Plan</b>	<b>FY 2004 Actual</b>	<b>FY 2005</b>	<b>FY 2006</b>
Data not available			100% of all significant IT projects	Goal Met	100%	100%

**FY 2006 Request:** All IT projects will continue to conform to the agency's required CPIC process.



**Performance Measure: 4. Milestones achieved on major IT projects.**

**Description:** The agency is focusing its IT investments in five primary areas to enhance program effectiveness and operational efficiencies. A variety of projects are being planned or implemented in these areas and range in complexity and duration (e.g., some may be completed in a single fiscal year while others span multiple fiscal years). This measure identifies the range of initiatives and the project’s major milestones.

	<b>FY 2004 Plan</b>	<b>FY 2004 Actual</b>	<b>FY 2005</b>	<b>FY 2006</b>
EDGAR/Disclosure				
a. Electronically enhance Forms 8-K to expand reporting of material financial events	Initiate	Initiated	Implement	
b. Modify EDGAR to electronically accept forms using “tagged” data				
1) Forms 3, 4, and 5 (individual securities ownership data)	Implement	Completed		
2) Modifications to accommodate tagged data for financial reports			Initiate	Implement
c. Disclosure filings				
1) Identify pieces of information that are required to be submitted to the SEC within the disclosure forms in anticipation of using a mark-up language	Complete	Completed		
2) Analyze the data to determine the feasibility of simplifying the forms			Initiate	Implement
d. EDGAR Recompensation for Support Services			Initiate	Complete
Enforcement/Examination Activities				
a. Image backlog of paper discovery documents				
1) Phase I	Complete	Completed		
2) Phase II			Complete	
b. Conduct a pilot to better handle electronic media evidence	Complete	Completed		
c. Implement electronic media solution			Initiate	Implement
d. Provide fully automated processing of equity and options trade records in support of enforcement investigations				
1) Equity Trading Data	Complete	Completed		
2) Options Trading data			Initiate	Implement
e. Redesign the case management system			Initiate	Implement

Internal Productivity				
a. Replace laptop and monitor infrastructure to improve employee productivity off-site	Complete	Completed		
b. Deploy new generation PDAs to critical staff	Complete	Completed		
c. Upgrade FOIA system	Complete	Completed		
d. Workflow & document management system				
1) Needs assessment			Initiate	
2) Design				Initiate
e. Migrate to the next generation of voice telecommunications system	Initiate	Initiated	Implement	Implement
f. Assess strategy to refresh server and storage infrastructure				
			Initiate	Implement
g. Organizational transformation	Initiate	Initiated	Complete	
Security/Disaster Recovery				
a. Expand SEC network capacity and implement point-to-point design for improved resiliency	Complete	Completed		
b. Migrate to alternate data center	Implement	In progress	Complete	
c. Redesign tools for access control and password authorization			Initiate	Complete
d. Deploy a new generation of expanded and enhanced intrusion detection tools			Initiate	Implement
E-Gov/Enterprise Architecture and Capital Planning Investment Control (CPIC)				
a. Redesign CPIC processes	Initiate	Initiated	Implement	
b. Enterprise architecture (EA) program				
1) Develop version 1	Complete	Completed		
2) Identify future state for EA			Implement	
3) Establish migration plan for moving to the desired “to-be” state				Implement

**FY 2006 Request:** The SEC expects to make progress in all five areas to enhance program effectiveness and operational efficiencies. However, the agency’s IT priorities for 2006 will continue to evolve over time.

**Performance Measure: 5. Receive an unqualified audit opinion on the agency's audited financial statements with no material weaknesses noted on the agency's internal controls.**

**Description:** Under the Accountability of Taxpayer Dollars Act of 2002, the Commission is required to meet all proprietary accounting guidelines for federal agencies and to undergo annual audits. The SEC is implementing an aggressive plan to upgrade some of its management systems and processes in order to undergo its first complete financial audit in 2004. Separately, the agency identified two material weaknesses for internal control covering IT security and the management of disbursements and penalties.

	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004 Plan</b>	<b>FY 2004 Actual</b>	<b>FY 2005</b>	<b>FY 2006</b>
Material Weaknesses				2	TBD	0	0

**FY 2006 Request:** The SEC aims to receive an unqualified opinion from the audit of its financial statements, with no material weaknesses identified. Efforts to upgrade financial systems, strengthen and streamline business processes, and improve information technology security will continue as a multi-year effort.

**Performance Measure: 6. Milestones achieved on major facilities projects.**

**Description:** In FY 2004, the Commission implemented a number of initiatives to improve SEC facilities and its facilities management activities.

	<b>FY 2004 Plan</b>	<b>FY 2004 Actual</b>	<b>FY 2005</b>	<b>FY 2006</b>
Headquarters at Station Place				
a. Building I base building construction	95% complete	Goal Met	Complete	--
b. Building I interior construction	50% complete	Goal Met	Complete	--
c. Staff move into building I	--	--	Complete	--
d. Building II base building construction	20% complete	Goal Met	95% complete	Complete
e. Building II interior construction	--	--	Initiated	Complete
f. Staff move into building II	--	--	--	Complete
New York				
a. Identify new space to house staff (3 World Financial Center)	Complete	Goal Met	--	--
b. Conduct workflow analysis to ensure space is designed to maximize productivity	Initiate	Goal Met	Complete	--
c. Interior build-out	--	--	Initiated	Complete
d. Staff move into new permanent space	--	--	--	Complete
Boston				
a. Identify new space to house staff (33 Arch Street)	Complete	Goal Met	--	--
b. Conduct workflow analysis to ensure space is designed to maximize productivity	Complete	Goal Met	--	--
c. Interior build-out	--	--	Complete	--
d. Staff move into new space	--	--	Complete	--

**FY 2006 Request:** By 2006, the SEC will have completed construction and moved staff into its new headquarters at Station Place, as well as for the Boston and New York offices. Once these moves have been completed, the only outstanding lease action will be the Operations Center, located in Alexandria, Virginia. When that competition is completed, there should be no new headquarters leases or office moves until current leases expire in the next ten to fourteen years.