

Highlights of the
FY 2000 Performance Report

HIGHLIGHTS OF THE FY 2000 PERFORMANCE REPORT

Executive Summary

The purpose of Treasury's strategic management effort is to improve *results* delivered to the American public. Last year the Department transmitted to Congress, as part of the budget, a final performance plan for FY 2000 that detailed the performance targets for Treasury's bureaus and offices.

Overall, the Department established 340 performance targets in FY 2000. Of these, 46 measures were either baselined in FY 2000, were qualitative and not objectively measurable, or had no data available for FY 2000. Of the remaining 299 measures that were objectively measurable, Treasury:

- Met or exceeded 196 targets (roughly two-thirds);
- Improved performance over FY 1999, or maximized performance, for 154 measures; and
- Did not meet 98 targets.

Treasury has three programmatic mission areas (Economic, Financial and Law Enforcement), and one support mission area (Management). FY 2000 performance highlights for each mission area are presented below.

Economic Mission: Promote Prosperous and Stable American and World Economies

On the domestic side, Treasury continued to work closely with executive branch agencies and offices to monitor economic outlook and policy issues, including development of Administration policies and policy positions, and evaluations of alternative policy proposals. Treasury's Office of Tax Policy completed a number of projects aimed at simplifying the regulatory environment surrounding pension plans. Particularly noteworthy has been the ruling which permits automatic enrollment of new employees in 401(k)s and other similar pension plans.

In the global arena, Treasury was influential in obtaining international cooperation to relieve the debt of many heavily indebted poor countries, particularly in Africa. Work continued to promote global financial stability through cooperation and information exchange with the international Financial Stability Forum (FSF), which Treasury helped establish in 1999. In 2000, three FSF working groups helped strengthen the international financial architecture with their reports recommending improvements in risk management, disclosure practices among financial institutions, and oversight of creditor institutions. Treasury also took the lead in integrating various agencies and organizations' efforts to curb international money laundering, corruption, and other financial crimes that could undermine the credibility of the global financial system.

Financial Mission: Manage the Government's Finances

Continuing Treasury efforts to improve compliance with tax laws and collect the revenue due to the Federal government, the IRS and FMS launched a pilot project to allow taxpayers to pay electronically. The U.S. Customs Service continues to collect approximately 99 percent of the duties and taxes due. In

keeping with its electronic payments strategy, Treasury again reduced check payments while increasing electronic payments by more than 15 million in FY 2000. The Department also issued new regulations for Treasury debt buybacks and began buyback operations, all of which went smoothly with heavy participation by the market. Treasury was able to buy back over \$21 billion of debt held by the public during FY 2000. In addition, Treasury implemented savings bonds purchases over the Internet, resulting in \$85.8 million bonds sold in FY 2000. The Bureau of Engraving and Printing achieved manufacturing cost reductions in FY 2000 and introduced the newly redesigned \$5 and \$10 notes for further protection from counterfeiting. The Mint saw an increase of 107 percent in the number of numismatic products shipped to customers in FY 2000, and maintained or improved performance on 5 of its 8 customer service standards.

Law Enforcement Mission: Safeguard Our Financial Systems, Protect Our Nation’s Leaders, and Secure a Safe and Drug Free America

Treasury made progress in all of its strategic goals. In March 2000, Treasury published the second in a series of five annual National Money Laundering Strategy reports called for by the Money Laundering and Financial Crimes Strategy Act of 1998. The Strategy contains over 60 action items to help law enforcement and regulatory agencies in the fight against financial crimes, including money laundering. Treasury continued to expand its violent crime prevention efforts by introducing on the Internet a new “eZ Check” system. The new system helps members of the firearms industry ensure that no firearms licenses are used fraudulently by individuals who alter copies of licenses to illegally acquire and supply firearms to criminals and youth.

Management Mission: Continue to Build a Strong Institution

Treasury continued to work to improve internal management and support operations and to improve program performance. In order to attract and retain a high-quality workforce, Treasury used a variety of recruitment tools, including private sector expertise in marketing, advertising, search firms, and Internet recruiting. Treasury continued to improve quality and timeliness of the Department’s financial data, reducing the number of material weaknesses, and maintaining a qualified audit opinion on its FY 1999 financial statements (and eliminating one of two items causing the qualified opinion). Treasury’s Capital Investment Review Board approved nine capital investments (three information technology and six non-information technology). The Department continued its Building Modernization and Renovation work at the main Treasury building in Washington, D.C. In an effort to gauge the success of our programs using a more balanced approach to measurement, several bureaus instituted regular feedback processes for measuring and improving customer and employee satisfaction.

Treasury-wide Performance Summary				
Total Measures	Targets Met	Targets Not Met	Other	Maximum or Improved Performance
340	196 (58%)	98 (29%)	46 (13%)	154 (45%)

More detailed summaries for each of the four mission areas follow.

ECONOMIC MISSION AREA SUMMARY

Promote Prosperous and Stable American and World Economies

Treasury seeks to maximize growth and stability in the U.S. and world economies. In pursuit of this mission, the Secretary of the Treasury is the principal economic advisor to the President and plays a critical role in policy making by bringing an economic and financial policy perspective to national and international issues.

In the domestic arena, Treasury develops policies and provides guidance affecting fiscal matters, financial institutions, financial regulation, and capital markets. Treasury also oversees the activities of the Offices of the Comptroller of the Currency and Office of Thrift Supervision, whose primary missions are to ensure the safety and soundness of National Banks, Federally Chartered Savings Associations, and Federally Chartered Savings Banks.

Additionally, through the program of the Community Development Financial Institutions Fund, Treasury promotes economic growth in distressed communities by increasing the availability of business capital and financial services. To achieve its economic goals, Treasury coordinates cross-cutting activities with other agencies, principally the Federal Reserve Board, Federal Deposit Insurance Corporation, Securities and Exchange Commission, the Departments of Health and Human Services, Housing and Urban Development, Labor, and Commerce, Small Business Administration, and various Executive Office councils and offices, such as the National Economic Council and Office of Management and Budget.

In international affairs, Treasury is a key Cabinet agency charged with developing policies and guidance on international monetary issues, trade and investment policy, international debt strategy, and leading U.S. participation in international financial institutions, such as the International Monetary Fund and the World Bank. Overall, it is difficult to attribute performance in the global economic arena solely to Treasury or one specific agency because international efforts are coordinated by several U.S. agencies, including Treasury, the U.S. Trade Representative, the Departments of State, Commerce, and Agriculture, Agency for International Development, Central Intelligence Agency, Overseas Private Investment Corporation, and the Export-Import Bank of the U.S. Of course, other nations and international organizations affect the outcomes of these efforts. The "Group of Seven" industrialized nations (the G-7), Organization for Economic Cooperation and Development, the "Paris Club," International Monetary Fund and World Bank, to name just a few, are all players, and all have an impact.

FY 2000 Highlights

Domestic Economic Growth

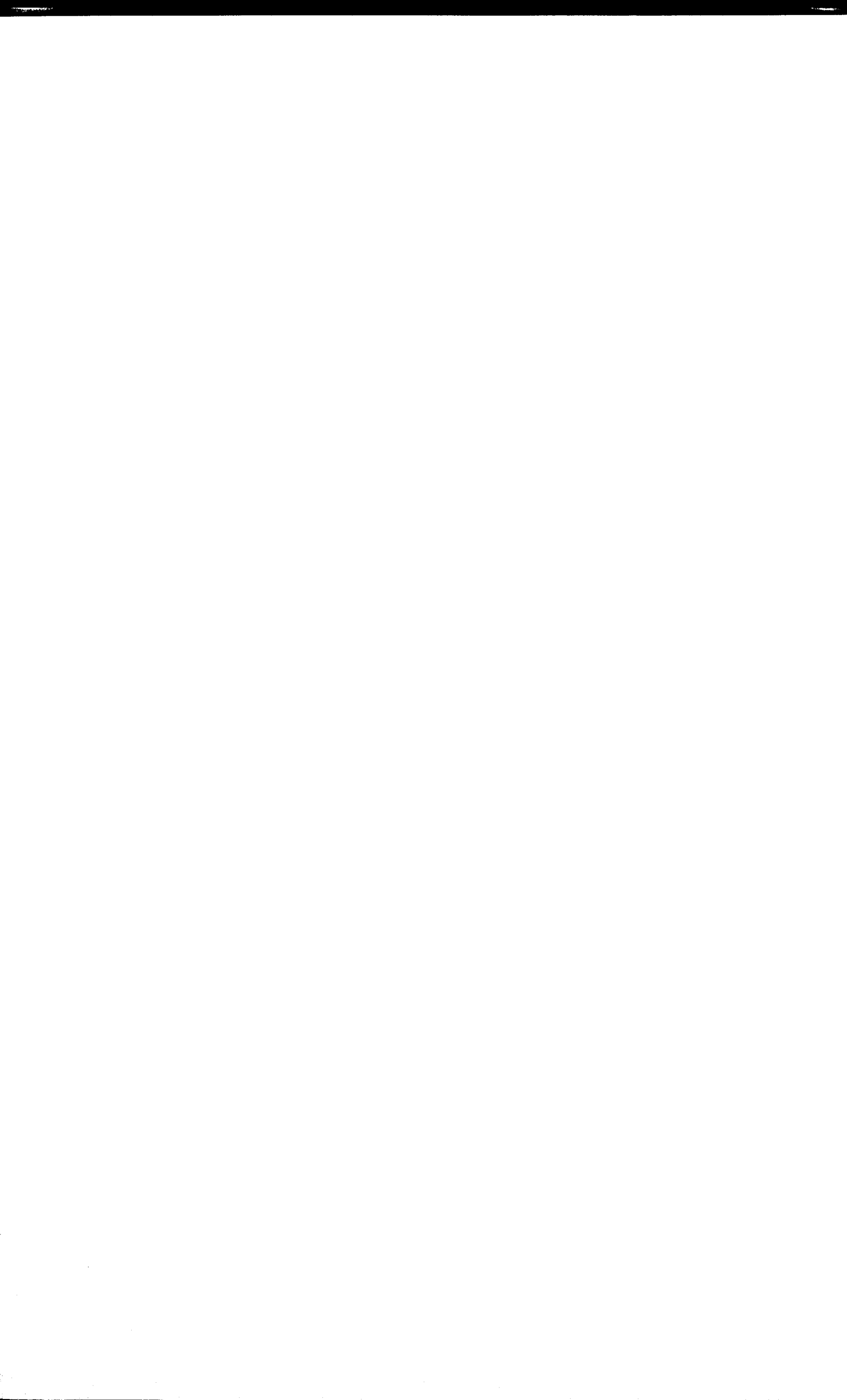
- In FY 2000, the unified budget surplus was \$237 billion, the largest ever in nominal terms and almost twice as large as in FY 1999. Relative to the size of the Gross Domestic Product, this year's surplus at 2.4 percent was the largest since 1948.
- Treasury's Office of Tax Policy completed a number of projects aimed at simplifying the regulatory environment surrounding pension plans. Particularly noteworthy was the ruling permitting

automatic enrollment of new employees in 401(k)s and other similar pension plans. Surveys suggest that automatic enrollment has increased participation in many companies from about 75 percent to about 95 percent and in some cases has doubled the rate of participation.

Global Economic Growth

- The Secretary of the Treasury and Under Secretary for International Affairs were influential in obtaining international cooperation to relieve the debt of many poor countries, particularly in Africa. The unmanageable debt burdens of these poor countries often prevent them from making investments to reduce their poverty. The G-7 nations agreed to do more to reduce the debt burden of these heavily indebted poor countries (the HIPC initiative) if they commit to reform and use the savings for investments in the social sectors.
- Treasury helped mobilize resources to fight the spread of AIDS, a transnational problem that is devastating sub-Saharan Africa and seriously affecting other areas of the developing world. Treasury was effective in urging the World Bank and regional development banks to reallocate resources to prevent and treat AIDS and other infectious diseases. Treasury worked to secure Congressional approval of \$50 million in FY 2001 for the Global Alliance for Vaccines and Immunizations, a new collaborative effort of the U.S. and other governments and private organizations. Treasury also urged Congress to pass a new tax credit to encourage U.S. pharmaceutical companies to develop vaccines for HIV/AIDS and other infectious diseases ravaging developing countries.
- The U.S. and its partners in the “Group of Seven” industrialized nations (the G-7) launched new initiatives to reform the International Monetary Fund (IMF) and Multilateral Development Banks and to redefine core thinking about development and assistance. As a result, the IMF instituted key reform measures, such as increasing openness and transparency within the institution itself and in the countries receiving IMF financial assistance.
- Treasury helped establish an international Financial Stability Forum (FSF) in 1999 to promote global financial stability through cooperation and information exchange. In 2000, three FSF working groups helped strengthen the international financial architecture through their reports recommending improvements in risk management, disclosure practices among financial institutions, and oversight of creditor institutions.
- Treasury took the lead in integrating various agency efforts to curb international money laundering, tax evasion, corruption, and other financial crimes that could undermine the credibility of the global financial system. The G-7 nations agreed that measures could be imposed on countries identified as uncooperative in dealing with these problems.

Performance Summary				
Total Measures	Targets Met	Targets Not Met	Other	Maximum or Improved Performance
80	57 (71%)	11 (14%)	12 (15%)	37 (46%)



FINANCIAL MISSION AREA SUMMARY**Manage the Government's Finances**

As the primary fiscal agent for the Federal Government, Treasury manages the Nation's finances through collecting money due the United States, making its payments, managing its borrowings, performing central accounting functions, collecting delinquent debt, and producing coins and currency sufficient to meet demand. The bulk of the Department's resources are devoted to collecting taxes and customs duties—Treasury collects approximately 95 percent of total Federal receipts.

The Internal Revenue Service (IRS) is the primary tax collecting agent; the U.S. Customs Service and the Bureau of Alcohol, Tobacco and Firearms also collect billions of dollars in revenue each year. The Financial Management Service (FMS) provides central payment services for most Executive agencies, operates the Federal government's collections and deposit systems, provides government-wide accounting and reporting services, and manages the collection of delinquent debt. The Bureau of the Public Debt (BPD) executes the borrowing strategy determined by Domestic Finance in order to borrow what is necessary to meet the monetary needs of the Federal Government at the lowest possible cost over the long-term and to account for the resulting public debt. United States coins and currency are produced by the U.S. Mint and the Bureau of Engraving and Printing (BEP).

In achieving the goals in this mission area, Treasury ensures liaison and coordination with other agencies on cross-cutting activities. These include almost all Federal agencies for payments, collections, debt collection, and central accounting activities, and the Federal Reserve System for payments, collections, operational aspects of the distribution and redemption of government securities, and the circulation of coin and currency production. Similarly, the financial services regulatory agencies are conducting an active coordination effort within common areas of banking regulation.

FY 2000 Highlights

- During FY 2000, the IRS made significant progress in its implementation of the IRS Restructuring and Reform Act (1998), such as the design and implementation of a new balanced performance measurement system. The design of its new organizational structure was completed and largely implemented with all major elements of the new structure scheduled to be operational in FY 2001.
- During FY 2000, the FMS advanced the electronic payments strategy as government paper check volumes decreased by 15 million payments while Electronic Funds Transfer (ETF) volume increased by more than 28 million payments. The percentage of payments made by EFT increased to 72 percent in FY 2000.
- Starting in FY 1999, FMS has been working with financial institutions to open Electronic Transfer Accounts (ETAs) to increase electronic government payments. As of September 30, 2000, over 600 financial institutions have been authorized to offer ETAs at 6,976 branches nationwide, with 5,126 accounts opened by Federal payment recipients.
- FMS and IRS launched a pilot project enabling taxpayers to enroll and make payments through the Internet in the Electronic Federal Tax Payment System (EFTPS). In FY 2000, EFTPS collected

\$1.5 trillion, generating cash management savings to Treasury and reducing the government's operating costs.

- Treasury issued new regulations for Treasury debt buybacks and began buyback operations, all of which went smoothly with heavy participation by the market. BPD conducted 13 buyback operations in FY 2000, repurchasing over \$21 billion of Federal debt held by the public.
- BPD introduced the capability for the public to purchase savings bonds directly through the Internet with outstanding results. More than 390,000 bonds were sold totaling \$85.8 million.
- BEP achieved manufacturing cost results in both its currency and postage stamp programs due to reduced spoilage, an improvement in ink usage (currency), and improved productivity in stamp coil processing.
- The U.S. Mint maintained productivity levels in producing and shipping 27.2 billion coins for circulation in FY 2000, a 33 percent increase from the FY 1999 level.

Performance Summary				
Total Measures	Targets Met	Targets Not Met	Other	Maximum or Improved Performance
132	57 (43%)	50 (38%)	25 (19%)	53 (40%)



LAW ENFORCEMENT MISSION AREA SUMMARY**Safeguard Our Financial Systems, Protect Our Nation's Leaders,
Secure a Safe and Drug-Free America**

Treasury's law enforcement functions represent a significant portion of the Federal Government's law enforcement effort. Combining regulatory and investigative expertise, Treasury's law enforcement responsibilities are unique and critical to fostering a safe nation.

The U.S. Customs Service (Customs) plays a critical role in protecting our borders by preventing the smuggling of drugs and other contraband and money laundering, and ensuring that all goods and persons entering and exiting the United States do so in compliance with all U.S. laws and regulations. The Bureau of Alcohol, Tobacco and Firearms (ATF) combats violent crime, collects revenue, and promotes regulatory compliance through its enforcement of Federal laws and regulations pertaining to alcohol, tobacco, firearms, explosives and arson. The U.S. Secret Service protects the President, Vice President, visiting foreign heads of state and major presidential candidates; provides uniformed protection of the White House; and coordinates the design, planning, and implementation of security operations for National Special Security Events. The Secret Service also suppresses counterfeiting and financial crimes involving the currency, obligations and securities of the United States. The Financial Crimes Enforcement Network (FinCEN) implements regulations to combat money-laundering and serves as a key source for the systematic collection, analysis and dissemination of information to assist in the investigation of money laundering and financial crimes. The Internal Revenue Service (IRS) enforces compliance with tax laws and uses its unique financial investigative capabilities to suppress money laundering and financial crime. The Federal Law Enforcement Training Center (FLETC) trains the vast majority of Federal law enforcement personnel, in addition to providing State, local, and international training. Basic training is provided to police and investigative personnel and advanced programs are provided in areas of common need. The Executive Office for Asset Forfeiture (TEOAF) manages the funds generated by the Treasury Forfeiture Fund with the goal of dismantling criminal organizations by taking the profits out of crime. Office of Foreign Assets Control (OFAC) administers economic sanctions against selective foreign countries, international narcotics traffickers, and international terrorists in furtherance of U.S. foreign policy and national security goals.

In achieving the goals in this mission area, Treasury works closely with other departments and agencies with cross-cutting activities to ensure coordination. These include the Departments of Justice, State, Defense, Commerce, Interior, Agriculture, and Transportation, the Central Intelligence Agency, and the Federal Reserve Board. In addition, Treasury coordinates with various Executive Offices, such as the Office of National Drug Control Policy and the National Security Council.

FY 2000 Highlights

- In March 2000, Treasury published the second in a series of five annual reports on National Money Laundering Strategy (NMLS) as required by the Money Laundering and Financial Crimes Strategy Act of 1998. The Strategy contains over 60 action items to help law enforcement and regulatory agencies in the fight against financial crimes, including money laundering.
- The total quantity of narcotics seized by the United States Customs Service in FY 2000 was up by 145,352 pounds, or 12.8 percent, over that seized in FY 1999. The seizure of methamphetamine, by

weight, increased by 20.5 percent. The epidemic rise in the use of the drug "ecstasy" has resulted in tripling the number of dosage units seized to more than 9.3 million units in FY 2000.

- In September 2000, ATF's new "eZ Check" system went online on the Internet. The new system helps members of the firearms industry ensure that no firearms licenses are used fraudulently by individuals who alter copies of licenses to illegally acquire and supply firearms to criminals and youth.
- Consistent with the FY 2000 performance plan targets, the Secret Service completed 6,218 financial crime cases involving \$379 million in actual losses and \$980 million in potential losses, resulting in 3,646 arrests.
- FinCEN continued to provide analytical case support to law enforcement, providing over 6,000 reports on over 30,000 subjects. FinCEN also provided specially tailored forms of assistance that allowed other agencies' staff to have direct access to FinCEN's resources. Through these programs, FinCEN supported 7,000 cases in FY 2000, an increase of 24 percent over the previous year.
- Under the Foreign Narcotics Kingpin Designation Act ("the Kingpin Act"), signed into law on December 3, 1999, OFAC administers a program targeting the activities of significant foreign narcotics traffickers and their organizations on a worldwide basis. The Kingpin Act is modeled after OFAC's economic sanctions program against Colombian drug cartels. Following extensive interagency preparation coordinated by OFAC, on June 1, 2000, President Clinton identified 12 foreign persons, located in Africa, Asia, the Caribbean and Mexico, as significant foreign narcotics traffickers or "Kingpins."
- In FY 2000, in addition to meeting all basic training demands from participating agencies, the FLETC provided advanced training to 10,985 students. Additionally, 3,383 state and local law enforcement officers and 323 international officers were trained at the FLETC facilities and export training sites.

Performance Summary				
Total Measures	Targets Met	Targets Not Met	Other	Maximum or Improved Performance
58	43 (74%)	12 (21%)	3 (5%)	33 (57%)

MANAGEMENT MISSION AREA SUMMARY**Continue to Build a Strong Institution**

Treasury's missions include diverse and critical responsibilities in the programmatic areas of economics, finance, and law enforcement. This fourth mission area recognizes the need for strong and efficient management processes and administrative support to accomplish our program missions. The goals and objectives under this mission enable the Department and its bureaus to effectively meet their operational objectives.

The management mission area includes Department-wide goals and objectives to strengthen our human resources, information technology, financial and asset management, procurement, and equal opportunity programs. In addition, it also includes Department-wide initiatives in the areas of customer and employee satisfaction. These are structured to implement a "balanced measures" approach to measuring program success throughout the Department.

In achieving the management mission, Treasury works closely with various organizations to ensure coordination on cross-cutting activities. These organizations include, among others, the Office of Management and Budget, the Government-wide Chief Financial Officers Council, the Office of Personnel Management, the Federal Chief Information Officers Council, and the General Services Administration.

The goals and objectives presented here are viewed as "enabling," support-oriented goals and objectives and are Department-wide in nature. Consequently, all bureaus, under the leadership of the Department, participate in ensuring their implementation.

FY 2000 Highlights

- In January 2000, Treasury implemented a Law Enforcement Demonstration Project that establishes a streamlined hiring process for filling certain scientific, technical, and engineering positions deemed critical. It creates a system of pay banding, in which the pay scales of several GS levels are combined into one pay range and a new hire's compensation can be established on the basis of such factors as: his or her experience, pay in the private sector, competing job offers, professional credentials, and potential value to the bureaus. In addition to general pay increases and locality pay, which cover all employees, participants whose performance meets or exceeds expectations may receive performance-based increases. This demonstration project provides Treasury a competitive system of financial rewards that should enhance efforts to recruit and retain a high-quality workforce.
- In FY 2000, over 81,000 IRS employees voiced their opinions through "Survey 2000," with overall satisfaction results at the IRS showing a 4 percent increase over both the established target (59 percent) and FY 1999 levels. "Survey 2000" results showed many areas with significant gains of 5 percent or more, including "employee pride" (up 6 percent from 1999), and the "overall job satisfaction" of employees, which reversed its downward trend with an increase of 5 percent over last year. In addition, improvement in the service-wide ratings for managers can be traced back to favorable ratings given in minimizing work-related stress. Managers have committed to improving all areas through increased communications, partnerships, workgroups, and other innovative

approaches. At the sub-unit level, overall results were up, with seven of the 11 sub-units surveyed showing improvement over FY 1999 levels.

Performance Summary				
Total Measures	Targets Met	Targets Not Met	Other	Maximum or Improved Performance
70	39 (56%)	25 (36%)	6 (8%)	31 (44%)