

Bureau of the Public Debt

Mission Statement

To borrow the money needed to operate the federal government, account for the resulting debt, and provide reimbursable support services to federal agencies.

Program Summary by Appropriations Account

Dollars in Thousands

Appropriation	FY 2006	FY 2007	FY 2007	FY 2008		
	Enacted	President's Budget	CR-rate	Request	\$ from CR-rate	% from CR-rate
Salaries and Expenses						
Wholesale Securities Services	\$11,812	\$11,986	\$11,842	\$12,474	\$632	5.34%
Government Agency Investment Services	13,255	13,451	13,289	13,239	(50)	-0.38%
Retail Securities Services	147,529	149,711	147,912	151,359	3,447	2.33%
Summary Debt Accounting	5,558	5,641	5,573	5,799	226	4.06%
Total Appropriated Resources	\$178,154	\$180,789	\$178,616	\$182,871	\$4,255	2.38%

Note: FY 2006 and FY 2007 Total Appropriated Resources includes \$3,000,000 in projected user fee collections. FY 2008 Total Appropriated Resources includes \$10,000,000 in projected user fee collections.

FY 2008 Priorities

- Conduct more than 200 error-free marketable securities auctions that will result in the issue of more than \$4 trillion in Treasury bills, notes, bonds and Treasury Inflation-Protected Securities.
- Administer some \$3.76 trillion in investments for about 230 federal trust funds.
- Manage 6,600 state and local government accounts valued at approximately \$250 billion.
- Complete 90 percent of retail customer service transactions within 12 business days.
- Reconcile more than \$72 trillion in securities transactions.

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Section 1 – Purpose

1A – Description of Bureau Vision and Priorities

The Bureau of the Public Debt's (BPD) vision is to lead the way for responsible, effective government through commitment to service, efficient operations, openness to change, and values-based behavior. In light of its mission and vision, BPD annually auctions and issues more than \$4 trillion in Treasury bills, notes, bonds and Treasury Inflation-Protected Securities (TIPS); effectively administers the regulation of the primary and secondary Treasury securities markets; ensures that reliable systems and processes are in place for issuing, transferring, paying interest on, and redeeming Treasury securities; issues and redeems more than 79 million paper savings bonds each year; administers approximately \$3.76 trillion in investments for some 230 federal trust funds; and provides timely and accurate information on the public debt.

In support of Treasury's objective to finance the needs of the federal government at the lowest cost over time, Public Debt's top priority is to ensure that the most efficient systems are in place to conduct borrowing and deliver securities services to investors. To that end, BPD continues to enhance its TreasuryDirect system through which retail customers can purchase and manage their holdings of electronic Treasury securities through the internet. With the increased reliance on conducting business electronically, Public Debt also places a high priority on adopting technological advances to ensure that its systems remain secure.

With its resources, Public Debt:

- Conducts more than 200 marketable securities auctions annually, resulting in the issue of more than \$4 trillion in Treasury bills, notes, bonds and TIPS;
- Administers approximately \$3.76 trillion in Government Account Series (GAS) investments, which comprise about 44 percent of the public debt outstanding;
- Manages some 6,600 active State and Local Government Series (SLGS) accounts valued at \$250 billion;
- Serves more than 50 million retail customers holding marketable and savings securities, including nearly 600,000 investor accounts in the internet-based TreasuryDirect system;
- Accounts for and reports on \$228 billion in federal agency borrowings from Treasury in more than 80 accounts;
- Accounts for and reports on the balance and composition of the more than \$8 trillion public debt, the single largest liability on the federal government's balance sheet, and reconciles more than \$72 trillion in securities transactions reported from numerous systems to cash flowing in and out of the federal government each year;
- Receives unqualified audit opinions on the *Schedules of Federal Debt* every year since there was a requirement to produce financial statements;
- Provides reimbursable administrative and information technology services to more than 75 federal agencies.

The total resources required to support BPD activities for FY 2008 are \$198,603,000, including \$182,871,000 from direct appropriations, of which \$10,000,000 is in user fees, and \$15,732,000 from offsetting collections and reimbursable programs.

1B – Program History and Future Outlook

In keeping with its vision, BPD is dedicated to maintaining high levels of performance, and its budget is structured to effectively align resources with performance. As a result, Public Debt will successfully carry out its mission, which contains three elements:

Borrow the money needed to operate the federal government: Public Debt will continue to enhance the mechanisms for participation by a wide range of investors in its wholesale, government agency investment services, and retail programs.

Wholesale Program: Over the years, Public Debt has dramatically reduced the times required to complete marketable securities auctions. It now consistently releases auction results within two minutes, plus or minus 30 seconds, of the auction close. This is extremely important because shorter and consistent auction releases reduce the time auction bidders are exposed to the risk of adverse market movements. Hence, by limiting this risk, the implicit premium associated with this period of uncertainty is reduced substantially.

In FY 2007, BPD will replace its aging auction system to fully integrate the automated announcement, auction and issuance of marketable securities, and, at the same time, provide greater speed and flexibility to Treasury debt managers in bringing new types of securities to market. BPD has expanded its ability to provide contingency processing at three auction processing sites and provided a new feature to allow certain large non-primary dealer bidders to submit bids in a secure internet environment. The 2008 request includes funding to support and maintain the new auction system once this transition is complete.

Public Debt will continue to improve the processes for submitting auction bids and enhancing auction systems. Investments in technology and continuity of operations will continue to ensure that payments to investors will be made timely with 100 percent accuracy. Public Debt has improved its service to large institutional investors by enhancing the automated bid submission system for all competitive auction participants in order to keep it current and make it more efficient.

Government Agency Investment Services Program: Public Debt is committed to continuously provide efficient mechanisms to federal, state and local government entities who purchase GAS and SLGS securities and borrow from Treasury. The goal is to conduct 80 percent of customer-initiated transactions online by FY 2008. While BPD's pace with this goal is well ahead of schedule, the Bureau will remain focused on obtaining the highest level of customer self-sufficiency. BPD will also continue to work with the Financial Management Service and federal agency customers to simplify their financial reporting and streamline the reconciliation processes associated with producing government-wide financial statements.

Public Debt's major operational initiative is to consolidate all Government Agency Investment Services functions into one automated system to reduce costs and facilitate future enhancements. To date, the GAS and borrowings are operating from the same automated platform and the effort to merge the SLGS program is underway.

Retail Program: Public Debt will continue to enhance and support TreasuryDirect, the internet-accessed system where all Treasury securities are offered in electronic form. To

accelerate efficiencies involved with all electronic processing, Public Debt will continue to encourage customers to convert their paper securities and holdings in the legacy direct-access marketable securities system to TreasuryDirect. Planned improvements to TreasuryDirect include enhancing technological and operational measures to further secure the system and adding the capability to establish accounts for non-individual entities, such as fiduciaries, trusts, and organizations.

Issuing all Treasury securities electronically is a long-term goal for the retail program; however the timetable will depend on several factors. One of which, a key challenge, will be to communicate with customers about the benefits of dealing directly with Treasury to manage their investments online. As the public becomes increasingly comfortable with conducting financial business online, Public Debt believes more and more customers will appreciate these benefits.

Account for the resulting debt: Public Debt is working to improve the clarity, utility and availability of federal debt information. The goal is to produce daily public debt financial statements by year-end FY 2007. This supports the President's Management Agenda goal of providing accurate and timely financial information. Public Debt will also continue its focus on providing financial statements that receive unqualified audit opinions and support improved government-wide accounting. Additionally, Public Debt will continue to provide accurate accounting data with intragovernmental payments and implement other procedures to reduce and ultimately eliminate reconciliation problems in the federal government-wide financial statements.

Provide reimbursable support services to federal agencies: Although this is part of Public Debt's mission statement, appropriated funds are not used. BPD's Administrative Resource Center, a recognized Shared Service Provider (SSP), supplies reimbursable support services to federal agencies, generating revenue to pay all organizational expenses. This designation fosters customer growth, as agencies will be encouraged by the Office of Management and Budget and the General Services Administration to use the efficiencies offered by SSPs, thus allowing customers to focus on mission-related activities. For FY 2008, BPD's Administrative Resource Center projects to serve 63 customers with \$80 million in revenue.

BPD also offers investment accounting, training request processing, administrative support to Treasury-managed trust funds, and IT services under the Economy Act. All reimbursable support services are expected to experience strong growth over the next several years.

Section 2 – Budget Adjustments and Appropriation Language

2.1 – Budget Adjustments Table

Dollars in Thousands

Appropriation: Administering the Public Debt	FTE	Amount
FY 2006 Appropriation (P.L. 109-115)	1,390	\$179,923
Rescission (P.L. 109-148)	0	(1,769)
FY 2006 Enacted	1,390	\$178,154
FY 2007 President's Budget	1,390	\$180,789
CR-rate Adjustment		(2,173)
FY 2007 CR-rate	1,390	\$178,616
Changes to Base:		
Technical Adjustment to FY 2007 Base due to CR:		
Pay Inflation Adjustment		336
Maintaining Current Levels (MCLs):		
Non-Pay Inflation Adjustment		1,666
Pay Annualization		590
Pay Inflation Adjustment		3,456
Total FY 2008 Base	1,390	\$184,664
Program Decreases:		
Decline in non-recurring DME Spending for SaBRe		(233)
Decline in non-recurring spending for GAISS		(563)
Projected Growth in TreasuryDirect		(1,997)
Program Reinvestment:		
E-Commerce Risk Management Program		1,000
Subtotal FY 2008 Program Changes	0	(\$1,793)
Total FY 2008 Request	1,390	\$182,871
Adjustments to Request:		
User Fees		(10,000)
Subtotal FY 2008 Offsetting Fees and Rescissions	0	(10,000)
Total FY 2008	1,390	\$172,871

2A – Budget Increases and Decreases Description

Adjustments-\$2,173,000 / +0 FTE

CR-rate Adjustment -\$2,173,000 / +0 FTE Adjustment from the FY 2007 President's Budget to reach the FY 2007 Continuing Resolution annualized rate (CR-rate).

Technical Adjustment to FY 2007 Base due to CR+\$336,000 / +0 FTE

Pay Inflation Adjustment +\$336,000 / +0 FTE Technical adjustment to FY 2007 Base due to CR.

Maintaining Current Levels (MCLs)+\$5,712,000 / +0 FTE

Non-Pay Inflation Adjustment +\$1,666,000 / +0 FTE Funds are requested for non-labor related items such as contracts, travel, supplies, equipment, and GSA rent adjustments.

Pay Annualization +\$590,000 / +0 FTE Funds are requested for the FY 2008 cost of the January 2007 pay increase.

Pay Inflation Adjustment +\$3,456,000 / +0 FTE Funds are requested for the proposed January 2008 pay raise. This includes funds for two compensable days.

Program Decreases-\$2,793,000 / +0 FTE

Decline in non-recurring DME Spending for SaBRe -\$233,000 / +0 FTE Funds are reduced for the Savings Bond Replacement System due to non-recurring Development Modernization and Enhancement spending.

Decline in non-recurring Spending for GAISS -\$563,000 / +0 FTE Funds are reduced for the Government Agency Investment Services System due to non-recurring spending.

Projected Growth in TreasuryDirect -\$1,997,000 / +0 FTE Projected reduction in costs due to the growth of TreasuryDirect and as investors choose to transfer legacy system holdings to TreasuryDirect accounts.

Program Reinvestment+\$1,000,000 / +0 FTE

E-Commerce Risk Management Program +\$1,000,000 / +0 FTE To strengthen security for the TreasuryDirect program, the purchase of software licenses and technology will provide for the implementation of two-factor authentication. It will also fund the renewal of software licenses, enhancement of security features, customer support and the cyclical replacement of security tokens. This enhancement will strengthen an E-Commerce program that is critical to effective and efficient debt management and further reduction of paper transactions.

Adjustments to Request-\$10,000,000 / +0 FTE

User Fees -\$10,000,000 / +0 FTE The account maintenance fees that BPD charges to account holders in the Legacy TreasuryDirect system with an account balance of more than \$100,000 in par value, will be raised from \$25 to \$100 per year. The increased fees will help to partially offset the cost to the Treasury of providing these services. Although the fees may induce some customers to transfer their account holdings to the new internet-accessed TreasuryDirect system, the expected receipts are adjusted to reflect this possibility.

2.2 – Operating Levels Table

Dollars in Thousands

Appropriation Title: Administering the Public Debt	FY 2007				FY 2007		FY 2008
	FY 2006 Enacted	President's Budget	CR-rate Adjustment	FY 2007 CR-rate	Proposed Reprogrammings	Proposed Operating Level	FY 2008 Requested Level
FTE	1,390	1,390		1,390		1,390	1,390
Object Classification:							
11.1 Full-Time Permanent Positions.....	\$83,379	\$85,735	-	\$85,735	-	\$85,735	\$89,149
11.3 Other than Full-Time Permanent Positions.....	199	205	-	205	-	205	213
11.5 Other Personnel Compensation.....	4,282	2,883	-	2,883	-	2,883	2,989
11.8 Special Personal Services Payments.....	-	-	-	-	-	-	-
11.9 Personnel Compensation (Total).....	\$87,860	\$88,823	\$	\$88,823	\$	\$88,823	\$92,351
12.0 Personnel Benefits.....	22,422	22,549	-	22,549	-	22,549	23,403
13.0 Benefits to Former Personnel.....	16	16	-	16	-	16	28
21.0 Travel.....	1,206	1,233	-	1,233	-	1,233	1,732
22.0 Transportation of Things.....	7	70	-	70	-	70	85
23.1 Rental Payments to GSA.....	6,120	6,205	-	6,205	-	6,205	6,393
23.2 Rent Payments to Others.....	96	98	(93)	5	-	5	5
23.3 Communications, Utilities, & Misc.....	16,528	16,892	(1,047)	15,845	-	15,845	15,384
24.0 Printing and Reproduction.....	2,051	2,096	(140)	1,956	-	1,956	1,837
25.1 Advisory & Assistance Services.....	213	218	-	218	-	218	472
25.2 Other Services.....	24,582	25,162	-	25,162	-	25,162	25,402
25.3 Purchase of Goods/Serv. from Govt. Accts.....	9,039	9,237	(426)	8,811	-	8,811	7,392
25.4 Operation & Maintenance of Facilities.....	-	-	-	-	-	-	742
25.5 Research & Development Contracts.....	-	-	-	-	-	-	-
25.6 Medical Care.....	-	-	-	-	-	-	18
25.7 Operation & Maintenance of Equipment.....	2,125	2,172	-	2,172	-	2,172	2,273
25.8 Subsistence & Support of Persons.....	-	-	-	-	-	-	-
26.0 Supplies and Materials.....	2,462	2,516	(151)	2,365	-	2,365	2,222
31.0 Equipment.....	3,376	3,450	(316)	3,134	-	3,134	3,030
32.0 Lands and Structures.....	33	34	-	34	-	34	89
33.0 Investments & Loans.....	-	-	-	-	-	-	-
41.0 Grants, Subsidies.....	-	-	-	-	-	-	-
42.0 Insurance Claims & Indemn.....	4	4	-	4	-	4	2
43.0 Interest and Dividends.....	14	14	-	14	-	14	11
44.0 Refunds.....	-	-	-	-	-	-	-
Total Budget Authority.....	\$178,154	\$180,789	(2,173)	\$178,616	\$	\$178,616	\$182,871
Budget Activities:							
Wholesale Securities Services	\$11,812	\$11,986	(144)	\$11,842	-	\$11,842	\$12,474
Government Agency Investment Services	13,255	13,451	(162)	13,289	-	13,289	\$13,239
Retail Securities Services	147,529	149,711	(1,799)	147,912	-	147,912	\$151,359
Summary Debt Accounting	5,558	5,641	(68)	5,573	-	5,573	\$5,799
Total Budget Authority.....	\$178,154	\$180,789	(2,173)	\$178,616	\$	\$178,616	\$182,871

2B – Appropriation Language

Appropriations Language	Explanation of Changes
<p style="text-align: center;">DEPARTMENT OF THE TREASURY BUREAU OF THE PUBLIC DEBT</p> <p style="text-align: center;">Federal Funds</p> <p><i>Administering the Public Debt</i></p> <p><i>For necessary expenses connected with any public-debt issues of the United States, \$182,871,000, of which not to exceed \$2,500 shall be available for official reception and representation expenses, and of which not to exceed \$2,000,000 shall remain available until September 30, 2010 for systems modernization: Provided, That the sum appropriated herein from the general fund for fiscal year 2008 shall be reduced by not more than \$10,000,000 as definitive securities issue fees and Legacy Treasury Direct Investor Account Maintenance fees are collected, so as to result in a final fiscal year 2008 appropriation from the general fund estimated at \$172,871,000. In addition, \$70,000 to be derived from the Oil Spill Liability Trust Fund, to reimburse the Bureau for administrative and personnel expenses for financial management of the Fund, as authorized by section 1012 of Public Law 101-380.</i></p>	

2B – Permanent, Indefinite Appropriations

Reimbursements to the Federal Reserve Banks

Public Law 101-509, 104 Stat. 1394, established a permanent indefinite appropriation to pay such sums as necessary to reimburse the Federal Reserve Banks (FRB) for acting as fiscal agents of the federal government in support of financing the public debt. A permanent indefinite account was established in FY 1992. Claims for reimbursements or services related to this account are closely monitored for compliance with the Instructions for Filing Reimbursement Claims for Fiscal Agency Services Provided to the Bureau of the Public Debt (current edition). The FY 2008 funding to support FRB reimbursements is \$95,755,000.

Government Losses in Shipment

Public Law 103-329 established a permanent indefinite appropriation to pay such sums as necessary to make payments for the replacement of valuables, or the value thereof, lost, destroyed, or damaged in the course of United States government shipments. The Government Losses in Shipment Act was approved July 8, 1937, to dispense with the necessity for insurance by the government against loss or damage to valuables in shipment and for other purposes. The Act was amended in 1943 to cover losses resulting from the redemption of savings bonds (for example, stolen bonds which were fraudulently negotiated even though the paying agent followed identification guidelines established by the Treasury). All authority of the Treasury under the Act has been delegated to the Commissioner of the Bureau of the Public Debt. In FY 2008, the funding estimated to support payments for the replacement of valuables is \$500,000.

2C – Legislative Proposals

BPD has no Legislative Proposals for FY 2008.

Section 3 – Budget and Performance Plan

3.1 – Appropriation Detail Table

Dollars in Thousands

Resources Available for Obligation	FY 2006 Enacted 1/		FY 2006 Obligations		FY 2007 President's Budget 1/		FY 2007 CR-rate 1/		FY 2008 Request 2/		% Change FY 2007 to FY 2008	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources:												
Wholesale Securities Services	98	\$11,812	136	\$17,987	98	\$11,986	98	\$11,842	145	\$12,474	47.96%	5.34%
Government Agency Investment Services	112	13,255	110	14,599	112	13,451	112	13,289	118	13,239	5.36%	-0.38%
Retail Securities Services	1,134	147,529	1,004	132,939	1,134	149,711	1,134	147,912	1,075	151,359	-5.20%	2.33%
Summary Debt Accounting	46	5,558	49	6,431	46	5,641	46	5,573	52	5,799	13.04%	4.06%
Subtotal New Appropriated Resources	1,390	\$178,154	1,299	\$171,956	1,390	\$180,789	1,390	\$178,616	1,390	\$182,871	0.00%	2.38%
Other Resources:												
Offsetting Collections - Reimbursable	64	\$16,730	69	\$17,456	18	\$15,204	18	\$15,204	21	\$15,732	16.67%	3.47%
Available multi-year/no-year funds		3,654		2,523		3,111		3,111				
User Fees				2,793								
Subtotal Other Resources	64	\$20,384	69	\$22,772	18	\$18,315	18	\$18,315	21	\$15,732	16.67%	-14.10%
Total Resources Available for Obligation	1,454	\$198,538	1,368	\$194,728	1,408	\$199,104	1,408	\$196,931	1,411	\$198,603	0.21%	0.85%

1/ Subtotal New Appropriated Resources includes \$3,000,000 in projected user fee collections.

2/ Subtotal New Appropriated Resources includes \$10,000,000 in projected user fee collections.

3A – Wholesale Securities Services (\$12,474,000 from direct appropriations and \$1,354,000 from reimbursable programs): The Wholesale Securities Services activity involves the announcement, auction and issue of marketable Treasury bills, notes, bonds and Treasury Inflation-Protected Securities. It also provides an efficient infrastructure for the transfer, custody and redemption of these securities. Large market participants buy most of Treasury's marketable securities at auction. In FY 2006, Public Debt conducted more than 200 marketable securities auctions resulting in the issuance of more than \$4 trillion in securities. Treasury's commercial book-entry system holds approximately \$4.3 trillion, or 98 percent, of Treasury marketable securities. Treasury uses this system to issue most of its marketable debt, make principal and interest payments, and support the active secondary market in Treasury securities. It is estimated that about \$1.23 trillion per day in Treasury securities are transferred among account holders in the commercial book-entry system.

This activity directly supports Treasury's objective of financing the government at the lowest possible borrowing cost to taxpayers over time. To help meet this objective, BPD continuously improves its auction and debt management systems to provide investors with critical auction-related information faster and enhance customers' abilities to participate easily and securely in Treasury auctions. BPD will also seek opportunities in U.S. and global markets to listen and learn from holders of its securities and share information with them. The Bureau will also educate current and potential investors about Treasury's debt financing policies, the auction process and its securities. —

Another responsibility the Bureau has is regulating the government securities market. Public Debt administers Treasury's regulations that provide investor protection and maintain the integrity, liquidity, and efficiency in the government securities market under the Government Securities Act of 1986. BPD also administers the rules for Treasury's securities auctions and buybacks and prescribes provisions for collateral eligibility and valuation. One of its recent

regulatory initiatives was to rewrite, in plain language, the Uniform Offering Circular, which explains Treasury's marketable securities auction rules.

Other Resources:

Reimbursements totaling \$1,354,000 are collected for providing: administrative and IT support for the Administrative Resource Center, Public Key Infrastructure (PKI) and Secure Socket Layer (SSL) operations for Treasury and training request processing for the Alcohol and Tobacco Tax and Trade Bureau.

3.2.1 – Wholesale Securities Services Budget and Performance Plan

Dollars in Thousands

Wholesale Securities Services Budget Activity		Includes Strategic Objective F4B				
Resource Level	FY 2004 Enacted	FY 2005 Enacted	FY 2006 Enacted	FY 2007 President's Budget	FY 2008 Request	
Financial Resources						
Appropriated Resources	\$12,064	\$11,905	\$11,812	\$11,986	\$12,474	
Other Resources	274	666	1,189	1,077	1,354	
Total Operating Level	\$12,338	\$12,571	\$13,001	\$13,063	\$13,828	
Human Resources						
Appropriated FTE	92	92	98	98	145	
Other FTE	0	0	3	0	0	
Total FTE (direct and reimbursable)	92	92	101	98	145	

Wholesale Securities Services Budget Activity		Includes Strategic Objective F4B				
Measure		FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Cost per debt financing operation (\$) (E)	Target		Baseline	\$133,683	\$219,114	\$159,580
	Actual		\$126,828	\$148,926		
	Met		Yes	No		
Percent of auction results released in 2 minutes +/- 30 seconds (%) (Oe)	Target	95%	95%	95%	95%	95%
	Actual	99.53%	95%	100%		
	Met	Yes	Yes	Yes		

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Cust. Satisfaction

Description of Performance: In FY 2006, Public Debt released auction results within two minutes, plus or minus 30 seconds, 100 percent of the time, surpassing its performance target of 95 percent. In addition, in FY 2007, BPD will replace its aging auction system to fully integrate the automated announcement, auction and issuance of marketable securities and provide greater speed and flexibility to Treasury debt managers in bringing new types of securities to market. BPD has also expanded its ability to provide contingency processing at three auction processing sites and provided a new feature to allow certain large non-primary dealer bidders to submit bids in a secure internet environment.

3B – Government Agency Investment Services (*\$13,239,000 from direct appropriations and \$3,068,000 from reimbursable programs*): The Government Agency Investment Services program supports federal, state and local government agency investments in non-marketable Treasury securities as well as federal agency borrowing from Treasury.

Public Debt offers two major non-marketable special purpose investment programs to government agencies. Government Account Series (GAS) securities are issued only to federal agencies with statutory investment authority. There are currently about 230 trust and investment funds held by some 75 agencies. For 18 of the funds, Public Debt also maintains the investment accounts and performs additional administrative functions on behalf of the Secretary of the Treasury. These additional functions include processing receipts into and transfers out of the funds to the related federal program agencies for the purpose of administering the underlying programs that are supported by the trust funds. Some of the more recognizable federal trust funds are the four Social Security and Medicare Funds, as well as the Unemployment and Highway Trust Funds. With more than \$3.76 trillion in investments, federal government and other entities' holdings of GAS securities comprise approximately 44 percent of the public debt outstanding.

State and Local Government Series (SLGS) securities are issued to state and local government entities across the nation. At approximately \$250 billion outstanding, the SLGS program is important to over 6,600 state and local government entities that use these securities to help comply with provisions of the Internal Revenue Code.

BPD also accounts for and reports on the principal borrowings from and repayments to Treasury for approximately 80 funds managed by other federal agencies, as well as the related interest due to Treasury. These agencies are statutorily authorized to borrow from Treasury to make loans for a broad range of purposes, such as education, housing, farming, and small business support. The funds hold roughly \$228 billion in loans and loan guarantees. These federal agencies can conduct their principal transactions online via the Government-Wide Accounting system. The corresponding interest transactions are also processed online through the Intra-governmental Payment and Collection system.

At the federal level, Public Debt's services in this activity also directly assist customers in producing timely and accurate financial information that contributes to the reliability and usefulness of the government-wide financial statements. Instant access to account information has significantly simplified reconciliation and audit confirmation efforts across the country and assisted SLGS purchasers in complying with the Internal Revenue Service's requirements related to the issuance of tax exempt securities.

Other Resources:

Reimbursements totaling \$3,068,000 are collected for providing: administrative and IT support for the Administrative Resource Center, Public Key Infrastructure (PKI) and Secure Socket Layer (SSL) operations for Treasury, training request processing for the Alcohol and Tobacco Tax and Trade Bureau, investment accounting performed on behalf of the Secretary of the Treasury, and investment accounting services for the Department of Housing and Urban Development and the Securities and Exchange Commission.

3.2.2 – Government Agency Investment Services Budget and Performance Plan

Dollars in Thousands

Government Agency Investment Services Budget Activity		Includes Strategic Objective F4B				
Resource Level	FY 2004 Enacted	FY 2005 Enacted	FY 2006 Enacted	FY 2007 President's Budget	FY 2008 Request	
Financial Resources						
Appropriated Resources	\$13,756	\$13,360	\$13,255	\$13,451	\$13,239	
Other Resources	2,530	3,278	3,634	3,101	3,068	
Total Operating Level	\$16,286	\$16,638	\$16,889	\$16,552	\$16,307	
Human Resources						
Appropriated FTE	105	105	112	112	118	
Other FTE	5	17	17	11	14	
Total FTE (direct and reimbursable)	110	122	129	123	132	

Government Agency Investment Services Budget Activity		Includes Strategic Objective F4B				
Measure		FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Cost per federal funds investment transaction (\$) (E)	Target		Baseline	\$90.15	\$64.5	\$62.5
	Actual		\$88.74	\$62.64		
	Met		Yes	Yes		
Percentage of Government Agency customer initiated transactions conducted online (%) (Oe)	Target		Baseline	65%	75%	80%
	Actual		72.7%	97.03%		
	Met		Yes	Yes		

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Cust. Satisfaction

Description of Performance: Public Debt has established a long-term goal to expand automation to its customers. BPD will enhance online services provided to federal, state and local government customers so that Public Debt will meet its long-term goal of conducting 80 percent of customer-initiated transactions online by the end of FY 2008. Currently, Public Debt receives more than 95 percent of all investment transactions online. These results are due to three factors. First, all loans receivable transactions are conducted using the Government-Wide Accounting application. Second, regulatory changes effective as of August 2005 require investors in state and local government securities to perform all investment transactions online using the SLG Safe internet application. Finally, the Federal Investments Program made a comprehensive effort to convert and train its user community to conduct investment transactions through the FedInvest internet application.

3C – Retail Securities Services (\$151,359,000 from direct appropriations, including \$10,000,000 from user fee collections, and \$10,768,000 from offsetting collections and reimbursable programs): Public Debt’s Retail Securities Services program serves more than 50 million retail customers who hold marketable and savings securities directly with Treasury in support of the government’s financing needs. The focus of this program is to deliver Treasury securities services at the lowest reasonable operational cost through the internet-accessed TreasuryDirect system. TreasuryDirect offers all Treasury securities available to the public—Series EE and I savings bonds and Treasury bills, notes, bonds, and TIPS—in book-entry form. By enabling investors to manage their savings bond and marketable securities holdings online, Public Debt will serve customers more effectively and manage resources more efficiently.

To accelerate the efficiencies that will result from electronic investing, Public Debt is encouraging customers to convert their holdings to TreasuryDirect. The potential for conversions is significant—there are over 700 million paper savings bonds and nearly 400,000 accounts in the legacy marketable securities system. The conversion effort will be ongoing over a number of years.

Throughout this multi-year push toward book-entry and all-electronic processing, Public Debt will remain committed to supporting customers of legacy programs but will also actively encourage them to move to TreasuryDirect. These efforts will position Treasury to eliminate paper securities and replace the legacy marketable system when the time is right. These changes build on a tradition of continuous operational improvement and position Public Debt to offer high quality and easy-to-use investment services to millions of retail customers.

Other Resources:

Offsetting collections totaling \$10,000,000 are collected for definitive securities issue and Legacy TreasuryDirect Investor Account maintenance fees, while \$10,768,000 in reimbursements are collected for providing: administrative and IT support for the Administrative Resource Center, Public Key Infrastructure (PKI) and Secure Socket Layer (SSL) operations for Treasury, training request processing for the Alcohol and Tobacco Tax and Trade Bureau, and computer matching for the Social Security Administration.

3.2.3 – Retail Securities Services Budget and Performance Plan

Dollars in Thousands

Retail Securities Services Budget Activity		Includes Strategic Objective F4B				
Resource Level	FY 2004 Enacted	FY 2005 Enacted	FY 2006 Enacted	FY 2007 President's Budget	FY 2008 Request	
Financial Resources						
Appropriated Resources	\$145,419	\$147,298	\$147,529	\$149,711	\$151,359	
Other Resources	3,260	8,557	15,002	13,630	10,768	
Total Operating Level	\$148,679	\$155,855	\$162,531	\$163,341	\$162,127	
Human Resources						
Appropriated FTE	1,092	1,060	1,134	1,134	1,075	
Other FTE	0	0	42	7	7	
Total FTE (direct and reimbursable)	1,092	1,060	1,176	1,141	1,082	

Retail Securities Services Budget Activity		Includes Strategic Objective F4B				
Measure		FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Cost per TreasuryDirect assisted transaction (\$) (E)	Target		Baseline	\$7.75	\$4.73	\$4.57
	Actual		\$8.51	\$4.97		
	Met		Yes	Yes		
Cost per TreasuryDirect online transaction (\$) (E)	Target		Baseline	\$2.99	\$2.21	\$1.79
	Actual		\$3.43	\$3.06		
	Met		Yes	No		
Percentage of retail customer service transactions completed within 12 business days (%) (Oe)	Target	90%	90%	90%	90%	90%
	Actual	92.5%	88.7%	98%		
	Met	Yes	No	Yes		

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Cust. Satisfaction

Description of Performance: In FY 2006, BPD processed 98 percent of retail customer service transactions within 13 business days, surpassing its performance target of 90 percent. For FY 2007, the Bureau's goal is to complete 90 percent of retail customer service transactions within 12 business days and strive toward a long-term goal to complete 90 percent of retail customer service transactions within ten business days by FY 2010. Efficiencies gained from improved work processes and an increase in electronic transactions will allow Public Debt to meet these goals.

3D – Summary Debt Accounting (\$5,799,000 from direct appropriations and \$542,000 from reimbursable programs): The Summary Debt Accounting program accurately accounts for and reports timely on the outstanding public debt and related interest expenses. The program provides daily information on the balance and composition of the public debt, and summary level accounts represent the control totals for dozens of subordinate investment systems.

Each year, Public Debt reconciles more than \$72 trillion in securities transactions reported from numerous systems to cash flowing in and out of the federal government. BPD's summary level accounting system provides detailed financial information on the more than \$8 trillion public debt and associated interest expense for publication in the annual *Financial Report of the United States Government*, Treasury's *Performance and Accountability Report*, and the *Schedules of Federal Debt Managed by the Bureau of the Public Debt*.

The Bureau publishes information on the balance and composition of the public debt in the *Monthly Statement of the Public Debt of the United States* on its website. Strategically, BPD's direction is to make the *Schedules of Federal Debt* and other related financial data available on a daily basis.

Public Debt has always been committed to maintaining strong accounting controls to ensure the integrity of operations and the accuracy of the information provided to the public. The Bureau has consistently received unqualified audit opinions on the *Schedules of Federal Debt*, which presents details supporting the largest single liability on the government-wide financial statement.

Other Resources:

Offsetting collections and reimbursements totaling \$542,000 are collected for providing: administrative and IT support for the Administrative Resource Center, Public Key Infrastructure (PKI) and Secure Socket Layer (SSL) operations for Treasury and training request processing for the Alcohol and Tobacco Tax and Trade Bureau.

3.2.4 – Summary Debt Accounting Budget and Performance Plan

Dollars in Thousands

Summary Debt Accounting Budget Activity	Includes Strategic Objective F4D				
	FY 2004 Enacted	FY 2005 Enacted	FY 2006 Enacted	FY 2007 President's Budget	FY 2008 Request
Financial Resources					
Appropriated Resources	\$5,788	\$5,602	\$5,558	\$5,641	\$5,799
Other Resources	131	143	559	507	542
Total Operating Level	\$5,919	\$5,745	\$6,117	\$6,148	\$6,341
Human Resources					
Appropriated FTE	44	44	46	46	52
Other FTE	0	0	2	0	0
Total FTE (direct and reimbursable)	44	44	48	46	52

Summary Debt Accounting Budget Activity Measure	Includes Strategic Objective F4D				
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Cost per summary debt accounting transaction (\$)(E)	Target	Baseline	\$11.59	\$10.34	\$10.49
	Actual	\$12.62	\$10.96		
	Met	Yes	Yes		

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Cust. Satisfaction

Description of Performance: Public Debt established an efficiency measure to track the cost per transaction of performing Summary Debt accounting. Public Debt accounts for and reports on all financial activity related to the public debt of the United States. The transactions being tracked are those that must be accounted for to calculate the amount of public debt outstanding and interest paid on the public debt. These transactions include, for example, issues, redemptions, and interest payments on all Treasury securities. Lower costs per item are driven by transaction volumes increasing as a result of continued efforts to convert customers from paper to electronic holdings. Volumes were assumed constant in FY 2008, resulting in an estimated cost per item of \$10.49.

For detailed information about each performance measure, including definition, verification and validation, please go to: http://www.treas.gov/offices/management/dcfo/accountability-reports/2006-par/Part_IV_Appendices.pdf

Section 4 – Supporting Materials

4.1 – Human Resources Table

Changes in Full Time Equivalents

Direct FTE	FY 2006	FY 2007	FY 2008
Base: Year-end Actual from Prior Year	1,206	1,299	1,390
Increases:			
Reason #1:	Increase in direct FTE due to realignment of core administrative and policy functions back into Public Debt from the Franchise Fund.	93	
Reason #2:	Increase in direct FTE due to realizing a full year of FTE reporting for employees hired late in FY 2006.		91
Subtotal, Increases	93	91	0
Decreases:			
Subtotal, Decreases	0	0	0
Year-end Actual/Estimated FTEs	1,299	1,390	1,390
Net Change from prior year SOY to budget year EOY			91

4A – Human Capital Strategy Description

Public Debt’s strategic management of human capital is consistent with its mission, vision, and priorities and supports not only the President’s Management Agenda, but also Treasury’s strategic goal to Manage the U.S. Government’s Finances Effectively.

Public Debt has high expectations of all employees and recognizes the value of their contributions. BPD’s performance appraisal system is supplemented with specific expectations appropriate to the individual employee and the Bureau’s current priorities and strategic initiatives. As a result, employees know what is expected of them and how these expectations relate to the mission, objectives, and performance goals. Public Debt’s appraisals effectively distinguish between high and low levels of performance.

Leadership training is important at Public Debt. BPD offers extensive in-house training and takes advantage of many opportunities to use the Office of Personnel Management’s Management Development Centers to develop leadership competencies in leads, supervisors, managers, and executives. Senior-level employees receive training through the Treasury Executive Institute, the Treasury Executive Leadership Program, and the Federal Executive Institute.

Human capital initiatives, including succession planning, are an important part of Public Debt’s Strategic Plan. The Bureau has a Management Candidate Development Program and a Senior Executive Service Candidate Development Program that were designed and implemented to

provide Public Debt with a trained, capable pool of managers and executives to fill future vacancies. All of these programs use Individual Development Plans, mentoring, shadowing, position exchanges, and skills development to build leadership/management skills.

Public Debt has a comprehensive recruitment program in place to close skill gaps. BPD attends approximately 25 career fairs per year. Much of its recruitment occurs at colleges and universities with a diverse population or at diversity-specific career fairs. To further its recruiting efforts, Public Debt is also experimenting with more non-traditional recruiting methods such as diversity-specific internet sites to attract candidates. For example, sites such as HBCUConnect.com are making it easier for Public Debt to reach out and specifically target students and alumni of Historically Black Colleges and Universities. BPD will continue to refine its efforts and look for more opportunities to attract and retain diversity candidates in an effort to establish a culturally diverse workforce.

Public Debt uses the full realm of pay flexibilities to recruit and retain high quality candidates with the skills necessary to accomplish its mission. Specifically, Public Debt uses superior qualifications appointments, student loan repayments, and recruitment and retention incentives. BPD also uses special employment programs to hire quality candidates. The Bureau has been very successful using the Federal Career Intern Program, Student Career Experience Program, and Veterans' Recruitment Act to provide a source of highly qualified applicants. The Bureau's recognition of the need for a balanced family and work life makes it an attractive employer. The use of Flexi-time, Alternative Work Schedule, and Flexi-place schedules assist BPD in recruiting and retaining highly talented individuals.

Public Debt has identified three Mission Critical Occupations (MCOs): Customer Service Specialist (CSS), Accountant, and Financial Systems Analyst. Although BPD's workforce will remain relatively stable over the next five years, the retirement eligibility among the CSS positions is relatively high compared to its other MCOs. To offset the potential retirement issue among the CSS positions, BPD recruits applicants with basic communication and customer service skills. Once on board, these basic skills, coupled with specific training, ensure a ready source of qualified employees. Public Debt's workforce analysis indicates that as employees retire, it will continue to have a sufficient pool of internal candidates to fill the CSS positions.

Public Debt believes that training is crucial. BPD determines the readiness of its workforce, including MCOs, through skills gap assessments. BPD works with focus groups to assess the training needs necessary to keep employee skills current and to develop the future training opportunities needed to prevent skills gaps. These focus groups were developed to ensure that Public Debt's employees are among the best trained in the government and are able to stay abreast of new technologies affecting their work. These groups concentrate on broad ranging disciplines including: Accounting, Administration and Analysis, Computer End-Users, Customer Service and Communication, Management, Information Technology, and Human Resources.

4.2 – Summary of IT Resources Table

Dollars in Millions

Information Technology Investments			FY 2005		FY 2006	% Change	FY 2007	FY 2008		
Major IT Investments	Budget Activity	Identify the Program that the System is Aligned to	Operating Plan	Obligations	Operating Plan	from FY05 Obligations to FY06	Enacted	% Change from FY06 to FY07	Request	% Change from FY07 to FY08
Invest One	Government Agency Investment Services	Administering the Public Debt	\$1.7	\$1.7	\$1.8	5.9%	-	-100.0%	-	N/A
Oracle Federal Financials Systems	Wholesale Securities Services, Retail Securities Services, Government Agency Investment Services, Summary Debt Accounting	Administering the Public Debt	2.9	2.9	3.3	13.8%	4.0	21.2%	4.6	15.0%
Public Debt Accounting and Reporting System (PARS)	Summary Debt Accounting	Administering the Public Debt	2.0	2.0	2.0	0.0%	2.1	5.0%	2.2	4.8%
SaBRe	Retail Securities Services	Administering the Public Debt	4.2	4.2	4.3	2.4%	4.9	14.0%	4.6	-6.1%
Special Purpose Securities System (SPSS)	Government Agency Investment Services	Administering the Public Debt	1.7	1.7	1.8	5.9%	-	-100.0%	-	N/A
TreasuryDirect	Retail Securities Services	Administering the Public Debt	4.4	4.4	5.0	13.6%	5.2	4.0%	5.4	3.8%
Government Agency Investment Services System (GAISS) 1/	Government Agency Investment Services	Administering the Public Debt	-	-	-	N/A	5.4	N/A	4.8	-11.1%
Treasury Automated Auction Processing System (TAAPS)	Wholesale Securities Services	Administering the Public Debt and Reimbursements to Federal Reserve Banks	2.5	2.5	44.9	N/A	47.1	4.9%	31.6	-32.8%
Subtotal, Major IT Investments			\$19.4	\$19.4	\$63.1	225.2%	\$68.8	9.0%	53.2	-22.6%
Non-Major IT Investments			\$16.4	\$16.4	\$9.5	-42.3%	\$9.7	3.0%	10.0	3.1%
Infrastructure Investments			\$24.6	\$24.6	\$25.4	3.3%	\$29.9	17.7%	32.2	7.7%
Enterprise Architecture			\$0.0	\$0.3	\$0.4	27.7%	\$0.6	58.5%	1.4	134.8%
Total IT Investments			\$60.4	\$60.7	\$98.3	62.0%	\$109.0	10.9%	96.9	-11.1%

1/ InvestOne and SPSS have merged into GAISS beginning FY 2007.

4B – Information Technology Strategy

Public Debt's major IT systems directly relate to and support its four budget activities. The goals of each of the four budget activities are specifically tied to the Bureau's strategic and annual performance plans, and fully support Treasury's long-term direction. Because BPD's operations have been highly automated, these systems are the primary means by which the Bureau achieves objectives and addresses major challenges.

Public Debt has developed and continually enhances systems to process a wide range of servicing transactions, initiate trillions of dollars in customer payments, and account for the public debt at both the detail and summary accounting levels. By delivering services to customers online and automating work processes, these major IT investments support BPD's vision of responsible, effective government through commitment to service, efficient operations, openness to change, and values-based behavior. These major IT investments represent the most cost-effective means to conduct borrowings and deliver securities services to investors.

The Bureau's IT portfolio of mission critical systems is comprised of certified and accredited applications. Systems modification expenses are being incurred for the continued operation of TreasuryDirect, which will eventually serve as a replacement for other, more expensive, systems. To ensure continuity of operations for these significant technology investments, Public Debt partnered with the Financial Management Service for the use of one of their geographically remote processing centers for hot site contingency. Data is pre-staged and updated in near real time, and recoverability at this location has been fully tested.

4.3 – PART Evaluation Table

PART Name:	Administering the Public Debt
Year PARTed:	FY 2005
Rating:	Effective

OMB Major Findings/Recommendations

1. Continue to improve annual performance measures.
2. Identify new long-term goals to improve efficiency and effectiveness.

Bureau Actions Planned or Underway

Public Debt identified three new long-term goals that will continue its long-standing tradition of operational efficiency and effectiveness.

For a complete list of PART results visit the following website:

<http://www.whitehouse.gov/omb/expectmore/all.html>