

Bureau of the Public Debt

Program Summary by Appropriations Account

(Dollars in thousands)

Appropriation	FY 2006	FY 2007		FY 2008		
	Enacted	President's Budget	CR-rate	President's Budget	\$ Change over CR-rate	% Change over CR-rate
Administering the Public Debt	\$178,154	\$180,789	\$178,616	\$182,871	\$4,255	2.4%
Wholesale Securities Services	11,812	11,986	11,842	12,474	632	5.3%
Government Agency Investment Services	13,255	13,451	13,289	13,239	(50)	(0.4%)
Retail Securities Services	147,529	149,711	147,912	151,359	3,447	2.3%
Summary Debt Accounting	5,558	5,641	5,573	5,799	226	4.1%
Subtotal, Bureau of the Public Debt	\$178,154	\$180,789	\$178,616	\$182,871	\$4,255	2.4%
User Fees	(\$3,000)	(\$3,000)	(\$3,000)	(\$10,000)	(7,000)	233.3%
Net Program Operating Level	\$175,154	\$177,789	\$175,616	\$172,871	(\$2,745)	(1.6%)
Offsetting Collections - Reimbursables	16,730	15,204	15,204	15,732	528	3.5%
Total Program Operating Level	\$191,884	\$192,993	\$190,820	\$188,603	(\$2,217)	(1.2%)

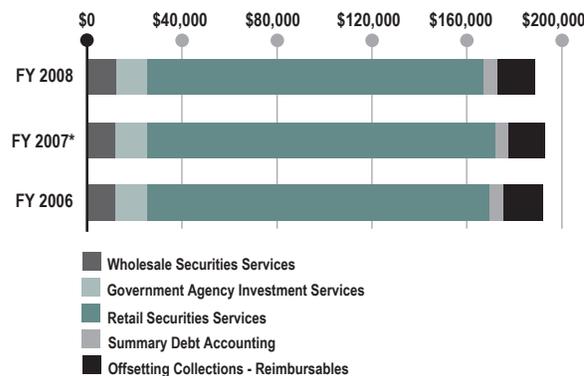
Explanation of Request

The FY 2008 President's Budget request for the Bureau of the Public Debt (BPD) includes funding to support the Department of the 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 and secure systems are in place to conduct borrowing and deliver securities services to investors.

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.

BPD Funding History

(Dollars in Thousands)



* President's Budget

Purpose of Program

BPD's mission is to borrow the money needed to operate the federal government, account for the resulting debt, and provide reimbursable support services to federal agencies. In light of its mission, 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 about 230 federal trust funds; and provides timely and accurate information on the public debt.

In support of the Department of the 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 places a high priority on adopting technological advances to ensure that its systems remain secure.

BPD FY 2008 Budget Highlights

(Dollars in thousands)

Appropriation	Amount
FY 2006 Enacted	\$178,154
FY 2007 President's Budget	\$180,789
CR-rate Adjustment	(2,173)
FY 2007 CR-rate	\$178,616
Changes to base:	
Technical Adjustment to FY 2007 Base due to CR:	\$336
Pay Inflation Adjustment	336
Maintaining Current Levels (MCLs):	\$5,712
Non-Pay Inflation Adjustment	1,666
Pay Annualization	590
Pay Inflation Adjustment	3,456
Subtotal FY 2008 Changes to Base	\$6,048
FY 2008 Base	\$184,664
Program Changes:	
Program Decreases:	(\$2,793)
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:	\$1,000
E-Commerce Risk Management Program	1,000
Subtotal FY 2008 Program Changes	(\$1,793)
Total FY 2008 President's Budget*	\$182,871

*The FY 2008 President's Budget is offset by \$10,000,000 in user fees.

FY 2008 Budget Adjustments

FY 2007 President's Budget

The FY 2007 President's Budget request for BPD is \$180,789,000.

Adjustments

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

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

Maintaining Current Levels (MCLs)

Adjustments Necessary to Maintain Current Levels +\$5,712,000 / +0 FTE Funds are requested for: FY 2008 cost of the January 2007 pay increase of \$590,000; proposed January 2008 pay raise of \$3,456,000; and non-labor related items such as contracts, travel, supplies, equipment and GSA rent adjustments of \$1,666,000.

Program Decreases

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

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

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.

Explanation of Budget Activities

Administering the Public Debt

Wholesale Securities Services (\$12,474,000 from direct appropriations and \$1,354,000 from reimbursable programs) BPD announces, auctions, and issues marketable Treasury bills, notes, bonds and Treasury Inflation-Protected Securities (TIPS). This program ensures that the government's critical financing needs are met and that an infrastructure is in place

for the custody and transfer of Treasury securities in the wholesale market. This program also administers regulations to ensure the integrity and efficiency of the primary and secondary markets for Treasury securities.

Government Agency Investment Services (\$13,239,000 from direct appropriations and \$3,068,000 from reimbursable programs) BPD supports federal, state, and local government agency investments in non-marketable Treasury securities as well as federal agency borrowing from the Department. There are currently about 230 trust and investment funds held by some 75 agencies. For 18 of these funds, BPD maintains the investment accounts and provides additional administrative support on behalf of the Secretary of the Treasury.

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) BPD serves more than 50 million retail customers who hold marketable and savings securities directly with Treasury in support of the government's financing needs. This program includes the issuing and servicing of marketable and savings securities in book-entry and paper form.

Summary Debt Accounting (\$5,799,000 from direct appropriations and \$542,000 from reimbursable programs) BPD accounts for and reports on all financial activity related to the public debt. The program provides accounting controls for funds received from the sale of securities, funds disbursed as interest and principal payments, and for the accurate and timely reporting of the outstanding public debt.

Legislative Proposals

BPD has no legislative proposals for FY 2008.

BPD Performance by Budget Activity

Budget Activity	Performance Measure	FY 2004	FY 2005	FY 2006		FY 2007	FY 2008
		Actual	Actual	Actual	Target Met?	Target	Target
Wholesale Securities Services	Percent of auction results released in 2 minutes +/- 30 seconds (%) (Oe)	99.53	95	100	✓	95	95
Government Agency Investment Services	Percentage of Government Agency customer initiated transactions conducted online (%) (Oe)	N/A	Baseline	97.03	✓	75	80
Retail Securities Services	Percentage of retail customer service transactions completed within 12 business days (%) (Oe)	92.5	88.7	98	✓	90	90
Summary Debt Accounting	Cost per summary debt accounting transaction (\$) (E)	N/A	Baseline	10.96	✓	10.34	10.49

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

Description of Performance

BPD has continued to set challenging performance goals with positive results. To improve performance, Public Debt places a high priority on adopting new technology to increase the security, flexibility, and efficiency of financing the needs of the federal government.

In FY 2006, BPD met its target timeframe of announcing Treasury auction results; received 95 percent of government agency transactions online because of technology upgrades, regulatory changes, and a comprehensive conversion and education program; processed 90 percent of retail customer service transactions within 13 business days; and met its targeted cost per summary debt accounting transaction efficiency measure.

