

## U.S. DEPARTMENT OF THE TREASURY

## Press Center



## Treasury Budget Invests in Effective Programs Nation's Long Term Prosperity

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**WASHINGTON** – As part of the Administration's commitment to developing a responsible and fair budget that also invests in our nation's future and reduces the deficit, Treasury Secretary Tim Geithner today highlighted key components of the President's FY 2010 Budget intended to help set our nation back on the path to financial stability. This Budget is the culmination of efforts to make sure taxpayer dollars are invested in programs that are effective and directly linked to our long term prosperity.

"This Budget will provide an effective and fiscally responsible foundation for the Treasury Department's efforts to strengthen the economy," said Secretary Geithner. "This Budget will also expand job-creating investments in local communities, strengthen our nation's security through financial intelligence, launch new initiatives to enforce the tax code and provide resources to address global economic challenges."

Reflective of the President's commitment to review the budget line-by-line, Treasury will provide more than \$870 million in savings over a ten-year period by terminating just one program - the Advanced Earned Income Tax Credit (Advanced EITC). While the President and Secretary Geithner believe that the broader Earned Income Tax Credit program is one of the most important and successful tools we have to reward work and help bring working families out of poverty, Treasury recognized that one aspect of the program – the Advanced EITC – was not working effectively. The Advanced EITC allows eligible individuals to request advance payment of the EITC from their employers throughout the year, but no more than 3 percent of eligible individuals choose this option. The termination of the Advanced EITC is expected to save approximately \$872 million over the next ten years.

"The American people deserve an effective government that uses tax dollars wisely to achieve real and measurable results," said Secretary Geithner. "To make our government more effective and efficient, we must eliminate broken, ineffective programs from our books and invest in what works."

As part of continued investments in programs that contribute to our nation's financial stability and long term prosperity, the Budget will also provide \$13.4 billion for Treasury to:

- Increase enforcement to crack down on international tax evasion;
- Expand job-creating investments in local communities through Community Development Financial Institutions (CDFI);
- Strengthen the nation's security through financial intelligence;
- Provide resources to create job growth at home by addressing global economic challenges; and
- Ensure that the Department has the physical resources needed to continue its work in promoting financial stability.

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### BACKGROUND ON THE DEPARTMENT OF TREASURY BUDGET

#### New Resources to Crack Down On International Tax Evasion

A major challenge in ensuring a fair tax system is the proliferation of individual tax evasion through overseas tax havens. The President's FY 2010 budget includes much-needed new resources to crack down on these abuses. New funding for enforcement initiatives, totaling \$332 million, includes \$128 million allocated to the hiring of nearly 800 new employees dedicated to preventing international tax evasion among businesses and affluent individuals. In FY 2008 alone, direct revenue from enforcement activities totaled \$56.5 billion, yielding a return on investment of over five to one.

In total, new enforcement initiatives will generate \$2.0 billion in additional annual enforcement revenue once the new hiring is complete in FY 2012.

#### Bolstering Credit Markets to Help Small Businesses and Home-Buyers

The Budget more than doubles funding for Community Development Financial Institutions (CDFI), a merit-based grant program that helps local financial institutions offer small business, consumer and home loans in communities and populations that lack access to affordable

credit.

Funding for the CDFI Fund would rise to \$243.6 million, a \$136.6 million increase over the FY 2009 enacted level. This includes \$80 million for the Capital Magnet Fund, a new program that will increase financing for the development, preservation, rehabilitation, and purchase of affordable housing or economic development projects (such as day care centers, workforce development centers, and health care clinics) in low-income communities.

### **Strengthening Our Nation's Security**

A key Treasury Department priority is assisting the Administration's efforts to crack down on rogue nations, terrorist facilitators, weapons of mass destruction (WMD) proliferators, money launderers, drug kingpins, and other national security threats. Treasury's Office of Terrorism and Financial Intelligence (TFI) is at the forefront of this fight, with a focus on the money flows that finance these threats.

The Financial Crimes Enforcement Network (FinCEN) supports law enforcement, intelligence, and regulatory agencies through sharing and analysis of financial intelligence; enhancing international anti-money laundering and counter-terrorist financing efforts and cooperation; and networking people, entities, ideas, and information.

The Budget provides \$64.6 million for TFI activities within the Departmental Offices, and \$102.8 million for FinCEN.

### **Creating Job Growth at Home by Addressing Global Economic Challenges**

Despite recent signs that the Administration's efforts to improve our economy have borne fruit, much remains to be done, including on the international front. The health of the U.S. economy depends in part on the health of the global economy. The Budget request will fund U.S. contributions to the multilateral development banks, which play a vital role in strengthening developing markets by increasing access to finance and leveraging other donor resources in the developing world. The Budget also provides funding to help developing countries finance climate resiliency and clean energy initiatives. Congress is also asked to support debt restructuring programs that assist poor and heavily indebted countries in their efforts to regain a sound economic footing and lift their populations out of poverty. Finally, funding will be provided to Treasury's Office of Technical Assistance (OTA), which helps countries affected by or vulnerable to the financial crisis by providing technical assistance to help determine the extent of their financial vulnerability, address immediate crisis-related challenges, and lay the groundwork for recovery.

The Budget provides \$2.48 billion for Treasury's international programs.

### **Providing Resources for Implementation**

The Office of Domestic Finance and Office of Tax Policy at the Departmental Offices are at the forefront in the Department's efforts to address current and future economic challenges. The new staff provided by the Budget will work on key aspects of the financial crisis, including implementation of the Recovery Act and financial stability programs and addressing key tax policy issues, such as climate change and health care.

The Budget will provide an additional \$13.6 million to ensure that the Treasury Department expands its expertise in an array of complex finance and government fields.

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