

U.S. DEPARTMENT OF THE TREASURY

Press Center



Treasury Budget Focused on Building New Foundation for Economic Growth, Reform of the Financial System

2/1/2010

TG-523

Projected TARP Costs Down \$224 Billion from August Mid-Session Review
To view the Treasury Budget, visit [link](#).

WASHINGTON – As a part of the Administration's commitment to making tough choices and streamlining programs that work in order to lay the foundation for long-term economic growth, Treasury Secretary Tim Geithner today highlighted key components of the President's FY 2011 Budget intended to continue our nation down the path to economic prosperity.

"After stabilizing our economy and steering it back from the brink this past year, this Budget reflects the President's commitment to invest in innovation and reform our financial system," said Secretary Geithner. "We must make investments to put our country back on a path to economic prosperity, but do so in a way that is efficient and constrained. This Budget supports the critical work that Treasury is doing to encourage economic growth and ensure that the financial industry plays by new, safer rules."

Already, Treasury has taken steps to dramatically bring down the costs of the Troubled Asset Relief Program (TARP) and shift the focus of the program to small business and housing. As a result of careful stewardship of the program and improved financial conditions, the projected cost of TARP has fallen from \$341 billion in the Mid-Session Review to \$117 billion in this Budget, and the additional \$250 billion reserve in place in the event additional financial stabilization efforts were necessary has been removed. Going forward, the program will focus on the challenges of helping families avoid foreclosure and bringing down the high unemployment rate. Treasury will continue to assist responsible homeowners to avoid foreclosure, and will transfer, through legislation, \$30 billion from TARP to a new program to help community and smaller banks give small businesses the credit they need.

Treasury is also leading the broader effort to reform the financial system. Treasury is working closely with Congress to enact legislation that will promote more robust supervision and regulation of financial firms, establish comprehensive regulation of financial markets, protect consumers and investors, ensure the financial system works for our communities, provide the government with more powerful tools to manage financial crises, and improve international cooperation.

To support the President's goal to reduce the deficit and be more efficient and targeted in federal spending, the Treasury Department's FY 2011 Budget includes nearly \$500 million in efficiency savings, user fees and program reductions across the Department's 13 bureaus. The Treasury Department is committed to moving to "paperless" processing throughout its bureaus and programs, including increasing the number of benefit payments and tax collections made electronically. This will cut down on waste, save money and enhance service to the general public.

"Across the country families and businesses are tightening their belts, and the federal government should be no exception," Secretary Geithner added. "By increasing efficiency and eliminating waste, we're helping to put our country on a more sustainable fiscal path."

As part of continued commitment to programs that contribute to our nation's financial stability and long term prosperity, the Budget will provide \$13.9 billion in targeted investments for Treasury to:

- Expand its institutional capacity to more effectively respond to current and future financial challenges;
- Improve taxpayer service at the IRS;
- Increase enforcement to crack down on tax cheats;
- Invest in the needs of communities through Community Development Financial Institutions; and
- Address global economic challenges.

BACKGROUND ON THE DEPARTMENT OF THE TREASURY BUDGET

Expanding Treasury's Capacity to Respond to Financial Challenges

In the aftermath of one of the worst crises since the Great Depression, the Treasury Department continues to play a leading role in stabilizing the economy and reforming our outdated and ineffective financial regulatory system. The events of the past year have demonstrated that the Department needs to expand its institutional capacity to more effectively respond to current and future financial challenges. To accomplish this goal, the Treasury Department's FY 2011 Budget continues efforts begun in FY 2010 to make focused, targeted investments in the Offices of Domestic Finance, Tax Policy, and Economic Policy.

The Budget will provide an additional \$21.1 million to allow the Treasury Department to expand its expertise in an array of complex financial and economic fields.

Improving Service for Taxpayers

Quality taxpayer service is an important complement to enforcement efforts. Important programs in the Recovery Act aimed at helping taxpayers and stimulating the economy have increased the volume of calls to 1-800 service lines at the IRS, leading to longer wait times and unanswered calls. The FY 2011 Budget provides much needed resources to increase the number of taxpayer calls that get answered and reduce wait times. The Budget also includes increased funding for infrastructure improvements to IRS.gov, which will improve self-service, reduce costs, increase compliance and continue to position IRS.gov as the preferred choice for taxpayer service.

The FY 2011 Budget will provide an additional \$45.9 million for these important customer service improvements.

Cracking Down on Tax Evasion

The FY2011 Budget includes a number of proposals that are expected to increase tax collections by \$26 billion over the next ten years. Additionally, the Budget provides nearly \$250 million in new enforcement initiatives to improve compliance. FY 2011 initiatives will build on the foundation established in the FY 2010 Budget to hire nearly 2,000 new employees dedicated to addressing international tax evasion by businesses and affluent individuals, improving information reporting, and broadening collection activities.

In total, new enforcement initiatives will generate nearly \$2 billion in additional annual enforcement revenue once the new hires reach full potential in FY 2013, yielding a return on investment of over nine to one.

Investing in the Needs of Communities

The FY 2011 Budget includes \$250 million for the Community Development Financial Institutions Fund, providing a 30 percent increase in funding for the CDFI Fund's core grant program – the CDFI Program – and continued robust support for Native Initiatives. It also provides \$5 billion in New Markets Tax Credit allocation authority.

Addressing Global Economic Challenges

As noted by the President in his State of the Union address, exports play a critical role in generating jobs for Americans. The FY 2011 Budget reflects Treasury's commitment to support the Administration's efforts to double exports over the next five years by working through the G-20 and other international fora to foster additional export and other economic opportunities for the United States. This effort will also include working with key countries, including China, to lay the foundation for stronger, more balanced and sustainable global growth.

###

REPORTS

- [FY2011 Treasury Budget](#)