Goal 1: Promote domestic economic growth and stability while continuing reforms of the financial system

<u>STRATEGIC OBJECTIVE 1.1</u>: Promote savings and increased access to credit and affordable housing options

Over the next four years, Treasury will work to provide tools to the American people to help them build a stable financial future and grow the nation's economy. Treasury will endeavor to enable Americans to invest in their future – whether in higher education or in hard-earned retirement. We will continue to support the Administration's efforts to lower barriers so that entrepreneurs and businesses can innovate, grow, and hire. We will also continue to bolster programs that provide Americans with the fundamental ability to secure a place to call home, whether through renting or buying. We will promote housing finance reform, which would create jobs, spur growth, and provide revenue at the local and state level, and when financed properly, enable Americans to build assets for long-term financial security.

<u>STRATEGIES</u>:

- Develop a sustainable housing finance system that meets the needs of a diverse population of borrowers, including long-term reform of the mortgage finance system and the smooth wind-down of Fannie Mae and Freddie Mac
- Develop a sustainable education finance system, including preserving access to credit for students seeking a college education and strengthening access to financial education and planning tools so that students and their families can better manage their debt load
- Develop new programs to help ensure Americans are better equipped for retirement, including supporting policies and programs to encourage retirement planning and savings, such as the implementation of myRA retirement savings accounts
- Improve the access and availability of credit needed to create small businesses and jobs by identifying new and enhancing existing sources for capital and federal support for investment funds

<u>EXECUTIVE SUMMARY</u>

The Small Business Jobs Act of 2010 (Jobs Act), which celebrates its fifth anniversary this year, has produced impressive results. The law created the State Small Business Credit Initiative (SSBCI), which is charged with increasing the availability of credit for small businesses and generating jobs and other economic development benefits for states. Because of the program's success, Treasury seeks to reauthorize it through FY 2023. Since its passage, SSBCI has supported more than 12,400 private sector loans or investments to small businesses and helped create or retain more than 140,000 jobs, as reported by the small businesses who received the loans and investments.3 As of June 30, 2015, approximately \$1.26 billion of \$1.46 billion total funds available for disbursement have been provided to the states.4 As of December 2014, states had expended \$864 million of these funds to leverage \$6.4 billion in new lending or investing.
The Jobs Act also created the Community Development Financial Institutions (CDFI) Bond Guarantee Program, which is administered by the CDFI Fund. Bonds issued under the program support CDFI lending activity in underserved communities by providing a source of long-term capital. Under FY 2013 and 2014 authority, Treasury provided four bond guarantees, which

supported eight bond loans totaling $525 million. On September 29, 2015, Treasury announced that an additional nine bond loans, totaling $327 million, were guaranteed in FY 2015.
Helping Americans save—for retirement and other goals—is a top priority for Treasury. Millions of workers in America either do not have access to an employer-sponsored retirement plan or lack options to save for retirement. In December 2014, Treasury began the initial pilot phase of myRA, or my Retirement Account, that makes saving for retirement simple, safe, and affordable. In addition, Treasury continued to lead the administration's efforts to help Americans have the financial information and skills they need to make sound choices in a complex financial system by chairing the interagency Financial Literacy and Education Commission and receiving important recommendations from the President's Advisory Council on Financial Capability for Young Americans. Additionally, Treasury worked closely with the Department of Education to improve the federal student loan system.

PERFORMANCE GOAL INFORMATION FOR COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND (CDFI FUND)

This budget activity encompasses the CDFI Fund's operational support and management activities for each of its award programs and supports the CDFI Fund's Strategic Goal No. 4: To increase resource and human capital management to maximize performance, efficiency, and program results. This includes, among other activities, developing regulations, notices of funding availability, and application materials; reviewing and evaluating certification and funding applications; selecting awardees; finalizing the terms of award agreements; making disbursements; collecting and evaluating performance data; and monitoring awardees' compliance. All of these tasks support activities that allow the CDFI Fund to carry out its overall mission.

Description of Performance:
The CDFI Fund's administrative performance metrics measure progress in enhancing its program administrative business processes to enable quicker award decisions and disbursement of award funds.

The CDFI Fund's two administrative measures are organization-wide efficiency measures based on the weighted average of the number of applications/awards across all programs.

- The *All-application-award Cycle Time* performance target was set at 7 months for FY 2015 and FY 2016. In FY 2015, the application-award target was missed by more than one month because of a change in matching funds requirements under the December 2014 appropriation language which required supplemental notification of applicants and additional reviews of the applicant's matching funds documentation. The seven-month target has been retained for both FY 2016 and 2017 because the CDFI Fund has revised its internal policies and procedures to improve the cycle time performance through implementation of new application review and matching funds procedures. In addition, once the CDFI Fund's new Awards Management Information System (AMIS) is fully deployed, the application cycle time should benefit from the automation of application intake and review.
- The *All-Award-Disbursement Cycle Time* measures in months how quickly the CDFI Fund manages to disburse 85 percent of program funds after the award announcement. The FY 2015 target was set at 4 months. The FY 2015 results will be available in February 2016, four months after the last award announcement, when the relevant data is available. Internal projections indicate the CDFI Fund will not meet its FY 2015 target due to changes in award disbursement

processes required by the Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Uniform Guidance requires that grant funds be disbursed in tranches as opposed to single disbursements. Accordingly, the CDFI Fund plans to revise this measure to reflect time to initial disbursement and establish new baseline targets in FY 2016.

The *All-Affordable Housing* measure captures the number of affordable housing units developed or produced as a result of CDFI Fund awards, as reported by CDFI, NMTC and CMF program awardees. The actual results of 27,004 affordable housing units for FY 2015 fell short of the ambitious target of 36,000 units. The target was missed due to changes in housing investments across programs. There were declines in housing lending by CDFI awardees largely due to a decline in the number of awardees focusing on housing (3,000 fewer units than the prior year), a slight decline in NMTC housing investments (540 fewer than the prior year) and a deferral of the completion of 1,300 CMF funded housing units to 2016. These trends illustrate the difficulty in projecting targets for activities not directly required under awardees' assistance agreements. A provisional target is retained for 2016 which does not factor in results from future rounds of funding for CMF. Please note that for CMF awards made in FY 2016, the outcomes will not be reported until FY 2018.

Administration Performance Plan

Measure	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target
ALL - Award Cycle Time (months)	N/A	7.4	6.5	6.8	7.1	8.3	7.0	7.0	7.0
ALL - Disbursement Cycle Time (months)	N/A	2.0	3.1	4.5	4.5	4.5*	4.0	4.5	4.5
ALL - Number of Affordable Housing Units Developed or Produced (units)	N/A	19,083	27,433	26,391	32,621	27,004	36,000	29,000	29,000

*Projected results. The earliest this measure can be reported is February 2016 (four months after the last award announcement).

Community Development Financial Institutions Program

The CDFI Program supports the CDFI Fund's Strategic Goal No. 1: To expand the capacity of financial institutions to provide credit, capital, and financial services to low-income and underserved populations. Through the CDFI Program, the CDFI Fund makes FA awards to CDFIs that have comprehensive business plans for creating community development impact and that demonstrate the ability to leverage private sector sources of financing, as well as TA grants to CDFIs and entities proposing to become CDFIs.

Description of Performance:

The CDFI Fund revised its performance measures for the CDFI financial assistance program to better measure the impact of CDFI awardees in distressed communities and on underserved populations. The CDFI Fund worked with Treasury's Office of Performance Budgeting (OPB) and Office of Strategic Planning and Performance Improvement (OSPPI) to develop two new measures: (1) percentage of loans and investments originated in eligible distressed communities or made to underserved populations as measured against the total amount of loans originated by awardees, and; (2) the percentage of loans and investments originated in eligible distressed communities or to underserved populations as measured by the total number of loans originated by awardees.

These two measures demonstrate the impact of CDFI awardees in serving eligible distressed communities and underserved populations by lending reported during the program year. Certification procedures require that all certified CDFIs must originate 60 percent or more of their loans and investments in eligible distressed census tracts or to underserved populations. The target is a threshold that must be met or exceeded recognizing the need for CDFIs to balance their mission to service distressed communities and underserved populations against their safety and soundness considerations. In FY 2015 the CDFI Program surpassed the 60 percent threshold for both the percentage in the amount and number of CDFI loans made to eligible distressed communities and underserved populations. There are annual fluctuations in the percentage loans deployed to distressed communities and underserved populations due to annual changes in the cohort of CDFI awardees and changes in their loan originations necessary to maintain their safety and soundness considerations while meeting their commitments and mission as a certified CDFI.

CDFI Program Performance Plan

Measure	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target
CDFI - Percentage of Loans & Investments Originated to Eligible Distressed communities or Underserved Populations by Dollar Amount (percentage)	74.80%	66.30%	84.90%	77.10%	70.80%	80.10%	60.00%	60.00%	60.00%
CDFI - Percentage of Loans & Investments Originated to Eligible Distressed communities or Underserved Populations by Number of Loans (percentage)	65.10%	60.60%	70.30%	79.60%	60.70%	80.20%	60.00%	60.00%	60.00%

New Markets Tax Credit Program

Through the NMTC Program, the CDFI Fund facilitates new investment in low-income communities by attracting private sector capital to these communities through tax credits. These objectives align with the CDFI Fund's Strategic Goal No. 2 – Increased public and private investment in distressed communities eligible to be served by the CDFI Fund's programs. Individual and corporate investors may receive a credit against their federal income taxes in exchange for making equity investments in Community Development Entities (CDEs) that, in turn, use such proceeds to finance businesses and real estate projects in low-income communities. The investor's tax credit equals 39 percent of the amount invested and is taken over seven years. On December 18, 2015, Congress extended the authorization of the NMTC program for $3.5 billion per year through 2019.

Description of Performance:

The 2014 NMTC investment authority was allocated in FY 2015 due to delayed passage of the authorizing legislation. In the 2014 round, the NMTC Program awarded $3.5 billion in NMTC investment authority to 76 CDEs, out of a pool of applicants requesting $19.9 billion.

The target for qualified low-income community investments (QLICIs) in FY 2015 was set at $5 billion to reflect the actual annual tax credit authority requested. The target was not met because the prior year's tax credit authority was limited to $3.5 billion, although actual investments reported were $3.02 billion. The 2011-2013 trends reflect the effect of higher tax credit authority at $5 billion and the subsequent decrease in 2014 for QLICIs reflects the lower levels of tax credit authority rather than program's effectiveness. The CDFI Fund will consider replacement measures in FY 2016.

A complementary measure of the NMTC program performance is the percentage of loans and investments in severely distressed communities. 75.2 percent of loans and investments were made in severely distressed communities in FY 2015, exceeding the target of 72 percent. This performance indicates that NMTC investors continue to meet their commitments in severely distressed communities. The targets for FY 2016 and FY 2017 are set at 72 percent.

New Markets Tax Credit Program

Measure	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target
Community Development Entities' Annual Qualified Low-Income Community Investments ($ billions)	3.1	4.7	5.5	4.8	4.0	3.0	5.0	3.5	3.5
NMTC-Percentage of Loans and Investments that went into Severely Distressed Communities (percentage)	73.4%	72.4%	70.4%	78.5%	73.8%	75.2%	72.0%	72.0%	72.0%

Bank Enterprise Award Program

Through the BEA Program, the CDFI Fund encourages insured depository institutions to increase investments and services in distressed communities and to provide financial assistance and support to CDFIs. These objectives align with the CDFI Fund's Strategic Goal No. 2 – Increased public and private investment in distressed communities eligible to be served by the CDFI Fund's programs.

Description of Performance: This measures the Bank Enterprise Award (BEA) applicants' increase in qualified community development activities over the prior year. The BEA target of $723.5 million was not met in FY 2015 but the results are consistent with trends over time. In FY 2014, the measure hit an all-time high of $723.5 million but fell to $459.9 million in FY 2015. The decline most likely reflects a delayed response by applicants to reductions in program funding and uncertainty about the future of the program. The targets for FY 2016 and FY 2017 have been set at the FY 2015 performance level pending an ongoing program evaluation.

The CDFI Fund initiated an evaluation of the BEA Program in FY 2015. The evaluation will examine the program's performance and potentially lead to the adoption of alternative program performance measures. The current measure can fluctuate widely from year to year, as shown in table 3.1.4, due to external factors such as the level of funding set by Congress. The evaluation is scheduled to be complete in FY 2016.

Bank Enterprise Award Program

Measure	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target
BEA - Increase in Community Development Activities Over Prior Year For All BEA Program Applicants ($ million)	290.0	268.3	432.4	493.5	723.5	459.9	723.5	460.0	460.0

Native American CDFI Assistance Program

Through the NACA Program, the CDFI Fund assists entities in overcoming barriers that prevent access to credit, capital, and financial services in American Indian, Alaska Native, and Native Hawaiian communities. The CDFI Fund makes monetary awards to increase the number and capacity of existing or new Native CDFIs (i.e., CDFIs that serve Native communities). In addition, the NACA Program provides training to help strengthen and develop Native CDFIs. Native CDFIs lend where others have not, and are serving the poorest in Native communities. In order for Native CDFIs to make a larger economic impact within their communities, they require further technical assistance and capacity building. With increased capacity building, Native CDFIs could, for example, expand their lending from an initial offering of micro-loans to making larger small business loans to better promote economic activity. These objectives align with the Department of the Treasury's Strategic Goal 1: *Promote domestic economic growth and stability while continuing reforms of the financial system.*

<u>*Description of Performance:*</u> These output measures reflect the number and amount of loans or investments originated by Native American CDFI awardees in a given year. In FY 2015, the target was missed for originations but exceeded for number of loans. These measures are difficult to forecast due to variability in NACA awardee originations. The CDFI Fund is exploring potential changes to these measures to mirror those of the CDFI Program (see above table 3.1.2), which track the impact of a program on target populations as opposed to aggregate output. The targets for FY 2016 and FY 2017 have been set at the FY 2015 performance level pending a review of potential changes.

Native American CDFI Assistance Program

Measure	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target
NACA - Amount of Loans/Investments Originated (Annual) (Dollars in Millions)	N/A	14.7	21.2	23.2	100.5	68.0	164.0	68.0	68.0
NACA - Number of Loans/Investments Originated (Annual)	N/A	1,004	1,170	1,508	2,230	2,424	1,860	2,424	2,424

Healthy Food Financing Initiative

The Healthy Food Financing Initiative (HFFI) aims to eliminate "food deserts" – low-income urban and rural areas in the United States with limited access to affordable and nutritious food – by financing interventions that expand the supply of and demand for nutritious foods, including increasing the distribution of agricultural products, developing and equipping grocery stores, and strengthening producer-to-consumer relationships.

This budget activity supports the CDFI Fund's Strategic Goal No. 1: *To expand capacity of financial institutions to provide credit, capital, and financial services to low-income and underserved populations.* Through the HFFI, the CDFI Fund awards CDFI Program funds to certified CDFIs to help address the need for healthy food in underserved and low-income communities. These organizations use federal grants, below market-rate loans, loan guarantees, and tax credits to attract private sector financing for projects that increase access to healthy food options.

Description of Performance:
The primary HFFI performance measure is the number of healthy food options created and maintained in low-income areas that have been identified through detailed census tract analysis as having limited access to healthy food options. In FY 2015, the number of HFFI Retail outlets created was 35, which is well short of the target of 47 outlets. There is considerable variation in both size and type of HFFI retail outlet investments, making accurate targeting difficult. Additional research is being conducted to develop more robust target estimates, although this may require additional data collection from awardees. The targets for FY 2016 and FY 2017 have been set at 35 outlets created or preserved.

Healthy Food Financing Initiative

Measure	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target
HFFI - Retail Outlets Created/Preserved	N/A	N/A	B	31.0	33.0	35.0	47.0	35.0	35.0

Capital Magnet Fund Program

The Capital Magnet Fund (CMF), administered by the CDFI Fund, was authorized by the Housing and Economic Recovery Act of 2008 (HERA), which called for recurrent funding of the CMF through assessments on securities of the Government-Sponsored Enterprises (GSEs) Fannie Mae and Freddie Mac. GSE funding for CMF was temporarily suspended in November of 2008 by the Federal Housing Finance Agency (FHFA) under its HERA authority. In FY 2010, Congress appropriated $80 million for an initial CMF funding round; however, no appropriations were made in subsequent years. In December 2014, the FHFA instructed the GSEs to begin setting aside and allocating funds to the CMF pursuant to HERA. This budget activity aligns with the Department of the Treasury's Strategic Goal 1: Promote domestic economic growth and stability while continuing reforms of the financial system.

From the 2010 funding round, the CDFI Fund announced $80 million in competitively awarded grants to 23 CDFIs and qualified non-profit housing organizations serving 38 states. The CMF awards have been used to increase capital investment for the development, preservation, rehabilitation, and purchase of affordable housing for low-, very low-, and extremely low-income families, and for related economic development activities, including community services facilities. No CMF funding has been appropriated since FY 2010.

Awardees received their Assistance Agreements in July 2011 and disbursements of grant funding later that year. As required by the Assistance Agreement, funds were committed to projects within two years of the agreement (July 2013) and disbursed within three years of the agreement (July 2014). All projects must be completed within five years of agreement (July 2016). Awardees committed to leveraging the CMF award by at least 10 times with other sources of capital, as well as committed to projects that meet percentages of targeted incomes and geographies.

The CDFI Fund reopened the CMF program in January 2016 following FHFA's decision to lift its suspension of the GSEs' allocations under the Housing and Economic Recovery Act of 2008. The CDFI Fund estimates $74 million will be awarded in the FY 2016 round.

Description of Performance:
The primary performance measures of the CMF were the number of affordable housing units for which CMF funding was a source of financing and the degree to which private funding sources were leveraged by CMF financing. Data are included in performance table 3.1.1 above.

Awardee reports available through September 30, 2015 indicate the following results for CMF-financed affordable housing and community development activities, based on investments through the end of the awardees' prior year activities:

Total number of affordable homes under development or completed with CMF financing include: 9,887 (net addition of 1,129);

- Affordable rental homes financed: 8,813 (net addition of 900);
- Affordable homeowner-occupied homes financed: 1,074 (net addition of 229); includes assistance to 328 income-eligible first-time homebuyers;
- Leverage: 1:20 (This ratio does not include leverage from the reinvestment of funds. The target set by Congress was 10 times leveraging.)

CDFI Bond Guarantee Program
The Small Business Jobs Act of 2010 (Public Law 111-240) created the CDFI Bond Guarantee Program. Bonds issued under the program support CDFI lending activity in underserved communities by providing a source of long-term capital. Qualified Issuers (CDFIs or their designees) issue bonds that are guaranteed by the Secretary of the Treasury and use the bond proceeds to make loans to Eligible CDFIs for eligible community and economic development purposes. Bond maturity cannot exceed 30 years. Under the FY 2013, FY 2014, and FY 2015 guarantee authorities, Treasury provided seven bond guarantees in the total amount of $852 million to Qualified Issuers that provided bond loans to sixteen Eligible CDFIs. The CDFI Bond Guarantee Program provided longer term capital to the Eligible CDFIs in comparison to their traditional sources of debt capital. The weighted average bond loan term-to-maturity under the program is 18.78 years versus the average loan maturity of ten years or less for the loans provided by the majority of the lenders to the CDFI industry. The CDFI Bond Guarantee Program provides the Eligible CDFIs five years from the bond issuance date to disburse the bond loans. Since the inception of the program, the Eligible CDFIs disbursed $165 million or 19% of the bond loans to three of the twelve asset classes: commercial real estate, charter schools, and rental housing. The proposed disbursement plan for the Eligible CDFIs includes the remaining nine asset classes: small business, healthcare facilities, rural infrastructure, senior living and long-term care, daycare centers, owner-occupied homes, not-for-profit organizations, loans to CDFIs, and loans to financing entities.

The following objectives have been identified for the program for FY 2017:

- Approval of up to $1 billion in guarantees; and
- A review of the annual compliance assessment of the Master Servicer/Trustee, Qualified Issuers, and Eligible CDFIs.

Bond Guarantee Program Resource Detail Table

Dollars in Thousands

Bond Guarantee Program

Resource Level	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimated	FY 2017 Request
Obligations			$325,000	$200,000	$327,000	$750,000	$1,000,000
Loan Limitation Obligation Authority			-	$750,000	$750,000	$750,000	$1,000,000

Financing Accounts – Non-Budgetary Summary

Dollars in Thousands

Bond Guarantee Program Resource Level	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimated	FY 2017 Request
Obligations			$325,000	$200,000	$327,000	$750,000	$1,000,000
Collections			-	$356	$2,966	$13,400	N/A

Includes the principal and interest repayments and a 10 basis point fee for administrative expenses pursuant to Section 1134 of the Small Business Jobs Act of 2010. These amounts assume a zero subsidy rate with bond loan disbursements of $38 million, $119 million, and $235 million in FY 2014, FY 2015, and FY 2016, respectively.

PERFORMANCE GOAL INFORMATION FOR THE BUREAU OF THE FISCAL SERVICE

Retail Securities Services

Fiscal Service's Retail Securities Services (RSS) program offers simple, safe, and affordable Treasury investment choices that enable Americans to invest and save for their future. The RSS program continues to examine the saving and investing needs of customers by researching new Treasury retail securities and services that will promote savings and appeal to the American public. In December 2014, *my*RA, a new retirement savings account that follows Roth Individual Retirement Account rules was launched in support of the President's initiative to help millions of Americans start saving for retirement.

The RSS program encourages people to buy securities, access their accounts, and conduct transactions electronically. The program plans to implement a new securities investment management system that will enhance capabilities for customers to purchase, reinvest, redeem, transfer, and hold securities electronically. Investors will be able to learn about retail products and services, make informed decisions about buying Treasury securities, and manage their Treasury investments more efficiently. Over the next year, RSS will develop the web interface, as well as design and build the core infrastructure. In FY 2017, the program will deploy the core framework and select product content for the early releases of the new system.

The program has recently implemented two phases of the Treasury Retail E-Services (TRES) initiative. The virtual case file environment includes automated workflows, digitized customer correspondence, and fewer manual paper processes. A virtual contact center has also been deployed using shared telephony between two physical customer service sites. It improves customer service by providing a single toll free number, enhanced call menu options, and improved call routing. In the next year, the program will continue to improve the customer experience by automating notifications of case status.

In FY 2016, Fiscal Service will complete a review of the RSS program to develop the new mission and long-term vision, identify the future customer base, design a new savings product(s), identify the most effective channels for interacting with customers and servicing new products, and create an operating model and implementation roadmap.

Description of Performance:
The *Cost per TreasuryDirect Online Transaction* and *Cost per TreasuryDirect Assisted Transaction* measures will be discontinued in FY 2017 to allow Fiscal Service to measure performance for securities transactions regardless of the system used and for the incorporation of future offerings. In the interim, the FY 2015 performance and FY 2016 targets are:

- The internet-based TreasuryDirect system promotes savings by allowing investors to set up accounts, purchase electronic securities, and manage their holdings without customer assistance. The *Cost per TreasuryDirect Online Transaction* in FY 2015 was $1.49, below the target of $1.89 due to changes in the Fiscal Service cost accounting methodology. As a result, the target cost per item for FY 2016 is currently $1.49.
- The *Cost per TreasuryDirect Assisted Transaction* demonstrates Fiscal Service's efficiency in responding to customer inquiries when assistance from a customer service representative is necessary. Representatives handle phone and email inquiries, offline authentications, paper savings bond conversions, changes in bank information, and transactions requiring legal evidence. *The Cost per TreasuryDirect Assisted Transaction* in FY 2015 was $9.55, above the target of $8.08 due to changes in the Fiscal Service cost accounting methodology. As a result, the target cost per item for FY 2016 is currently $9.55.

Fiscal Service will add new performance measures in FY 2017 to support Treasury's goal of promoting savings and the bureau's goal to serve as a catalyst for effective government through initiative and innovation. The *Cost per Electronic Transaction* and *Cost per Customer Assisted Transaction* measures will demonstrate investor self-service and customer service efficiency, respectively, for all securities currently offered as well as future offerings. Fiscal Service plans to establish targets for each measure in FY 2016 and to meet those targets by maintaining a skilled customer service workforce and streamlining operations to effectively manage costs.

Retail Securities Services Performance Plan

Measure	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target
Cost Per Electronic Transaction ($)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	B
Cost Per Customer Assisted Transaction ($)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	B
Cost Per TreasuryDirect Assisted Transaction ($)	8.23	3	4.58	7.3	7.18	9.55	8.08	9.55	DISC
Cost Per TreasuryDirect Online Transaction ($)	6.12	3.64	2.26	1.72	1.84	1.49	1.89	1.49	DISC
Increase the Number of Customers Who Buy Treasury Retail Securities Electronically	N/A	144,997	301,737	269,180	222,790	193,120	185,000	185,000	DISC
Percentage of Retail Customer Service Transactions Completed within 5 Business Days (%)	92.7	73.1	75.7	74.5	89.7	83.2	88.0	88.0	DISC

Key: DISC - Discontinued

Wholesale Securities Services

The Wholesale Securities Services (WSS) program supports Treasury Strategic Goal One to "Promote domestic economic growth and stability while continuing reforms of the financial system" which includes the objective "to promote savings and increased access to credit and affordable housing options." WSS is responsible for the announcement, auction, issuance, and settlement of marketable Treasury bills, notes, bonds, Treasury Inflation-Protected Securities and Floating Rate Notes. The program also oversees the portion of the federal infrastructure that provides for the transfer, custody, and redemption of all Treasury marketable securities that are purchased mostly by commercial market participants.

The auction program supports the financial critical infrastructure and is a mission essential function for Treasury that enables the Federal Government to finance operations. WSS ensures that communications, systems, processes, and contingency plans provide for high-level performance and business continuity for wholesale auction operations.

The auction system, Treasury Automated Auction Processing System (TAAPS), currently resides in an aging technical infrastructure. In an effort to ensure Treasury's mission essential function, the program has started a multi-year effort to stabilize, modernize, and migrate the system to a new technical platform by FY 2017. The program has also begun another multi-year initiative to modernize TAAPS' software components and rewrite the application by FY 2019.

Description of Performance:

Fiscal Service strives to efficiently deliver its debt financing operations, including auctions and buybacks, at the lowest possible cost. The *Cost per Debt Financing Operation* in FY 2015 was $174,998, above the target of $165,339, principally as a result of the migration of TAAPS to a new technical infrastructure. Also impacting this measure is the change in the Fiscal Service cost accounting methodology. As a result, the target cost per item for FY 2016 is currently $174,998. This measure will be discontinued in FY 2017 as Fiscal Service assesses how to better measure operational efficiency of debt operations given that the number of auctions is outside the control of the bureau. Fiscal Service plans to implement a new efficiency measure in FY 2018.

The accurate and timely release of auction results, with an emphasis on accuracy, is critical to the success of the WSS program. An emphasis on accuracy ensures preservation of public confidence in Treasury securities and stability of the financial market. Therefore, in FY 2015, Fiscal Service modified its performance measure from *Percent of Auction Results Released in Two Minutes +/- 30 Seconds* to *Percent of Auction Results Released Accurately*, with a target of 100 percent. Released accurately is defined as auction results released to the public without any subsequent revisions. In the event auction results require adjustment after official release, a press release will be issued explaining any changes. In such a case, the results of that auction will not be counted as released accurately for purposes of this performance measure. Fiscal Service anticipates meeting its target through ongoing business process reviews and regularly scheduled contingency planning and mock auction exercises.

Wholesale Securities Services Performance Plan

Measure	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target

Cost Per Debt Financing Operation ($)	162,378	157,284	159,449	141,115	137,888	174,998	165,339	165,716	DISC
Percent of Auction Results Released Accurately (%)	100.0	100.0	100.0	99.6	99.3	99.6	100.0	100.0	100.0

Key: DISC - Discontinued

PERFORMANCE GOAL INFORMATION FOR DEPARTMENTAL OFFICES: DOMESTIC FINANCE (DO-DF)

This office supports the following strategic objective for Strategic Goal #1, to promote domestic economic growth and stability while continuing reforms of the financial system:

- Objective 1.1: Promote savings and increased access to credit and affordable housing options.

Description of Performance:

The Office of Domestic Finance (DF) continued work to preserve confidence in the U.S. Treasury market in FY 2015 by effectively managing Federal fiscal operations, strengthening financial institutions and markets, promoting access to credit, and improving financial access and education in service of America's long-term economic strength and stability.

PERFORMANCE GOAL INFORMATION FOR DEPARTMENTAL OFFICES: ECONOMIC POLICY (DO-EP)

This office supports the following strategic objective for Strategic Goal #1, to promote domestic economic growth and stability while continuing reforms of the financial system:

- Objective 1.1: Promote savings and increased access to credit and affordable housing options.

Description of Performance:

During the past year, Economic Policy staff constructed the Treasury Real Coupon-Issue Yield Curve, a companion to the Treasury Nominal Coupon-Issue Yield Curve. These data will be used by federal agencies that administer federal pension programs and other future payment programs to calculate their annual liabilities. Economic Policy also produced an estimate of state Total Taxable Resources, which estimates the relative fiscal capacity of states and is used in determining the allocation of funds for the Community Mental Health Services and Substance Abuse Prevention and Treatment block grant programs. Economic Policy wrote a paper titled, "Expanding the Market for Infrastructure: Public-Private Partnerships," designed to educate stakeholders on innovative infrastructure financing approaches, particularly public private partnerships, and to assess the current state of our infrastructure. Economic Policy also authored a report, jointly with the Council of Economic Advisers and the Department of Labor, "Occupational Licensing: A Framework for Policymakers," which analyzes the growth and economic consequences of occupational licensing.

During FY 2015, the Office of Economic Policy continued to participate in the development and implementation of housing policy, including enhancing the Making Home Affordable program, by making incentives available to potentially one million struggling borrowers to stay current in their

Home Affordable Modification Program modifications, thereby increasing the opportunity to stay in their home. Economic Policy continued to produce the corporate bond yield curve, used by pension plans to discount their pension liabilities.

PERFORMANCE GOAL INFORMATION FOR THE STATE SMALL BUSINESS CREDIT INITIATIVE PROGRAM (SSBCI)

State Small Business Credit Initiative Program

On September 27, 2010, President Obama signed into law the Small Business Jobs Act of 2010 (the "Act"). Section 3003 of the Act authorized and directed the Secretary of the Treasury to establish a seven-year SSBCI, which was funded with $1.5 billion to support state programs that support lending to small businesses and small manufacturers. SSBCI supports new small business lending and investment through innovative state and local programs that help entrepreneurs expand their businesses and create new jobs.

Under SSBCI, participating states use the federal funds for programs that leverage private lending to help finance small businesses and manufacturers that are creditworthy but are not getting the loans they need to expand and create jobs. SSBCI allows states to build on successful models for state small business programs, including collateral support programs (CAPs), loan guarantee programs, loan participation programs, and venture capital programs. Existing and new state programs are eligible for support under SSBCI.

By the end of FY 2015, states reported expending, obligating, or transferring over $1.24 billion in SSBCI funds. As of September 30, 2015, Treasury had disbursed over $1.36 billion, or 94 percent, of allocations to states. SSBCI estimates disbursing cumulative totals of approximately $1.44 billion by the end of FY 2016, as states request disbursement of their approved allocations under the program.

In FY 2017, Treasury will continue to monitor the performance of state programs and compliance with program rules. Treasury will collect the final annual report from states for the year ending December 31, 2016, and will assess performance targets for the seven-year program. Additionally, Treasury will publish an interim evaluation of the SSBCI program.

Treasury proposes a new SSBCI authorization of $1.5 billion. In FY 2017, Treasury will process applications for need-based awards and will prepare and release the application for competitive awards.

State Small Business Credit Initiative Program Performance Plan

Performance Measures	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target
Cumulative Value of SSBCI Funds Transferred to States (thousands)	$917,000	$1,146,000	$1,367,000	$ 1,367,000	$1,441,000	$0
State Subsequent Disbursement Requests Approved or Denied within 90 days (%)	100	96	93	90	90	90
State Requests to Modify Allocation Agreements Approved or Denied within 90 days (%)	90	95	90	90	90	90
Receive State Quarterly Reports within five business days of reporting deadline (%)	93	95	96	90	90	90

Key: DISC – Discontinued

As a source of funding for credit support and investment programs that increase access to capital for small businesses, SSBCI supports the following strategic objective of Strategic Goal #1, to promote domestic economic growth and stability while continuing reforms of the financial system:

- Objective 1.1: Promote savings and increased access to credit and affordable housing options.

SSBCI set three performance goals to measure the efficiency of program operations where Treasury can expressly influence the outcomes. The first goal is that Treasury approves or denies 90 percent of states' requests for a subsequent disbursement of funds within 90 days of receipt of a formal submission. In FY 2015, SSBCI processed 93 percent of requests within 90 days, excluding requests that were delayed due to ongoing or unresolved audits by OIG. Similarly, SSBCI aims to process 90 percent of all requests by states to modify the Allocation Agreement with Treasury within 90 days. In FY 2015, SSBCI processed 100 percent of requests within 90 days. Finally, SSBCI aims to collect 90 percent of all quarterly reports within five days of the deadline to report. In FY 2015, SSBCI received 96 percent of quarterly reports from states within five business days of the reporting deadline.

Additionally, Treasury established performance indicators related to cumulative state program activity as of December 31, 2016, the date of the final annual report from participating states. These indicators are a response to a GAO audit. The first indicator is that Treasury disburses 98 percent of funds available to states by December 31, 2016. As of September 30, 2015, Treasury had disbursed 93 percent of available funds. The second indicator is that states achieve a cumulative private sector leverage ratio of 10:1 by December 31, 2016. As of December 31, 2014, states had achieved a cumulative leverage ratio of 7:36:1. The third indicator is that 98 percent of all Other Credit Support Programs (OCSPs) operated by states target borrowers or investees with fewer than 500 employees. As of December 31, 2014, 100 percent of OCSPs met this target on an interim basis. The fourth indicator is that 98 percent of OCSPs make loans or investments with an average principal amount of $5 million or less by December 31, 2016. As of December 31, 2014, 97 percent of OSCPs met this target on an interim basis.

Performance Indicators (source: Annual Reports)	2012 Actual	2013 Actual	2014 Actual	2015* Actual	2016 Target
New financing leverage	6.58:1	6.95:1	7.36:1	N/A	10:1
Disbursement of funds available to states (% of total)	40	69	87	N/A	98
Percentage of OCSPs that target borrowers or investees with 500 or fewer employees	100	100	100	N/A	98
Percentage of OCSPs that make loans with an average principal amount of $5 million or less (source: Annual Reports)	93	93	97	N/A	98

Key: DISC – Discontinued

*As of the date of this request, CY 2015 Actuals are not available. The performance indicators are related to cumulative state program activity as of December 31, 2016, the date of the final annual report from participating states.

State Small Business Credit Initiative Administration

The authority to pay administrative expenses is provided by Section 3009 (b) of the Act, which appropriates $1.5 billion to carry out the state small business credit program "including to pay reasonable costs of administering the program." Administrative expenses include the costs of government employee salaries, contract support, and reimbursement to the Treasury Office of the Inspector General for program audits.

SBLF Program

All investment activity occurred in FY 2011. The cost of purchases of preferred stock and other financial instruments made as capital investments are required by law to be determined as provided under the Federal Credit Reform Act (FCRA).

The total program volume and anticipated repayments are reflected in the SBLF financing account (table 1.2). This non-budgetary account records all cash flows to and from the federal government resulting from direct capital obligated in FY 2011 and beyond. The amounts in this account are a means of financing and are not included in the budget totals.

Treasury completed investments in 332 institutions for a total of $4.03 billion in capital invested. Based on reports from participating institutions as of the quarter ending March 31, 2015, program participants have increased their qualified small business lending by $15.4 billion over baseline levels. As of August 1, 2015, 73 institutions with aggregate investments of $1.2 billion have fully redeemed their SBLF funding and exited the program, and 31 institutions have made partial redemptions totaling $339.7 million but continue to participate in the program.

The Small Business Jobs Act of 2010 includes specific reporting requirements for SBLF. The legislation requires a monthly written report describing all of the program transactions, the quarterly reporting of funds used by participating banks, a semi-annual report on administrative costs, and a report on the program's impact on small business lending among women-, minority-, and veteran-owned businesses.

In accordance with these statutory requirements, Treasury has published 83 transaction and program reports, including a detailed study of the impact of the SBLF program on women-, minority-, and veteran-owned businesses, as well as 16 quarterly "Lending Growth" (formerly

"Use of Funds") reports. In addition, Treasury released the results of the third annual SBLF lending survey, which expanded program reporting with respect to how SBLF funds were used by program participants.

The SBLF program completed the review and, if applicable, funding of all eligible program applicants by the September 27, 2011 statutory deadline.

The SBLF program office developed a set of asset management performance measures to continually monitor the impact of the Fund's investments and the efficiency of its operations. The measures address two aspects of program performance:

1. Efficiency Measures (to assess the administrative aspects of the program)
   a. Monitoring of investment portfolio condition
   b. Review of compliance and supplemental report submissions by participants
   c. Publication of reports as required by statute

   In FY 2015, the SBLF program office has:

   a. produced, on a quarterly basis, portfolio monitoring reports that include institution-specific credit scores, dashboards, and watch lists;
   b. maintained a record of compliance submissions and implemented an analytical process for identifying errors in supplemental report submissions and receiving corrected submissions; and
   c. published all reports required by the Small Business Jobs Act of 2010.

2. Outcome Measures (to assess the impact of the program on small business lending)
   a. Increase in small business lending by participating institutions
   b. Increase in business lending by participating banks versus comparable institutions
   c. Receipt of expected dividend, interest and fee payments by participating institutions

As of March 31, 2015, SBLF participants have increased their small business lending by $15.4 billion over a $31.3 billion baseline, which was a $280 million increase over the prior quarter. Increases in small business lending are widespread across SBLF participants, with 98 percent of participants having increased their small business lending over baseline levels.

Most SBLF participants (93 percent) have increased small business lending by 10 percent or more. Over the same period, banks participating in SBLF have increased business loans outstanding by a median of 73.6 percent over baseline levels, versus a 23.1 percent median increase for a representative peer group of non-SBLF banks and a 17.8 percent median increase for a broader comparison group of non-SBLF banks. As of August 1, 2015, SBLF has received dividend, interest, and fee payments totaling $277.6 million.

Treasury currently estimates that the investments made through SBLF will generate a lifetime positive return of $51 million for the Treasury General Fund. The figures in the following table reflect Treasury's calculation of the estimated cost of SBLF investments in the President's Budget for FY 2017.

Estimated Cost of SBLF Investments
(Dollars in millions)

	Subsidy Rate	Projected/Actual Investment Amount	Projected Lifetime Cost (Savings)
Original estimate	7.24%	17,399	1,260
President's Budget for fiscal year 2013	-2.08%	4,028	-84
President's Budget for fiscal year 2014	-1.26%	4,028	-50
President's Budget for fiscal year 2015	-0.63%	4,028	-25
President's Budget for fiscal year 2016	-0.26%	4,028	-10
President's Budget for fiscal year 2017	-1.27%	4,028	-51

Treasury estimated the program's budget cost in conformance with the FCRA methodology using actual program data for FY 2011 – FY 2015. This data, combined with the expected future cash flows, results in a subsidy rate of -1.27 percent compared to an original subsidy rate of 7.24 percent.

As required by FCRA, the lifetime cost and subsidy rate of the SBLF program is estimated on a present value basis. Assumptions used to estimate future cash flows include, but are not limited to: (1) the cumulative default rate for program participants, (2) the cash flows received by Treasury from the participants' dividend, interest, and other payments, and (3) Treasury's cost of raising funds to make SBLF investments.

The current estimate of the program's projected lifetime savings incorporates a forecasted cumulative default rate of 0.42 percent compared to a 2.70 percent rate in the prior year's estimate [1]. This lower rate reflects an overall improvement in the financial condition of program participants and increased repurchase rates of SBLF investments. Inclusive of these changes, the projected program lifetime savings is $51 million.

SBLF Administration

The authority to pay administrative expenses is provided by Section 4108(b) of the Act. Administrative expenses include the costs of government employee salaries, contract support, and reimbursement to the Treasury Office of Inspector General for program audits. Treasury is required by law to submit semi-annual reports to the appropriate committees of Congress detailing administrative expenses.

Senior Preferred Stock Purchase Agreements (PSPAs)

The PSPAs instill confidence in investors that Fannie Mae and Freddie Mac will remain solvent entities critical to the functioning of the housing and mortgage markets. Treasury entered into a PSPA with each GSE to enable each enterprise to maintain a positive net worth.

The PSPAs enhance market stability by providing confidence that the GSEs would remain solvent to holders of Fannie Mae and Freddie Mac securities, which, in turn, leads to increased mortgage affordability. Treasury's commitment through the PSPAs is also designed to prevent triggering mandatory receivership under HERA. To this end, the PSPAs are an effective means of averting systemic risk while at the same time protecting the taxpayer's investment of $187.5 billion made through December 31, 2015.

In exchange for entering into these agreements with the GSEs, Treasury received $1 billion of senior preferred stock in each GSE and warrants for the purchase of common stock of each GSE representing 79.9 percent of the common stock of each GSE on a fully diluted basis at a nominal price. The GSEs agreed to pay a dividend to Treasury equal to 10 percent per year of the total amount of funds that Treasury had provided to the GSEs (plus $1 billion for each GSE).

The dividend provision of each PSPA was amended in August 2012 to support the continued solvency of the GSEs. The amendments further supported the continued flow of mortgage credit and protected the interests of taxpayers. This amendment replaced the fixed 10 percent dividend with a quarterly dividend (if any) based on the positive net worth of the GSEs.

Senior PSPAs Budget and Performance Report and Plan
Description of Performance:
To ensure the stability of the GSEs, the GSEs make PSPA draws from Treasury at the request of FHFA as necessary for each GSE to maintain a positive net worth. Under the PSPAs, Treasury has helped to ensure the solvency of the GSEs by providing these entities with $187.5 billion cumulative investment as of December 31, 2015. Through December 31, 2015, the GSEs have paid $241.2 billion in dividend payments to Treasury.

New Issue Bond Program
The function of the NIBP was to help provide stability to financial markets and prevent disruptions in mortgage finance availability by providing a temporary supplemental market for newly issued HFA housing bonds. By temporarily supplementing private demand for HFA production, the NIBP enabled HFAs to keep their lending programs active while they adapted to changing market conditions. The NIBP supported the availability of mortgage credit and affordable rental properties for low- and moderate-income homebuyers and renters.

Program sized to meet demand - HFAs submitted detailed program participation requests to Treasury. In order to scale back the NIBP requests to an acceptable level that could be recommended for adoption, a methodology was developed and applied to arrive at final allocation recommendations under the program for HFAs. The allocation methodology was based primarily on the 2008 HERA allocations to HFAs and historical HFA issuance.

Support for both single-family and multi-family bonds: HFAs were able to request that a portion or all of their NIBP allocation be used to issue single or multi-family bonds. The amount of multi-family bond issuance was subject to a cap at the program level.

Protecting Taxpayers: HFAs pay Fannie Mae, Freddie Mac, and Treasury an amount intended to cover both the cost of financing the newly issued bonds as well as a fee designed to cover risk posed by the HFA. Generally speaking, the interest rate on the bond after release from escrow was set to cover Treasury's cost of financing (set at a market-based index rate) plus the additional fee designed to offset the credit risk to the taxpayer.

New Issue Bond Program Budget and Performance Report and Plan

Description of Performance:

Treasury continues to monitor payments of principal, interest and fees to determine that all amounts due have been paid.