

TTB

Alcohol and Tobacco Tax and Trade Bureau
Strategic Plan FY 2018–2022



Strategic Plan Overview

Goal 1:

Business Qualification

Facilitate Commerce through the Timely Issuance of Permits to Qualified Applicants



Goal 2:

Labeling Modernization

Facilitate Commerce through a Modern Labeling Program Focused on Service and Market Compliance



Goal 3:

Improve Tax Compliance

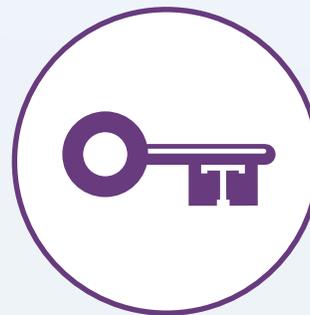
Improve Tax Compliance through Increased Voluntary Compliance and Enhanced Enforcement



Goal 4:

Cross-Border Tax Risk

Address Cross-Border Tax Risk through Data Driven Enforcement



Goal 5:

Training Revitalization

Equip the Workforce for Professional Growth and Development by Revitalizing TTB Training

TTB

Strategic Plan FY 2018–2022





DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting the Nation's economic vitality is at the core of the work performed by the Alcohol and Tobacco Tax and Trade Bureau (TTB). As the Nation's excise tax authority on alcohol, tobacco, firearms, and ammunition, TTB ensures fair and effective tax administration and enforcement in a globalized marketplace. The Bureau's role in permitting and regulating the alcohol and tobacco industries also ensures a fair marketplace, enhanced trade opportunities, and a level playing field for those engaged in the manufacture and trade of these products.



TTB is focused on supporting the business community it serves by reducing the burden of compliance and addressing the illicit trade that undermines legitimate operations. In the 15 years since TTB's inception, the industries that the Bureau regulates have continued to expand, evidenced by the 160 percent growth in the permit applications and registrations that TTB receives. Annual tax revenue from the alcohol, tobacco, firearms, and ammunition industries totals approximately \$21 billion annually, making TTB the third largest tax collection agency in the federal government. The revenue that TTB collects on these products funds national priorities.



Maintaining a responsive and effective organization requires government agencies to look at their business processes and operations anew. TTB, like the businesses it regulates, must continuously look for ways to effect its mandates more efficiently and effectively, leveraging limited resources in smarter and more innovative ways to ensure that the investments made in its mission achieve a positive return.

To this end, TTB is issuing its strategic plan for fiscal years (FY) 2018 – 2022 to define its roadmap for continuous improvement. This comprehensive organizational strategy serves as a guide for strategic decisions about our operations and policies.

TTB's strategic management framework engages individuals from across the Bureau, reflecting the insights, creativity, and energy of the entire organization. As we move forward with implementing the strategy, we expect continued opportunities for our various internal and external stakeholders to become involved with objectives and initiatives to help us improve results and achieve our strategic goals.

John Manfreda
TTB Administrator

Mary Ryan
TTB Deputy Administrator



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Introduction

Overview

In today's fiscal climate, it is more important than ever for TTB to examine its operations to ensure that the Bureau efficiently manages its resources and returns value for the investments dedicated to its mission. Assurance that we are effectively allocating limited resources and delivering on our mission requires a comprehensive organizational strategy to guide strategic decisions about our operations and policies.

TTB has engaged in an intensive strategic planning process to devise a plan that is progressive and participatory. We engaged a Core Team of employees who, along with the Executive leadership team, reassessed our mission, vision, and values and defined the Bureau's organizational strategy to improve our performance over the next five years. We have chosen to apply the Balanced Scorecard methodology to our planning process to integrate our strategic plan into our management and investment decisions to ensure TTB's long-term effectiveness.

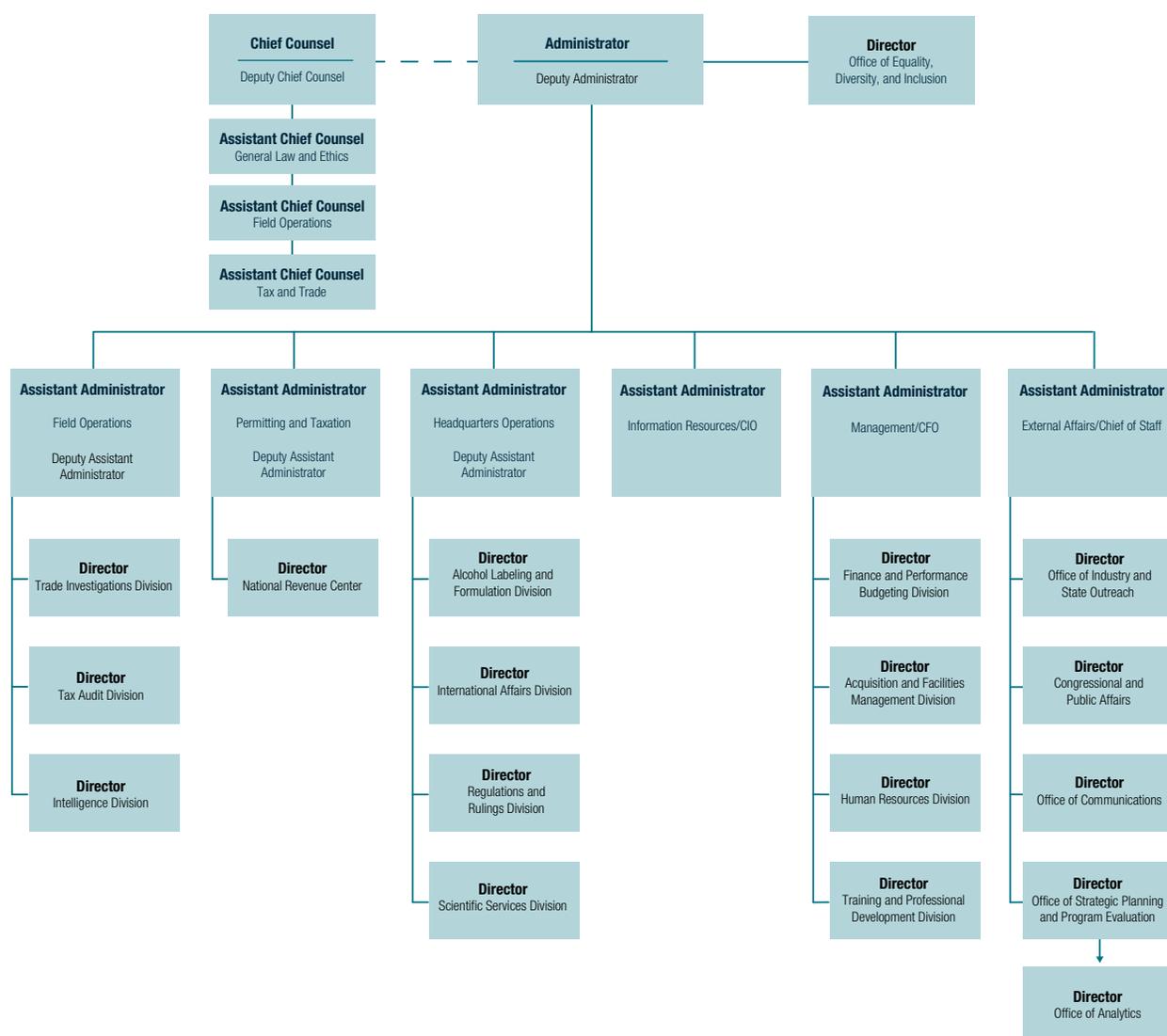
The Balanced Scorecard approach was chosen because it provides a methodology and systematic framework for strategy development, implementation, and management. Using this tool, TTB has translated its vision into goals and strategic objectives and established strategic management processes to continuously monitor organizational performance against those objectives. This effort resulted in a roadmap that sets forth TTB's five strategic goals through FY 2022.

Monitoring performance aligned to our strategy requires implementation of effective performance measures. TTB plans to use a suite of performance measures and indicators to monitor and address key risks and evaluate progress toward each strategic objective that supports these five goals. Performance measures will be monitored and updated as objectives and programs evolve.

By effectively using the data provided by the Balanced Scorecard, and maintaining open dialogue about our strategy, TTB will be able to identify issues, risks, and opportunities, allowing TTB to take targeted actions to holistically improve its organization.

Organization

TTB is staffed with approximately 500 employees, most of whom report to either the headquarters office in Washington, D.C., or the National Revenue Center in Cincinnati, Ohio. For its auditors, investigators, and agents to most effectively operate in the field, TTB maintains a minimal physical footprint, with 10 offices in cities across the United States and Puerto Rico. These small, strategically located offices place the Bureau in close proximity to centers of trade and industry activity, and provide effective launch points for TTB’s investigative teams. Additionally, the Bureau has two laboratory facilities in Walnut Creek, California and Beltsville, Maryland.



Authorities and Responsibilities

The Bureau was formed in January 2003, under the Homeland Security Act of 2002, but its history began more than 200 years ago as one of the earliest federal tax collection agencies. Today, TTB operates under the authorities of the Internal Revenue Code of 1986 (IRC)¹ and the Federal Alcohol Administration Act (FAA Act),² as well as the Alcoholic Beverage Labeling Act of 1988 (ABLA)³ and the Webb-Kenyon Act.⁴ These laws put in place strict requirements and controls related to alcohol and tobacco products and place restrictions on who can make, sell, and distribute these commodities.

TTB's core responsibilities in administering these statutes include:

- Qualifying and licensing businesses to operate in the alcohol and tobacco trade
- Collecting federal excise taxes on alcohol, tobacco, firearms, and ammunition, which includes classifying products for tax purposes and verifying compliance through audits and investigations
- Detecting and addressing illicit activities relating to alcohol and tobacco diversion
- Enforcing compliance with alcohol beverage labeling and advertising requirements to prevent consumer deception and maintain a level playing field
- Performing marketplace sampling and product testing to help ensure the integrity and safety of domestic and imported alcohol beverage products
- Addressing prohibited trade practices in the alcohol beverage industry to promote fair competition in the U.S. marketplace
- Facilitating compliant international trade of alcohol beverages to support domestic economic growth

-
1. Chapters 51 and 52 of the IRC provide for excise taxation and authorize operations of alcohol and tobacco producers and related industries, and IRC sections 4181 and 4182 provide for excise taxes for firearms and ammunition.
 2. The FAA Act provides for regulation of those engaged in the alcohol beverage industry and for protection of consumers through certain requirements regarding the labeling and advertising of alcohol beverages. The FAA Act also includes provisions to preclude unfair trade practices that serve as barriers to competition and trade in the U.S. marketplace.
 3. The ABLA mandates that a Government warning statement appear on all alcohol beverages offered for sale or distribution in the United States.
 4. The Webb-Kenyon Act prohibits the shipment of alcohol beverages into a state in violation of the receiving state's laws.



Mission, Vision, and Values

Mission

Our mission is to:

- COLLECT the taxes on alcohol, tobacco, firearms, and ammunition;
- PROTECT the consumer by ensuring the integrity of alcohol products;
- ENSURE only qualified businesses enter the alcohol and tobacco industries; and
- PREVENT unfair and unlawful market activity for alcohol and tobacco products.

Vision

Our vision is to be a model for next generation government in the regulation, taxation, and science of alcohol and tobacco products.

Values

We value:

- **PEOPLE.** We support each other through teamwork and collaboration, leveraging diversity and inclusivity.
- **INTEGRITY.** We foster trust through honesty and transparency, conduct ourselves with professionalism and candor, and treat others with respect.
- **RESULTS.** We are accountable and committed to delivering meaningful results.
- **ACCESSIBILITY.** We are available to the public and our colleagues through communication and partnership.
- **INNOVATION.** We are creative and resourceful in achieving the mission, taking manageable risks and adapting based on results.

Strategic Outlook

In planning TTB's strategic direction for the next five years, TTB conducted an environmental scan and risk assessment, interviewing senior leaders and engaging its strategic management Core Team to understand our operating environment. This TTB-wide assessment synthesized factors, both internal (strengths and weaknesses) and external (opportunities and threats), to inform the selection of strategic priorities and assess the key risk factors within and outside of our control and how these factors might affect our ability to accomplish this plan. Some of the key factors that were identified are summarized below.

- Ongoing growth in the alcohol beverage sector, particularly in the small winery, brewery, and distilling areas, will continue to present challenges to maintaining timely service and ensuring adequate enforcement
- TTB needs to modernize its outdated tax systems, processes, and filing requirements to reverse a downward trend in voluntary compliance, which will also reduce compliance burdens on regulated industry members
- Tax rate differentials will continue to incentivize tax evasion through product diversion, with limited resources available to address these cases due to competing enforcement priorities, including trade practice enforcement
- The new craft beverage modernization provisions of the Tax Cuts and Jobs Act of 2017 pose significant revenue risks due to the expanded eligibility for reduced rates and tax credits, particularly relating to imports, further straining limited resources for both implementation and enforcement efforts
- Consolidating federal alcohol and tobacco tax enforcement by transferring interstate trafficking jurisdiction from the Bureau of Alcohol, Tobacco, Firearms and Explosives in the Department of Justice to TTB, a government reform proposal presented by the Administration, presents opportunities for enhanced enforcement and increased federal and state revenue
- Engaging counterparts in key international markets is critical to helping ensure compliant imports and exports and effective tax collection, as well as helping reduce unnecessarily restrictive barriers to trade
- Product innovation spurred by industry competition, evolving consumer preferences, and a changing market landscape, including state legalization of marijuana and the increased use of marijuana-related ingredients in alcohol beverages, are creating regulatory and enforcement challenges for TTB
- The combination of high retirement eligibility across the TTB workforce, particularly in key leadership positions, and budget constraints that limit TTB's ability to backfill positions is increasing the Bureau's succession planning risk and requires comprehensive training and developmental programs
- Cyberattacks pose a significant risk to the sensitive tax and intellectual property information maintained on TTB systems, requiring the diversion of resources from mission support to continually enhance TTB's cybersecurity tools and technologies

TTB Strategic Goal Overview

TTB established five-year strategic goals to set the long-term outcomes and direction for our programs. As a results-oriented culture, TTB also uses three-year priority goals, which have quantified and time-bound outcomes to ensure interim progress and significant improvements along the way. For information on TTB's priority goals, visit TTB.gov.

From these goals, TTB developed a cross-cutting strategy comprised of 16 strategic objectives to build its organizational capacity and deliver outcomes to elevate performance across all of its goals. This plan indicates the primary relationships between the strategic goals, objectives, and performance measures.

Strategic Goals

GOAL 1: Facilitate Commerce through the Timely Issuance of Permits to Qualified Applicants

Streamline permit applications to reduce applicant burden and use technology to minimize application errors and improve processing times

GOAL 2: Facilitate Commerce through a Modern Labeling Program Focused on Service and Market Compliance

Provide timely and consistent service, reducing the burden of resubmissions on industry and TTB, and employ risk-based market sampling and investigations to ensure product integrity and fair competition

GOAL 3: Improve Tax Compliance through Increased Voluntary Compliance and Enhanced Enforcement

Improve tax compliance through updated filings, processes, and technologies; enhanced analytics and other detection tools; and improved taxpayer education and outreach

GOAL 4: Address Cross-Border Tax Risk through Data Driven Enforcement

Improve diversion detection and enforcement in the cross-border trade of alcohol and tobacco products through the full integration of advanced analytics tools into enforcement planning and processes

GOAL 5: Equip the Workforce for Professional Growth and Development by Revitalizing TTB Training

Prepare the workforce to meet mission challenges through effective assessments of individual and organizational training needs and increasing availability of training opportunities to address critical skill gaps

How does TTB support U.S. Treasury strategic goals?

TTB's tax and trade functions are ingrained in the core mission of the Department of the Treasury. TTB Goals 1 – 4 directly support the Treasury Goal to **Boost U.S. Economic Growth** and TTB Goal 5 supports the Treasury Goal to **Achieve Operational Excellence**.

More information on how TTB supports the Department of Treasury strategy is available in the report section on TTB and Treasury Strategic Plan Alignment.

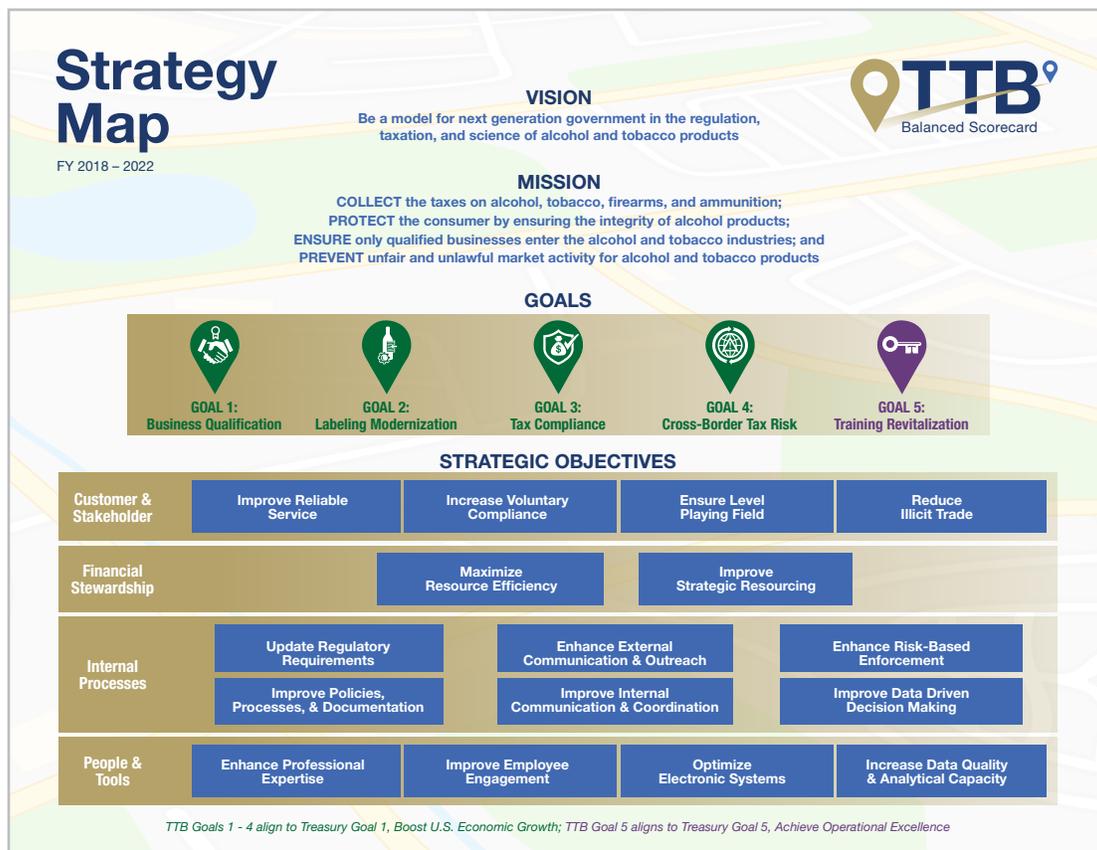
TTB Strategy Map

TTB’s strategy map, which was developed using the Balanced Scorecard methodology, is comprised of 16 strategic objectives. Taken together, these strategic objectives drive performance improvement and support the accomplishment of TTB’s mission, vision, and strategic goals.

The elements of the strategy map are:

- **TTB’s Mission and Vision:** What the strategy aims to accomplish.
- **Perspectives:** Different “viewpoints” or ways of looking at TTB. When viewed horizontally, each perspective represents a set of related objectives.
- **Strategic Goals:** Break down the Vision into operational terms and serve as the main focus areas for our strategy.
- **Strategic Objectives:** Represented by the rectangles, these are the continuous improvement activities that are critical to TTB’s strategy to improve performance.

The four perspectives of TTB’s Strategy Map show a logical, step-by-step connection between the strategic objectives in the form of a cause-and-effect chain. Starting at the bottom, the Strategy Map should be read upward to understand the strategic focus in each perspective that is needed to meet TTB’s goals.



TTB Strategic Goal and Objective Alignment

Strategic Objectives	 Goal 1: Facilitate Commerce through the Timely Issuance of Permits to Qualified Applicants	 Goal 2: Facilitate Commerce through a Modern Labeling Program Focused on Service and Market Compliance	 Goal 3: Improve Tax Compliance through Increased Voluntary Compliance and Enhanced Enforcement	 Goal 4: Address Cross- Border Tax Risk through Data Driven Enforcement	 Goal 5: Equip the Workforce for Professional Growth and Development by Revitalizing TTB Training
Improve Reliable Service	★	★			🔑
Increase Voluntary Compliance	★	★	★		
Ensure Level Playing Field	★	★	★	★	
Reduce Illicit Trade				★	
Improve Strategic Resourcing	★	★	★	★	🔑
Maximize Resource Efficiency	★	★	★	★	🔑
Update Regulatory Requirements	★	★	★	★	
Improve Policies, Processes, & Documentation	★	★	★	★	🔑
Improve Internal Communication & Coordination	★		★	★	🔑
Enhance External Communication & Outreach	★	★	★		
Improve Data Driven Decision Making	★	★	★	★	
Enhance Risk-Based Enforcement		★	★	★	
Enhance Professional Expertise	★	★	★	★	🔑
Improve Employee Engagement	★	★	★	★	🔑
Optimize Electronic Systems	★	★	★	★	🔑
Increase Data Quality & Analytical Capacity	★	★	★	★	🔑

Facilitate Commerce through the Timely Issuance of Permits to Qualified Applicants

Streamline permit applications to reduce applicant burden and use technology to minimize application errors and improve processing times.

TTB facilitates growth in the U.S. economy by ensuring that only qualified applicants enter business as an alcohol producer, wholesaler, or importer, or as a tobacco product manufacturer, importer, or exporter. The number of applicants filing for an original permit or registration with TTB has increased significantly in recent years, driven by a boom in new breweries, distilleries, and wineries. These are predominantly small businesses, which contribute to local job opportunities and often lead the industry in product innovation. To date, the Bureau has permitted more than 90,000 industry members.

Efficiency in permit processing is critical to support improved economic opportunities for U.S. businesses. Prompt turnaround times for permit applications enable those who are qualified to hold a federal permit to begin their operations sooner, facilitating U.S. economic growth and contributing to a fair marketplace. Given recent challenges in timely approvals, TTB remains focused on improving its business qualification process through comprehensive changes to its application requirements, systems, and processes to streamline this critical line of business.

TTB also conducts a background evaluation prior to approval to ensure that only qualified persons obtain a permit to operate within the TTB-regulated industries. Given the substantial tax revenue associated with the commodities TTB regulates, this activity plays an important role in protecting federal revenue, including by preventing prohibited persons from commencing operations and potentially diverting products from legitimate commercial channels for illicit profit. TTB will continue to update its procedures for screening permit applicants, refining the risk criteria used to vet applicants for suitability to hold a federal permit in the alcohol and tobacco industries. Increased focus on risk modeling and statistical sampling will help to ensure that TTB is permitting only qualified applicants, while also managing workloads and improving service delivery.

Key Strategic Objectives and Indicators of Success

Improve Reliable Service

Key Indicators:

- Percent of permit applications processed within service standards; Customer abandoned call rate

Increase Voluntary Compliance

Key Indicators:

- Initial error rate on permit applications

Ensure Level Playing Field

Key Indicators:

- Applicants verified as qualified via field investigation

Update Regulatory Requirements

Key Indicators:

- Percent of industry guidance maintained as current (e.g., rulings, industry circulars); Reduction in burden hours for filing requirements

Optimize Electronic Systems

Key Indicators:

- Electronic filing rate for permit applications; User satisfaction with Permits Online eGov system





TTB Priority Goal for FY 2018 – 2019

Ongoing growth in the alcohol beverage industry in recent years has resulted in an increased volume in permit applications for new alcohol producers. This growth in workload has contributed to delayed permit approvals by TTB – reaching an average of 200 days in FY 2016 – so that new businesses are waiting for months to begin producing and selling their products while having already made significant investments in their operations.

TTB has reviewed its current permit approval processes, applications, and online systems and, in line with the Administration’s regulatory reform agenda, will be focused on streamlining the permit application process for prospective industry members.

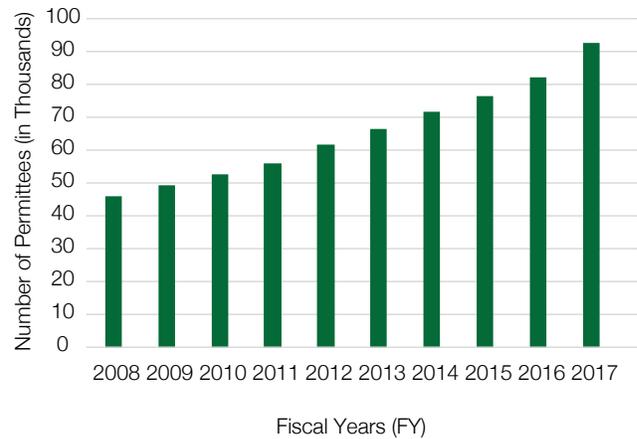
TTB’s priority goal is to reduce average approval times for alcohol and tobacco business permits by at least 20 percent (from 96 days to 75 days) and achieve the 75-day standard for 85 percent of applicants by September 30, 2019.

The Department of the Treasury has identified this as an agency priority goal. For more information, including quarterly progress reports, visit Performance.gov.

Average Permit Approval Time



TTB Permittees



Facilitate Commerce through a Modern Labeling Program Focused on Service and Market Compliance

Provide timely and consistent service, reducing the burden of resubmissions on industry and TTB, and employ risk-based market sampling and investigations to ensure product integrity and fair competition.

Consumer confidence is essential to ensuring that the U.S. economy performs at its full economic potential. TTB is responsible for carrying out provisions of the FAA Act to ensure that the labeling and advertising of alcohol beverages provide adequate information to consumers concerning the identity and quality of a product. The ongoing expansion of the alcohol beverage industry has significantly increased the volume of alcohol beverage label and formula applications submitted for TTB approval. Given the importance of timely TTB approvals and the negative impact that delays have on U.S. businesses, TTB must maintain a strategic focus to improve its ability to provide timely and consistent service.

TTB will continue to use its authority to implement risk-based policy changes to reduce the volume of label and formula applications without compromising TTB's market protection role. At the same time, TTB will focus on reducing total workload volume through initiatives to reduce label and formula application errors, including iterative enhancements to COLAs Online and Formulas Online to increase system-based application validations. Application errors are a key driver of processing times, as additional review is required for each resubmitted application. Further, TTB will continue its efforts to improve industry guidance, including through updating and streamlining the labeling regulations to reflect current TTB policy and modern industry practices. These efforts also include enhancing information on TTB.gov related to obtaining label and formula approval for alcohol beverage products.

After alcohol beverages enter the marketplace, TTB monitors labeling compliance through the Alcohol Beverage Sampling Program. The Bureau's continued monitoring of product and label compliance assists TTB in evaluating the integrity of alcohol beverage products in the U.S. market, both in the view of U.S. consumers and TTB's international counterparts, which is critical to gaining foreign market access for U.S. products. TTB will focus on incorporating random and risk-based sampling to both detect where issues may exist in the marketplace as well as evaluate products that may have a higher likelihood of non-compliance based on certain risk factors. These results will inform decisions on enforcement actions and priorities to effectively direct investigative and regulatory resources.

Key Strategic Objectives and Indicators of Success

Improve Reliable Service

Key Indicators:

- Percent of label and formula applications processed within service standards; Quality/consistency of TTB application review; Customer abandoned call rate

Increase Voluntary Compliance

Key Indicators:

- Initial error rate on label and formula applications

Update Regulatory Requirements

Key Indicators:

- Percent of industry guidance maintained as current (e.g., rulings, industry circulars); Reduction in burden hours for filing requirements; Percent of regulatory projects targeted to burden reduction

Enhance External Communication & Outreach

Key Indicators:

- Visitor satisfaction with TTB.gov

Optimize Electronic Systems

Key Indicators:

- Electronic filing rate for label and formula applications; User satisfaction with COLAs Online and Formulas Online eGov systems



Improve Tax Compliance through Increased Voluntary Compliance and Enhanced Enforcement

Improve tax compliance through updated filings, processes, and technologies; enhanced analytics and other detection tools; and improved taxpayer education and outreach.

TTB collects approximately \$21 billion in annual revenue from the alcohol, tobacco, firearms, and ammunition industries. As the number of TTB permittees continues to expand, with a corresponding increase in market competition, TTB must innovate to ensure that taxpayers are meeting their obligations so that all are competing on a level playing field. To facilitate voluntary compliance for these industries, TTB will maintain a strategic focus on modernizing its filing requirements and systems to improve the ability to timely detect non-compliance through data-driven analysis, while also providing the needed education and outreach to support industry in navigating complex tax requirements.

In addition, TTB must address the outdated and labor-intensive processes that are contributing to declining tax compliance, with inefficiencies detracting needed resources from performing the compliance checks and outreach required to maintain voluntary compliance. Improved processes and systems will also support more efficient enforced collections, which are critical to deterring non-compliance. With comprehensive updates to its filings, processes, and systems, TTB will be able to reduce industry burden and enhance the Bureau's use of advanced analytics for tax administration and fraud detection, a key strategy to maximize the reach of TTB's limited resources.

The craft beverage modernization provisions of the Tax Cuts and Jobs Act of 2017 (TCJA) have further increased the importance of these changes. The tax reform provisions contained some of the most significant changes to the tax code relating to alcohol beverages in over 40 years. Among other things, the new tax provisions altered the tax rates for all three alcohol beverage commodities (malt beverages, wine, and distilled spirits), introduced new reduced rates and credits, changed provisions relating to the types of businesses and activities that are eligible for reduced rates and credits, and allowed imports to be eligible for reduced rates and credits for the first time. The new tax provisions introduce multiple challenges and risks that will require publishing regulatory and form updates, updating systems to capture required data, and developing analytic tools to detect high risk activity and increase tax compliance rates. If extended by Congress beyond the initial two-year period, we will continue developing and implementing strategies to address these risks.

Key Strategic Objectives and Indicators of Success

Increase Voluntary Compliance

Key Indicators:

- Percentage of large taxpayers who file tax returns and pay timely; Percentage of large taxpayers who file operational reports timely

Update Regulatory Requirements

Key Indicators:

- Percent of industry guidance maintained as current (e.g., rulings, industry circulars); Reduction in burden hours for filing requirements; Percent of regulatory projects targeted to burden reduction

Improve Policies, Processes, & Documentation

Key Indicators:

- Lean Six Sigma projects with successful outcomes; Processing times per submission

Enhance External Communication & Outreach

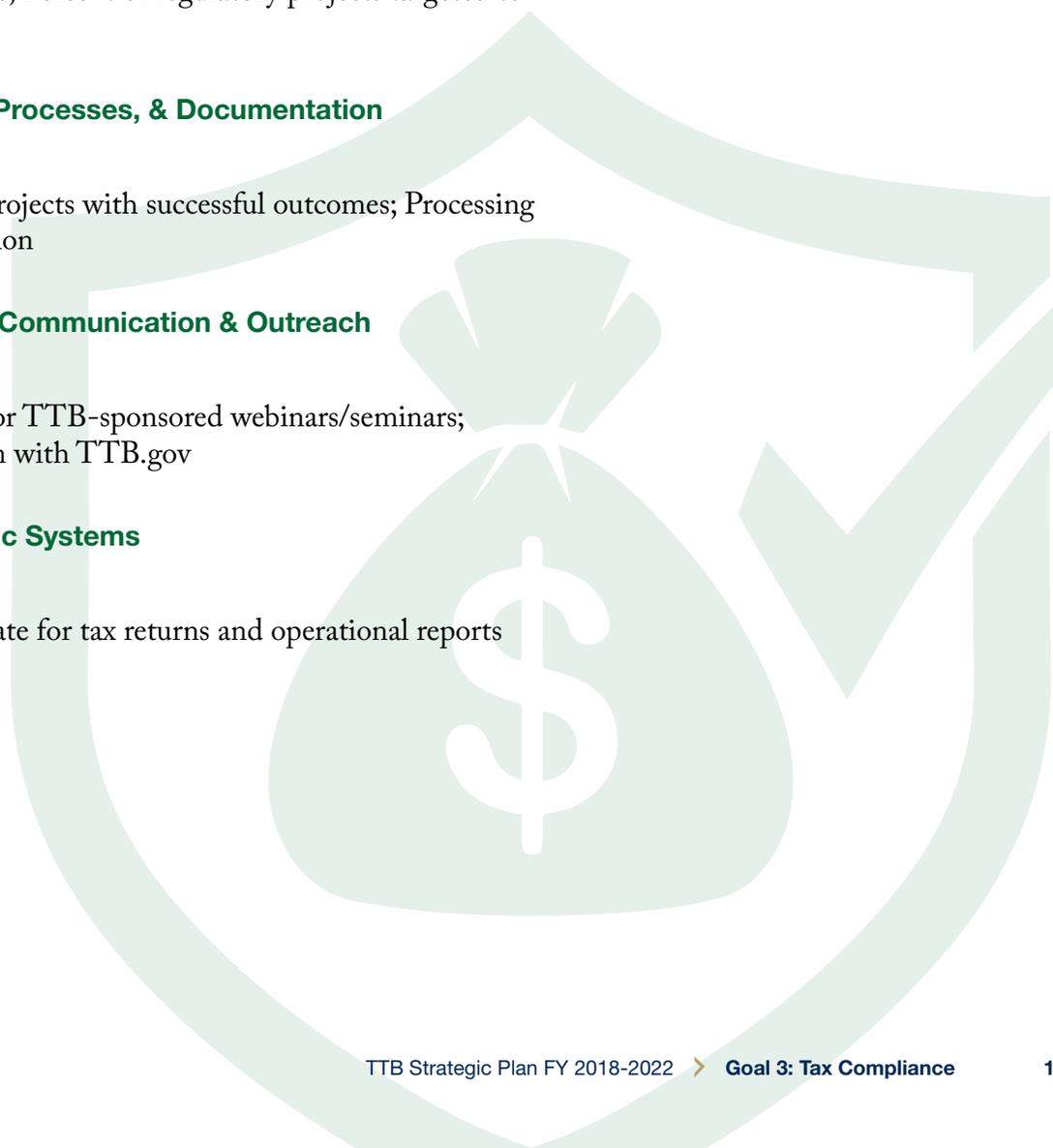
Key Indicators:

- Enrollment rate for TTB-sponsored webinars/seminars; Visitor satisfaction with TTB.gov

Optimize Electronic Systems

Key Indicators:

- Electronic filing rate for tax returns and operational reports



Address Cross-Border Tax Risk through Data Driven Enforcement

Improve diversion detection and enforcement in the cross-border trade of alcohol and tobacco products through the full integration of advanced analytics tools into enforcement planning and processes

TTB is charged with addressing any gaps in tax payment that result from entities and individuals manufacturing or selling alcohol and tobacco products outside of the lawful distribution system. The diversion of these products without the payment of tax threatens federal revenues, undermines fair competition, and provides a well-established source of funding for criminal enterprises. TTB uses a strategic risk-based enforcement approach, which enables TTB to cover a wide universe of taxpayers and establish an identifiable enforcement presence to deter industry members and others from engaging in diversion activity. This involves a combination of data analytics and sound intelligence to support the identification of the highest risk activity for audit or investigation, enabling TTB to deploy its resources to address the most serious revenue threats.

The cross-border trade in alcohol and tobacco products poses a particular revenue risk and enforcement challenge due to the multiple agencies charged with regulating and enforcing import and export activity as well as the potential for multiple transfers prior to export or following importation. Exports pose a significant revenue threat because alcohol and tobacco products intended for export may be placed in a customs-bonded warehouse, foreign trade zone, or tobacco export warehouse without payment of tax as they are not intended for the U.S. market. Some tax evasion schemes involve diversion of these products into domestic commerce to evade federal excise taxes. Imports also present a revenue risk because products may be misclassified upon entry into the U.S. to evade alcohol and tobacco excise taxes. In addition, importers may attempt to evade paying the correct amount of excise tax at the time of entry by misrepresenting the quantities imported or paying at an improper rate. The risk associated with tax evasion on imported alcohol products has further increased following the passage of the TCJA, with importers now able to claim reduced rates or tax credits on certain qualifying products.

Addressing these revenue risks requires TTB to enhance its use of analytics to focus resources on the highest risk activity and increase interagency partnerships to maximize TTB's enforcement presence. To this end, TTB will continue its efforts, in collaboration with U.S. Customs and Border Protection, Homeland Security Investigations, and other enforcement partners, to reduce the illicit trade in imported and exported alcohol and tobacco products. TTB will also increase its use of analytic tools to timely detect and address suspected tax fraud and diversion in the illicit cross-border trade of these products, including through leveraging data provided through the International Trade Data System. This cooperative system and the transactional data that it provides supports TTB's enforcement strategy by offering more timely information on imports and exports for enforcement purposes and supporting law enforcement partnerships on tax and trade issues.

Key Strategic Objectives and Indicators of Success

Reduce Illicit Trade

Key Indicators:

- Criminal cases accepted by an AUSA resolved with successful outcomes; Return on investment resulting from enforcement expenditures

Improve Data Driven Decision Making

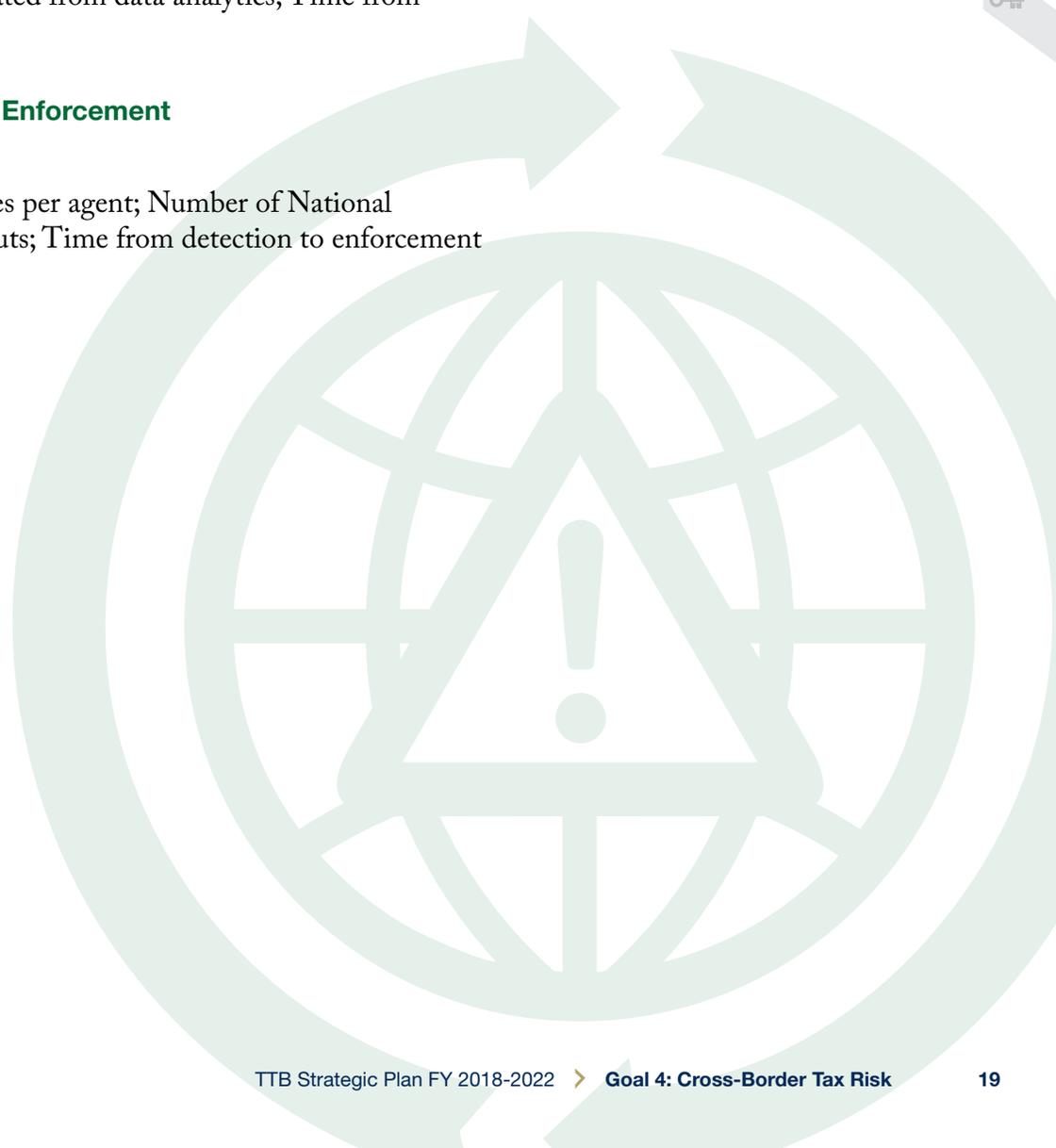
Key Indicators:

- Revenue cases initiated from data analytics; Success rate of revenue cases initiated from data analytics; Time from violation to detection

Enhance Risk-Based Enforcement

Key Indicators:

- Ratio of criminal cases per agent; Number of National Response Team callouts; Time from detection to enforcement action



Equip the Workforce for Professional Growth and Development by Revitalizing TTB Training

Prepare the workforce to meet mission challenges through effective assessment of individual and organizational training needs and increasing availability of training opportunities to address critical skill gaps.

Through strategic workforce planning, the Bureau continues to build capacity and meet mission needs by identifying and closing competency gaps for occupations deemed critical to current and future success, including positions related to cybersecurity and data analytics. Significantly, like many government agencies, TTB is facing a potential retirement wave, with 30 percent of TTB's workforce eligible to retire within the next three years. TTB intends to continue its proactive approach to addressing this mission risk by using a variety of human capital policies and programs, with special focus on enhancing its workforce training to build specialized technical expertise as well as critical leadership skills.

Preparing the workforce to meet mission challenges fosters employee engagement and satisfaction, which are critical to a productive workplace. Each year, the Office of Personnel Management administers the Federal Employee Viewpoint Survey (FEVS) to measure the satisfaction of the federal workforce. Even as government-wide performance has remained relatively flat, TTB has successfully improved its workforce satisfaction in recent years, with TTB ranking 4th out of 339 sub-component agencies in the 2017 Best Places to Work in the Federal Government.

TTB intends to remain focused on effectively recruiting, training, and retaining a highly skilled workforce to maintain its status as an employer of choice in the federal government. To encourage continuous development, TTB will improve its promotion of training opportunities, leveraging available online tools to increase and improve information sharing on internal training sessions on specialized program areas as well as opportunities available through partner agencies. TTB will also focus on revamping the Bureau's annual training assessment process to assess and address individual and organization skill gaps and will use innovative and cost-effective delivery methods to ensure that needed training is available to the workforce.

Key Strategic Objectives and Indicators of Success

Enhance Professional Expertise

Key Indicators:

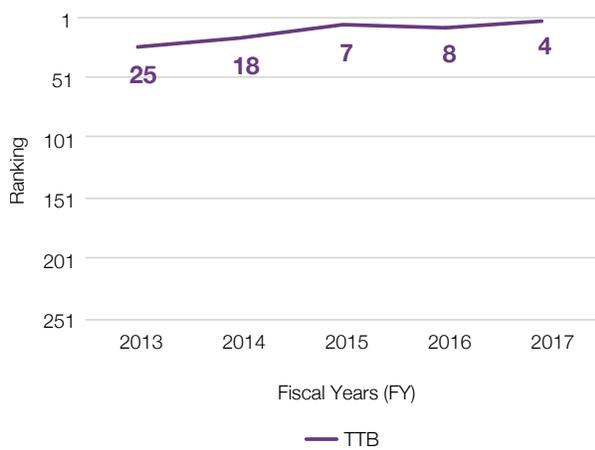
- Positive response rate for training on Federal Employee Viewpoint Survey; Average time to hire

Improve Employee Engagement

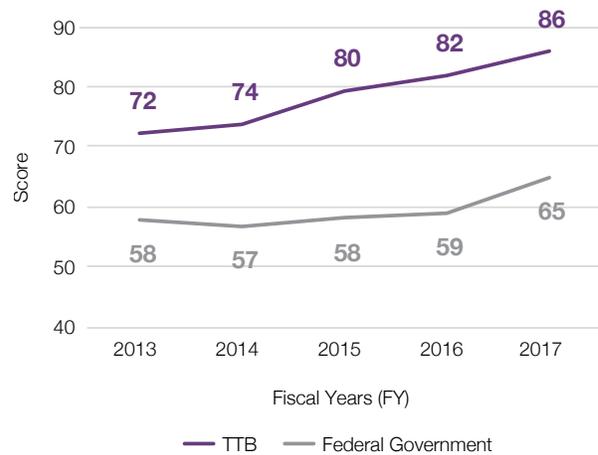
Key Indicators:

- Ranking in Partnership for Public Service Best Places to Work survey for sub-components; Workforce attrition rates

TTB Best Places to Work Ranking



TTB FEVS Average Positive Response



TTB Strategic Objectives

The TTB strategic objectives represent the cross-cutting, continuous improvement activities that support accomplishing TTB's mission and strategic goals.

Customer & Stakeholder

Improve Reliable Service

TTB must provide timely, quality, and consistent services to the business community it serves to facilitate compliant operations and trade. Unpredictable service presents costly barriers and delays to businesses, adversely affecting U.S. economic growth. By leveraging technology to improve service and communication with industry, and implementing policies and requirements that minimize compliance burden, TTB will improve the quality of its services. Reliable service includes developing and consistently applying guidance, rules, and regulations so that industry members are able to voluntarily comply.

Increase Voluntary Compliance

High voluntary compliance results in more efficient revenue collection and supports effective industry regulation. Applications and filings submitted with compliance errors present challenges to workload management and lead to delays in timely service and enforcement. TTB seeks to increase voluntary compliance by maintaining a robust system of industry member services, designed to make it easier for industry members to comply with regulations and meet their tax obligations. These services include timely customer contacts, enhanced online guidance, targeted education, and improved customer service. TTB recognizes that these efforts are reinforced by a visible and effective enforcement presence that deters non-compliance and encourages voluntary disclosures.

Ensure Level Playing Field

TTB seeks to use its jurisdiction to ensure the marketplace is fair and competitive for its regulated industry members. TTB recognizes that failure to comply with laws and regulations creates an unfair advantage for noncompliant industry members. TTB strives to ensure a level playing field by permitting only legally qualified applicants, investigating unlawful business and trade practice activities, ensuring alcohol beverage product integrity, and verifying the truthful and accurate labeling and advertising of these products. TTB ensures economic opportunity for its regulated industries through this oversight, protecting U.S. interests in international trade, and effectively partnering with other enforcement agencies.

Reduce Illicit Trade

The illicit trade in TTB-regulated commodities deprives the U.S. Treasury of tax revenue, harms legitimate businesses, and provides funding for criminal organizations. Given the perceived high reward and low risk that incentivize the illicit trade in alcohol and tobacco products, it is critical that TTB effectively address and deter both domestic and cross-border tax evasion schemes. Through the enhanced use of data and analytics to strategically deploy TTB's enforcement resources to address high risk activities, and improved engagement with federal, state, and international enforcement partners, TTB will better detect and address illicit trade activity and increase the deterrent effect of its enforcement actions.

Financial Stewardship

Maximize Resource Efficiency

TTB must maximize its return on investment to optimize results for the resources entrusted to the mission. In executing its budgetary authority, TTB must seek efficiencies, build flexibility into its programs and operations, and effectively manage costs to demonstrate value for its stakeholders. TTB will continue to improve its efficient use of resources through streamlined and simplified processes, strategic partnerships, and effectively leveraging and applying the diverse skill sets of its workforce to adapt to changing stakeholder requirements.

Improve Strategic Resourcing

TTB must continually strengthen the strategic alignment of its resources to achieve organizational priorities and mitigate key risks. TTB recognizes that strategic resourcing requires enhancing organizational processes for identifying and mitigating risks, elevating and addressing program challenges, and establishing and resourcing strategic priorities. TTB will focus on data-driven resource requests, business cases, and program evaluations to ensure resources are strategically allocated to have a meaningful and measurable impact on program results.

Internal Processes

Improve Policies, Processes & Documentation

TTB seeks to optimize efficiencies and effectively manage work streams through well-designed and documented policies and processes. Addressing the workload stemming from an expanding industry requires that TTB take innovative approaches to policy development and process improvement, and support implementation through complete and up-to-date procedures and internal guidance. In addition, streamlined processes will reduce processing burdens, enable active monitoring and management of critical TTB work streams, improve internal controls, and ensure the work product delivered to customers meets quality and service standards.

Update Regulatory Requirements

Complex or overly burdensome regulatory requirements do not serve the interests of taxpayers or the government. TTB will focus on updates that consolidate, clarify, or simplify requirements and minimize filing frequency to reduce regulatory burden and support voluntary compliance by TTB industry members. Reporting and recordkeeping requirements must also enhance TTB's capacity to effectively and efficiently detect and address risks to revenue or regulatory compliance through improved workload and data management.

Improve Internal Communication & Coordination

TTB relies on the collective expertise and contributions of its employees to address emerging issues and challenges, identify risks, and continuously innovate operations. As the organization drives toward continuous process improvement, TTB must support effective internal communication, interdivisional coordination and support, and enhanced change management practices to provide the opportunity for all employees to actively contribute solutions to improve mission outcomes. TTB will also focus on strengthening employee collaboration by increasing transparency and timely information sharing on evolving internal and external conditions, policies, and trends.

Enhance External Communication & Outreach

Industry members must understand TTB requirements and how to meet them in order to comply. TTB seeks to improve and expand its outreach to industry and stakeholders through strategic communication and education efforts to ensure timely and effective guidance. TTB will engage industry, trade, and government partners, and target our outreach through data and analytics, to close compliance gaps and increase the reach of external communications. TTB will also efficiently use technology to improve the quality and timeliness of its interactions with industry, including through the proactive delivery of information through online tools, to facilitate ongoing compliance.

Improve Data Driven Decision Making

TTB seeks to use quality data and analysis to generate insights to support the development of strategy and policy, execute initiatives, monitor performance, and adjust operations. TTB will create new analytics tools and processes to make its decision making more efficient and consistent, with resources better directed to address the highest value work. TTB must also develop analytical tools to detect high risk problems, provide timely alerts for action, and accurately forecast trends so that TTB can proactively adjust resources and operations as needed.

Enhance Risk-Based Enforcement

TTB must use an integrated enforcement approach informed by data and risk to effectively direct limited resources. TTB seeks to improve enforcement outcomes through interdivisional coordination in developing and implementing enforcement strategies targeted to the highest risks, which includes determining appropriate resource allocation, reinforcing clear roles and responsibilities, and establishing and communicating controls and standards across division lines. By leveraging the skill sets across TTB's regulatory and enforcement functions, TTB will ensure that non-compliance in industry applications and operations as well as tax evasion and fraud are timely and effectively addressed.

People & Tools

Enhance Professional Expertise

TTB must have the technical expertise and leadership skills to meet the mission challenges of today and prepare the workforce for tomorrow. TTB seeks to improve the quality, relevance, and delivery of training to equip employees with critical job knowledge and the ability to develop in their careers as well as increase the quality of work across the Bureau. To improve access to training and development opportunities, TTB will focus on assessing and addressing individual and organization skill gaps, employing effective strategies to increase awareness of training and mentoring opportunities, and using innovative and cost-effective delivery methods to ensure that needed training is available to the workforce.

Improve Employee Engagement

TTB seeks to continually elevate the level of employee engagement to earn the distinction as one of the top employers in the federal government. Achieving this requires an ongoing commitment to transparency, improved communication, and strategic focus to effectively assess job satisfaction and bolster employee morale. The Bureau must maintain an effective and versatile workforce by attracting and retaining diverse, skilled, and experienced leaders and technical professionals. To meet the evolving needs of our organization, TTB must enhance employee satisfaction and recruit highly motivated people who share our core values to create a highly productive and engaged workforce that is committed to the Bureau and its mission.

Optimize Electronic Systems

TTB must optimize its electronic systems to be flexible, responsive, secure, and effective to meet the needs of our regulated industry and the workforce in a dynamic environment. Industry expects to interact with TTB online, which requires that TTB focus on modern interfaces and technology to improve cybersecurity and enhance user experience with TTB systems, including by reducing filing burden and facilitating the online filing of compliant applications and submissions. Likewise, electronic systems should enhance TTB productivity by enabling streamlined workflows and increased automation as well as facilitating advanced analysis to support mission performance.

Increase Data Quality & Analytical Capacity

TTB needs accurate, reliable, and quality data to inform its policies and decisions. TTB's ability to increase its analytical capacity is contingent on the development and ongoing enhancement of an analytics environment that contains integrated data for reporting and analysis. TTB must also maintain modern technology and instrumentation to ensure data quality. Maintaining data quality requires that TTB instill data governance principles into our culture, including through new business rules and procedures and continuous employee education.

Strategic Management Framework

Maintaining a robust strategy is vital for the efficacy of TTB, and it is also required by the Office of Management and Budget, pursuant to the Government Performance and Results Act. The Balanced Scorecard is the methodology TTB has chosen for the FY 2018 –2022 strategic plan. To execute this plan, TTB has built a robust strategic management framework around its strategic objectives, performance measures, and initiatives.

Method

The Balanced Scorecard is a planning process and framework that facilitates strategy development and implementation. It builds a strategy through a complete set of perspectives, including customers and stakeholders, financial stewardship, internal processes, and people and tools. In each perspective, TTB developed a series of objectives, or the key areas in which the Bureau needs to excel to achieve its mission and strategic goals. Each strategic objective has a set of performance goals, which are a combination of performance measures and targets. TTB can then monitor its strategy through use of a dashboard, which provides actionable data to help determine where to direct resources.

Strategy Development and Implementation

To develop its Balanced Scorecard, TTB enlisted a Core Team to develop the TTB Strategy with guidance, input, and approval from the Executive Team at key stages in the development process.

As accountability is a basic tenet of the Balanced Scorecard, TTB assigned ownership of each Strategic Objective to a Captain. These Captains form a standing Core Team to manage the Balanced Scorecard and serve as an advisory body to TTB leadership on critical Bureau projects and investments.

Strategic Management

TTB has integrated the Balanced Scorecard into its management processes through a series of tools and processes to help the Bureau actively manage its strategy and measure its progress. Two key aspects of the Balanced Scorecard tools are:

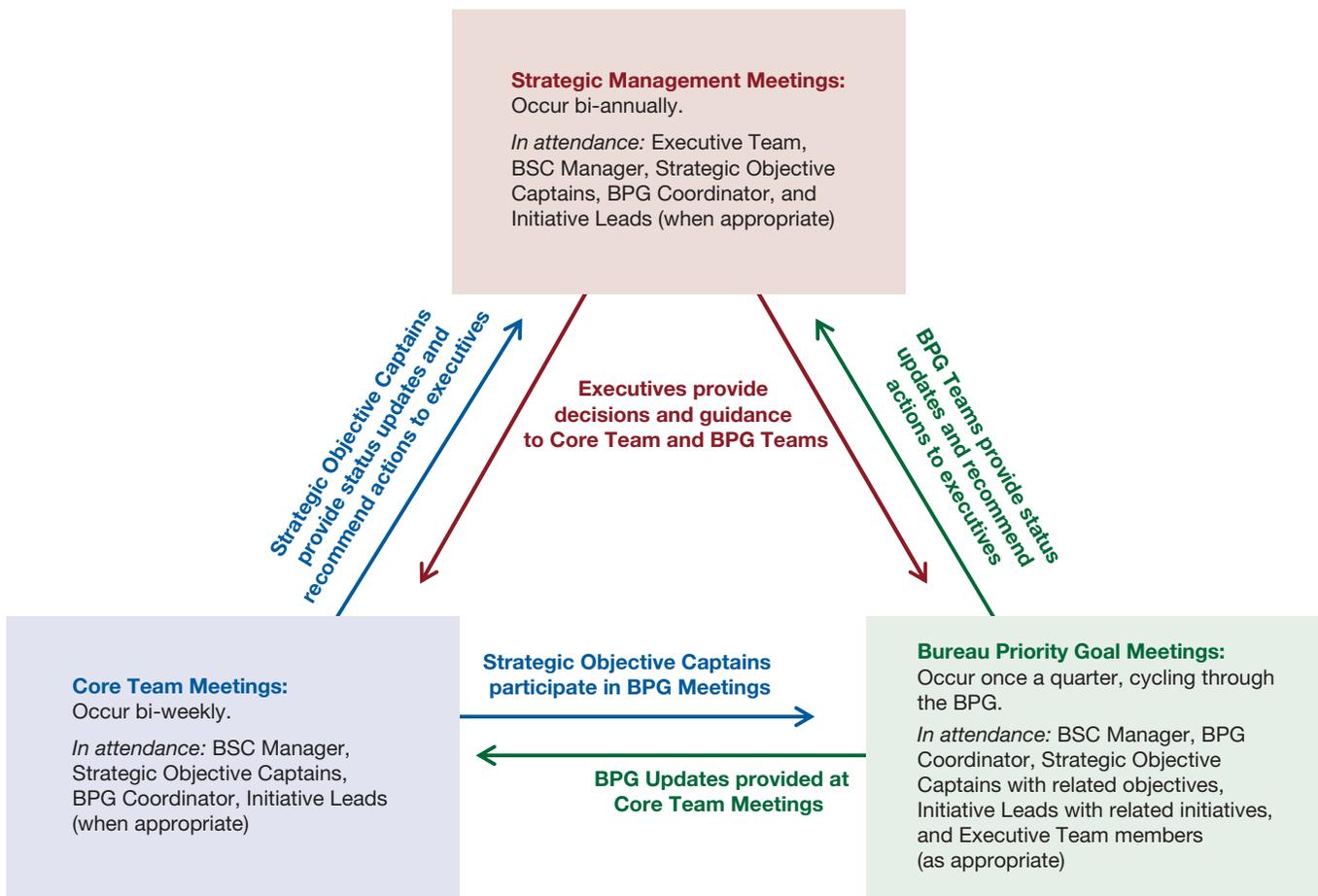
- **The Dashboard** is a visual representation of performance in each of the 16 strategic objectives. TTB assesses organizational performance based on the measures for each strategic objective. By monitoring and evaluating the Dashboard, TTB can make informed decisions about where to focus resources to improve performance.
- **The Initiative Management Framework** is an organized framework through which TTB evaluates proposed initiatives in the context of strategic significance. TTB's portfolio of initiatives helps the Bureau achieve its strategic priorities, objectives, and performance goals. By selecting the right initiatives, TTB should see its performance, as shown on the Dashboard, shift in a positive direction over time and in response to targeted efforts.

The framework is managed by three key groups who meet at regular intervals to plan for and execute against the strategic goals of the Bureau: Executive Team, Core Team, and Bureau Priority Goal Teams.

Strategic Management Meetings are the opportunity for the **Executive Team** to hear recommendations for action from the **Core Team** and the **Bureau Priority Goal Teams** respectively.

The **Core Team** is responsible for understanding the current strategic state of the Bureau using performance measures and indicators that are aligned to specific objectives. In order to improve performance, initiatives are identified across the organization and are linked to that objective.

The **Bureau Priority Goal Teams** are overarching teams comprised of objective captains and initiative leads. These teams represent the highest strategic priorities for change within the Bureau. They are defined by the multi-year effort that it will take to achieve the goals for each priority. Within each Bureau Priority Goal are a set of individual initiatives that need to be activated and worked. The purpose of the Bureau Priority Goal is to help prioritize those initiatives and maintain common direction and criteria for achievement of the strategic goal.



TTB and Treasury Strategic Plan Alignment

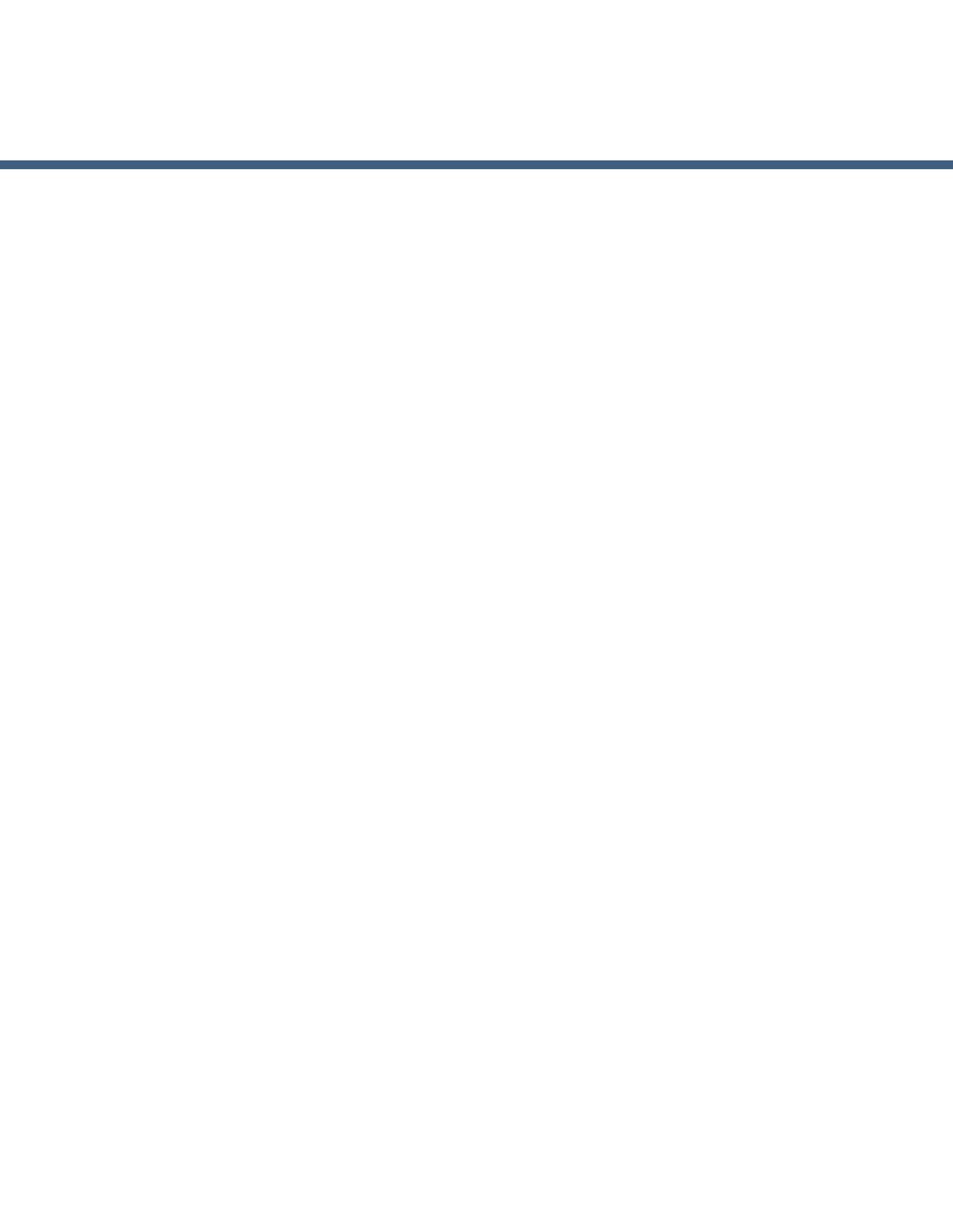
Treasury Goal	Treasury Objective	TTB Strategic Goal/Objective
Goal 1: Boost U.S. Economic Growth	Objective 1.1. Tax Law Implementation: Administer tax law to better enable all taxpayers to meet their obligations, while protecting the integrity of the tax system	TTB Goal 3: Improve Tax Compliance through Increased Voluntary Compliance and Enhanced Enforcement TTB Goal 4: Address Cross-Border Tax Risk through Data Driven Enforcement
	Objective 1.3. Trusted Currency and Service: Deliver trusted currency and services that enable citizens and businesses to participate in the economy	TTB Goal 1: Facilitate Commerce through the Timely Issuance of Permits to Qualified Applicants TTB Goal 2: Facilitate Commerce through a Modern Labeling Program Focused on Service and Market Compliance
	Objective 1.4. Free and Fair Trade: Advance a free and fair trade environment for U.S. businesses through successful negotiation of trade agreements and investment policies	TTB Objective: Ensure Level Playing Field
	Objective 5.1. Workforce Management: Foster a culture of innovation to hire, engage, develop, and optimize a diverse workforce with the competencies necessary to accomplish our mission TTB supports all Treasury objectives in this strategic goal, which may be viewed at Treasury.gov .	TTB Goal 5: Equip the Workforce for Professional Growth and Development by Revitalizing TTB Training

Overview of Treasury’s Goals and Objectives

		Domestic Finance	International Affairs	TFI / FinCEN	Tax Policy	Treasurer	Economic Policy	Management	IRS	Fiscal Service	BEP	U.S. Mint	TTB	OCC	TIGTA
Goal 1: Boost U.S. Economic Growth	1.1 Tax Law Implementation				★				★				★		★
	1.2 Strong Economic Fundamentals	★	★			★	★							★	
	1.3 Trusted Currency and Services				★						★	★	★		
	1.4 Free and Fair Trade		★										★		
Goal 2: Promote Financial Stability	2.1 Housing Finance Reform	⚖️													
	2.2 Foreign Exchange Practices		⚖️												
	2.3 Foreign Technical Assistance		⚖️												
	2.4 Financial Sector Critical Infrastructure and Cybersecurity	⚖️						⚖️						⚖️	
Goal 3: Enhance National Security	3.1 Strategic Threat Disruption		🛡️	🛡️											🛡️
	3.2 AML/CFT Framework			🛡️			🛡️								🛡️
	3.3 Economic Strength and National Security		🛡️	🛡️											
Goal 4: Transform Government-wide Financial Stewardship	4.1 Financial Data Access and Use	⚖️	⚖️						⚖️	⚖️					⚖️
	4.2 Debt Management	⚖️								⚖️					
	4.3 Federal Financial Performance	⚖️								⚖️					
Goal 5: Achieve Operational Excellence	5.1 Workforce Management	🔑	🔑	🔑	🔑	🔑	🔑	🔑	🔑	🔑	🔑	🔑	🔑	🔑	🔑
	5.2 Treasury Infrastructure			🔑				🔑	🔑	🔑	🔑	🔑	🔑	🔑	🔑
	5.3 Customer Value							🔑	🔑	🔑	🔑	🔑	🔑	🔑	🔑

➤ Objective Leads

➤ Support Organizations







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