

The Fiscal Service

FY 2013

President's Budget
Submission

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Section 1 – Purpose

1A – Mission Statement

The mission of the Fiscal Service is to provide guidance to improve financial management across the Federal Government and improve the efficiency of Government financial management by providing central payment services to Federal Program Agencies, operating the Federal Government’s collections and deposit systems, delivering Government-wide accounting and reporting services, managing the collection of delinquent debt owed to the Government, borrowing the money needed to operate the Federal Government and accounting for the resulting debt, and providing reimbursable support services to Federal agencies.

1.1 – Appropriations Detail Table

Dollars in Thousands

Resources Available for Obligation	% Change							
	FY 2011 Enacted		FY 2012 Enacted		FY 2013 Request		FY 2012 to FY 2013	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources:								
Collections	145	22,624	121	21,166	117	20,387	-3.31%	-3.68%
GOVerify Business Center	0	0	7	10,000	7	5,000	0.00%	-50.00%
Government Agency Investment Services	88	16,045	83	15,419	76	13,672	-8.43%	-11.33%
Government-wide Accounting and Reporting Payments	413	68,804	342	64,374	333	62,002	-2.63%	-3.68%
Retail Securities Services	817	141,358	677	132,265	660	128,040	-2.51%	-3.19%
Summary Debt Accounting	740	135,337	676	116,260	605	101,686	-10.50%	-12.54%
Wholesale Securities Services	50	9,195	47	8,836	43	8,254	-8.51%	-6.59%
Subtotal New Appropriated Resources	2,384	\$417,421	2,077	\$391,440	1,954	\$360,531	-5.92%	-7.90%
Other Resources:								
Reimbursables/Offsetting Collections/Fees	460	239,017	561	255,730	619	247,551	10.34%	-3.20%
Unobligated Balances from PY		4,000		4,000		2,000		-50.00%
Subtotal Other Resources	460	\$243,017	561	\$259,730	619	\$249,551	10.34%	-3.92%
Total Resources Available for Obligation	2,844	\$660,438	2,638	\$651,170	2,573	\$610,082	-2.46%	-6.31%

* In FY 2011 and FY 2012 FMS and BPD resources were managed separately. FMS direct programs include: Collections, Payments, and Government-wide Accounting and Reporting. BPD programs include: GOVerify Business Center, Government Agency Investment Services, Retail Securities Services, Summary Debt Accounting, and Wholesale Securities Services.

* Total Appropriated Resources in FY 2011, 2012, and 2013 include \$10 million, \$8 million, and \$1 million in projected Legacy Treasury Direct User Fee collections, respectively.

* A portion of the Offsetting Collections/Reimbursable/Fee FTE is funded by fee revenue as authorized by the Debt Collection Improvement Act (DCIA) of 1996.

1B – Mission, Priorities and Context

The FY 2013 Budget request for the Fiscal Service reflects a consolidation of the Bureau of the Public Debt (BPD) and the Financial Management Service (FMS), the operational arms of Treasury’s Fiscal Service. This consolidation is consistent with Government-wide initiatives to improve the delivery of public service, reduce the footprint of the Federal Government, and manage administrative and information technology (IT) costs. Beyond the financial and operational benefits, this effort enables the Department of the Treasury to better address the financial management needs of the Federal Government. The consolidation will position the Treasury to create more innovative strategies, streamline its core financial management

processes, and realize administrative efficiencies while retaining existing core Federal financial management responsibilities.

Both bureaus report to the Fiscal Assistant Secretary and provide many of the Federal Government's core financial management services and have similarities in their missions that support this consolidation. For example, both bureaus perform functions that are part of the National Critical Infrastructure, and provide reimbursable services (administrative, IT, and debt collection) to Federal agencies.

The two bureaus have contributed to initiatives such as Paperless Treasury and GOVerify, as well as growth in shared services. The bureaus have already taken steps to consolidate their IT infrastructures and are currently integrating common IT services under the Data Center Consolidation/Fiscal IT initiative. Treasury's success with Fiscal IT highlights opportunities to further improve efficiencies and performance in the areas of administrative and additional IT services.

This consolidation will create a more effective and resilient organization that is poised for the future to become the catalyst for Government-wide financial management improvements.

Fiscal Service strategic goals provide the foundation for its programs and include:

- Provide timely, accurate, and efficient collection of Federal Government receipts,
- Maximize collection of delinquent debt owed to the Government,
- Effectively finance Government operations,
- Effectively account for the debt of the Federal Government,
- Produce timely and accurate financial information that contributes to the improved quality of financial decision making,
- Provide timely, accurate, and efficient disbursement of Federal Government payments,
- Provide highly competitive shared services to Federal agencies, and
- Be a great place to work.

The Fiscal Service plays a key role in supporting the Department of the Treasury's strategic goal of managing the Government's finances in a fiscally responsible manner. The organization collects money due to the United States, disburses its payments, and performs central accounting functions. Additionally, the Fiscal Service borrows the money needed to operate the Federal Government and accounts for the resulting debt. In carrying out its mission, Fiscal Service's operations are divided into nine budget activities:

- Collections,
- Debt Collection,
- GOVerify Business Center (prevent and reduce improper payments),
- Government Agency Investment Services,
- Government-wide Accounting and Reporting,
- Payments,
- Retail Securities Services,
- Summary Debt Accounting, and
- Wholesale Securities Services.

FY 2011 Accomplishments

The Fiscal Service significantly contributed to Treasury's priority goal to "*increase electronic transactions with the public to improve service, prevent fraud, and reduce costs.*" Significant progress was made by increasing electronic payments, requiring businesses to pay their taxes via electronic Federal Tax Deposit (FTD) coupon payments, and eliminating paper payroll savings bonds. The Fiscal Service also took steps to end the issuance of all paper savings bonds sold over-the-counter at financial institutions and through mailed applications in FY 2012. The total Departmental savings from the Paperless Treasury initiative will be over \$500 million dollars from FY 2011 to FY 2015 of which over \$410 million can be attributed to the Fiscal Service.

The Fiscal Service successfully closed two data centers as part of its Data Center Consolidation/Fiscal IT initiative, which consolidates collective IT infrastructure and integrates common IT services for FMS and BPD. This initiative helped achieve the Secretary's objective of increasing the utilization and efficiency of combined IT assets while reducing technology costs, which is in alignment with the Office of Management and Budget's (OMB) Data Center Consolidation Directive (M-10-19).

In addition, the Fiscal Service accomplished the following during FY 2011:

- Took extraordinary actions to keep the total debt below the statutory debt limit,
- Conducted 281 auctions resulting in the issuance of \$7.8 trillion in marketable securities,
- Oversaw daily cash flow in excess of \$89 billion,
- Disbursed over \$2.4 trillion in non-defense payments to more than 100 million people,
- Collected over \$3.06 trillion in Government receipts of which over \$2.04 trillion was collected via Electronic Federal Tax Payment System (EFTPS), and
- Collected \$6.17 billion in delinquent debt, which includes \$2.31 billion in past due child support payments.

FY 2013 Priorities

The Fiscal Service will implement the consolidation while maintaining a high degree of operational excellence. The consolidation will allow the Department of the Treasury to look into other overlapping functions and services between the two bureaus and to improve efficiency and performance. By combining the two bureaus, the Fiscal Service will be positioned to create a new standard of excellence and future leadership for the Federal financial community. The Fiscal Service will take advantage of economies of scale, eliminate overlapping and duplicative functions, and reduce administrative overhead and support services cost. Starting in FY 2013, the operational activities of the Fiscal Service will begin operating under a combined budget structure, assessing opportunities to reduce staff and position the organization for the change.

Initially the following administrative and support functions are identified for consolidation and cost reduction:

- Management staff, by transitioning to one Commissioner responsible for Fiscal Service operations,
- Finance and budget, by transitioning to one Chief Financial Officer,
- Information and technology, by transitioning to one Chief Information Officer,
- Legal support, by transitioning to one Chief Counsel, and
- Legislative and public affairs, by combining each bureau's staffs.

An implementation plan for the consolidation of these administrative and support functions will be finalized by the end of FY 2012. Implementation is expected to be completed in FY 2014. The consolidation will not directly affect the Office of the Fiscal Assistant Secretary, which will continue to be funded through the Treasury Departmental Offices Salaries and Expenses appropriation.

The Fiscal Service's Payments Program will continue to support the Treasury's Paperless initiative, and, by March 1, 2013, existing beneficiaries receiving checks will be required to receive payments electronically. Reshaping the way the Fiscal Service issues payments will enable the organization to consolidate its payment centers from four in FY 2011 to two in FY 2014. The Payment Management Reorganization initiative will decommission a payment center by FY 2014.

In June 2010, a Presidential Memorandum (*Enhancing Payment Accuracy Through a "Do Not Pay List"*) called for a single point through which Federal agencies can obtain needed data to prevent ineligible recipients from receiving payments from the Federal Government. To the extent permitted by law, the Fiscal Service will establish the GOVerify Business Center to support a one-stop shop for verifying eligibility and employing fraud detection tools and data analytics to help reduce improper payments. In FY 2013 the Fiscal Service will continue to expand GOVerify Data Analytics Services and streamline matching agreements through legislative or regulatory changes.

The Debt Collection Program has requested several legislative proposals in FY 2011 through FY 2013 that will enable it to recover additional delinquent debt. The Fiscal Service will continue to implement three management and administrative reforms that will increase the number of offsets to collect delinquent debt by an estimated \$2.9 billion over ten years.

1. **Improve Offset Match Process.** Treasury will make system changes to examination procedures in order to improve the accuracy of matching an outgoing payment against a list of debts, which will increase the number of offsets to collect delinquent debt.

2. **Work larger, more collectable debts longer with better analytic tools.** Treasury will use better collection methods, improve documentation, and pursue more collectable debts for 60-120 days longer before referral to Private Collection Agencies, particularly larger debts that are relatively new.

3. Expand Administrative Wage Garnishment. Treasury will work with Federal agencies to expand the use of this important tool whereby a non-Federal employer is ordered to withhold up to 15 percent of a debtor's disposable income.

To prepare for the additional influx of delinquent debt collections, the Fiscal Service has repurposed the Austin Payment Center into a debt collection center and has updated its business strategy with an emphasis on increasing collections. As a result, by FY 2015, the Fiscal Service expects to collect over \$7 billion in delinquent debt annually, which is a 17 percent increase from FY 2011.

In FY 2013, the top priority for the Wholesale Securities Services (WSS) Program is to guarantee operational readiness to meet the Government's critical financing needs. To this end, plans are underway to explore new methods of connectivity to Treasury auctions while balancing risk and managing a changing infrastructure. By employing the latest technology and software applications, the Fiscal Service will continue financing the Government at the lowest cost over time.

The Fiscal Service's Collections Program will continue its Collections and Cash Management Modernization (CCMM) initiative to streamline, modernize, and improve the processes and systems supporting the Treasury's collections and cash management program. This effort will continue to improve financial performance and timeliness; reduce the number of collections and cash management systems and processes; and eliminate the duplication of data, products, interfaces, and technologies. This comprehensive effort will simplify and standardize systems and processes across Government agencies that have accumulated over 30 years. Full implementation of this initiative includes new systems deployment and agency conversions to these new systems.

The Government-wide Accounting and Reporting (GWA) Program will continue to focus on implementing the Central Accounting and Reporting System (CARS) project. CARS will replace the legacy central accounting system (STAR) that uses outdated technology that is costly and difficult to maintain. CARS will modernize critical functions of the central accounting system.

Additionally, the GWA Program will make progress toward the goal of a clean audit opinion on the consolidated *Financial Report of the United States Government* (FR). The Government Accountability Office (GAO) cited three material weaknesses related to the FR opinion: (1) Department of Defense accounting challenges; (2) intra-Governmental elimination issues; and (3) FR compilation challenges. The General Ledger (GL)/General Fund (GF) initiative contributes to the resolution of the latter two items. The initiative entails creating a new Federal reporting entity for certain cash and budgetary authority accounting events and integrating that reporting entity into the FR framework. Together, the CARS and GL/GF initiatives will increase the amount and authority of information the Fiscal Service holds in the central accounting system.

Through its Summary Debt Accounting (SDA) Program, the Fiscal Service will continue to work to improve the clarity, usefulness, and availability of Federal debt information. By the end of FY 2013 the organization will modernize its current summary debt accounting environment by reengineering and retooling the processes associated with collecting, verifying, and disseminating securities and financial information.

The Retail Securities Services (RSS) Program will remain committed to delivering high-quality customer service while selling marketable and savings securities directly to retail investors. For instance, the organization will consolidate printing and outbound mailing to take advantage of economies of scale. The site will implement intelligent bar-coding on outgoing correspondence to facilitate subsequent processing. The organization also plans to create a mechanism for managing case files in digital form and develop new customer interaction channels. Through these changes, the Fiscal Service will respond to retail securities customers quickly and thoroughly in a more streamlined manner. In addition, the Fiscal Service will implement a savings program based on pilot project results to continue providing simple, safe, and affordable ways for Americans to save.

For the Government Agency Investment Services (GAIS) Program, quality customer service is critical in offering specialized investments to Government entities at the Federal, state, and local level to finance their operations. By the end of FY 2013, the Fiscal Service will complete a multi-year effort designed to strengthen and streamline controls for GAIS while allowing for customers to more effectively manage their investments. The Fiscal Service has established a goal of receiving high quality customer satisfaction ratings for this program. In FY 2013, the organization will also focus on customer survey results to identify areas for additional improvement.

The Fiscal Service strives to create value for the American people, provides responsible and effective stewardship over the Government's finances, and focuses on quality service, results, and innovation. The Fiscal Service has taken aggressive action toward system modernization, productivity enhancements, and cost containment in order to absorb reductions to its budget and reflect a strong commitment to fiscal stewardship of taxpayers' funding. While the FY 2013 Budget represents an almost 14 percent reduction from FY 2011 levels, the Fiscal Service demonstrates a commitment to providing continued quality service to customers. Through its varied programs, Fiscal Service touches almost every American and every Federal agency.

It will be a tremendous challenge to accomplish all of this following the announcement of the Fiscal Service consolidation and during the uncertainty that will naturally flow from planning and initial implementation of such a significant organizational change. Nevertheless, the Fiscal Service is committed to doing what it has planned and maintaining the tradition of accomplishment that has been the consistent hallmark of the Financial Management Service and the Bureau of the Public Debt.

Section 2 – Budget Adjustments and Appropriation Language

2.1 – Budget Adjustments Table

Dollars in Thousands

The Fiscal Service	FTE	Amount
FY 2012 Enacted	2,077	\$391,440
Changes to Base:		
Maintaining Current Levels (MCLs):	-	\$3,539
Maintaining Current Levels	-	\$3,539
Non-Recurring Costs:	-	(\$5,582)
GOVerify Business Center Non-Recurring Cost	-	(\$5,000)
Government Agency Investment Services Non-Recurring Cost	-	(\$582)
Efficiency Savings:	(83)	(\$20,110)
Program Efficiencies	(83)	(\$8,321)
Paperless Treasury	-	(\$875)
Support Services Efficiencies	-	(\$3,000)
Data Center Consolidation/Fiscal IT	-	(\$7,914)
Subtotal FY 2013 Changes to Base	(83)	(\$22,153)
Total FY 2013 Base	1,994	\$369,287
Program Changes:		
Program Decreases:	(40)	(\$10,296)
Eliminate Paying Agent Fees	-	(\$4,985)
Eliminate New Issues of Paper Payroll Savings Bonds	(6)	(\$673)
Eliminate Paper Savings Bonds Sold OTC at Financial Institutions	(4)	(\$647)
Administrative Services Reduction	(30)	(\$3,991)
Program Increases:	-	\$1,540
Payment Management Reorganization	-	\$1,540
Total FY 2013 Request	1,954	\$360,531
Legacy Treasury Direct User Fees	-	(\$1,000)
Total FY 2013 Request (Net)	1,954	\$359,531

*FY 2012 Enacted combines FMS and BPD appropriated resources. See Section 4B for historical tables.

2A – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) +\$3,539,000 / +0 FTE
Maintaining Current Levels +\$3,539,000 / +0 FTE

Funds are requested for inflation adjustments (1.7 percent) in non-labor expenses such as GSA rent adjustments, postage, supplies and equipment and health benefits and the increase in Federal Employees Retirement System participation. Funds are also requested for the proposed 2013 pay raise (0.5 percent).

Non-Recurring Costs -\$5,582,000 / +0 FTE
GOVerify Business Center Non-Recurring Cost -\$5,000,000 / +0 FTE

The request reflects a non-recurring cost savings of \$5,000,000 for the GOVerify Business Center.

Government Agency Investment Services Non-Recurring Cost -\$582,000 / +0 FTE

As part of modernizing its GAIS Program, the Fiscal Service made the decision to consolidate its GAIS system components into a single, integrated control environment by FY 2012. As a result, the bureau expects to realize savings in FY 2013 due to decreased technical development efforts.

Efficiency Savings-\$20,110,000 / -83 FTE
Program Efficiencies -\$8,321,000 / -83 FTE

Savings realized from reductions in funded positions across all the Fiscal Service programs.

Paperless Treasury -\$875,000 / +0 FTE

In FY 2013, the Paperless Treasury initiative will save the Government money through consumable savings. In FY 2014, the Fiscal Service anticipates decommissioning another payment center, which will provide additional savings and rationalize capacity.

Support Services Efficiencies -\$3,000,000 / +0 FTE

Savings realized from reductions in administrative and IT support services.

Data Center Consolidation/Fiscal IT -\$7,914,000 / +0 FTE

The Fiscal Service will consolidate five data centers to two which will begin to produce savings due to reductions in energy consumption, equipment, maintenance, software, licensing, lease and utilities costs, and professional services contracting costs.

Program Decreases-\$10,296,000 / -40 FTE

Eliminate Paying Agent Fees -\$4,985,000 / +0 FTE

Six months of savings from eliminating fees paid to agents who redeem paper savings bonds.

Eliminate New Issues of Paper Payroll Savings Bonds -\$673,000 / -6 FTE

Savings of paying agent fees from a reduction of paper payroll savings bond redemptions and FTE savings from a decline in customer service transactions since new issues of paper payroll bonds were eliminated.

Eliminate Paper Savings Bonds Sold OTC at Financial Institutions -\$647,000 / -4 FTE

Savings of paying agent fees from a reduction of paper over-the-counter savings bond redemptions and FTE savings from a decline in customer service transactions since new issues of over-the-counter paper savings bonds were eliminated.

Administrative Services Reduction -\$3,991,000 / -30 FTE

The Fiscal Service will continue efforts started in prior fiscal years to reduce administrative services and administrative support positions.

Program Increases+\$1,540,000 / +0 FTE

Payment Management Reorganization +\$1,540,000 / +0 FTE

The Fiscal Service's regional financial centers were historically placed throughout the United States to be in proximity to its customer base, banking facilities, population distribution, and check distribution capability of the U.S. Postal Service. The growth in electronic payments combined with the Paperless Treasury initiative has diminished the need for these criteria. As a result, the Fiscal Service will not need three payment centers and will begin decommissioning a payment center in FY 2013, with complete closure by FY 2014.

The Fiscal Service's base funding does not include resources to cover the total cost of closing a center. Therefore, the proposed funding redirect will enable the Fiscal Service to cover employee separation expenses and residual costs associated with a center closure. The Fiscal Service will initiate outplacement and career services for potentially over 100 affected employees as part of this effort. Additionally, the Fiscal Service will transfer existing equipment and inventory to the remaining centers. This will require the reconfiguration of existing space at its remaining centers enabling them to handle the additional equipment and increased inventory needs. To assure a smooth transition and minimize risk, the Fiscal Service will take a staged approach and will require FY 2013 to accomplish this reorganization. Once completed, the Fiscal Service anticipates that the closure in FY 2014 will result in significant savings to the taxpayer.

Offsetting Collections-\$1,000,000 / +0 FTE
Legacy Treasury Direct User Fees -\$1,000,000 / +0 FTE

Legacy Treasury Direct account holders with balances over \$100,000 (par value) are charged an annual account maintenance fee of \$100. The Fiscal Service will end the sale of securities in Legacy Treasury Direct no later than November 2012. Since the number of securities in the system will decline as they mature, the Fiscal Service, projects only \$1,000,000 in user fee collections for FY 2013.

2.2 – Operating Levels Table

Dollars in Thousands

The Fiscal Service	FY 2011 Actual	FY 2012 President's Budget	FY 2012 Enacted	Proposed Reprogrammings	FY 2012 Proposed Operating Level	FY 2013 Request
FTE	2,633	2,187	2,077	-	2,077	1,954
Object Classification:						
11.1 Full-Time Permanent Positions.....	\$176,965	\$171,320	\$170,786		\$170,786	\$164,746
11.3 Other than Full-Time Permanent Positions.....	2,376	2,073	\$2,073		2,073	\$1,927
11.5 Other Personnel Compensation.....	2,348	7,232	\$7,232		7,232	\$6,893
11.8 Special Personal Services Payments.....	0	36,559	\$36,559		36,559	\$29,999
11.9 Personnel Compensation (Total).....	\$181,689	\$217,184	\$216,650	\$0	\$216,650	\$203,565
12.0 Personnel Benefits.....	49,627	46,239	46,119		46,119	44,419
13.0 Benefits to Former Personnel.....	730	210	210		210	647
21.0 Travel.....	1,869	2,643	2,643		2,643	2,631
22.0 Transportation of Things.....	293	369	369		369	339
23.1 Rental Payments to GSA.....	22,324	27,612	27,612		27,612	27,775
23.2 Rent Payments to Others.....	822	679	679		679	679
23.3 Communications, Utilities, & Misc.....	16,088	14,894	14,845		14,845	12,289
24.0 Printing and Reproduction.....	938	1,440	1,440		1,440	884
25.1 Advisory & Assistance Services.....	6,452	8,049	8,049		8,049	7,656
25.2 Other Services.....	33,394	21,953	21,953		21,953	17,740
25.3 Purchase of Goods/Serv. from Govt. Accts.....	58,630	28,497	28,497		28,497	20,481
25.4 Operation & Maintenance of Facilities.....	1,705	1,301	1,301		1,301	1,124
25.6 Medical Care.....	2	13	13		13	10
25.7 Operation & Maintenance of Equipment.....	10,147	8,350	8,350		8,350	8,298
25.8 Subsistence & Support of Persons.....	8	0	0		0	0
26.0 Supplies and Materials.....	4,240	4,551	4,524		4,524	2,993
31.0 Equipment.....	6,468	7,758	7,488		7,488	8,071
32.0 Lands and Structures.....	1,214	648	648		648	881
42.0 Insurance Claims & Indemn.....	12	50	50		50	50
Total Budget Authority.....	\$396,652	\$392,440	\$391,440	\$0	\$391,440	\$360,531
Budget Activities:						
Collections.....	22,143	21,265	21,166		21,166	20,387
GOVerify Business Center.....	0	10,000	10,000		10,000	5,000
Government Agency Investment Services.....	16,257	15,419	15,419		15,419	13,672
Government-wide Accounting and Reporting.....	67,342	64,672	64,374		64,374	62,002
Payments.....	138,354	132,868	132,265		132,265	128,040
Retail Securities Services.....	118,389	116,260	116,260		116,260	101,686
Summary Debt Accounting.....	13,167	8,836	8,836		8,836	8,254
Wholesale Securities Services.....	21,000	23,120	23,120		23,120	21,490
Total Budget Authority.....	\$396,652	\$392,440	\$391,440	\$0	\$391,440	\$360,531

* In FY 2011 and FY 2012 FMS and BPD resources were managed separately. FMS direct programs include: Collections, Payments, and Government-wide Accounting and Reporting. BPD Programs include: GOVerify Business Center, Government Agency Investment Services, Retail Securities Services, Summary Debt Accounting, and Wholesale Securities Services.

2B – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
<p style="text-align: center;">DEPARTMENT OF THE TREASURY THE FISCAL SERVICE</p> <p style="text-align: center;">Federal Funds</p> <p><i>For necessary expenses of operations of the Fiscal Service, not including expenses of Departmental Offices, \$360,531,000; of which not to exceed \$4,210,000, to remain available until September 30, 2015, is for information systems modernization initiatives; and of which \$5,000 shall be available for official reception and representation expenses: Provided, That the sum appropriated herein from the general fund for fiscal year 2013 shall be reduced by not more than \$1,000,000 as definitive security issue fees and Legacy Treasury Direct Investor Account Maintenance fees are collected, so as to result in a final fiscal year 2013 appropriation from the general fund estimated at \$359,531,000.</i></p> <p><i>In addition, \$165,000, to be derived from the Oil Spill Liability Trust Fund to reimburse administrative and personnel expenses for financial management of the Fund, as authorized by section 1012 of Public Law 101-380.</i></p> <p>[For necessary expenses of the Financial Management Service, \$217,805,000, of which not to exceed \$4,210,000 shall remain available until September 30, 2014, for information systems modernization initiatives; and of which not to exceed \$2,500 shall be available for official reception and representation expenses.]</p> <p>[For necessary expenses connected with any public-debt issues of the United States, \$173,635,000, of which not to exceed \$2,500 shall be available for official reception and representation expenses, and of which not to exceed \$10,000,000 shall remain available until September 30, 2014, to reduce improper payments: <i>Provided</i>, That the sum appropriated herein from the general fund for fiscal year 2012 shall be reduced by not more than \$8,000,000 as definitive security issue fees and Legacy Treasury Direct Investor Account Maintenance fees are collected, so as to result in a final fiscal year 2012 appropriation from the general fund estimated at \$165,635,000. In addition, \$165,000 to be derived from the Oil Spill Liability Trust Fund to reimburse the Bureau for administrative and personnel expenses for financial management of the Fund, as authorized by section 1012 of Public Law 101-380.] (<i>Department of the Treasury Appropriations Act, 2012.</i>)</p>	<p>This language allows consolidation of the bureaus without changes in authorizing statutes.</p>

2B – Permanent, Indefinite Appropriations

Federal Reserve Bank Permanent, Indefinite Appropriation

The Federal Reserve Banks (FRBs) act as fiscal agents of the United States when directed by the Secretary of the Treasury in accordance with 12 U.S.C. 391. The FRBs support the fiscal operations and provide banking and financial services on behalf of the Treasury of the United States. Since the FRBs support many Fiscal Service program activities, the performance measures listed in the Salaries and Expense section of this budget apply to the work done by the FRBs. The Fiscal Service estimates that the cost of FRB services for FY 2013 will be approximately \$331 million.

Reimbursements to the Federal Reserve Banks

Public Law 101-509, 104 Stat. 1389, 1394 (1990), established a permanent indefinite appropriation to pay such sums as necessary to reimburse the FRBs for acting as fiscal agents. A permanent indefinite account was established in FY 1992. Claims for reimbursements are closely monitored for compliance with the Instructions for Filing Reimbursement Claims for Fiscal Agency Services Provided to the Fiscal Service (current edition). Funding for FY 2013 is estimated at \$106,800,000.

Financial Agent Services Permanent, Indefinite Appropriation

Congress has given the Secretary of the Treasury broad discretion to deposit money in financial institutions and to obtain banking services by designating financial institutions to act/serve as Financial Agents (FA) of the United States. The services support many Fiscal Service programs such as Electronic Federal Tax Payment System (EFTPS), the Lockbox Networks, E-Commerce systems, and the deposit reporting and cash concentration system called C\$HLINK II. These and other programs are vital to the Fiscal Service's strategic goals, the National Financial Critical Infrastructure, and the expanding E-Government. The services provided by the FAs are authorized under numerous statutes including, but not limited to, 12 U.S.C. 90 and 265. In FY 2004, Treasury received a Permanent Indefinite appropriation to pay for these services. The Fiscal Service estimates that the cost of FA services for FY 2013 will be approximately \$631 million, which includes \$17 million for Government Sponsored Enterprise - Mortgage Backed Securities administrative costs.

Government Losses in Shipment

Public Law 103-329 established a permanent indefinite appropriation to pay such sums as necessary to make payments for the replacement of valuables, or the value thereof, lost, destroyed, or damaged in the course of United States Government shipments. The Government Losses in Shipment Act was approved July 8, 1937, to dispense with the necessity for insurance by the Government against loss or damage to valuables in shipment and for other purposes. The Act was amended in 1943 to cover losses resulting from the redemption of savings bonds (for example, stolen bonds, which were fraudulently negotiated even though the paying agent followed identification guidelines established by the Treasury). All authority of the Treasury under the Act has been delegated to the Commissioner of the Fiscal Service. In FY 2013, the funding estimated to support payments for the replacement of valuables is \$969,000.

2.3 – Permanent, Indefinite Appropriations Table

(Dollars in Thousands)

Permanent, Indefinite Appropriation	2011 Enacted	2012 Enacted	2013 Request
Federal Reserve Bank	\$321,000	\$329,000	\$331,000
Reimbursements to the Federal Reserve Banks	\$124,400	\$119,000	\$106,800
Financial Agent Services*	\$625,000	\$623,000	\$631,000
Government Losses in Shipment	\$1,155	\$800	\$969

* FY 2011, FY 2012, and FY 2013 include costs for the Government Sponsored Enterprise – Mortgage Backed Securities administrative costs of \$21 M, \$17 M, and \$17 M respectively.

Note: Approximately \$73M is reimbursed from other Government agencies and deposited into the General Fund each year.

2C – Legislative Proposals

- 1. Allow Offset of Federal Income Tax Refunds to Collect Delinquent State Income Taxes for Debtors Who Currently Reside in Other States.** *No Federal budgetary impact; \$1.2 billion over 10 years for state taxes*

Under current law, Federal tax refunds may be offset to collect delinquent state income tax obligations only if the delinquent taxpayer resides in the state collecting the tax. This proposal will allow the Treasury to offset Federal income tax refunds to collect delinquent state tax obligations regardless of where the debtor resides.

- 2. Increase Levy Authority for Payments to Medicare Providers with Delinquent Tax Debt.** *Estimated revenues: \$717 million over 10 years*

The Budget proposes a change to the Department of the Treasury’s debt collection procedures that will increase the amount of delinquent taxes collected from Medicare providers. Through the Federal Payment Levy Program, the Treasury deducts (levies) a portion of a Government payment to an individual or business in order to collect unpaid taxes. Pursuant to the Medicare Improvements for Patients and Providers Act of 2008, Treasury is authorized to continuously levy up to 15 percent of a payment to a Medicare provider in order to collect delinquent tax debt. The Budget proposal will allow Treasury to levy up to 100 percent of a payment to a Medicare provider to collect unpaid taxes.

- 3. Clarify Treasury’s Authority to Recover Unclaimed Assets of the United States and Pay Costs from Amounts Recovered.** *Estimated recoveries (net): \$20 million over 10 years*

The Budget proposes to clarify Treasury’s authority to recover from states and other entities unclaimed assets in the name of the United States or in the name of departments, agencies, and other subdivisions of the Federal Government. Many agencies are not recovering these assets due to lack of expertise and funding. Under current authority, Treasury collects delinquent debts owed to the United States and retains a portion of collections, which is the sole source of funding for its debt collection operations. While

unclaimed Federal assets are generally not considered to be delinquent debts, Treasury's debt collection operations personnel have the skills and training necessary to cost-efficiently recover these assets. This legislation would authorize Treasury to use its resources to recover assets of the United States, and to pay its costs from amounts recovered, rather than from direct appropriations.

Sec. 119. Section 3711 of title 31, United States Code, is amended by adding a new subsection (j) to read as follows: "(j)(1) The Secretary of the Treasury (referred to in this subsection as the "Secretary") may locate and recover assets of the United States Government on behalf of any executive, judicial, or legislative agency in accordance with such procedures as the Secretary considers appropriate. (2) Notwithstanding any other law concerning the depositing and collection of Federal payments, including section 3302(b) of this title, the Secretary may retain a portion of the amounts recovered pursuant to this subsection to cover the Secretary's costs associated with locating and recovering assets of the United States. The amounts retained shall be deposited into an account established in the Treasury to be known as the "Unclaimed Assets Recovery Account" (referred to in this paragraph as the "Account"). Amounts deposited in the Account shall be available until expended to cover costs associated with implementation and operation of the Secretary's asset recovery program established under this subsection. (3) To carry out the purposes of this subsection, the Secretary may: (A) Transfer to the Account from funds appropriated to the Department of Treasury such amounts as may be necessary to meet liabilities and obligations incurred prior to the receipt of recovered assets; and (B) Reimburse any appropriation from which funds were transferred under this paragraph from the amounts retained from recovered assets. Any reimbursement under this paragraph shall occur during the period of availability of the funds originally transferred from an appropriation and shall be available for the same time period and purposes as originally appropriated."

Section 3 – Budget and Performance Plan

3A – Collections

(\$20,387,000 from direct appropriations, and \$176,000 from reimbursable programs):

The Collections Program supports its strategic goal to provide timely, accurate, and efficient collection of Federal Government receipts. The Fiscal Service manages the collection of Federal revenues such as individual and corporate income tax deposits, customs duties, loan repayments, fines, and proceeds from leases. In addition, the Fiscal Service establishes and implements collection policies, regulations, standards, and procedures for the Federal Government.

In addition to implementing the CCMM initiative, which will enable the Fiscal Service and Government agencies to more effectively manage and collect Government receipts, the Fiscal Service continues to promote the use of electronic systems in the collections process and assist agencies in converting collections from paper to electronic media with programs such as:

- *Electronic Federal Tax Payment System (EFTPS):* The Fiscal Service has been working to communicate the benefits of EFTPS – accuracy, security, simplicity, and flexibility – to financial institutions, small businesses, and tax practitioners. Internal Revenue Service (IRS) research has shown that businesses using EFTPS are 31 times less likely to make an error. The goal is to continue to require businesses and individuals to pay their Federal taxes electronically through EFTPS. EFTPS currently collects approximately 84 percent of United States tax dollars.
- *Pay.gov:* Pay.gov is a system allowing individuals and businesses to make nontax payments to Federal agencies over the internet. New developments will focus on interfaces with new systems within the new Collections Business Line Enterprise Architecture, improved interfaces with Federal agencies, and enhanced functionality. Pay.gov, currently serves 157 Federal agencies representing 733 cash flows. In FY 2011, Pay.Gov processed nearly 76.4 million transactions and collected approximately \$86.8 billion.
- *Check Conversion and Truncation:* It is Fiscal Service's goal that all paper checks remitted to the Federal Government will be converted or truncated and processed electronically. Paper Check Conversion Over-The-Counter (PCC OTC), OTCnet, and Electronic Check Processing (ECP) are programs that provide a complete electronic record of all check images and related financial data accessible via a web-based archive and eliminate the need to photocopy checks, safeguard checks, or process paper. In FY 2011, over 64.4 million items with a value of over \$65 billion were processed through these check conversion/truncation applications.

Description of Performance:

The measure, *Percentage Collected Electronically of Total Dollar Amount of Federal Government Receipts* refers to the dollar value of collections received electronically. In FY 2011, the Fiscal Service collected 96 percent of collections electronically, exceeding its target of 82 percent. The Fiscal Service attributes this increase to the new regulation that requires all businesses currently required to use a FTD coupon to pay electronically. By continuing to implement the Paperless Treasury initiative and the CCMM initiative the Fiscal Service expects

to continue receiving collections through electronic methods and anticipates maintaining its 96 percent collection rate in FY 2013.

The Fiscal Service achieved its target of \$1.70 *Unit Cost to Process a Federal Revenue Collection Transaction* by achieving approximately \$1.45 per unit in FY 2011. The Fiscal Service was able to make its collections process more cost-efficient by converting paper cash flows into more efficient electronic processing. The Fiscal Service will continue to promote and convert collections from paper to the more efficient electronic media but anticipates the unit cost to increase to \$1.70 in FY 2012 due to implementation costs associated with the CCMM initiative. The CCMM initiative will significantly improve the efficiency of the Fiscal Service to collect Government receipts; therefore the unit cost is expected to decrease once the CCMM initiative has been fully implemented. However, until full implementation is realized, the Fiscal Service must continue to maintain legacy systems and processes, and incur the costs to maintain those systems. The Fiscal Service will discontinue reporting this measure externally in FY 2013 due to an effort to streamline performance reporting, but will continue to track the measure internally. The goal owner for this budget activity is the Assistant Commissioner, Federal Finance.

3.1.1 – Collections Budget and Performance Report and Plan

Dollars in Thousands

Collections Budget Activity

Resource Level	FY 2006 Enacted	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request
Appropriated Resources	\$16,931	\$17,434	\$19,804	\$21,521	\$21,911	\$22,624	\$21,166	\$20,387
Reimbursable Resources	\$0	\$0	\$0	\$0	\$113	\$1,419	\$198	\$176
Total Resources	\$16,931	\$17,434	\$19,804	\$21,521	\$22,024	\$24,043	\$21,364	\$20,563

Budget Activity Total	\$16,931	\$17,434	\$19,804	\$21,521	\$22,024	\$24,043	\$21,364	\$20,563
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Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
Percentage Collected Electronically of Total Dollar Amount of Federal Government Receipts	79.0	79.0	80.0	84.0	85.0	96.0	96.0	96.0
Unit Cost to Process a Federal Revenue Collection Transaction	1.1	1.19	1.195	1.57	1.67	1.45	1.7	DISC

Key: DISC - Discontinued and B - Baseline

3B – Debt Collection

(\$0 from direct appropriations, and \$118,616,000 from reimbursable programs):

The Fiscal Service's debt collection program supports its strategic goal to maximize collection of delinquent debt owed to the Government. The Fiscal Service collects delinquent Government and child support debt by providing centralized debt collection, oversight, and operational services to Federal Program Agencies (FPAs) and states pursuant to the Debt Collection Improvement Act (DCIA) of 1996 and related legislation. The Fiscal Service uses two debt collection programs: Treasury Offset Program (TOP) and Cross Servicing.

In FY 2012, the Fiscal Service expects to increase debt collections by (1) repurposing the Austin Payment Center as a debt collection center, (2) undertaking three management and administrative reforms, which include improving the offset match process, improving analytic tools, and expanding Administrative Wage Garnishment, (3) enhancing the FedDebt system, and (4) expanding offset services by improving matching debtors to payments and adding new collections like unemployment compensation.

Description of Performance: In FY 2011 the Fiscal Service exceeded its target of \$43 in the *Amount of Delinquent Debt Collected per Dollar Spent* with approximately \$51.65, exceeding its target as a result of an increase in agency referrals, expansions of the State reciprocal and Unemployment Insurance Compensation Programs, a salary offset pilot with the Department of Education, and system process enhancements.

The Fiscal Service expects to achieve its target in FY 2012 because of increased collections as a result of the conversion of the Austin Payment Center to a Debt Collection Center. The Fiscal Service continues to roll out Debt Check, an online program used to help agencies bar delinquent debtors from obtaining new loans or loan guarantees. The Fiscal Service began adding alias names to TOP database to improve debt matching in TOP and increase offset collections. Development of the TOP Next Generation (NG) system began in FY 2011. When completed, the TOP NG system will support additional debt, handle increasingly larger volumes of debt collection, and emerging and expanding payment throughput into the future, and meet all essential stakeholder needs.

Additionally, the Fiscal Service anticipates that several new legislative proposals that will increase debt collection will be approved in the FY 2012 and be fully realized in FY 2013. The Fiscal Service will discontinue reporting this measure externally in FY 2013 due to an effort to streamline performance reporting, but will continue to track the measure internally.

In FY 2011, the Fiscal Service collected \$6.173 billion in *Delinquent Debt through All Available Tools*, achieving its target of \$4.84 billion. The amount collected includes \$2 million from Economic Recovery Payments, \$2.31 billion in past due child support, \$2.74 billion in Federal nontax debt, and over \$1 billion in Federal tax levies and state tax debt offsets. The target was exceeded due to several improvements which include an increase in agency referrals, expansion of the State Reciprocal and Unemployment Insurance Compensation Programs, the salary offset pilot with the Department of Education, and several debt collection systems and process enhancements. The Fiscal Service goal for FY 2012 and FY 2013 is to collect \$6.67 billion and \$7.2 billion respectively in delinquent debts through the use of expanding the administrative

wage garnishment collection tool and legislative changes such as the proposal to allow the Treasury to offset Federal income tax refunds to collect delinquent state tax obligations regardless of where the debtor resides. The Fiscal Service is confident it will be able to meet this goal.

The DCIA of 1996 requires agencies to refer any delinquent debt over 180 days old. The measure, *Percentage of Delinquent Debt Referred to Fiscal Service for Collection to Amount Eligible for Referral* tracks the percentage of dollar volume of debt referred to the total dollar volume that is eligible for referral. In FY 2011 the Fiscal Service exceeded its target of 97 percent with 100 percent of eligible delinquent debt referred. The target was exceeded as a result of high performing agency outreach and education efforts and improvements made to debt collection systems. The Fiscal Service expects to continue to achieve its target as a result of these efforts. The Fiscal Service will discontinue reporting this measure externally in FY 2013 due to an effort to streamline performance reporting, but will continue to track the measure internally. The goal owner for this budget activity is the Assistant Commissioner, Debt Management Services.

3.1.2 – Debt Collection Budget and Performance Report and Plan

Dollars in Thousands

Debt Collection Budget Activity

Resource Level	FY 2006 Enacted	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request
Appropriated Resources	\$10,162	\$5,029	\$0	\$0	\$0	\$0	\$0	\$0
Reimbursable Resources	\$40,185	\$67,611	\$77,330	\$86,247	\$93,397	\$80,036	\$97,052	\$118,616
Total Resources	\$50,347	\$72,640	\$77,330	\$86,247	\$93,397	\$80,036	\$97,052	\$118,616

Budget Activity Total	\$50,347	\$72,640	\$77,330	\$86,247	\$93,397	\$80,036	\$97,052	\$118,616
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Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
Amount of Delinquent Debt Collected Per \$1 Spent	39.97	53.55	54.76	53.76	54.54	51.65	47.0	DISC
Amount of Delinquent Debt Collected Through All Available Tools (\$ billions)	3.34	3.76	4.41	5.03	5.45	6.17	6.67	7.20
Percentage of Delinquent Debt Referred for Collection Compared to Amount Eligible for Referral	95.0	100.0	99.0	100.0	100.0	100.0	98.0	DISC

Key: DISC - Discontinued and B - Baseline

3C – GOVerify Business Center

(\$5,000,000 from direct appropriations):

Following the June 2010 Presidential Memorandum on *Enhancement of Payment Accuracy Through a “Do Not Pay List,”*, the GOVerify Business Center was established for use by all departments and agencies in order to achieve the goal of preventing ineligible recipients from receiving payments or awards from the Federal Government. The GOVerify Business Center is a significant step toward meeting the President’s directive to establish a single-entry point that departments and agencies can access to determine eligibility information prior to making an award or payment, while also providing other services. Specifically, the GOVerify Business Center is comprised of two components geared towards reducing improper payments:

- **The GOVerify Portal** is a web-based, single-entry access portal that assists efforts to prevent improper payments. The GOVerify Portal enables departments and agencies to access data sources identified in the Memorandum in a centralized location, including the Death Master File, the Excluded Parties List System, and the List of Excluded Individuals and Entities. Access to Treasury’s Debt Check database will be available in March 2012. Treasury will continue to research and add federal and commercially available data sources to the Portal. This data will assist agencies in their efforts to reduce improper payments throughout the pre-award, pre-payment, and post-payment review processes.
- **The GOVerify Data Analytics Services** utilize data sources such as the Office of Foreign Assets Control List, zip code data, prison information, and several privately available data sources that are in addition to those data sources included in the GOVerify Portal. These data resources are augmented by advanced data analytic activities such as identifying trends, risks, and patterns of behavior that may warrant a more thorough analysis and investigation on the part of the Federal agency.

The Fiscal Service will work on developing a performance measure for the GOVerify Business Center once the program is past the initial stages of implementation. The goal owner for this budget activity is the Program Manager, GOVerify.

3.1.3 – GOVerify Business Center Budget and Performance Report and Plan

Dollars in Thousands

GOVerify Business Center Budget Activity

Resource Level	FY 2006 Enacted	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request
Appropriated Resources	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000	\$5,000
Reimbursable Resources	\$0	\$0	\$0	\$0	\$0	\$0	\$107	\$0
Total Resources	\$0	\$0	\$0	\$0	\$0	\$0	\$10,107	\$5,000
Budget Activity Total	\$0	\$0	\$0	\$0	\$0	\$0	\$10,107	\$5,000

3D – Government Agency Investment Services (GAIS)

(\$13,672,000 from direct appropriations, and \$2,076,000 from reimbursable programs):

The GAIS Program works to effectively finance Government operations by offering specialized investments for Government entities at the Federal, state, and local levels, as well as borrowings by Federal agencies. This program consists of three distinct components: Federal Investments, Special Purpose Securities, and Federal Borrowings.

The Federal Investments component includes issuing, servicing and redeeming Government Account Series securities for Federal agencies that have specific statutory authority to invest, such as the Social Security and Medicare Funds, as well as the Unemployment and Highway Trust Funds. Special Purpose Securities are issued to offer a flexible investment alternative for state and local governments to refinance their outstanding tax-exempt debt. Federal Borrowings account for and report on loans made by other Federal agencies such as education, housing, farming, and small business support. The goal owner for this budget activity is the Assistant Commissioner, Office of Public Debt Accounting.

Other Resources:

Reimbursements totaling \$2,076,000 are allocated to this program for providing administrative support to the Fiscal Service's franchise operation.

Description of Performance:

In FY 2011, the cost per Federal funds investment transaction was \$84.67, which was below the target of \$86.18. Efficiencies gained through the Fiscal Service's long term goal to consolidate common GAIS control processes helped enable the target to be met. Beginning in FY 2012, the costs and volumes used in the calculation of the cost per item will change from a single component, Federal funds investments, to a GAIS summary level projection in order to incorporate all GAIS components including Federal funds investments, Federal borrowings, and special purpose securities. The new GAIS measure will be based upon a five-year rolling average volume to limit the impact of external, uncontrollable variables on the measure.

The new consolidated GAIS cost per transaction target in FY 2012 is \$34.56 and \$33.32 in FY 2013. The target cost per item decrease from FY 2012 to FY 2013 is attributable to increased costs during FY 2012 associated with a system enhancement project. The Fiscal Service expects to meet these new targets by realizing the benefits of streamlining and standardizing common business processes for all components of the GAIS Program.

The Fiscal Service is working to achieve its long-term goal of consolidating the systems that house GAIS data into a single integrated control environment, which will reduce operational risks and allow the program to consolidate and standardize internal controls over GAIS processes. The control environment originally consisted of 18 processes in 2006 and has been consolidated into eight standardized processes as of FY 2011. In FY 2012 the program plans to consolidate the remaining two processes, leaving six standardized processes and concluding the project. Accordingly, the number of GAIS control processes consolidated measure will be discontinued in FY 2013.

In preparation for the end of the consolidation project, the GAIS Program established a goal of providing high quality customer satisfaction, transaction processing, and accurate and timely payments to investors. To measure performance in relation to this goal, the organization completed an initial customer survey focusing on program and system satisfaction, identifying opportunities for improvement. A baseline was determined, and the program set a goal to incrementally increase the percentage of respondents giving GAIS the highest level of customer satisfaction. During FY 2011, survey results showed 60 percent of respondents rating their overall satisfaction with GAIS as "Excellent." This percentage exceeded the goal of 56 percent for the year. Using the survey responses, the Fiscal Service plans to target areas for improvement, thereby progressively increasing the percentage of customers rating GAIS as "Excellent" in FY 2012. Customer responses to the program and system related questions will determine cost beneficial enhancements made to the system as well as procedural updates for the programs.

3.1.4 – Government Agency Investment Services Budget and Performance Report and Plan

Dollars in Thousands

Government Agency Investment Services Budget Activity

Resource Level	FY 2006 Enacted	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request
Appropriated Resources	\$13,555	\$14,594	\$15,745	\$17,723	\$18,013	\$16,045	\$15,419	\$13,672
Reimbursable Resources	\$1,245	\$3,454	\$4,473	\$1,698	\$2,008	\$1,937	\$2,121	\$2,076
Total Resources	\$14,800	\$18,048	\$20,218	\$19,421	\$20,021	\$17,982	\$17,540	\$15,748

Budget Activity Total	\$14,800	\$18,048	\$20,218	\$19,421	\$20,021	\$17,982	\$17,540	\$15,748
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Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
Cost Per Government Agency Investment Services Transaction (\$)	62.64	68.53	64.98	41.71	82.08	84.67	34.56	33.32
Number of Government Agency Investment Services control processes consolidated	N/A	3.0	2.0	0.0	5.0	0.0	2.0	DISC
Percent of Respondents Selecting the Highest Rating of Customer Satisfaction with Government Agency Investment Services (%)	N/A	N/A	N/A	N/A	55.0	60.0	57.0	58.0

Key: DISC - Discontinued and B - Baseline

3E – Government-wide Accounting and Reporting (GWA)

(\$62,002,000 from direct appropriations, and \$3,288,000 from reimbursable programs):

The GWA Program supports the Fiscal Service's strategic goal to produce timely and accurate financial information that contributes to the improved quality of financial decision making by operating and overseeing the Government's central accounting and reporting system. The GWA Program also works with FPAs to adopt uniform accounting and reporting standards and systems. It provides support, guidance, and training to assist FPAs in improving their Government-wide accounting and reporting responsibilities. The Fiscal Service collects, analyzes, and publishes Government-wide financial information, which is used by the Federal Government to establish fiscal and debt management policies and by the public and private sectors to monitor the Government's financial status. Publications include the *Daily Treasury Statement*, the *Monthly Treasury Statement*, the *Treasury Bulletin*, the *Combined Statement of the United States Government*, and the FR.

The GWA cash reporting function supports the National Financial Critical Infrastructure. In this capacity GWA continues to obtain an unqualified opinion on the Audit of Non-entity Schedules of Government-wide Cash. The Fiscal Service is taking significant steps to address the material weaknesses found in the compilation process of the FR including:

1. Requiring comprehensive accounting data from agencies on a quarterly basis that will allow Fiscal Service to better analyze the data for consistency and completeness.
2. Providing agencies with authoritative data to reconcile inter-agency transfers and other transactions that agencies report to the central accounting system.
3. Using the Chief Financial Officers (CFO) Council, Central Reporting Team as a forum to discuss accounting and reporting issues that affect the FR.
4. Working with the CFO Council and OMB to develop more consistent business rules for intra-governmental transactions.
5. Reconciling the agency data to central accounting data, which Fiscal Service uses to prepare the Reconciliations of Net Cost and Unified Budget Deficit Statement and the Statement of Changes in Cash Balance from Unified Budget and Other Activities.
6. Strengthening internal controls over the process for preparing the FR.

The goal of these actions is to remove the compilation process as a barrier to a clean audit opinion for the FR.

Description of Performance:

In FY 2011, the Fiscal Service continued to achieve its target of 100 percent for its measures *Percentage of Government-Wide Accounting Reports Issued Accurately* and *Percentage of Government-Wide Accounting Reports Issued Timely*. The Fiscal Service continued to achieve its target by maintaining its established process of validating and reconciling data with reporting sources such as the Regional Finance Centers, FPAs, and various electronic deposit and payment applications. The Fiscal Service will continue modernization efforts to ensure the timeliness of these reports and anticipates it will continue to achieve the 100 percent target for FY 2013. The Fiscal Service will discontinue the *Percentage of Government-Wide Accounting Reports Issued Accurately* measure, but will continue to track the accuracy of reports internally. The measure will be discontinued in order to focus on the reports being issued on time and improve financial

decision making. The discontinued measure will be replaced with the following measure, *Percentage of Government-wide Accounting Reports, which include the Daily Treasury Statement (DTS), Monthly Treasury Statement (MTS), and consolidated Financial Report (FR), Issued on Time.*

In FY 2011 GWA's *Unit Cost to Manage \$1 Million Dollars of Cash Flow* was \$6.93, achieving its target. The decrease unit cost is attributable to the significant increase in cash flows over the past two years versus the ten year linear trend on which the target estimate is based. The Fiscal Service anticipates the unit cost to increase to \$7.32 in FY 2012. In FY 2013 Fiscal Service's implementation of modernization efforts as well as efficiencies gain in information technology will help reduce the Fiscal Service's costs associated with this measure by replacing the legacy system which is not cost efficient and uses outdated technology. The new system will provide critical financial information to the Federal Government, such as, budgetary results on a monthly basis, Federal programs spending authority, maintain the Federal Government's account structure and account for and report the Government's operating cash. The Fiscal Service will discontinue this measure in FY 2013 due to an effort to streamline performance reporting, but will continue to track the measure internally. The goal owner for this budget activity is the Assistant Commissioner, Government-wide Accounting.

3.1.5 – Government-wide Accounting and Reporting Budget and Performance Report and Plan

Government-wide Accounting and Reporting Budget Activity

Resource Level	FY 2006 Enacted	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request
Appropriated Resources	\$62,653	\$64,510	\$68,642	\$70,547	\$71,826	\$68,804	\$64,374	\$62,002
Reimbursable Resources	\$500	\$1,122	\$0	\$3,179	\$4,123	\$4,215	\$4,412	\$3,288
Total Resources	\$63,153	\$65,632	\$68,642	\$73,726	\$75,949	\$73,019	\$68,786	\$65,290

Budget Activity Total	\$62,153	\$65,632	\$68,642	\$3,726	\$75,949	\$73,019	\$68,786	\$65,290
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Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
Percentage of Government-Wide Accounting Reports Issued Timely	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percentage of Government-Wide Accounting Reports Issued Accurately (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	DISC
Unit Cost to Manage \$1 Million Dollars of Cash Flow	B	10.36	8.958	7.08	7.36	6.93	7.32	DISC

Key: DISC - Discontinued and B - Baseline

3F – Payments

(\$128,040,000 from direct appropriations, and \$102,401,000 from reimbursable programs):

The Payments Program supports the Fiscal Service's strategic goal to provide timely, accurate, and efficient disbursement of Federal Government payments. The Fiscal Service is responsible for managing and operating Federal payment systems and disbursing approximately 84 percent of all Federal payments. Major payments include: Social Security Benefits, Supplemental Security Income, Federal Pension Benefits, Veterans' Compensation and Pension, Railroad Retirement Pensions, and tax refunds.

The Payments Program is also responsible for controlling and providing financial integrity to the payments process through reconciliation, accounting, and claims activities. The claims activity settles claims against the United States resulting from Federal Government checks that have been forged, lost, stolen, or destroyed as well as claims and reclamations for Electronic Funds Transfers (EFTs) payments. The Fiscal Service collects monies from those parties liable for fraudulent or otherwise improper negotiation of Government checks.

The activity also supports the Paperless Treasury initiative by encouraging recipients to convert to electronic payment methods. Electronic payments provide timely, accurate, and efficient disbursement of Federal Government payments; minimize the costs associated with postage and the re-issuance of lost or stolen checks; and protect against fraud and identity theft. The Fiscal Service's nationwide campaign called "Go Direct" encourages current check recipients to switch to direct deposit. To date, Go Direct has been responsible for approximately 7.15 million estimated EFT conversions. For beneficiaries who prefer a prepaid debit card or those who do not have a bank account, the Fiscal Service offers the Direct Express[®] card, which enables benefit payments to be automatically deposited into the recipient's card account on the payment date. The card is currently available to Social Security, Supplemental Security Income, Veterans' Compensation and Pension, Railroad Retirement Board, Office of Personnel Management and Department of Labor benefit recipients. In FY 2011, more than 2.45 million beneficiaries have signed up for the Direct Express[®] card. The combined impact of both programs will save millions of dollars to the taxpayer in years to come.

In support of its payments function, the Fiscal Service has also undertaken considerable efforts to modernize its payment systems, incorporating new technologies and the internet. Some programs that will continue to be in focus are:

- *Stored Value Card (SVC):* The SVC is a smartcard similar to a credit/debit card, which aims to reduce the float-loss and risk associated with the more than \$2 billion in coin and currency in circulation at military bases, ships at sea, and other closed Government locations around the world.
- *Internet Payment Platform (IPP):* The IPP is a centralized, secure, web-based application service that accepts, processes, and presents data from agencies and supplier systems related to all stages of electronic order-to-payment transactions. IPP will offer an e-invoicing portal for all Government agencies and supports the Office of Financial Innovation and Transformation's (OFIT) initiative to develop a standard for electronic invoicing Government-wide.

- *Payment Application Modernization (PAM)*: The PAM project is an effort to replace the current mainframe-based software applications that are used to disburse approximately one billion Federal payments annually.
- *Post Payment Systems Consolidation*: The Fiscal Service will undertake an effort to streamline its post-payment processes and systems by merging at least seven of its back-end systems into a consolidated post-payment system in order to eliminate redundant data, systems, and processes, thereby increasing the Fiscal Service's overall operational efficiency and cost-effectiveness.

Description of Performance:

In FY 2011 the Fiscal Service achieved its target of 100 percent for its measure *Percentage of Paper Check and EFT Payments Made Accurately and On-Time*. The Fiscal Service achieved its target by continuing to streamline and modernize its payment processes and expects to achieve the same results in FY 2012 and FY 2013. The Fiscal Service will discontinue reporting this measure externally in FY 2013 due to an effort to streamline performance reporting, but will continue to track the measure internally.

The measure *Percentage of Treasury Payments and Associated Information Made Electronically* supports Treasury's paperless agency priority goal. Due to the continued success of the Go Direct and Direct Express® programs and implementation of the Paperless Treasury initiative in FY 2011, the Fiscal Service issued more than 84 percent of its payments via EFT, exceeding its target of 83 percent. The Fiscal Service expects to achieve its targets in FY 2012 and FY 2013 by expanding electronic conversion efforts to additional benefit agencies and payment types, such as other vendor miscellaneous payments and IRS refunds.

The measure *Unit Cost for Federal Government Payments* measures how efficiently the payments program is managed. This includes both paper and electronic payment mechanisms and the corresponding aftermath processes (reconciliation and claims). In FY 2011, the Fiscal Service unit cost was \$0.37, exceeding its target of \$0.40 per payment. This is a result of higher than expected conversions from paper check to EFT, the Paperless Treasury initiative, and transition of the Austin Payment Center to a debt collection center. The Fiscal Service anticipates the unit cost per payment to remain constant at \$0.37 in FY 2012 due to an increase in EFT payments and subsequent decrease in check payments and from the cost savings from the payment center conversion. In FY 2013, the modernization efforts along with implementing the Paperless Treasury initiative will help to ensure that unit costs continue to decrease. The Fiscal Service will discontinue this reporting this measure in FY 2013 due to an effort to streamline performance reporting, but will continue to track the measure internally. The goal owner for this budget activity is the Assistant Commissioner, Payment Management (Chief Disbursing Officer).

3.1.6 – Payments Budget and Performance Report and Plan

Dollars in Thousands

Payments Budget Activity

Resource Level	FY 2006 Enacted	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request
Appropriated Resources	\$144,135	\$148,408	\$145,977	\$147,717	\$150,395	\$141,358	\$132,265	\$128,040
Reimbursable Resources	\$127,085	\$132,712	\$137,849	\$138,584	\$137,057	\$131,060	\$129,561	\$102,401
Total Resources	\$271,220	\$281,120	\$283,826	\$286,301	\$287,452	\$272,418	\$261,826	\$230,441

Budget Activity Total	\$271,220	\$281,120	\$283,826	\$286,301	\$287,452	\$272,418	\$261,826	\$230,441
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Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
Percentage of Paper Check and Electronic Funds Transfer (EFT) Payments Made Accurately and On-Time	100.0	100.0	100.0	100.0	100.0	100.0	99.9	DISC
Percentage of Treasury Payments and Associated Information Made Electronically	77.0	78.0	79.0	81.0	82.0	83.0	85.0	89.0
Unit Cost For Federal Government Payments	0.37	0.39	0.394	0.37	0.36	0.37	0.37	DISC

Key: DISC - Discontinued and B - Baseline

3G – Retail Securities Services (RSS)

(\$101,686,000 from direct appropriations, including \$1,000,000 from Legacy Treasury Direct User Fee collections, and \$16,841,000 from reimbursable programs):

Fiscal Service's RSS Program works to finance Government operations by selling marketable and savings securities directly to retail investors. The program serves more than 50 million retail customers. The Fiscal Service continues to encourage investors to move their paper savings bond holdings to TreasuryDirect, an online system that allows investors to buy, hold, manage, and redeem electronic Treasury securities directly from Treasury, through financial literacy programs that target customers not yet accustomed to conducting financial transactions online.

The Fiscal Service plans to decommission Legacy Treasury Direct from the Federal Reserve mainframe environment to avoid the substantial costs that will fall upon residual systems as that environment is phased out. Issues in Legacy Treasury Direct will be eliminated with a sunset date of November 2012.

The RSS Program is working on developing new Treasury securities that will provide simple, safe and affordable ways for Americans to save. In FY 2013, new savings program pilots will end, and RSS will implement programs based on the results of the pilots. The Fiscal Service will

continue to oversee the programs and provide customer support as needed. The goal owner for this budget activity is the Assistant Commissioner, Office of Retail Securities.

Other Resources: Offsetting collections totaling \$1,000,000 are collected for Legacy Treasury Direct Investor Account maintenance fees. In addition, reimbursements of \$16,841,000 are allocated to this program for providing administrative support to the Fiscal Service's franchise operation.

Description of Performance:

The *Cost per TreasuryDirect Assisted Transaction* performance measure demonstrates the Fiscal Service's efficiency in responding to customer inquiries. Although TreasuryDirect promotes investor self-service, there are times when assistance from a customer service representative is necessary. Representatives handle phone and email inquiries, offline authentication forms processing, conversions, changes in bank information, and transactions requiring legal evidence. In FY 2011, this cost was \$3.00, which was below the target of \$7.95. This outcome occurred because the volume of customer service requests increased over original projections as customers transitioned to TreasuryDirect from Legacy Treasury Direct and the paper payroll savings bond program.

The cost per TreasuryDirect assisted transaction is projected at \$4.74 in FY 2012 and \$5.70 in FY 2013. The Fiscal Service projects a slight increase in the cost per transaction in FY 2013 as additional resources are needed to assist new customers who transition from legacy programs and are less familiar with online financial systems. The Fiscal Service recently enhanced TreasuryDirect to implement machine-to-machine authentication to make it easier for customers to access their TreasuryDirect accounts. This new security measure eliminates the need for access cards, which is anticipated to increase the number of TreasuryDirect customers. This should reduce the number of customers requiring assistance to access their accounts and will help offset the services needed by new customers who transition from paper savings bonds and the Legacy Treasury Direct system.

The internet-based TreasuryDirect system allows investors to set up accounts, purchase electronic securities, and manage their holdings without customer assistance. In FY 2011 the *Cost per TreasuryDirect Online Transaction* was \$3.64, which was below the targeted cost of \$5.46. This occurred because volumes were significantly higher than expected as customers transitioned to TreasuryDirect from the Legacy Treasury Direct and paper payroll savings bond programs. The cost per TreasuryDirect online transaction is projected at \$3.04 in FY 2012 and \$2.99 in FY 2013. The drop in the cost per transaction is a result of an increase in anticipated volumes as customers continue to transition to TreasuryDirect from the paper savings bonds program and the Legacy Treasury Direct system. While the Fiscal Service takes steps to encourage participation in TreasuryDirect, it is able only to influence rather than control the volume of transactions.

RSS is committed to supporting Treasury's Paperless initiative by ending the sale of paper savings bonds and decommissioning Legacy Treasury Direct. The program will encourage people to buy securities, access their accounts and conduct transactions electronically. Beginning in FY 2011, RSS began measuring the increase in the number of customers who buy

Treasury securities electronically. In FY 2012, the program expects a 20 percent increase from FY 2011 levels in customers purchasing retail securities electronically. RSS expects to meet this goal since it discontinued the sale of paper savings bonds by December 31, 2011, continued to limit certain Legacy Treasury Direct offerings, and enhanced TreasuryDirect to improve the customer experience. For FY 2013, the program expects a 10 percent increase over FY 2012 levels.

The RSS Program did not meet its FY 2011 target for the measure *Percentage of Retail Customer Service Transactions Completed within 5 Business Days*. Performance was on target through March 2011, when the announcement to curtail services in Legacy Treasury Direct initiated an influx of customer requests to transfer holdings from Legacy Treasury Direct to TreasuryDirect. In the last six months of the fiscal year, RSS processed nearly 100 times its typical volume of these manually intensive transfer transactions. This increased workload caused the Fiscal Service to complete only 73.1 percent of time-sensitive retail customer service transactions within five business days and to miss the target of 87 percent. In FY 2012, RSS will maintain a target of 87 percent. In FY 2013, RSS anticipates it will meet its target of 88 percent by continually streamlining work processes and increasing the volume of electronic business transactions. Transactions include answering phone and email inquiries, processing payments or changes to payment instructions, and handling TreasuryDirect requests.

3.1.7 – Retail Securities Services Budget and Performance Report and Plan

Dollars in Thousands

Retail Securities Services Budget Activity

Resource Level	FY 2006 Enacted	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request
Appropriated Resources	\$147,529	\$137,020	\$135,690	\$139,109	\$139,569	\$135,337	\$116,260	\$101,686
Reimbursable Resources	\$13,854	\$9,029	\$9,066	\$16,293	\$15,554	\$16,336	\$17,884	\$16,841
Total Resources	\$161,383	\$146,049	\$144,756	\$155,402	\$155,123	\$151,673	\$134,144	\$118,527

Budget Activity Total	\$161,383	\$146,049	\$144,756	\$155,402	\$155,123	\$151,673	\$134,144	\$118,527
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Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
Cost Per TreasuryDirect Assisted Transaction (\$)	4.97	6.65	8.19	8.72	8.23	3.00	4.74	5.70
Cost Per TreasuryDirect Online Transaction (\$)	3.06	3.24	4.34	5.21	6.12	3.64	3.04	2.99
Increase the Number of Customers who buy Treasury Retail Securities Electronically	N/A	N/A	N/A	N/A	N/A	144,997	174,000	191,400
Percentage of Retail Customer Service Transactions Completed within 5 Business Days (%)	N/A	N/A	N/A	86.0	92.7	73.1	87.0	88.0

Key: DISC - Discontinued and B – Baseline

3H – Summary Debt Accounting (SDA)

(\$8,254,000 from direct appropriations, and \$1,153,000 from reimbursable programs):

The SDA Program is related to the organization’s strategic goal of effectively accounting for the debt of the Federal Government. SDA is vital to meeting the Fiscal Service’s responsibility to account for more than \$14 trillion of public debt and over \$400 billion in related interest expenses incurred to finance the operations of the Federal Government.

The program produces daily reports on the balances and composition of the public debt, the *Monthly Statement of the Public Debt*, and the annual, audited *Schedules of Federal Debt*, which reports on the single largest liability in the annual FR. SDA has received an unqualified opinion on the *Schedules of Federal Debt* for the past 15 years. The goal owner for this budget activity is the Assistant Commissioner, Office of Public Debt Accounting.

Other Resources: Reimbursements totaling \$1,153,000 are allocated to this program for providing administrative support to the Fiscal Service’s franchise operation.

Description of Performance:

The Fiscal Service tracks the *Cost per Summary Debt Accounting Transaction*, which includes reporting all financial activity related to the public debt of the United States. Issues, redemptions, and interest payments on the public debt must be accounted for to calculate the amount of debt outstanding and interest paid. In FY 2011, SDA's cost per summary debt accounting transaction was \$14.80, which was below its targeted transaction cost of \$15.50.

In order to maintain and improve operational efficiency in the future, the Fiscal Service is currently modernizing the summary debt accounting environment. As a result, the program projects the cost per summary debt accounting transaction to be \$23.80 in FY 2012 and \$23.29 in FY 2013. Beginning in FY 2012, the calculation of the cost per item is based on a five-year rolling average volume to limit the impact of transaction volatility in SDA. Prior to FY 2012, each calculation was based upon one-year's estimated volumes. The FY 2012 projected cost per summary debt accounting transaction is increasing over FY 2011 as a direct result of the development costs to redefine and modernize the SDA environment. The FY 2013 projection is decreasing due to the reduced level of system development costs during the fiscal year, as well as the operational efficiencies gained through the modernization effort.

In FY 2011 the *Percent of Summary Debt Accounting Business Processes Restructured or Eliminated* was 9.5 percent, surpassing the target of six percent. This goal was met due to an increased resource focus as a part of the Fiscal Service's effort to modernize the debt accounting environment and reengineer business processes to better support SDA needs. The Fiscal Service plans to restructure or eliminate six percent of business processes during FY 2012 and 26 percent of business processes during FY 2013. The organization expects the project to provide requirements for moving to a shared service solution, ensure consistent processes across the board, drive improvements in the subsidiary reporting systems, and ultimately create greater efficiency within the debt accounting programs at the summary and subsidiary levels.

3.1.8 – Summary Debt Accounting Budget and Performance Report and Plan

Dollars in Thousands

Summary Debt Accounting Budget Activity

Resource Level	FY 2006 Enacted	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request
Appropriated Resources	\$5,558	\$7,244	\$7,608	\$7,082	\$10,266	\$9,195	\$8,836	\$8,254
Reimbursable Resources	\$522	\$470	\$453	\$827	\$1,144	\$1,110	\$1,216	\$1,153
Total Resources	\$6,080	\$7,714	\$8,061	\$7,909	\$11,410	\$10,305	\$10,052	\$9,407

Budget Activity Total	\$6,080	\$7,714	\$8,061	\$7,909	\$11,410	\$10,305	\$10,052	\$9,407
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Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
Cost Per Summary Debt Accounting Transaction (\$)	10.96	9.29	9.11	8.66	11.28	14.80	23.80	23.29
Percent of Summary Debt Accounting business processes restructured or eliminated (%)	N/A	N/A	N/A	N/A	6.0	9.5	6.0	26.0

Key: DISC - Discontinued and B – Baseline

3I – Wholesale Securities Services (WSS)

(\$21,490,000 from direct appropriations, and \$3,000,000 from reimbursable programs):

The WSS Program supports the Fiscal Service’s strategic goal to effectively finance Government operations. WSS is responsible for the announcement, auction, issuance and settlement of marketable Treasury bills, notes, bonds and Treasury Inflation-Protected Securities. The program also oversees that portion of the Federal infrastructure that provides for the transfer, custody and redemption of all Treasury marketable securities, which are purchased mostly by commercial market participants.

The auction program, an element of the WSS Program, is an 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.

Another major component of this program is the commercial book entry system, which holds approximately \$9.5 trillion, or 99 percent, of Treasury marketable securities. Treasury uses this system to issue most of its marketable debt, make principal and interest payments, and support the active secondary market in Treasury securities. It is estimated that about \$1 trillion per day in Treasury securities are transferred among account holders in the commercial book-entry system. The goal owner for this budget activity is the Assistant Commissioner, Office of Financing.

Other Resources: Reimbursements totaling \$3,000,000 are allocated to this program for providing administrative support to the Fiscal Service's franchise operation.

Description of Performance:

The Fiscal Service strives to efficiently deliver its debt financing operations, including auctions and buybacks, at the lowest possible cost. In FY 2011 WSS's *Cost per Debt Financing Operation* was \$157,284, which was below the targeted cost of \$161,726, as both appropriated and Federal Reserve Bank expenses were lower than anticipated. Beginning in FY 2012, the cost per debt financing operation is calculated by dividing the five-year rolling average of the annual number of auctions, rather than by the number of auctions in the current year, into the cost of debt financing operations. This limits the impact of external, uncontrollable variables on the measure. The cost per debt financing operation is estimated at \$173,589 in FY 2012, and \$146,218 in FY 2013. The decrease in the cost per debt financing operation from FY 2012 to FY 2013 is primarily due to the cost of the Treasury Automated Auction Processing System software being fully amortized by March 2013. In addition to these factors, the Fiscal Service decided to extend the useful service life of its fully depreciated auction system hardware, thereby avoiding replacement costs and increases in its cost per debt financing.

The Fiscal Service has achieved its target of 100 percent for the measure *Percent of Auction Results Released in Two Minutes +/- 30 Seconds*. This target has been met since the implementation of the latest version of the Treasury Automated Auction Processing System in April 2008. It is essential that WSS releases auction results accurately and consistently to support Treasury's goal to manage the Government's finances in a fiscally responsible manner by issuing debt in a regular and predictable pattern. Ultimately, the accurate and timely release of the auction results contributes to the preservation of public confidence in Treasury securities and the stability of the financial market. WSS plans to continue to achieve its target by ensuring that upgrades to this software keep pace with technology changes.

The Fiscal Service has implemented a strategic plan with primary dealers for contingency auction processing. The plan outlines various operational tests and events that strengthen overall readiness to deal with contingencies and ensure the continuity of the auction process. WSS's long-term goal of having 90 percent of primary dealers submit live bids from their disaster recovery sites on two separate auction dates will conclude in FY 2012. In FY 2011, the Fiscal Service achieved 100 *Percent of Primary Dealers that Submit Live Bids from Their Disaster Recovery Site on Two Separate Auction Dates*, exceeding the target of 70 percent. This measure will be discontinued in FY 2013, though the Fiscal Service expects dealers to continue to regularly participate in live auctions from their disaster recovery sites as part of "best practices" for Treasury auctions. New performance measures that will demonstrate the efficiency and/or effectiveness of WSS operations will be developed.

3.1.9 Wholesale Securities Services Budget and Performance Report and Plan

Dollars in Thousands

Wholesale Securities Services Budget Activity

Resource Level	FY 2006 Enacted	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request
Appropriated Resources	\$11,812	\$19,996	\$23,828	\$23,438	\$24,396	\$24,058	\$23,120	\$21,490
Reimbursable Resources	\$1,109	\$1,298	\$1,302	\$2,378	\$2,719	\$2,904	\$3,179	\$3,000
Total Resources	\$12,921	\$21,294	\$25,130	\$25,816	\$27,115	\$26,962	\$26,299	\$24,490

Budget Activity Total	\$12,921	\$21,294	\$25,130	\$25,816	\$27,115	\$26,962	\$26,299	\$24,490
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Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
Cost Per Debt Financing Operation (\$)	148,926	235,172	220,732	170,214	162,378	157,284	173,589	146,218
Percent of Auction Results Released in Two Minutes +/- 30 Seconds (%)	100.0	99.1	100.0	100.0	100.0	100.0	100.0	100.0
Percent of Primary Dealers that submit live bids from their disaster recovery site on two separate auction dates (%)	N/A	N/A	N/A	N/A	78.0	100.0	90.0	DISC

Key: DISC - Discontinued and B - Baseline

[Detailed information about each performance measure, including definition, verification and validation](#) is available.

Section 4 – Supplemental Information

4A – Capital Investment Strategy

The Fiscal Service continues to lead the way for responsible, effective Government through commitment to cutting-edge technologies, service, efficient operations, sharing of best practices and openness to change, in order to meet the operating needs of the Federal Government. The capital investment strategy supports long-range planning and the economic policies and mission of the Department of the Treasury. In executing this strategy, Fiscal Service systematically analyzes the demand for its services, considers effective methods for delivery of these services and identifies the broad asset implications through sound managerial practices.

The Fiscal Service has an established governance process that selects, evaluates and monitors new and existing IT investments. This process complies with Department of the Treasury and OMB requirements for capital planning and investment control and enterprise architecture. Before projects are started or a major change implemented, a formal review process ensures alignment of IT investments to strategic plans and identifies potential duplication of systems. The process prioritizes new and existing IT investments. Each project provides business case documentation, which describes the project, documents benefits, and shows start-up costs, full life-cycle costs, other systems impacted, programmatic impact and platforms that will be used.

Additionally, projects are subject to quarterly cost, performance, and schedule updates. Any project that is not within acceptable limits must provide a remediation plan detailing the steps it plans to implement to get the investment back within acceptable ranges. By tracking and reporting the progress of each investment and the performance measures achieved, the Fiscal Service ensures its IT investment portfolio is well managed and cost effective.

In order to execute projects effectively, each IT investment has a program manager and a program team to ensure the successful and timely implementation of new products and services. The use of commercial, off-the-shelf technology and enterprise solutions has provided benefits including decreased costs and development time. The systems that support each investment are enhanced using Rapid Application Development techniques that give the program manager the flexibility to quickly incorporate new functionality and improve efficiency across the organization.

The Fiscal Service is prioritizing capital investments that will promote the overarching goal of managing the Government's finances in a fiscally responsible manner. Efforts include modernizing the payments system, the Federal Government's central accounting and reporting system, the summary debt accounting system, and the collections and cash management systems to eliminate duplicative functions, simplify systems and enhance service. Additionally, the Fiscal Service will reduce improper payments, enhance borrowing capabilities, consolidate legacy systems into a more efficient and cost effective program, increase efforts to collect more delinquent debt through investments in state-of-the-art debt collection tools, and improve Treasury Retail customer service tools.

[A summary of capital investment resources, including major information technology and non-technology investments](#) is available.

4B – Historical Tables

Table 4.1 – Appropriations Detail Table (BPD)

Dollars in Thousands

Resources Available for Obligation	FY 2011 Enacted		FY 2012 Enacted		FY 2013 Request		% Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources:								
GOVerify Business Center	0	0	7	10,000	7	5,000	0.00%	-50.00%
Government Agency Investment Services	88	16,045	83	15,419	76	13,672	-8.43%	-11.33%
Retail Securities Services	740	135,337	676	116,260	605	101,686	-10.50%	-12.54%
Summary Debt Accounting	50	9,195	47	8,836	43	8,254	-8.51%	-6.59%
Wholesale Securities Services	131	24,058	124	23,120	113	21,490	-8.87%	-7.05%
Subtotal New Appropriated Resources	1,009	\$184,635	937	\$173,635	844	\$150,102	-9.93%	-13.55%
Other Resources:								
Offsetting Collections/Reimbursable/Fee		\$22,287		\$24,507		\$23,070	0.00%	-5.86%
Unobligated Balances from PY		4,000		4,000		2,000	0.00%	-50.00%
Subtotal Other Resources	0	\$26,287	0	\$28,507	0	\$25,070	0.00%	-12.06%
Total Resources Available for Obligation	1,009	\$210,922	937	\$202,142	844	\$175,172	-9.93%	-13.34%

* Total Appropriated Resources in FY 2011, 2012, and 2013 include \$10 million, \$8 million, and \$1 million in projected Legacy Treasury Direct User Fee collections, respectively.

Table 4.2 – Appropriations Detail Table (FMS)

Dollars in Thousands

Resources Available for Obligation	FY 2011 Enacted		FY 2012 Enacted		FY 2013 Request		% Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources:								
Payments	817	\$141,358	677	\$132,265	660	\$128,040	-2.51%	-3.19%
Collections	145	22,624	121	21,166	117	20,387	-3.31%	-3.68%
Government-wide Accounting and Reporti	413	68,804	342	64,374	333	62,002	-2.63%	-3.68%
Subtotal New Appropriated Resources	1,375	\$232,786	1,140	\$217,805	1,110	\$210,429	-2.63%	-3.39%
Other Resources:								
Offsetting Collections/Reimbursable/Fee	460	216,730	561	231,223	619	224,481	10.25%	-2.92%
Subtotal Other Resources	460	\$216,730	561	\$231,223	619	\$224,481	10.25%	-2.92%
Total Resources Available for Obligation	1,835	\$449,516	1,701	\$449,028	1,729	\$434,910	1.62%	-3.14%

* A portion of the Offsetting Collections/Reimbursable/Fee FTE is funded by fee revenue as authorized by the Debt Collection Improvement Act (DCIA) of 1996.

Table 4.3 -- Operating Levels Table (BPD)

Dollars in Thousands

Bureau of the Public Debt	FY 2011 Actual	FY 2012 President's Budget	FY 2012 Enacted	Proposed Reprogrammings	FY 2012 Proposed Operating Level
FTE	906	987	937		937
Object Classification:					
11.1 Full-Time Permanent Positions.....	\$60,763	\$64,595	\$64,595		\$64,595
11.3 Other than Full-Time Permanent Positions.....	589	533	533		533
11.5 Other Personnel Compensation.....	2,231	2,151	2,151		2,151
11.8 Special Personal Services Payments.....	0	32,956	32,956		32,956
11.9 Personnel Compensation (Total).....	\$63,583	\$100,235	\$100,235	\$0	\$100,235
12.0 Personnel Benefits.....	18,882	19,950	19,950		19,950
13.0 Benefits to Former Personnel.....	30	30	30		30
21.0 Travel.....	853	1,132	1,132		1,132
22.0 Transportation of Things.....	81	91	91		91
23.1 Rental Payments to GSA.....	9,517	15,299	15,299		15,299
23.2 Rent Payments to Others.....	4	2	2		2
23.3 Communications, Utilities, & Misc.....	6,380	4,952	4,952		4,952
24.0 Printing and Reproduction.....	621	935	935		935
25.1 Advisory & Assistance Services.....	88	1,987	1,987		1,987
25.2 Other Services.....	15,736	11,844	11,844		11,844
25.3 Purchase of Goods/Serv. from Govt. Accts.....	50,177	13,417	13,417		13,417
25.4 Operation & Maintenance of Facilities.....	793	896	896		896
25.6 Medical Care.....	2	13	13		13
25.7 Operation & Maintenance of Equipment.....	205	265	265		265
25.8 Subsistence & Support of Persons.....	8	0	0		0
26.0 Supplies and Materials.....	1,239	1,757	1,757		1,757
31.0 Equipment.....	450	687	687		687
32.0 Lands and Structures.....	161	143	143		143
42.0 Insurance Claims & Indemn.....	3	0	0		0
Total Budget Authority.....	\$168,813	\$173,635	\$173,635	\$0	\$173,635
Budget Activities:					
Wholesale Securities Services.....	21,000	23,120	23,120		23,120
Government Agency Investment Services.....	16,257	15,419	15,419		15,419
Retail Securities Services.....	118,389	116,260	116,260		116,260
Summary Debt Accounting.....	13,167	8,836	8,836		8,836
GOVerify Business Center.....	0	10,000	10,000		10,000
Total Budget Authority.....	\$168,813	\$173,635	\$173,635	\$0	\$173,635

Table 4.4 – Operating Levels Table (FMS)

Dollars in Thousands

Financial Management Service	FY 2011 Actual	FY 2012 President's Budget	FY 2012 Enacted	Proposed Reprogrammings	FY 2012 Proposed Operating Level
FTE	1,727	1,200	1,140		1,140
Object Classification:					
11.1 Full-Time Permanent Positions.....	\$116,202	\$106,725	\$106,191	0	\$106,191
11.3 Other than Full-Time Permanent Positions.....	1,787	1,540	1,540	0	1,540
11.5 Other Personnel Compensation.....	117	5,081	5,081	0	5,081
11.8 Special Personal Services Payments.....	0	3,603	3,603	0	3,603
11.9 Personnel Compensation (Total).....	\$118,106	\$116,949	\$116,415	\$0	\$116,415
12.0 Personnel Benefits.....	30,745	26,289	26,169	0	26,169
13.0 Benefits to Former Personnel.....	700	180	180	0	180
21.0 Travel.....	1,016	1,511	1,511	0	1,511
22.0 Transportation of Things.....	212	278	278	0	278
23.1 Rental Payments to GSA.....	12,807	12,313	12,313	0	12,313
23.2 Rent Payments to Others.....	818	677	677	0	677
23.3 Communications, Utilities, & Misc.....	9,708	9,942	9,893	0	9,893
24.0 Printing and Reproduction.....	317	505	505	0	505
25.1 Advisory & Assistance Services.....	6,364	6,062	6,062	0	6,062
25.2 Other Services.....	17,658	10,109	10,109	0	10,109
25.3 Purchase of Goods/Serv. from Govt. Accts.....	8,453	15,080	15,080	0	15,080
25.4 Operation & Maintenance of Facilities.....	912	405	405	0	405
25.5 Research & Development Contracts.....	0	0	-	0	0
25.6 Medical Care.....	0	0	-	0	0
25.7 Operation & Maintenance of Equipment.....	9,942	8,085	8,085	0	8,085
25.8 Subsistence & Support of Persons.....	0	0	-	0	0
26.0 Supplies and Materials.....	3,001	2,794	2,767	0	2,767
31.0 Equipment.....	6,018	7,071	6,801	0	6,801
32.0 Lands and Structures.....	1,053	505	505	0	505
33.0 Investments & Loans.....	0	0	-	0	0
41.0 Grants, Subsidies.....	0	0	-	0	0
42.0 Insurance Claims & Indemn.....	9	50	50	0	50
43.0 Interest and Dividends.....	0	0	-	0	0
44.0 Refunds.....	0	0	-	0	0
Total Budget Authority.....	\$227,839	\$218,805	\$217,805	\$0	\$217,805
Budget Activities:					
Payments.....	138,354	132,868	132,265	0	132,265
Collections.....	22,143	21,265	21,166	0	21,166
Government-wide Accounting and Reporting.....	67,342	64,672	64,374	0	64,374
Total Budget Authority.....	\$227,839	\$218,805	\$217,805	\$0	\$217,805