Bureau of the Fiscal Service

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2023 Operating Plan	FY 2024 Annualized CR	FY 2025 Request	FY 2024 to FY 2025 $ Change	FY 2024 to FY 2025 % Change
Accounting and Reporting	$96,956	$96,956	$103,317	$6,361	6.6%
Collections	$47,804	$47,804	$50,815	$3,011	6.3%
Payments	$133,328	$133,328	$141,216	$7,888	5.9%
Retail Securities Services	$68,759	$68,759	$73,365	$4,606	6.7%
Wholesale Securities Services	$25,638	$25,638	$27,446	$1,808	7.1%
Subtotal, Organization Title	**$372,485**	**$372,485**	**$396,159**	**$23,674**	**6.4%**
Offsetting Collections - Reimbursable	$222,177	$243,563	$235,539	($8,024)	-3.3%
Debt Collection Fund	$192,499	$205,920	$213,099	$7,179	3.5%
Unobligated Balances Brought Forward	$205,976	$200,487	$160,000	($40,487)	-20.2%
Subtotal Other Resources	**$620,652**	**$649,970**	**$608,638**	**($41,332)**	**-6.4%**
Total Budgetary Resources	**$993,137**	**$1,022,455**	**$1,004,797**	**($17,658)**	**-1.7%**
Direct S&E FTE	1,492	1,517	1,524	7	0.5%
Direct Debt Fund FTE	267	300	315	15	5.0%
Reimbursable FTE	10	9	19	10	111.1%
Total Full-time Equivalents (FTE)	**1,769**	**1,826**	**1,858**	**32**	**1.8%**

Note: FY 2023 Other Resources and Full-time Equivalents (FTE) reflect actuals.

Summary

The FY 2025 request for the Fiscal Service Salaries and Expenses account is $396.2 million, an increase of $23.7 million above the FY 2024 annualized Continuing Resolution (CR) level. The Budget includes $9.7 million to maintain current operations for the Government's National Financial Critical Infrastructure (NFCI) that finances Federal programs and services, collects revenue, disburses payments, and reports on the Government's financial position. The Budget also includes a $14 million investment to support Fiscal Service's Mainframe and Cloud Transition, various Workforce Initiatives, and Fiscal Service's Data Strategy efforts.

Fiscal Service's Mainframe and Cloud Transition Initiative seek to transition applications away from legacy mainframe technologies to cloud service providers. Fiscal Service will also continue to partner with the Department by leveraging $6.0 million through the Cybersecurity Enhancement Account (CEA) to implement modern solutions that will support the security, resiliency, and agility of these critical systems and continue to maintain the financial integrity and efficiency of our operations.

The Fiscal Service's Workforce initiatives will support staff engagement and retention efforts, as well as to improve our ability to attract high quality candidates for critical positions who are representative of the people we serve.

The Data Strategy initiative will allocate resources to improve USAspending.gov, increase transparency, and relieve reporting burdens across various government agencies. It will also support enterprise analytics to enable more robust business processes and improve measurement of outcomes.

These priorities will advance Treasury's Strategic Plan FY 2022-2026, promote Fiscal Service's mission to transform Federal financial management, and result in improved service for the American public.

Budget Highlights

Dollars in Thousands

	FTE	Amount
FY 2024 Annualized CR	**1,517**	**$372,485**
Changes to Base:		
Maintaining Current Levels (MCLs):	**0**	**$9,711**
Pay Annualization (2024 5.2% average pay raise)	0	$3,183
Pay Raise (2025 2.0% average pay raise)	0	$3,720
Non-Pay (2025 2.2% non-pay inflation)	0	$2,808
Subtotal Changes to Base	**0**	**$9,711**
FY 2025 Current Services	**1,517**	**$382,196**
Program Changes:		
Program Increases:	**7**	**$13,963**
Mainframe/Cloud Transition	0	$9,256
Workforce Recruitment/Retention/Engagement	7	$1,940
Data Strategy, Analytics, and Transparency	0	$2,767
Subtotal Program Changes	**7**	**$13,963**
FY 2025 President's Budget Request	**1,524**	**$396,159**

Budget Adjustments

Maintaining Current Levels (MCLs)..+$9,711,000 / +0 FTE

Pay Annualization (5.2%) +$3,183,000 / +0 FTE

Funds are requested for annualization of the January 2024 5.2 percent average pay raise.

Pay Raise (2.0% in 2025) +$3,720,000 / +0 FTE

Funds are requested for a 2.0% average pay raise in January 2025.

Non-Pay (2.2% in FY 2025) +$2,808,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent supplies, and equipment.

Program Increases...+$13,963,000 / +7 FTE

Mainframe and Cloud Transition Initiative +$9,256,000 / +0 FTE

Beginning in FY 2021, Fiscal Service established the Mainframe Services Transformation program, focused on migrating off the existing on-premises mainframe to cloud service providers. With some applications continuing to operate in a mainframe environment and others transitioning to more modern, cloud-based services and platforms, there will be cost increases in FY 2025 to host applications in both environments until transformation efforts have concluded, as well as costs to implement migration plans for system still residing on the mainframe.

To date, Fiscal has reduced the 39 applications on the mainframe to 23. These remaining applications include several high-profile systems supporting retail securities and disbursement activities. Application modernization is a key component to ending mainframe services. This will enable the decommissioning of the mainframe by the end of FY 2025, eliminating the dependency on legacy technology and the associated exponential cost increases that are projected annually if we continue to maintain the mainframe environment.

Fiscal Service FY 2023 and FY 2024 CEA fund allocations will be utilized to further support these transitions from aging legacy technology platforms (e.g., mainframe) to more secure cloud-based services and architecture across the Bureau's portfolio of 60+ Federal Information Security Modernization Act (FISMA) systems, including multiple Fiscal Service High Value Assets that support the NFCI. In FY 2025, $6.0 million in new CEA funding will be allocated to Fiscal Service for additional needs in support of Bureau-specific Cybersecurity and Cloud initiatives to bolster IT threat monitoring in accordance with Executive Order 14028, *Improving the Nation's Cybersecurity,* to include up to 10 FTE.

<u>Workforce Recruitment, Retention, and Engagement Initiative +$1,940,000 / +7 FTE</u>
This initiative will enhance Fiscal Service's ability to implement human capital strategies that ensure that our workforce is ready to meet the challenges of the evolving Federal Financial landscape and improve our ability to attract high quality candidates who are representative of the people we serve. It will support Fiscal's ability to:

- Support workforce and succession planning and establish a talent team to ensure a diverse talent pipeline,
- Properly resource our Office of Diversity, Equity, Inclusion, and Accessibility and our efforts to improve staff engagement and retention,
- Improve the hiring experience for applicants and hiring officials while ensuring highly qualified applicants are referred for selection,
- Implement changes needed to address workplace and work routines post pandemic, and
- Expand workforce data analysis and management to improve reporting and support leadership decision making and position management processes as the workforce evolves.

This request will also reinforce the Bureau's contractual resources that help strengthen intern programs and ensure vacancies are communicated to various diversity and professional organizations to attract highly qualified and diverse talent. It also includes funding for one additional FTE to bolster Fiscal Service's capabilities related to Federal credit accounting.

The Budget supports and advances *Treasury Objective 5.1 Recruit and Retain a Diverse and Inclusive Workforce* and *Fiscal Objective 4.1 Diversity, Equity, Inclusion, and Accessibility (DEIA)* through adapting operations to prepare for future work routines, promoting equity across the Bureau, continuously supporting a diverse and inclusive workforce, and attracting, developing, and retaining highly qualified staff. Expected outcomes from this investment include improved retention and recruitment capabilities, a more engaged workforce, and a DEIA office that is properly resourced to support all identified focus areas.

<u>Data Strategy, Analytics, and Transparency Initiative +$2,767,000 / 0 FTE</u>
Treasury's implementation of the Foundations for Evidence-Based Policymaking Act (Evidence Act) requires the agency to engage in evidence-building activities, including data and statistical

analysis to build evidence to inform decision making. These resources will help Fiscal Service to expand the use of its internal administrative data to drive decision-making, invest in tools to support research and analysis, reduce reporting burden for agencies, and enhance external data transparency.

The Bureau's goals include reducing agency burden for USAspending.gov reporting, enhancing the security posture of USAspending.gov, and optimizing our customer-facing operations for both agency customers who frequently report to Fiscal Service and citizens who seek to find data through our public-facing portals. The enhancements to USAspending.gov would streamline reporting processes and improve data quality while also enhancing the security posture of the system. Additional investments in expanding the Fiscal Data Hub and delivering research and analytics use cases will position Fiscal Service to gather more data, analyze it at an enterprise level, and leverage insights to understand and respond to customer needs. To further improve our customer-facing operations, this request also supports contractual resources to deliver analytics solutions to better understand customer behavior and identify patterns to improve services. Additionally, these resources would allow for predictive models to support decision making around HR and financial data and gain insight into managing the organization and workforce.

Legislative Proposals

1. Expand Treasury's authority to require bank account verification, pre-certification.
Estimated Cost Avoidance: Cost avoidance over a 10-year period is estimated at $11.6 billion in prevented improper payments.

This proposal would provide Treasury the authority to require Federal paying agencies to confirm bank account information prior to certification to identify potentially erroneous or fraudulent transactions and improve payment accuracy. Bank account verifications would compare pre-certification payment information with commercially available data to confirm the existence of an account, its status, standing, and ownership prior to initiating payments to that account. This change would assist in combating financial loss caused by fraud and ensure that payment account verification is conducted on all Federal payments disbursed by Treasury.

2. Expand Treasury's authority to require bank account comparison (matching), pre-certification. *Estimated Cost Avoidance: Cost avoidance over a 10-year period is estimated to be $152 million in labor and material associated with printing approximately 200 million checks.*

This proposal would provide Treasury the discretion to require bank account comparison for payments disbursed by Treasury to reduce the number of improper payments and increase electronic payments. Bank matching would help decrease the number of checks issued which would result in cost savings from the processing of the payments. Expanding flexibilities precertification is preferable to post-certification to avoid the added responsibility on the disbursing officer.

3. Simplify Debt Management Fees.
Currently, Disbursing and Debt Management (DDM) must separately account for the costs of its Cross-Servicing Program and the five Treasury Offset Programs (TOPs). However, these programs have many overlapping functions and processes, making determination of separate fees

an administratively difficult and inefficient process. This proposal would authorize DDM to consolidate TOP fees and Cross-Servicing fees. DDM would utilize combined fees to cover overlapping functions evenly as overhead across the TOP and Cross Servicing Programs. This change would increase the efficiency of Fiscal Service's debt collection operations by simplifying the cost-accounting and fee-setting processes. It would also reduce volatility in year-to-year fee adjustments and assist Fiscal Service in assessing fees (which are generally passed onto debtors as costs) in an equitable manner.

4. Technical Correction Regarding Calculation of Current Value of Fund Rate.
This proposal would amend Section 3717(a)(1) of title 31 to remove reference to the Treasury Tax and Loan (TT&L) program, which no longer exists, and align the statutory language with existing practice. Federal agencies are required to assess interest on nontax debts that are not timely paid, which is based on the current value of funds (CVR) rate. Interest obligations were formerly calculated using the TT&L rate, which was calculated annually. Because the CVR rate is calculated on a quarterly basis, this proposal would authorize the Bureau to publish a revised rate more often than annually.

5. Surety Bond Program Fees.
Estimated Cost: Estimated incremental cost of $20 million over a 10-year period to the General Fund receipt account as Fiscal would retain fees.

The Surety Bonds Program (SBP) assesses the financial statements of surety companies that seek to do business with the federal government. In current operations, the program charges companies a fee when they apply to be certified, which are transferred into the General Fund of the Treasury. Currently, the SBP is funded through the Bureau of the Fiscal Service's direct appropriation, and the program's modernization efforts have been hampered by resource constraints. This proposal authorizes the SBP to retain fees it charges companies which currently go to the General Fund rather than relying solely on the Bureau's direct appropriation. This would score as a net cost to the government under budget scorekeeping rules because the fees would be retained by Fiscal and, therefore, not deposited to the General Fund.

6. Ensure Do Not Pay Business has full access to complete state death data.
The proposal would ensure DNP receives permanent access to complete state death data for the purposes of preventing, identifying, and recovering improper payments, for Federal agencies informed by an initial evaluation of death data sharing that began in December, 2023 as intended by the Consolidated Appropriations Act, 2021.

7. Expand Treasury's Access to the National Directory of New Hires.
This proposal authorizes Do Not Pay to facilitate data exchange with paying agencies that are currently authorized by the Social Security Act to access NDNH regarding persons receiving Federal payments while helping those agencies identify individuals who are ineligible to receive payments or who are receiving erroneous payments.

8. Allow DNP to use Fair Credit Reporting Act data for payment integrity purposes.
This proposal would amend language in the Fair Credit Reporting Act (FCRA), 15 U.S.C. 1681a, by authorizing the Do Not Pay Business Center (DNP) to partner with data aggregators such as credit reporting agencies to validate several payee attributes. This authority would help agencies

identify, prevent, and recover improper payments based on income eligibility and location. DNP's ability to use FCRA data as a source to proxy residency data would add substantial value for work identifying improper payments in federally funded, state administered programs.

Performance Highlights

Budget Activity	Performance Measure	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Target	FY 2025 Target
Accounting and Reporting	Percentage of Government-wide Accounting Reports Issued On Time (%)	100	100	99.6	99.0	99.0
Accounting and Reporting	Number of High Value Analytics Use Cases Deployed (#)	3	3	20	8	15
Collections	Percentage of total federal government receipts initiated electronically (in volume) (%)	83.0	83.2	84.8	84.0	84.5
Payments	Percentage of Treasury Payments Disbursed Electronically (%)	96.2	96.4	96.5	96.9	97.0
Payments	Count of Potential Improper Payments Identified [NEW]	23,801	17,115	213,998	160,000	170,000
Payments	Count of Potential Improper Payments Prevented [NEW]	N/A	N/A	162,775	110,000	135,000
Payments	Count of Improper Payments Recovered [NEW]	N/A	N/A	21,723	B	B
Payments	Percentage of Payments Screened by Do Not Pay (%) [DISC]	14.4	19.2	DISC	DISC	DISC
Payments	Potential Improper Payments Identified, Stopped, or Recovered [DISC]	340,236	N/A	DISC	DISC	DISC
Retail Securities Services	Percentage of Retail Securities Transactions that are Unassisted (%)	63.0	77.0	82.0	74.0	75.0
Wholesale Securities Services	Percentage of Auction Results Released Accurately (%)	100	100	100	100	100
Wholesale Securities Services	Percentage of Auctions Successfully Completed by the Scheduled Close Date (%)	100	99.8	99.5	100	100
Debt Collection	All delinquent debt collected FYTD as a percentage of all delinquent debt referred FYTD [%]	15.9	16.6	16.8	13.0	14.0
Debt Collection	Percentage of the active delinquent debt portfolio collected FYTD [%]	7.3	6.3	3.7	7.0	8.0

Key: DISC - Discontinued; B - Baseline

Description of Performance

Accounting and Reporting: Fiscal Service collects, analyzes, and publishes Government-wide financial information to provide transparency on the Government's financial status. In FY 2023, Fiscal Service accounted for and reported on the financial activity related to the $33.2 trillion public debt and managed an average daily cash flow of $205.4 billion. Fiscal Service issued

99.6 percent of Government-wide accounting reports on time, including the annual Financial Report of the U.S. Government. Fiscal Service continued to make progress on implementing G-Invoicing, which is a key driver to reducing buy/sell intragovernmental differences. In FY 2023, 77 agencies completed over $13 billion in intragovernmental transactions in G-Invoicing, and in FY 2024 and FY 2025, Fiscal Service will continue partnering with agencies to implement G-Invoicing government-wide to reduce buy/sell differences.

In FY 2023, Fiscal Service also completed work to improve data quality and advance data analysis across the organization. The Bureau deployed 20 Analytics Use Cases, including 19 submissions for Data University and 1 research project, exceeding the FY 2023 goal of 5. In FY 2024 and FY 2025, the Bureau will continue to drive improvements to data analysis, with targets of 8 analytic cases in FY 2024 and 15 in FY 2025. Fiscal Service continued to provide the American public with transparent and easily accessible financial data through its USAspending and Fiscal Data websites. The Bureau continued migrating datasets from legacy formats and locations to the Fiscal Data website, with a total of 55 datasets onboarded to the site at the end of FY 2023. In FY 2024, Fiscal Service will complete the migration of datasets to Fiscal Data, with a goal to migrate 70 datasets by FY 2024. In FY 2023, work was also completed to develop tools to increase the ability to share high-quality administrative data internally. Fiscal Service received Authority to Operate (ATO) in FY 2023 for the Fiscal Data Hub, the Bureau's hybrid cloud solution for internal data, after successfully prototyping efforts during FY 2022.

Collections: Fiscal Service administers the world's largest Government collections system through a network of Fiscal and Financial Agents. In FY 2023, Fiscal Service collected nearly $5.47 trillion in federal revenue and aided by the adoption of eCommerce digital collection options- Online Bill Pay (OLBP), Digital Wallets (PayPal and Amazon Pay), and mobile applications, initiated 84.8 percent of total federal government receipts (payments to the government) were initiated electronically, exceeding the target of 83.1 percent. This is an increase over the FY 2022 electronic initiation rate of 83.2 percent. Fiscal Service advanced several projects to increase digitization, including expanding adoption of eCommerce digital collection options across federal agencies. In FY 2023, two agency collection cashflows were added to OLBP, bringing the total to 61; nine agency collection cashflows were added to Digital Wallets, bringing the total to 170; and 31 agency collection cashflows were added to mobile applications, bringing the total to 191. Additionally, Fiscal continues to increase digitization of paper collections in both the General Lockbox Network (GLN) and the Treasury General Account (TGA) Network. As of FY 2023, GLN's paper volume has declined by 48 percent since FY 2019.

In FY 2024 and FY 2025, Fiscal Service and the Internal Revenue Service (IRS) will co-lead an Agency Priority Goal (APG) to Improve the Payment Experience, which encompasses both collections and disbursements, and will seek to increase the electronic collection rate for individual and business tax receipts, which further advances Treasury's efforts to convert paper collections to electronic. While the TGA Network has seen a decrease in processed transactions since FY 2019, the projections for FY 2024 and FY 2025 account for anticipated increases in volume due to agencies resuming billing obligations after suspending them during the pandemic.

Payments: Fiscal Service delivers Federal payments on behalf of more than 250 Federal entities through disbursement mechanisms such as Electronic Fund Transfers (EFT), debit cards, other digital payment mechanisms, and paper checks. As the federal government's central disbursing agency, Fiscal Service disbursed 87.9 percent of all federal payments in FY 2023, distributing 1.27 billion payments totaling more than $5.4 trillion. In FY 2023, Fiscal Service disbursed 96.4 percent of payments electronically, which continued the increase year-over-year but did not meet the annual target of 96.56 percent. Factors contributing to not meeting the FY 2023 target included an increase in vendor checks due to Federal Emergency Management Agency (FEMA) hurricane relief and not realizing expected tax refund check reductions from Internal Revenue Service (IRS) implementation of direct deposit for electronically filed amended tax returns.

In FY 2023, in support of the APG, Fiscal Service also continued agency and industry engagement through the No Check Coalition (NCC), a partnership among the top ten check disbursing agencies to promote the benefits of electronic payments and develop strategies to implement electronic payment solutions. In FY 2024 and FY 2025, IRS and Fiscal Service will co-lead the next iteration of this APG which continues to include a measure on increasing the electronic payment rate for Treasury-disbursed payments, with a target to convert an estimated 4.5 million paper checks to electronic payments during FY 2024 and FY 2025.

Fiscal Service continued to expand its role in combating improper payments through pre-payment services that help agencies identify, prevent, and recover improper payments. In FY 2023, the Bureau identified 213,998 potential improper payments, totaling $652.7 million. Additionally, 162,775 potential improper payments were prevented, totaling $154.9 million. Fiscal Service also recovered 21,723 improper payments valued at $346.2 million. And per the Consolidated Appropriations Act, 2021, Title VIII-Access to Death Information Furnished to or Maintained by the Social Security Administration (SSA), Fiscal Service gained access to the Full Death Master File (DMF) in December 2023 for a period of three years.

In FY 2024 and FY 2025, Fiscal Service will continue to build its portfolio government-wide payment integrity tools, services, and data sources. This will allow the Bureau to maximize the use of quality, complete data available to federal agencies and Federally Funded State Administered (FFSA) programs to prevent improper payments, promote partnerships across federal agencies and FFSA, address improper payment challenges by offering solutions driven by data and expertise, and identify opportunities to strengthen government-wide policy, guidance, and legislation to increase the public's trust in government payments.

Retail Securities Services: Fiscal Service provides simple, safe, and affordable ways for the public to directly interact with the Department of the Treasury to save for their future by investing in Treasury securities. In FY 2023, Fiscal Service electronically issued $183.5 billion in Treasury retail securities, processed $243 billion in redemptions, added 1,534,078 new accounts to TreasuryDirect, and made retail payments worth $40.96 billion.

Fiscal Service continues to see increased demand in retail securities since the uptick in Series I savings bond rates in November 2021. And while the interest in Series I savings bonds has subsided to some degree as interest rate have come down, in FY 2023, Fiscal Service still issued nearly $315.68 billion in marketable Treasury securities, compared to nearly $102.73 billion issued in the 12 months prior. Since the Series I bond surge, Fiscal Service has remained committed to improving the customer experience. Fiscal Service made significant updates to TreasuryDirect that improved access issues and modernized the website through improved information architecture, embedded help topics, and enhanced search options. In addition, improvements were made to the call center to reduce wait times from 90 minutes to less than 5 minutes. In FY 2023, Fiscal Service saw the percentage of unassisted retail securities transactions increase from 77 percent to 82 percent, exceeding the FY 2023 target.

In FY 2024 and FY 2025, Fiscal Service will continue to seek to improve the retail customer experience by enabling customers to purchase, manage, and redeem their Treasury security holdings through one platform. The Treasury Retail Investment Manager (TRIM) program is a key modernization effort to replace the existing TreasuryDirect system with myTreasury. It will offer innovative products and services to allow customers to purchase, reinvest, and manage their retail securities holdings and modernize the customer experience by making myTreasury a modern, efficient, and customer-centric system. TRIM will continue through FY 2025.

Additionally, Fiscal Service continues to make significant progress on the Matured Unredeemed Debt (MUD) initiative to digitize paper savings bonds and make these records electronically searchable on the TreasuryHunt website. As of FY 2023, 99.67 percent of MUD savings bonds are available for search on TreasuryHunt leading to more than 219,000 searches resulting in approximately 54,000 matches. Starting in FY 2024, the Bureau will also be working to fulfill the requirements of the SECURE 2.0 Act of 2022 associated with providing savings bond information to states.

Wholesale Securities Services: Fiscal Service finances daily Government operations by overseeing the announcement, auction, and issuance of marketable Treasury bills, notes, bonds, floating rate notes, and inflation-protected securities through reliable, accurate, and secure electronic systems.

In FY 2023, Wholesale Securities Services conducted 416 auctions, a 5 percent increase over FY 2022, awarded $20.2 trillion in securities, a 14 percent increase over FY 2022, and received over 2.5 million auction bids, a 431 percent increase over FY 2022. Despite the substantial increases in auction and post-auction workload, 100 percent of auction results were released accurately. In addition, 99.52 percent of auctions were successfully held by the scheduled close date, which was slightly below the target of 100 percent due to a technical connectivity issue with the financing system that has since been resolved. While federal government budget projections will likely result in increased borrowing operations, Fiscal Service expects to meet both targets in FY 2024 and FY 2025.

Fiscal Service continues work on the Financing Modernization (FinMod) effort, a multi-year initiative to modernize the financing system in alignment with Treasury's strategic priorities and long-term business requirements. In FY 2023, 165 capabilities were delivered, and a beta site was built that included the future production environment. The project is currently at risk, reflecting caution associated with a key milestone deliverable in April 2024. However, the scope and cost metrics are green.

Debt Collection: Fiscal Service is the Government's central debt collection agency and funds its delinquent debt collection operations through fees charged to agencies that refer debts for collection. In FY 2023, Fiscal Service collected a total of $4.3 billion in delinquent debt, a decrease from the prior year. This overall decrease is largely due to the Department of Education suspending Treasury Offset Program (TOP) collection activity. The amount of delinquent debt collected as a percentage of all delinquent debt referred during the fiscal year increased from 16.6 percent in FY 2022 to 16.8 percent in FY 2023. This increase is attributed to the debt collection suspensions ending at federal agencies other than Education.

Overall debt collection activities remain below historical levels, and the percentage of the active delinquent debt portfolio collected during the fiscal year did not meet the FY 2023 target, as 3.7 percent of the active delinquent debt portfolio was collected compared with the 6.7 percent target. This percentage also decreased due to a backlog in referrals and collections not being able to keep pace with the referrals. As agencies resume referring debts to Fiscal Service for collection, Fiscal Service continues to work with the agencies to receive the backlog of debts in manageable pieces and service those debts. Even with action to manage the receipt of the referrals as a result of debt suspensions, Fiscal Service anticipates the backlog will continue through 2024.

In FY 2023, TOP collections decreased by 25 percent ($1.2 billion) in comparison to FY 2022, primarily because of declines in the tax levy suspension by $584 million and child support collections by $648 million. Decreased tax refund offsets for child support debts are the source of this downturn. The Cross-Servicing Program, a full-service program that uses a variety of tools to collect delinquent non-tax debts owed to federal agencies, increased the total dollars collected to $425.90 million, a 20 percent increase over FY 2022.