Fiscal Service

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request	FY 2015 TO FY 2016 $ Change	FY 2015 TO FY 2016 % Change
Collections	21,531	$24,293	26,609	2,316	9.53%
Do Not Pay Business Center	5,000	$5,064	5,116	52	1.03%
Government Agency Investment Services	13,704	$13,055	13,074	19	0.15%
Government-wide Accounting and Reporting	65,486	$65,486	68,553	3,067	4.68%
Payments	126,636	$121,715	133,179	11,464	9.42%
Retail Securities Services	100,789	$95,237	94,145	(1,092)	-1.15%
Summary Debt Accounting	4,737	$4,325	4,243	(82)	-1.90%
Wholesale Securities Services	22,282	$19,009	18,931	(78)	-0.41%
Subtotal, Fiscal Service	**$360,165**	**$348,184**	**$363,850**	**$15,666**	**4.50%**
Offsetting Collections - Reimbursables	$239,342	$216,863	$227,901	$11,038	5.09%
Total Program Operating Level	**$599,507**	**$565,047**	**$591,751**	**$10,704**	**-1.84%**
Direct FTE	1,676	1,636	1,586	(50)	-3.06%
Reimbursable FTE	714	714	701	(13)	-1.82%
Total FTE	**2,390**	**2,350**	**2,287**	**(63)**	**-2.68%**

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

Summary

The Bureau of the Fiscal Service (Fiscal Service) is guided by its vision to transform the way the government manages its finances and delivers shared services. Our efforts are focused on maximizing efficiencies, transparency, and accountability with the goal of improving government-wide financial management and the delivery of shared services. These themes are reinforced through our Strategic Goals which promote leadership and innovation, an engaged and highly effective workforce, delivery of exceptional programs and services, data transparency and usefulness, and expansion of shared services.

Fiscal Service FY 2016 Budget Highlights

Dollars in Thousands

Fiscal Service	FTE	Amount
FY 2015 Enacted	**1,636**	**$348,184**
Changes to Base:		
Maintaining Current Levels (MCLs):	-	$5,888
Pay-Raise	-	$2,382
Pay Annualization	-	$609
FERS Contribution Increase	-	$911
Non-Pay	-	$1,986
Efficiency Savings:	(50)	($8,480)
Rent and Space Savings	-	($1,900)
Consolidation Savings	(50)	($6,580)
Subtotal Changes to Base	(50)	($2,592)
Total FY 2016 Base	**1,586**	**$345,592**
Program Changes:		
Program Decreases:	-	($1,530)
Retail Securities Services Savings	-	($1,308)
Summary Debt Accounting Savings	-	($119)
Wholesale Securities Services Savings	-	($103)
Program Increases:	-	$19,788
DATA Act Implementation	-	$19,788
Total FY 2016 Request	**1,586**	**$363,850**

FY 2016 Budget Adjustments

Adjustments to Request

Maintaining Current Level (MCLs)

Pay-Raise +$2,382,000 / +0 FTE

Funds are requested for the proposed January 2016 pay-raise.

Pay Annualization +$609,000 / +0 FTE

Funds are requested for annualization of the January 2015 pay-raise.

FERS Contribution Increase +$911,000 / +0 FTE

Funds are requested for increases in agency contributions to the Federal Employee Retirement System based on updated actuarial estimates.

Non-Pay +$1,986,000 / +0 FTE

Funds are requested for inflation adjustments in non-labor costs such as travel, contracts, rent, supplies, and equipment.

Efficiency Savings

Rent and Space Savings -1,900,000 / +0 FTE

Savings are a result of releasing two floors in the Hyattsville, Maryland location in an effort to more efficiently utilize the space currently available and reduce the bureau footprint.

Consolidation Savings -6,580,000 / -50 FTE

As the Fiscal Service continues the integration efforts related to the consolidation, savings are realized from staff rationalization through the elimination of duplicate positions and restructuring of the workforce, with personnel separating by attrition.

Program Decreases

Retail Securities Services Savings -$1,308,000 / +0 FTE

Identified anticipated savings related to contracts being re-bid as well as decreased printing costs.

Summary Debt Accounting Savings -$119,000 / +0 FTE

Identified anticipated contracts savings associated with a minor decrease in audit expenses.

Wholesale Securities Services Savings -$103,000 / +0 FTE

Savings associated with decreases in printing, travel, supplies, and small contracts.

Program Increases

DATA Act Implementation +$19,788,000 / +0 FTE

Funding is requested to support the implementation of Treasury's responsibilities under the DATA Act. Specifically, Treasury, in collaboration with OMB, will lead the government-wide implementation of the DATA Act and associated financial data standards. Funds will also support activities associated with providing consistent, reliable, and searchable government-wide spending data on USAspending.gov as well as enhancing place-based reporting capabilities (referred to as geocoding).

Explanation of Budget Activities

Collections ($26,609,000 from direct appropriations and $245,000 from reimbursable resources)

The Collections Program supports Treasury's strategic objective "to improve the disbursement and collection of federal funds and reduce improper payments made by the U.S. government." 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.

Debt Collections ($0 from direct appropriations, $128,733,000 from reimbursable resources)
The Debt Collection Program supports Treasury's strategic objective "to improve the disbursement and collection of federal funds and reduce improper payments made by the U.S. government." Fiscal Service collects delinquent Federal, state, and child support debt by providing centralized debt collection, oversight, and operational services to federal program agencies and states pursuant to the Debt Collection Improvement Act of 1996 (DCIA) and related legislation. The Fiscal Service uses two debt collection programs: Treasury Offset Program (TOP) and Cross-Servicing.

Do Not Pay (DNP) Business Center ($5,116,000 from direct appropriations and $871,000 from reimbursable resources) DNP provides a single centralized way to access timely, reliable, and actionable data and information that can help identify, prevent, detect, and recover improper payments throughout the payment life cycle while protecting individuals' privacy. Additionally, the DNP working system is integrated into the Treasury payment stream, enabling just-before-payment checks of selected data sources.

Government Agency Investment Services ($13,074,000 from direct appropriations, and $2,385,000 from reimbursable resources)
The Government Agency Investment Services 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 legislative authority to invest. The Special Purpose Securities component offers a flexible alternative for state and local governments to refinance their outstanding tax-exempt debt. The Federal Borrowings component represents Treasury's role in the federal loan program.

Government-wide Accounting and Reporting ($68,553,000 from direct appropriations and $1,509,000 from reimbursable resources) The Government-wide Accounting and Reporting (GWA) activity accounts for the monetary assets and liabilities of the Federal government. It also works with Federal agencies to adopt uniform accounting and reporting standards and provides support, guidance, and training to assist Financial Program Agencies in improving their Government-wide accounting and reporting responsibilities. GWA gathers and publishes government-wide financial information which is used in establishing fiscal and debt management policies and is also used by the public and private sectors to monitor the government's financial status.

Payments ($133,179,000 from direct appropriations, and $71,916,000 from reimbursable resources)
The Payments activity issues and distributes payments, develops and implements Federal payment policy and procedures, promotes the use of electronics in the payment process, and assists agencies in converting payments from paper checks to Electronic Funds Transfer (EFT). This activity also includes controlling and providing financial integrity to the payments process through reconciliation, accounting, and claims activities. Additionally, it collects monies from those parties liable for fraudulent or otherwise improper negotiation of government checks.

Retail Securities Services ($94,145,000 from direct appropriations and $17,540,000 from reimbursable resources)
The Retail Securities Services (RSS) Program offers simple, safe, and affordable securities that enable Americans to save for their future.

Products are targeted toward small investors looking to securely build savings. The program serves more than 50 million investors by processing millions of transactions annually. In support of the President's initiative to help millions of Americans start saving for retirement, *myRA*, a new retirement savings account following Roth Individual Retirement Account rules, was launched in FY 2015.

Summary Debt Accounting ($4,243,000 from direct appropriations, and $824,000 from reimbursable resources)
The Summary Debt Accounting (SDA) 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 Financial Report of the U.S. Government. SDA also consistently receives unqualified opinions on the *Schedules of Federal Debt*.

Wholesale Securities Services ($18,931,000 from direct appropriations and $3,878,000 from reimbursable resources)
The Wholesale Securities Services program is responsible for the announcement, auction issuance, and settlement of marketable Treasury bills, notes, bonds, and Treasury Inflation-Protected Securities. It also oversees an infrastructure that provides for the transfer, custody, and redemption of all Treasury marketable securities, which are purchased mostly by commercial market participants.

Legislative Proposals

1. Increase delinquent state income tax debt collections. Allow offset of federal income tax refunds to collect delinquent state income taxes for out-of-state residents.
Estimated collections: $1.2 billion in state taxes over 10 years (no federal revenue)

Under current law, the U.S. Department of the Treasury, Bureau of the Fiscal Service, may offset federal tax refunds to collect delinquent state income tax obligations but only if the delinquent taxpayer resides in the state collecting the tax. This proposal would allow the Fiscal Service to offset federal income tax refunds to collect delinquent state tax obligations regardless of where the debtor resides. For further details on this proposal, please see the Treasury Green Book.

2. Reduce costs for states collecting delinquent income tax obligations.
Estimated savings: $142.9 million over 10 years (no federal revenue)

Under current law, the U.S. Department of the Treasury, Bureau of the Fiscal Service, may offset federal tax refunds to collect delinquent state income tax obligations only after the state sends the delinquent debtor a notice by certified mail. The statutory notice requirements for federal tax refund offset for all other types of debts, including federal non-tax, child support, and state unemployment insurance compensation debts, are silent as to the notice delivery method. Federal tax refund offset regulations for all debts other than state income tax obligations require federal and state creditor agencies to send notices by regular first class mail. Similarly, notice requirements for other debt collection actions, including administrative wage garnishment, do not require delivery by certified mail. This proposal would allow the Fiscal Service to amend its regulations to permit states to send notices for state income tax obligations by first class mail, saving states certified mail costs and standardizing notice procedures across debt types.

3. Increase delinquent federal tax debt collections. Increase levy authority for payments to Medicare providers with delinquent tax debt. *Estimated collections: $514 million over 10 years*

The Administration 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. Under current law, Treasury is authorized to continuously levy up to 30 percent of a payment to a Medicare provider to collect delinquent tax debt. The proposal would allow Treasury to levy up to 100 percent of a payment to a Medicare provider to collect unpaid taxes, effective for payments made after the date of enactment. For further details on this proposal, please see the Treasury Green Book.

4. Increase delinquent federal non-tax debt collections. Authorize administrative bank garnishment for non-tax debts. *Estimated collections: $320 million over 10 years*

To reach income of commercial entities and other non-wage income and funds available to debtors owing delinquent non-tax obligations to the United States, this proposal would authorize agencies to issue garnishment orders to financial institutions without a court order. Agencies would be required to provide debtors with appropriate due process and other protections to ensure that debtors have had the opportunity to contest the debts and/or enter into repayment agreements to avoid issuance of an order. The Internal Revenue Service currently has similar authority to collect federal tax debts.

By way of background, the Debt Collection Improvement Act of 1996 (DCIA) authorized federal agencies to collect delinquent non-tax debt by garnishing the wages of debtors without the need to first obtain a court order. Since July 2001, the U.S. Department of the Treasury's Bureau of the Fiscal Service alone has collected $131.6 million in garnished wages (as of April 30, 2013) on behalf of federal agencies. In addition, the ability of agencies to garnish wages motivates many debtors to resolve outstanding delinquencies before such action can be initiated. This successful collection mechanism, however, reaches only those debtors who earn wages.

The proposed authority would be available only to garnish commercial accounts of debtors that owe delinquent non-tax debts, and would not be available to garnish consumer accounts. The legislation would direct the Secretary of the Treasury to issue government-wide regulations implementing this authority.

5. Increase and streamline recovery of unclaimed assets owed to the United States. Authorize Treasury to locate and recover assets of the United States and to retain a portion of amounts collected to pay for the costs of recovery. *Estimated Recoveries: $25 million over ten years*

States and other entities hold 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 to recover these assets. This legislation would authorize Treasury to use its resources to recover assets of the United States.

6. Provide authority to contact delinquent debtors via their cell phones. *Estimated savings: $120 million over 10 years*

The Budget proposes to clarify that the use of automatic dialing systems and prerecorded voice messages is allowed when contacting wireless phones in the collection of debt owed to or granted by the United States. In this time of fiscal constraint, the Administration believes that the Federal Government should ensure that all debt owed to the United States is collected as quickly and efficiently as possible and this provision could result in millions of defaulted debt being collected. While protections against abuse and harassment are appropriate, changing technology should not absolve these citizens from paying back the debt they owe their fellow citizens. The proposal would also allow the Federal Communications Commission to implement rules to protect consumers from being harassed and contacted unreasonably.

Fiscal Service Performance by Budget Activity

Budget Activity	Performance Measure	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Target	FY 2016 Target
Collections	Percentage Collected Electronically of Total Dollar Amount of Federal Government Receipts	97	97	98	98	98
Debt Collection	Amount of Delinquent Debt Collected Through All Available Tools ($ billions)	6.17	7.02	6.91	7.1	7.36
Government Agency Investment Services	Percent of Respondents Selecting the Highest Rating of Customer Satisfaction with Government Agency Investment Services (%)	60	61	57	58	59
Government-wide Accounting and Reporting	Percentage of Government-Wide Accounting Reports Issued Timely	99.86	100	100	100	100
Payments	Percentage of Treasury Payments and Associated Information Made Electronically	88	92.5	94	95	95.4
Retail Securities Services	Percentage of Retail Customer Service Transactions Completed within 5 Business Days (%)	75.7	74.5	89.7	88	88
Summary Debt Accounting	Cost Per Summary Debt Accounting Transaction ($)	22.47	19.86	16.36	17.53	17.72
Wholesale Securities Services	Percent of Auction Results Released Accurately (%)	100	99.6	99.3	100	100

Key: DISC - Discontinued and B - Baseline

Description of Performance

Collections: The measure, *Percentage Collected Electronically of Total Dollar Amount of Federal Government Receipts,* refers to the dollar value of collections received (settled) electronically. In FY 2014, 98 percent of revenue collections were settled electronically. The Fiscal Service expects to maintain an electronic collections rate of at least 98 percent in FY 2015 and FY 2016.

Debt Collection: In FY 2014, the Fiscal Service collected $6.91 billion in delinquent debt. The goal for FY 2015 and FY 2016 is to collect $7.1 billion and $7.36 billion, respectively, in delinquent debt through the expanding the use the administrative wage garnishment collection tool, enhanced use of analytics, 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.

Do Not Pay (DNP) Business Center: Since the DNP Business Center was launched in FY 2012, significant progress has been made towards providing agencies a one-stop-shop to verify eligibility prior to issuing a payment. With the enactment of the Improper Payments Elimination & Recovery Improvement Act of 2012 (IPERIA), the DNP Business Center began supporting Executive Branch agencies in meeting the IPERIA requirement to verify all payments prior to issuance. The DNP program offers three options geared towards reducing improper payments: The Do Not Pay Portal, The Do Not Pay Data Analytics Service, and Payment Integration.

Government Agency Investment Services (GAIS):
The GAIS Program strives to provide high-quality customer service, reliable transaction processing, and accurate and timely payment distribution. To aid in measuring performance, the organization conducts an annual customer survey that focuses on both program and system satisfaction. Based on survey responses, the Fiscal Service plans to target areas of improvement with the intent to increase the percentage of customers rating GAIS as "Excellent." The Fiscal Service's target percentage for customers rating GAIS as "Excellent" is 58 percent in FY 2015 and 59 percent in FY 2016.

Government-wide Accounting and Reporting: In FY 2014, the Fiscal Service achieved its target of 100 percent timely provision of Government-wide Accounting reports. These reports include the Daily Treasury Statement, Monthly Treasury Statement, and Combined Statement. The Fiscal Service continues to achieve its targets by maintaining the 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 bureau will continue modernization efforts to ensure the continued timeliness of these reports and anticipates it will achieve the 100 percent target for FY 2015 and FY 2016.

Payments: The measure *Percentage of Treasury Payments and Associated Information Made Electronically* supports the All Electronic Treasury priority. Due to the continued success of the Go Direct® and Direct Express® programs and implementation of the All Electronic Treasury priority, Fiscal Service has issued nearly 98 percent of its benefit payments and 94.4 percent of its total payments via EFT. Fiscal Service expects to achieve its targets in FY 2015 and FY 2016 by expanding electronic conversion efforts to additional benefit agencies and payment types, such as other vendor miscellaneous payments and federal tax refunds.

Retail Securities Services: In FY 2014, Fiscal Service completed 89.7 percent of retail customer service transactions within 5 business days. The annual target for FY 2015 and FY 2016 is 88 percent. Fiscal Service plans to meet performance targets by maintaining a skilled customer service workforce and streamlining operations to effectively manage costs.

Summary Debt Accounting: Summary Debt Accounting relies on cost per transaction to help manage the efficiency of the program. The actual FY 2014 cost was $16.36, which was below the target of $17.68. Minor application enhancements and increased system license fees will increase target costs to

$17.53 and $17.72 in FY 2015 and FY 2016, respectively.

Wholesale Securities Services: The accurate and timely release of auction results, with an emphasis on accuracy, is critical to the success of the Wholesale Securities Services Program. An emphasis on accuracy ensures preservation of public confidence in Treasury securities and stability of the financial market. Therefore, in FY 2016, Fiscal Service modified its performance measure from *Percent of Auction Results Released in Two Minutes +/- 30 Seconds* to *Percent of Auction Results Released Accurately*, with a target of 100 percent in FY 2016. Fiscal Service anticipates meeting its target through ongoing business process reviews and regularly scheduled contingency planning and mock auction exercises.