

## Bureau of the Fiscal Service

### Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2017	FY 2018	FY 2019	FY 2018 TO FY 2019	
	Enacted*	Annualized CR	Request	\$ Change	% Change
Accounting and Reporting	\$108,312	\$107,576	\$92,296	(\$15,280)	-14.20%
Collections	\$36,197	\$35,951	\$35,232	(\$719)	-2.00%
Payments	\$126,685	\$125,825	\$120,743	(\$5,082)	-4.04%
Retail Securities Services	\$62,559	\$62,134	\$62,297	\$163	0.26%
Wholesale Securities Services	\$19,304	\$19,173	\$20,269	\$1,096	5.72%
<b>Subtotal, Fiscal Service</b>	<b>\$353,057</b>	<b>\$350,659</b>	<b>\$330,837</b>	<b>(\$19,822)</b>	<b>-6%</b>
Offsetting Collections - Reimbursables	\$336,076	\$377,980	\$421,267	\$43,287	11.45%
<b>Total Program Operating Level</b>	<b>\$336,076</b>	<b>\$377,980</b>	<b>\$421,267</b>	<b>\$43,287</b>	<b>100.00%</b>
Direct FTE	1,674	1,693	1,668	(25)	-1.48%
Reimbursable FTE	420	427	431	4	0.94%
<b>Total FTE</b>	<b>2,094</b>	<b>2,120</b>	<b>2,099</b>	<b>(21)</b>	<b>-0.99%</b>

\* This column reflects levels appropriated in H.R. 255, the Consolidated Appropriations Act of 2017. For further details on the execution of these resources see the 2019 Budget Appendix chapter for the Department of the Treasury. FY 2017 FTE and Reimbursables are actuals.

### Summary

The Bureau of the Fiscal Service's (Fiscal Service) multi-faceted mission supports the National Financial Critical Infrastructure of the Federal Government and Treasury's Strategic Goal 4 (Transform Government-wide Financial Stewardship) and Goal 5 (Achieve Operational Excellence). Specifically, Fiscal Service:

- Provides Government-wide accounting and reporting services to include managing the Government's daily cash flows
- Operates the Federal Government's collections and deposit systems by managing the Electronic Federal Tax Payment System (EFTPS) and implementing new and cutting edge tools
- Provides centralized payment services to Federal agencies to include veterans' benefits, Social Security benefits, and Internal Revenue Service (IRS) tax refunds
- Offers investors the ability to buy and manage all Treasury marketable securities and non-marketable securities, including

U.S. savings bonds, online via the TreasuryDirect system

- Borrows the money needed to operate the Federal Government by performing auctions through which investors have the opportunity to purchase Treasury securities
- Manages the collection of delinquent debt owed to the Federal Government by operating the Treasury Offset Program (TOP) and Cross-Servicing Program

Fiscal Service interacts with almost every citizen and business in the country through the payments, collections, and debt collection programs.

Fiscal Service works with the Federal financial community to identify improvements to core programs and streamline operations Government-wide, and given the scope of work it is looked to as a leader in its functional areas. It is through the efficient and effective management of these critical programs that Fiscal Service demonstrates high performance and achieves outcomes and results, including:

- Financing Federal operations by collecting over \$4 trillion in revenues
- Securely and timely disbursing 1.2 billion Federal payments, totaling more than \$3.4 trillion, with 95.1 percent delivered electronically
- Making available \$8.6 trillion to fund critical daily Federal Government operations by conducting 275 auctions
- Developing the new USAspending.gov site using a single, Government-wide data schema resulting in the first Digital Accountability and Transparency Act (DATA Act) submission, with data from all 24 Chief Financial Officer Act agencies, timely published on the new spending transparency website

Fiscal Service has a continuous, deep commitment to financial prudence and welcomes opportunities to further streamline and, where appropriate, reduce costs associated with the crucial services provided to American taxpayers through centralized, cost effective means. Fiscal Service plans to accomplish these goals by converting disbursement checks to electronic payments; centralizing Federal disbursing; reducing Government-wide improper payments; expanding electronic invoicing through the Invoice Processing Platform (IPP); reducing collections lockboxes and increasing digitization; expanding the Centralized Receivables Services; implementing Financial Management Innovation Pilots to support the Fiscal Service vision to transform financial management; expanding eCommerce collections solutions to allow all American citizens to do business with the Federal Government in a more efficient and effective manner; and continuing to provide operational excellence to customers daily, which includes more than 200 agencies and all American taxpayers.

### **Fiscal Service FY 2019 Budget Highlights**

Dollars in Thousands

<b>Fiscal Service</b>	<b>FTE</b>	<b>Amount</b>
<b>FY 2018 Annualized CR</b>	<b>1,693</b>	<b>\$350,659</b>
<b>Changes to Base:</b>		
Maintaining Current Levels (MCLs):	0	\$3,286
Pay Annualization	0	\$1,038
Non-Pay	0	\$2,248
Adjustments to Base:	(13)	(\$19,822)
Prior Program Decreases	(13)	(\$19,822)
Subtotal Changes to Base	(13)	(\$16,536)
<b>Total FY 2019 Base</b>	<b>1,680</b>	<b>\$334,123</b>
<b>Program Changes:</b>		
Program Decreases	(12)	(\$3,286)
myRA	(12)	(\$600)
Mission Support	0	(\$2,686)
<b>Total FY 2019 Request</b>	<b>1,668</b>	<b>\$330,837</b>

Note: Prior program decreases include reductions to all budget activities identified in the FY 2018 President's Budget.

### **FY 2019 Budget Adjustments**

#### **Adjustments to Request**

#### **Maintaining Current Level (MCLs)**

#### **Pay Annualization +\$1,038,000 / +0 FTE**

Funds are requested for annualization of the January 2018 pay-raise.

#### **Non-Pay +\$2,248,000 / +0 FTE**

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

#### **Program Decreases**

#### **Prior Program Decreases -\$19,822,000 / -13 FTE**

Prior program decreases include reductions to Accounting and Reporting, Collections, Payments, Retail Securities Services, Support Services, and Streaming Staff/Other Efficiencies as first proposed in the FY 2018 President's Budget.

#### **myRA -\$600,000 / -12 FTE**

This reduction and savings is a result of the plan to wind down the myRA program.

**Mission Support -\$2,686,000 / -0 FTE**

Fiscal Service will delay implementation of customer self-service portals, on-line chat portals, and other mission support contracts impacting all budget activities and customers.

**Explanation of Budget Activities**

**Accounting and Reporting (\$92,296,000 from direct appropriations, \$25,004,000 from reimbursable resources)**

The Accounting and Reporting activity consists of two programs: Central Accounting and Data Transparency.

The Central Accounting program produces timely and accurate financial information by compiling and publishing daily, monthly, and annual reports; managing Federal daily cash flows; and tracking the daily balance and composition of the public debt of the United States. All of these activities significantly contribute to the improved quality of financial decisions across the Government and support the Treasury Strategic Objective 4.1 to increase the access and use of Federal financial data to strengthen Government-wide decision making, transparency, and accountability. As part of the Central Accounting program, Fiscal Service:

- Produces timely and accurate financial information by operating and overseeing the Government's Central Accounting Reporting System and managing \$103.2 billion in daily Federal cash flows
- Generates and disseminates several reports and publications including the Daily Treasury Statement, Monthly Treasury Statement, Monthly Statement of the Public Debt, Treasury Bulletins, the Combined Statement of the United States Government, and the Financial Report of the United States Government (FR)
- Issues the annual, audited Schedules of Federal Debt that report on the single largest Federal liability in Treasury's annual Agency Financial Report and

received an unmodified opinion for each of the past 21 years

- Manages nearly \$80.4 billion in State and Local Government Series securities for over 3,000 customers and administers flexible investment alternatives for state and local governments to refinance their outstanding, tax-exempt debt
- Issues, redeems and services Government Account Series securities totaling nearly \$5.8 trillion that are held in more than 160 accounts that have specific statutory authority to invest in these special, non-marketable Treasury securities
- Administers over 10,500 loans totaling \$1.4 trillion to nearly 100 accounts held by Federal agencies to support programs relating to education, housing, flood relief, and agriculture

The Data Transparency program is responsible for implementing the Fiscal Service's data strategy, as well as fulfilling the requirements of the DATA Act. The DATA Act required Fiscal Service, in collaboration with the Office of Management and Budget, to develop, implement, and manage a system to provide Government-wide financial data to the public by May 2017. To meet these requirements, Fiscal Service developed a Government-wide data standard for collecting agencies' financial data, selected a broker to accept and validate the data, and implemented a public website for data accessibility. Fiscal Service continues to implement system enhancements based on user feedback using agile development techniques.

**Collections (\$35,232,000 from direct appropriations, and \$9,287,000 from reimbursable resources)**

The Collections budget activity supports National Financial Critical Infrastructure and the Treasury Strategic Goal 4 (Transform Government-wide Financial Stewardship) by administering the world's largest Government funds collections systems through a network of

Fiscal and Financial Agents. In FY 2017, the bureau collected over \$4.1 trillion in Federal revenues, including individual and corporate income tax deposits, customs duties, fees for Government services, fines, and loan repayments. Within that, \$2 trillion in tax payments were processed through EFTPS and approximately 186.5 million transactions worth nearly \$155 billion were processed through Pay.gov.

***Payments (\$120,743,000 from direct appropriations, and \$120,109,000 from reimbursable resources)***

The Payments budget activity supports the National Financial Critical Infrastructure and Treasury Strategic Goal Four – Transform Government-wide Financial Stewardship by disbursing more than 87 percent of the Federal Government’s payments, equating to 1.2 billion payments worth \$3.4 trillion in FY 2017. Fiscal Service uses the Payment Application Modernization (PAM) investment to disburse payments for Veterans’ Compensation and Pension, Social Security Benefits, Federal and Railroad Pensions, IRS tax refunds, Supplemental Security Income (SSI), etc. PAM supports the production and delivery of Federal payments on behalf of more than 250 Federal entities with a single application that generates check, Automated Clearing House (ACH), International ACH Transaction (IAT), and wire transfer payments. PAM prevents improper payments and collects delinquent debt owed to the Federal Government by automatically interfacing with core Treasury systems such as Do Not Pay (DNP) and TOP. Fiscal Service will eliminate redundancies in the Federal Government through FY 2019 by centralizing the payment activities for a large portion of Department of Defense and other non-Treasury disbursing agencies. This will allow those agencies to better align mission-critical resources and possibly identify future savings.

The Payments budget activity also includes the IPP and the DNP programs. A secure, Government-wide, web-based electronic invoice exchange network, IPP promotes the efficient use of resources by enabling federal agencies to electronically receive vendor invoices and transform existing paper-based invoice processes into a streamlined electronic process that integrates with existing agency core financial systems. In FY 2017, while supporting the Financial Innovation and Transformation initiative to develop a standard for electronic invoicing Government-wide, agencies electronically received and processed more than 450,000 vendor invoices valued at \$25 billion. DNP provides a single, centralized point of access to timely, accurate, and actionable data for informed decision-making and can help identify, prevent, detect, and recover improper payments throughout the payment life cycle while protecting individuals’ privacy. Through FY 2019, DNP analytics will continue to mature and provide customer agencies with additional tools to identify potential improper payments at all payment stages.

***Retail Securities Services (\$62,297,000 from direct appropriations, and \$17,854,000 from reimbursable resources)***

Retail Securities Services (RSS) enables Americans to save for their future by investing in Treasury securities, most notably, U.S. savings bonds. This program is responsible for processing millions of transactions annually on behalf of more than 50 million investors. RSS also provides Americans the opportunity to participate noncompetitively in the auction of Treasury marketable securities. RSS is developing the Treasury Retail Investment Manager (TRIM), which will effectively replace the current TreasuryDirect system over time. TRIM will be a user-friendly system that will allow individual investors to purchase, view, redeem, and manage their investments electronically via laptop or mobile phone. Furthermore, TRIM

will ultimately allow the unbanked and the under-banked to electronically purchase investments by providing alternative payment mechanisms, unlike TreasuryDirect, which requires a bank account.

Over the next few years, RSS will continue to develop new and unique ways to reach underserved audiences, improve customer service, and, ultimately, encourage more Americans to save for their future.

**Wholesale Securities Services (\$20,269,000 from direct appropriations, and \$5,505,000 from reimbursable resources)**

The Wholesale Securities Services (WSS) program supports the National Financial Critical Infrastructure by managing a critical Treasury High Value Asset that enables the Federal Government to finance daily operations through reliable, accurate, and secure electronic systems. The WSS program also supports Treasury Strategic Goal 4 (Transform Government-wide Financial Stewardship) and Treasury Strategic Objective 5.2 to better enable mission delivery by improving the reliability, security, and resiliency of Treasury's infrastructure.

Fiscal Service is responsible for the announcement, auction, issuance, and settlement of marketable Treasury bills, notes, bonds, Treasury inflation-protected securities and floating rate notes. The program also oversees the portion of the Federal infrastructure that provides for the transfer,

custody, and redemption of all Treasury marketable securities, purchased mostly by commercial market participants.

**Legislative Proposals**

Fiscal Service has four legislative proposals:

- Increase delinquent Federal non-tax debt collections by authorizing administrative bank garnishment for non-tax debts of commercial entities. *Estimated collections of \$320 million in commercial debts over 10 years.*
- Increase and streamline recovery of unclaimed assets owed to the United States by authorizing 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 of \$77.2 million over 10 years.*
- Expand Treasury's authority to access the National Directory of New Hires to include prevention, identification, and recovery of improper payments. *Total increase in improper payments identified by Treasury: \$3.24 billion over ten years.*
- Allow Treasury to access the Death Master File for improper payment and debt collection purposes. *Total increase in improper payments identified by Treasury: \$49.9 million over 10 years.*

## Fiscal Service Performance Highlights

Budget Activity	Performance Measures	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
		Actual	Actual	Actual	Target	Target
Accounting and Reporting	Percentage of Government-Wide Accounting Reports Issued Timely	99.5	N/A	100.0	100.0	100.0
Collections	Percentage of Total Federal Government Receipts Settled Electronically (in dollars)	98.0	98.2	98.3	98.0	98.0
Payments	Percentage of Treasury Payments Made Electronically (%)	94.68	94.9	95.1	95.2	95.2
Retail Securities Services	Cost Per Customer Assisted Transaction (\$)	N/A	N/A	124.44	124.78	115.29
Retail Securities Services	Cost Per Electronic Transaction (\$)	N/A	N/A	2.65	3.46	4
Wholesale Securities Services	Percent of Auction Results Released Accurately (%)	97.0	100.0	98.9	100.0	100.0
Debt Collection	Amount of Delinquent Debt Collected Through All Available Tools (\$ billions)	7.28	7.41	7.61	7.56	7.48

### Description of Performance

**Accounting and Reporting:** Fiscal Service collects, analyzes, and publishes Government-wide financial information, made available to both the public and private sectors, to provide transparency on the Government's financial status. In FY 2017, Fiscal Service timely issued Government-wide accounting reports 100 percent of the time.

The Percentage of Summary Debt Accounting reports submitted timely measure established an FY 2017 target of 100 percent. Fiscal Service met its target in addition to taking significant strides with the FR to address the material weaknesses previously identified and continuing to implement corrective actions outlined in the remediation plan.

Fiscal Service will meet its FY 2018 and FY 2019 performance measure targets by transforming the quality, effectiveness and transparency of Federal financial management data; delivering value-added business process

and system improvements; and expanding/enhancing relationships with stakeholders and customers.

**Collections:** In FY 2017, Fiscal Service exceeded its target of electronically settling 98 percent of all Federal Government receipts through continued commitment to agency outreach efforts. Fiscal Service expects to maintain an annual electronic collections rate of at least 98 percent through FY 2019 by continuing to promote the use of electronic systems in the collections process and to assist agencies in converting collections from paper to electronic media.

**Payments:** Fiscal Service continues to increase the electronic payment rate each year. In FY 2017, the electronic payment rate rose to 95.1 percent with the number of electronic payments increasing by 17.8 million, and paper check volume decreasing by 1.4 million. Tax refund payments continue to total more than half of the Treasury-disbursed check volume. The processing of electronic invoices

also realized a large increase of more than 41,000 over the FY 2016 volume.

The target of 95.2 percent for FY 2018 and FY 2019 was determined by using historical data trends to determine the rate of increase/decrease to apply to future EFT and check volumes. The percentage increase/decrease differs for each of the payment types (veteran's benefits, Social Security benefits, SSI, tax refunds, etc.).

Fiscal Service will meet FY 2018 and FY 2019 targets by promoting and increasing EFT payments with emphasis on tax refunds, vendor payments, and benefit payments; and exploring, developing, and deploying innovative electronic payment solutions.

**Retail Securities Services:** Fiscal Service issued and serviced \$31.8 billion in savings and marketable securities held by 611,000 investors in TreasuryDirect. A total of 2.4 million retail payments worth \$13.6 billion were made timely and accurately.

The Cost Per Customer Assisted Retail Transaction measure demonstrates the efficiency of customer service operations for all retail securities currently offered. The customer service staff handles phone and email inquiries, offline authentications, paper savings bond conversions, changes in bank information, and transactions requiring legal evidence. In FY 2017, RSS experienced an increase in the percentage of overall customer-initiated transactions requiring intervention by the customer service staff, as well as higher than anticipated personnel costs directly attributed directly to the ongoing remediation of a backlog of customer service cases. The FY 2018 and FY 2019 targets are \$124.78 per customer assisted retail transaction.

The Cost Per Electronic Retail Transaction measure demonstrates the efficiency of

investor self-service for all retail securities currently offered. Customers are able to conduct several transactions independently of customer service representatives, including creating online accounts to purchase and hold securities, updating account information, purchasing and redeeming electronic securities, etc. In FY 2017, in combination with the shift in volumes noted above, a decrease in anticipated information technology provider charges resulted in lower than expected costs for electronic retail transactions. The FY 2018 and FY 2019 targets are \$3.46 per electronic retail transaction.

Fiscal Service will focus on meeting its FY 2018 and FY 2019 targets by increasing customer self-sufficiency and satisfaction through streamlined processes; eliminating aging technology and decreasing operation and maintenance costs; and leveraging current and/or emerging enterprise technologies.

**Wholesale Securities Services:** Fiscal Service awarded \$8.6 trillion in Treasury marketable securities during FY 2017, funding critical daily Federal operation by conducting 275 auctions. Fiscal Service will continue to track the percent of auction results released accurately and expects to achieve the 100 percent accuracy level in FY 2018.

To achieve FY 2018 and 2019 performance, Fiscal Service will complete a multi-year initiative to modernize the system's application software and technology components and will continue to test the tertiary backup system.

**Debt Collection:** Fiscal Service exceeded its Amount of Delinquent Debt Collection target for five consecutive years. This was the result of expanding the use of the administrative wage garnishment collection tool, improving macroeconomic conditions in the country, and

enhancing analytics. However, analysis has shown offsets declining against projections in the past two years. Combined with declining referrals from agencies, this has resulted in more modest forecasts for FY 2018 and FY 2019.

The performance targets for FY 2018 and FY 2019 are to collect \$7.56 billion and \$7.48 billion in delinquent debt, respectively. A sophisticated planning model using debt data and macroeconomic variables is the basis for this target forecast. The model is designed to take into account economic fluctuations, as well as debt referral changes, in order to forecast collections one and two years out.

To meet FY 2018 and FY 2019 delinquent debt performance targets, Fiscal Service will continue to develop and implement strategies to increase automation, standardization and overall process efficiencies. In addition, new payment streams and individual payments will be added to TOP that produce offsets and increase delinquent debt collection.