

Bureau of the Fiscal Service

FY 2017

Congressional Justification

February 9, 2016

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Section 1 – Purpose

1A – Mission Statement

Promote the financial integrity and operational efficiency of the Federal Government through exceptional accounting, financing, collections, payments, and shared services.

1.1 – Appropriations Detail Table

Dollars in thousands

Bureau of the Fiscal Service Appropriated Resources	FY 2015		FY 2016		FY 2017		FY 2016 to FY 2017			
	Enacted		Enacted		Request		Change		% Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources:										
Accounting and Reporting	451	104,725	419	125,752	454	114,167	35	(11,585)	8.35%	-9.21%
Collections	164	35,029	162	38,798	171	40,225	9	1,427	5.56%	3.68%
Payments	494	120,912	485	118,454	516	115,141	31	(3,313)	6.39%	-2.80%
Retail Securities Services	463	76,819	457	70,038	458	71,186	1	1,148	0.22%	1.64%
Wholesale Securities Services	64	10,699	63	10,808	65	12,338	2	1,530	3.17%	14.16%
Subtotal New Appropriated Resources	1,636	\$348,184	1,586	\$363,850	1,664	\$353,057	78	(10,793)	4.92%	-2.97%
Other Resources:										
Reimbursables	714	277,674	701	292,381	488	\$268,486	(213)	(23,895)	-30.39%	-8.17%
Subtotal Other Resources	714	\$277,674	701	\$292,381	488	\$268,486	(213)	(23,895)	-30.39%	-8.17%
Total Budgetary Resources	2,350	\$625,858	2,287	\$656,231	2,152	\$621,543	(135)	(34,688)	-5.90%	-5.29%

Note: Fiscal Service revised the budget activities and reporting to reflect the consolidated bureau activities. Please see Section 4B for additional information.

1B – Vision, Priorities and Context

The Bureau of the Fiscal Service (Fiscal Service) is guided by its vision to transform federal financial management and the delivery of shared services through efforts focused on maximizing efficiencies, transparency, and accountability. These themes are reinforced through bureau level Strategic Goals which promote the following:

- leadership and innovation .
- delivery of exceptional programs and services by an engaged and highly effective workforce .
- data transparency and usefulness .
- expansion of shared services.

Operationally, the Fiscal Service provides central payment services to federal program agencies (FPAs); operates the Federal Government's collections and deposit systems; provides government-wide accounting and reporting services; conducts all Treasury debt financing operations; issues, services, and accounts for all Treasury marketable securities and non-marketable securities; delivers reimbursable support services to federal agencies; and manages the collection of delinquent debt.

FY 2017 Statement of Objectives

The Fiscal Service fulfills its mission and vision through five annually appropriated budget activities and one mandatory budget activity, funded through debt revenue that support and align with Treasury's strategic objectives as follows:

Treasury Strategic Objective 1.1

- Promote savings and increased access to credit and affordable housing options*
 - Retail Securities Services
 - Wholesale Securities Services

Treasury Strategic Objective 3.1

Improve the efficiency and transparency of federal financial management and government-wide accounting

Accounting and Reporting

Treasury Strategic Objective 3.2

Improve the disbursement and collection of federal funds and reduce improper payments made by the United States Government

Collections

Debt Collection (non-appropriated)

Payments

Fiscal Service continues to make progress in implementing its priority projects, as well as supporting Treasury in the accomplishment of its strategic objectives. Through the Treasury Strategic Objective Annual Review, the following next steps were identified for Fiscal Service:

- Implement *myRA* scaled adoption and technology enhancement.
- Redesign the Financial Information Repository to address client needs and implement general capability improvements.
- Implement USAspending.gov improvements.
- Lead the government-wide Digital Accountability and Transparency Act of 2014 (DATA Act) implementation strategy in partnership with the Office of Management and Budget (OMB).
- Incorporate authorized data sources into the Do Not Pay Business Center.
- Perform 24-month student loan pilot with the Department of Education.
- Enhance program effectiveness by working to align new and existing performance measures to the Fiscal Service Strategic Plan.

Bureau-wide Efforts

Government-wide Shared Services

- Continue to support the Shared Services Cross-Agency goal to advance the adoption of shared services by coordinating input from the financial marketplace, managing financial business processes and expanding lessons learned into other lines of business.
- Support the newly established Unified Shared Services Management office in the General Services Administration to improve delivery of services, stabilize shared ecosystems and identify additional opportunities for agency collaboration.

Accounting and Reporting

Fiscal Service accomplished the following through September 30, 2015:

- Refreshed the USAspending.gov website in March 2015 and continued making additional changes throughout FY 2015 in response to new and outstanding feedback regarding usability and presentation.
- Released the initial data standards, guidance (including a baseline data exchange schema), and other resources to federal agencies in May 2015, in collaboration with OMB to support the implementation of the DATA Act; initiated the first phase of the DATA Act Implementation Pilot, which leverages industry data exchange standards to map federal financial data to a standard taxonomy and format.

- Accounted for and reported on all financial activity related to the \$18.2 trillion public debt.
- Issued and serviced nearly \$5.0 trillion in Treasury securities invested by 78 federal agencies in over 244 Federal Government trust and investment accounts, including \$3.2 trillion in 22 Treasury managed trust funds.
- Managed a daily cash flow of \$88.3 billion.
- Enhanced the Financial Information Repository (FIR) to support further efforts to provide the public with visibility into the financial health of the Federal Government.
- Implemented planned FIR releases to address user enhancements and incorporated the Monthly Statement of the Public Debt visualization proof of concept.
- The Central Accounting and Reporting System (CARS) was implemented as the central accounting system of record for the Federal Government, replacing the legacy STAR system that had been in use for 25 years.

FY 2016

- Continue implementation of the DATA Act to include necessary government-wide financial system enhancements and providing assistance to agencies. This includes developing the technical platform/architecture to collect data across disparate systems in the Federal Government.
- Begin operationalizing data exchange standards for federal transparency reporting. In collaboration with OMB, develop a corresponding framework and governance structure required to manage the standards.
- Continue multi-year effort towards obtaining a clean audit of the Financial Report by FY 2018 by obtaining assurance on the reliability of all significant General Fund activity and balances.
- Strengthen effective government-wide accounting by providing Central Accounting and Reporting System (CARS) operational and technical support during the transition of federal program agencies to CARS.

FY 2017

- Complete the implementation of the DATA Act and continue to meet Treasury's responsibility to publish additional spending data on USA Spending.gov (or a successor site). This includes operationalizing data exchange standards for federal transparency reporting and the corresponding governance required to manage the standard. Develop a publication platform that provides consistent, reliable, and searchable government-wide spending data.
- Continue to support the Agency Priority Goal to develop and improve financial transparency policies and their adoption that reflect a 21st century economy and data-driven decision-making.
- Continue progress towards obtaining a clean audit of the Financial Report by FY 2018 by obtaining assurance on the reliability of all significant General Fund activity and balances.
- Modify payment, collection, and accounting systems to enable Treasury to monitor and manage its cash position in near real time.

Collections

Fiscal Service accomplished the following through September 30, 2015:

- Collected nearly \$3.1 trillion in federal revenue.

- Processed over 119 million transactions worth over \$106 billion through Pay.gov, an internet-based non-tax collection system.
- Processed nearly \$3.0 trillion (approximately 98% of total revenue collected) through Electronic Funds Transfer.

Fiscal Service plans to focus on the following highlighted Collections efforts:

FY 2016

- Continue to advance E-Commerce in support of Treasury's initiative to have non-tax collections and remittances submitted electronically to reduce costs, improve accuracy, and increase options available to citizens to conduct transactions with the Government.
- Complete business requirements for the new Electronic Federal Tax Payment System (EFTPS) to facilitate innovation and incorporate sound security features.
- Facilitate cost savings and the reduction of paper in Lockbox programs through the Financial Agent Selection Process (FASP), E-Commerce, and program advancements.

FY 2017

- Advance E-Commerce further by implementing a variety of mobile apps and increasing agency implementation of digital wallet providers and online bill payment.

Payments

As of September 30, 2015 Fiscal Service achieved the following successes:

- Disbursed over \$2.6 trillion in federal payments including Social Security, veterans' benefits, and income tax refunds.
- Disbursed 94.8% of the nearly 1.2 billion payments electronically – 98% of the 931 million benefit payments were disbursed electronically.
- The DNP Business Center (DNP) implemented a major system release providing real-time matching at the time of payment, resulting in more timely agency and program access to potential improper payments that may need further investigation.
- DNP worked one on one with agencies to review payment data to identify and address internal control weaknesses that resulted in improper payments in addition to the business process review services offered.

FY 2016

- Improve federal fiscal management by expanding federal agency use of the Do Not Pay Business Center to reduce improper payments.
- Further expand federal agency use of the Invoice Processing Platform (IPP).
- Promote Treasury disbursing services to federal agencies that currently make their own payments.
- Enhance federal reporting and query capabilities by enabling agencies to submit claims electronically through improvements in the Post Payment System (PPS).
- Continue planned enhancements to the Stored Value Card (SVC) program to include consolidating processing platforms and developing components for a SVC one-card solution.

FY 2017

- Improve analytics capabilities through the use of new algorithms and predictive modeling; acquire income, expanded death, and credit data; and implement authorities to work with Federal legislative and judicial programs and federally funded state-administered programs.
- Expand the number of agencies and their vendors using IPP to submit electronic invoices.
- Implement Treasury disbursing services with additional federal agencies.
- Continue to enhance SVC products for efficiency and expand capabilities.

Retail Securities Services

Fiscal Service accomplished the following during FY 2015:

- Issued and serviced \$26.9 billion in savings and marketable issues held by 583,227 investors in the online TreasuryDirect system through September 30th.
- Implemented a *myRA* landing site in November 2014 and worked on a variety of enhancements, such as including the ability to create a *myRA* account when filing tax returns.
- Implemented virtual case files to improve customer service by automating workflows and a virtual contact center as part of the multi-year Treasury Retail E-Services initiative.

FY 2016

- Enhance investment opportunities for American citizens through focused efforts on increasing participation in *myRA*.
- Complete a review of the Retail Securities Services program to refocus program direction and solidify the mission and long-term vision, identify the future customer base, design a new savings product(s), clarify the most effective channels for interacting with customers and servicing new products, and create an operating model and implementation roadmap.
- Develop core components and infrastructure for a new retail securities system that will enhance capabilities for customers to purchase, reinvest, redeem, transfer, and hold securities electronically, including developing a web interface.

FY 2017

- Continue to increase participation in *myRA*.
- Begin implementation of the Retail Securities Services program vision.
- Continue developing a new retail securities system that will enhance capabilities for customers to purchase, reinvest, redeem, transfer, and hold securities electronically, including deploying the core framework.

Wholesale Securities Services

During FY 2015, Fiscal Service:

- Conducted 269 auctions and awarded \$6.9 trillion in Treasury marketable securities through September 30th.
- Continued stabilizing, modernizing, and migrating the Treasury Automated Auction Processing System (TAAPS) to a new technical platform, as well as planning to modernize the software components of TAAPS.

FY 2016

- Continue the multi-year effort to stabilize, modernize, and migrate TAAPS to a new technical platform, while modernizing software components.

FY 2017

- Complete the stabilization, modernization, and migration of TAAPS to a new technical platform and continue to modernize the software components.

Debt Collection

Fiscal Service accomplished the following through September 30, 2015:

- Collected nearly \$7.3 billion in delinquent debt (\$1.9 million in delinquent child support).
- Collected \$547.8 million in State Unemployment Insurance Compensation debt on behalf of 42 states and the District of Columbia.
- Started a Cross-Servicing debt collection pilot with the Department of Education upon receipt of 7,000 Direct and Federal Family Education Loan delinquent debts, with an additional 5,000 debts that followed, in order to determine the tools that can be employed to facilitate repayment or resolution of defaulted student loans.

FY 2016

- Expand the use of state-of-the-art mechanisms to include developing Cross-Servicing Next Generation to bring the Cross-Servicing system into the 21st Century.
- Continue the Education Student Loan Pilot.

FY 2017

- Continue to expand the use of state-of-the-art mechanisms and strategies for maximizing the collection of delinquent debt.
- Finalize the results of the Department of Education Student Loan Pilot and make a recommendation for future servicing of Education debts to ultimately achieve greater efficiency with government resources.

Section 2 – Budget Adjustments and Appropriation Language

2.1 – Budget Adjustments Table

Dollars in Thousands

Bureau of the Fiscal Service	FTE	Amount
FY 2016 Enacted	1,586	\$363,850
Changes to Base		
Base Realignment	108	\$0
Technical FTE Adjustment	108	\$0
Maintaining Current Levels (MCLs)		\$6,032
Pay-Raise		\$2,295
Pay Annualization		\$620
Non-Pay		\$3,117
Efficiency Savings	(30)	(\$1,935)
Program Efficiencies	(30)	(\$1,935)
Total FY 2017 Base	1,664	\$367,947
Program Changes		
Program Decreases		(\$14,890)
DATA Act Implementation		(\$10,780)
Rent Savings		(\$4,110)
Total FY 2017 Request	1,664	\$353,057

2A – Budget Increases and Decreases Description

Base Realignment +\$0 / +108 FTE

Technical FTE Adjustment +\$0 / +108 FTE

Maintaining Current Levels (MCLs) +\$6,032,000 / +0 FTE

Pay-Raise +\$2,295,000 / +0 FTE

Funds are requested for the proposed January 2017 pay-raise.

Pay Annualization +\$620,000 / +0 FTE

Funds are requested for annualization of the January 2016 pay-raise.

Non-Pay +\$3,117,000 / +0 FTE

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

Efficiency Savings -\$1,935,000 / +78 FTE

Program Efficiencies -\$1,935,000 / -30 FTE

Anticipated savings realized from reduced programmatic and FTE requirements to align with estimated operating levels.

Program Decreases -\$14,890,000 / +0 FTE

DATA Act Implementation -\$10,780,000 / +0 FTE

With the implementation of the DATA Act anticipated to be well underway, it is expected that Fiscal Service will be able to decrease the funding needed to complete the balance of the government-wide legislative requirements.

Rent Savings -\$4,110,000 / +0 FTE

With the final closeout of the Emeryville, California lease, Fiscal Service is realizing the last portion of the Payment Center Closure savings.

2.2 – Operating Levels Table

Dollars in thousands

		FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
Object Classification				
11.1	Full-time permanent	136,298	141,854	135,185
11.3	Other than full-time permanent	394	2,034	1,932
11.5	Other personnel compensation	2,651	6,148	5,840
11.8	Special personal services payments	141	0	23,879
11.9	Personnel Compensation (Total)	139,484	150,036	166,836
12.0	Personnel benefits	44,696	40,429	44,331
13.0	Benefits to former personnel	132	206	150
Total Personnel and Compensation Benefits		184,312	190,671	211,317
21.0	Travel and transportation of persons	1,852	1,732	2,875
22.0	Transportation of things	121	241	121
23.1	Rental payments to GSA	26,189	25,214	21,767
23.2	Rental payments to others	866	519	435
23.3	Communication, utilities, and misc charges	7,676	9,580	7,346
24.0	Printing and reproduction	146	399	411
25.1	Advisory and assistance services	15,579	19,302	25,638
25.2	Other services from non-Federal Sources	18,384	17,517	16,013
25.3	Other goods and services from Federal Sources	83,708	88,936	58,993
25.4	Operation and maintenance of facilities	2,125	1,041	950
25.6	Medical care	0	2	0
25.7	Operation and maintenance of equipment	2,772	2,100	1,880
26.0	Supplies and materials	2,471	2,763	2,287
31.0	Equipment	1,456	2,769	2,394
32.0	Land and structures	81	1,014	630
42.0	Insurance claims and indemnities	0	50	0
Total Non-Personnel		163,426	173,179	141,740
Subtotal New Appropriated Resources		\$347,738	\$363,850	\$353,057
Budget Activities:				
	Accounting and Reporting	114,856	141,873	127,511
	Collections	38,880	43,884	45,094
	Debt Collection	174,634	168,172	151,934
	Payments	202,722	212,578	204,000
	Retail Securities Services	82,717	77,729	79,266
	Wholesale Securities Services	11,603	11,995	13,738
Total Budgetary Resources		\$625,412	\$656,231	\$621,543
FTE				
		1,996	2,287	2,152

Note: Fiscal Service revised the budget activities and reporting to reflect the consolidated bureau activities. Please see Section 4B for additional information.

2B – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
<p style="text-align: center;">DEPARTMENT OF THE TREASURY THE BUREAU OF THE FISCAL SERVICE Federal Funds SALARIES AND EXPENSES</p> <p>For necessary expenses of operations of the Bureau of the Fiscal Service, [\$363,850,000] \$353,057,000; of which not to exceed \$4,210,000, to remain available until September 30, [2018] 2019, is for information systems modernization initiatives; and of which \$5,000 shall be available for official reception and representation expenses[; and of which not to exceed \$19,800,000, to remain available until September 30, 2018, is to support the Department's activities related to implementation of the Digital Accountability and Transparency Act (DATA Act; Public Law 113–101), including changes in business processes, workforce, or information technology to support high quality, transparent Federal spending information]. 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.</p> <p><i>(Consolidated Appropriations Act, 2016.)</i></p>	<p>Multi-year funding is not necessary for DATA Act starting in FY 2017.</p>

2C – 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. Under this account, the FRBs support fiscal operations, which are unrelated to the administration of the public debt, and provide banking and financial services on behalf of the Treasury of the United States. Specifically, this account supports the accounting and reporting, collections, and payments programs. These and other programs are vital to the Fiscal Service's strategic goals, the National Financial Critical Infrastructure, and the expanding E-Government. Fiscal Service estimates that the cost of FRB services for FY 2017 will be approximately \$529.4 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. This account was further defined in FY 1992 to solely support those activities related to the administration of the public debt. Claims for reimbursements are closely monitored for compliance with the Instructions for Filing Reimbursement Claims for Fiscal Agent Services Provided to the Fiscal Service. Funding for FY 2017 is estimated at \$138.3 million. Specifically, this account supports the Retail Securities Services and Wholesale Securities Services budget activities only.

Financial Agent Services Permanent, Indefinite Appropriation

Congress has given the Secretary of the Treasury broad discretion to deposit money in financial institutions and 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 collections, payments, securities and accounting and reporting. 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. Fiscal Service estimates that the cost of FA services for FY 2017 will be approximately \$679.5 million, which includes \$3 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 enacted 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 2017, the funding estimated to support payments for the replacement of valuables is \$1.1 million.

2.3- Permanent, Indefinite Appropriations Table

(Dollars in Thousands)

Permanent, Indefinite Appropriation	2015 Actuals	2016 Enacted	2017 Requested
Federal Reserve Bank ¹	\$ 477,091	\$ 524,155	\$ 529,397
Reimbursements to the Federal Reserve Banks	\$ 123,658	\$ 136,945	\$ 138,314
Financial Agent Services ^{1,2}	\$ 642,572	\$ 716,230	\$ 679,465
Government Losses in Shipment	\$ 1,221	\$ 1,098	\$ 1,123

¹: Approximately \$75M is reimbursed from other government agencies and deposited into the General Fund each year.

²: FY 2015, FY 2016, and FY 2017 include costs for the Government Sponsored Enterprise - Mortgage Backed Securities administrative costs of \$3M per year.

2D – Legislative Proposals

New for FY 2017 President's Budget

1. Option to access the National Directory of New Hire Data via the Do Not Pay Portal

The 2017 Budget includes a package of proposals to allow additional programs and agencies authority to access the National Directory of New Hire Data (NDNH), a federal database of employment and unemployment insurance information administered by the Office of Child Support Enforcement within the Department of Health and Human Services (HHS). Access to this data is tightly controlled by statute, and HHS implements strong privacy, confidentiality, and security protections to protect the data from unauthorized use or disclosure. Currently several programs are successfully using this data for program integrity, implementation, and research purposes, and the use of that data has led to important insights and program integrity gains. The Budget proposes to build on this strong history of data stewardship and protection to allow additional programs and agencies to access this valuable data to learn what works and improve program implementation, while continuing to protect the privacy, security and confidentiality of that data.

Included in this package is a request to allow programs that are statutorily authorized in the Social Security Act to access NDNH data for program integrity purposes to do so via the Do Not Pay (DNP) initiative's designated centralized portal at the Department of the Treasury. The Improper Payments Elimination and Recovery Improvement Act codified the Administration's Do Not Pay initiative by specifying six Federal data sets to help prevent and identify improper payments. OMB designated Treasury to host a centralized portal, the DNP Business Center, for agencies to access, as authorized, multiple sources of data to aid in program integrity related efforts. This proposal includes the following sub-components:

- The Administration for Children and Families' Office of Child Support Enforcement (OCSE) would retain control over the NDNH data through an MOU with Treasury and each individual agency that clearly defines how Treasury (and each agency) may use the data, and further provides rules for protecting and correcting the data and for its retention and destruction;
- OCSE would still apply its robust privacy and security review procedures before granting any agency access to data;
- DNP would only access and disclose the minimum relevant NDNH data to agency programs that are authorized to access the data in statute and who have an MOU with OCSE to access the data;
- Agencies would maintain the option to access NDNH via DNP or directly through OCSE;
- OCSE would be reimbursed by Treasury and/or the accessing agency for the costs incurred by providing the NDNH data to the agency, regardless of the mechanism used; and
- Since the NDNH data are not verified, agencies accessing NDNH data via Treasury's DNP portal will ensure that the data are not used as the basis for any adverse determination, including denial of benefits or overpayment determinations in federally-assisted programs, and will be required to conduct independent verification of information prior to taking any adverse action against any individual without further investigation.

The proposal also includes penalties for unauthorized access, use, disclosure, or re-disclosure of personally identifiable information; clear specification of each authorized purpose; a requirement that the minimum data necessary be accessed; and satisfies the Administration's criteria for when authority to access NDNH data should be considered.

The package also requires HHS to review each agency's security position before it allows that agency to access the data, prohibits HHS from granting access to the data for any purpose not authorized in statute, and requires HHS to generate a public reporting on the use of NDNH data. Please see Budget Chapter, *A Government of the Future*, and HHS's Administration for Children and Families Congressional Justification for additional information on the full package of NDNH access proposals and the criteria for considering access to NDNH data.

Re-proposed from FY 2016 President's Budget

1. Increase delinquent state income tax debt collections by allowing offset of federal income tax refunds to collect delinquent state income taxes for out-of-state residents.

Estimated collections: \$2.3 billion in state taxes over 10 years (no federal revenue)

Under current law, the 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 amend the Internal Revenue Code (IRC) section 6402(e) to allow the Fiscal Service to offset federal income tax refunds to collect delinquent state tax obligations regardless of where the debtor resides.

2. Reduce costs for states collecting delinquent income tax obligations by allowing states to send notices of intent to offset federal tax refunds to collect state income tax obligations by regular first-class mail, rather than by certified mail. *Estimated savings:*

\$202.4 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 amend IRC section 6402(e) to 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 non-tax debt collections by authorizing administrative bank garnishment for non-tax debts of commercial entities. *Estimated Collections:*

\$320 million in commercial debts over 10 years

This proposal would allow federal agencies to collect non-tax debt by garnishing the bank and other financial institution accounts of delinquent commercial debtors without a court order and after providing full administrative due process. The Budget proposes to direct the Secretary of the Treasury to issue government-wide regulations implementing the authority of bank garnishment for non-tax debts of commercial entities. Bank garnishment rules under this authority would be subject to Treasury's rule (31 CFR 212) protecting exempt benefit payments from garnishment. To reach income of commercial entities and other non-wage income and funds available to commercial 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 verify and 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. The Debt Collection Improvement Act of 1996 authorized federal agencies to collect delinquent non-tax debt by garnishing the wages of debtors without the need to first obtain a court order. This proposal would reach assets of entities whose income is not derived from wages. Since July 2001, the Bureau of the Fiscal Service has collected \$279.3 million in garnished wages (as of November 30, 2015) on behalf of federal agencies.

- 4. 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: \$85 million over 10 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 a lack of expertise and/or 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 Treasury's 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. The Budget proposes to amend 31 U.S.C. 3718 to authorize Treasury to use its resources to recover assets of the United States.

Section 3 – Budget and Performance Plan

3A – Accounting and Reporting

(\$114,167,000 from direct appropriations, and \$13,344,000 from reimbursable resources):

The Accounting and Reporting activity consists of three programs: Government Agency Investment Services, Government-wide Accounting and Reporting, and Summary Debt Accounting. In prior budget submissions, these three programs were separate budget activities. Fiscal Service has combined the three programs into one budget activity due to their commonalities. Additionally, all three support Treasury Strategic Goal Three to “Fairly and effectively reform and modernize the federal financial management, accounting and tax systems.”

The Government Agency Investment Services (GAIS) program issues, services, and redeems Government Account Series (GAS) securities for federal agencies that have legislative authority to invest; administers State and Local Government Series (SLGS) securities and offers a flexible investment alternative for state and local governments to refinance their outstanding tax-exempt debt; and represents Treasury’s role in the federal loan program including accounting for and reporting on loans made to other federal agencies with legislative authority to borrow.

The Government-wide Accounting (GWA) program produces timely and accurate financial information that contributes to the improved quality of financial decisions made 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. Fiscal Service collects, analyzes, and publishes government-wide financial information that 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 Financial Report of the United States Government (FR).

Fiscal Service is taking significant steps to address the material weaknesses found in the compilation process of the FR that include:

- Requesting federal entities to provide root cause analysis and corrective action plans for any recurring intragovernmental differences;
- Expanding feedback by providing scorecards to additional federal entities to ensure coverage over the material intragovernmental differences;
- Collecting data from all identified reporting entities and/or demonstrating their data is immaterial;
- Ensuring engagement with federal entities and that adequate support is gathered for all journal vouchers;
- Ensuring appropriate information regarding litigation is included in the Financial Report;
- Implementing a process to work in a more collaborative manner with key federal entity personnel in the preparation of complex areas in the Financial Report;

- Providing reasonable assurance that new or substantially revised federal accounting standards are consistently implemented among federal entities;
- Determining the significance of data contained in the Financial Report that does not have audit assurance;
- Performing an analysis of the variances for all financial statement lines and disclosures;
- Identifying and reporting all items needed to prepare the Budget Statements.

The Summary Debt Accounting (SDA) program reports daily on the balances and composition of the public debt, publishes the Monthly Statement of the Public Debt, and issues the annual, audited Schedules of Federal Debt (Schedules). The Schedules report on the single largest liability in Treasury's Agency Financial Report and received an unmodified opinion for the past 18 years.

Description of Performance:

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 conducted an annual customer survey with the intent to increase the percentage of customers rating GAIS as "Excellent." Fiscal Service's FY 2016 target is 59 percent; however this measure will be discontinued in FY 2017 as Fiscal Service integrated all individual program customer service surveys into a single annual survey. A new efficiency measure to ensure timely and accurate reporting of investment and borrowing activity will be used to measure the success of the GAIS program. The FY 2017 reporting target for the new measure is 98 percent.

In FY 2015, Fiscal Service established a target of 100 percent for the *Percentage of Government-wide Accounting Reports, which include the Daily Treasury Statement (DTS), Monthly Treasury Statement (MTS), and consolidated Financial Report, issued on time* measure. The timeliness standard of each report is as follows:

- DTS target to be published by 4:00 pm (Eastern Time) each business day
- MTS target to be published by the eighth business day each month
- Consolidated Financial Report must be published annually

Fiscal Service continues to achieve its targets by maintaining the established process of validating and reconciling data with reporting sources such as FPAs and various electronic deposit and payment applications. The bureau will continue modernization efforts to ensure the timeliness of these reports and anticipates it will achieve the 100 percent target for FY 2016 and FY 2017.

To transform SDA, the program created a long-term goal of restructuring or eliminating a percentage of unnecessary and/or duplicative business processes each fiscal year. SDA has now restructured or, where appropriate, eliminated the majority of its business processes; therefore this measure is no longer beneficial. Beginning in FY 2017, SDA will replace this measure with *Percentage of Summary Debt Accounting reports submitted timely*, with a target of 100 percent.

SDA relies on cost per transaction to help manage the efficiency of the program. SDA transactions consist of activity related to the reporting of balances and the composition of the public debt with the average transaction totaling over a billion dollars. The actual FY 2015 cost

is \$19.26, which is above the target of \$17.53 due to changes in the Fiscal Service cost accounting methodology. As a result, the target cost per item for FY 2016 and FY 2017 is currently \$19.26; however this will be revised in the future.

3.1.1 –Accounting and Reporting Budget and Performance Plan

Dollars in Thousands

Accounting and Reporting Budget Activity								
Resource Level	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
	Actual	Actual	Actual	Actual	Actual	Actual	Enacted	Request
Appropriated Resources	\$100,105	\$94,044	\$88,629	\$86,628	\$102,661	\$104,600	\$125,752	\$114,167
Reimbursable Resources	\$4,967	\$7,197	\$7,416	\$6,517	\$6,699	\$10,256	\$16,121	\$13,344
Budget Activity Total	\$105,072	\$101,241	\$96,045	\$93,145	\$109,360	\$114,856	\$141,873	\$127,511

Note: Fiscal Service revised the budget activities and reporting to reflect the consolidated bureau activities. Please see Section 4B for additional information.

Measure	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016	FY 2017
	Actual	Actual	Actual	Actual	Actual	Actual	Target	Target	Target
Cost Per Government Agency Investment Services Transaction (\$)	82.08	84.67	33.48	35.2	35.99	56.38	38.09	56.38	56.38
Collect and disburse interest/principal payment amounts for Government Agency Investment Services investments/borrowings timely and accurately	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	98.0
Percent of Respondents Selecting the Highest Rating of Customer Satisfaction with Government Agency Investment Services (%)	55	60	60	61	57	52	58	59	DISC
Percentage of Government-Wide Accounting Reports Issued Timely (Includes Daily Treasury Statement - Table 1 and Monthly Treasury Statement - Table 1)	100.0	100.0	99.86	100.0	100.0	99.5	100.0	100.0	100.0
Cost Per Summary Debt Accounting Transaction (\$)	11.28	14.8	22.47	19.86	16.36	19.26	17.53	19.26	19.26
Percentage of Summary Debt Accounting reports submitted timely and accurately	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	100
Percent of Summary Debt Accounting Business Processes Restructured or Eliminated	6	9.5	6	21.4	21.4	15	15	20	DISC

Key: DISC - Discontinued

3B – Collections

(\$40,225,000 from direct appropriations, and \$4,869,000 from reimbursable resources):

The Collections program supports Treasury Strategic Goal Three to “Fairly and effectively reform and modernize the federal financial management, accounting and tax systems” which includes the 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. These efforts also support the following Fiscal Service strategic goals:

- Serve as a catalyst for effective government through initiative and innovation
- Deliver exceptional programs and services
- Promote data transparency and usefulness as a public good

The Fiscal Service continues to promote the use of electronic systems in the collections process and to assist agencies in converting collections from paper to electronic media with programs such as:

Electronic Federal Tax Payment System (EFTPS): The Fiscal Service communicates the benefits of EFTPS – accuracy, security, simplicity, and flexibility – to financial institutions, small businesses, and tax practitioners. The goal is to continue to require businesses to pay their federal taxes electronically and focus efforts on increasing the number of individuals that pay taxes electronically.

Pay.gov: Pay.gov is a system allowing individuals and businesses to make non-tax payments to federal agencies over the internet. Recent developments have focused on a mobile-friendly user interface, incorporation of digital wallet providers PayPal and Dwolla, and enhanced functionality in the areas of electronic billing and electronic forms.

Check Conversion and Truncation: The Fiscal Service is employing strategies to reduce the number of paper checks it receives and to ensure that those it does receive are converted for electronic processing. The Over the Counter Channel Application (OTCnet) and Electronic Check Processing (ECP) are programs that provide a complete electronic record of all check images and related financial data that is accessible by agencies and eliminate the need to photocopy checks, safeguard checks, or process paper.

Description of Performance:

The measure, *Percentage Collected Electronically of Total Dollar Amount of Federal Government Receipts*, reflects the dollar value of collections received (settled) electronically and supports Treasury Strategic Goal Three to “Fairly and effectively reform and modernize the federal financial management, accounting and tax systems.” As it is quicker and more cost-efficient to process electronic transactions, this measure gauges the efficiency of collecting funds for the Federal Government. In FY 2016 and FY 2017, Fiscal Service will continue its agency outreach and offer new products such as mobile applications and online bill presentment while expanding the use of digital wallets. Fiscal Service expects to maintain an annual electronic collections rate of at least 98 percent through FY 2017.

3.1.2 –Collections Budget and Performance Plan

Dollars in Thousands

Collections Budget Activity								
Resource Level	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
	Actual	Actual	Actual	Actual	Actual	Actual	Request	Request
Appropriated Resources	\$21,911	\$22,624	\$21,166	\$20,851	\$30,469	\$34,982	\$38,798	\$40,225
Reimbursable Resources	\$258	\$1,419	\$1,419	\$176	\$0	\$3,898	\$5,086	\$4,869
Budget Activity Total	\$22,169	\$24,043	\$22,585	\$21,027	\$30,469	\$38,880	\$43,884	\$45,094

Note: Fiscal Service revised the budget activities and reporting to reflect the consolidated bureau activities. Please see Section 4B for additional information.

Measure	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016	FY 2017
	Actual	Actual	Actual	Actual	Actual	Actual	Target	Target	Target
Percentage Collected Electronically of Total Dollar Amount of Federal Government Receipts	85	96	97	97	98	98	98	98	98

Key: DISC - Discontinued

3C – Debt Collection

(\$0 from direct appropriations, and \$151,934,000 from reimbursable resources):

The Debt Collection program supports Treasury Strategic Goal Three to “Fairly and effectively reform and modernize the federal financial management, accounting and tax systems” which includes the objective “to improve the disbursement and collection of federal funds and reduce improper payments made by the U.S. Government.” Fiscal Service collects delinquent government, 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. Fiscal Service uses two debt collection programs: Treasury Offset Program (TOP) and Cross-Servicing.

Fiscal Service implemented the new offset system, referred to as TOP Next Generation, on November 8, 2014. The new TOP system provides the ability to handle increasingly larger volumes of debt and payment types, process new payment types, increase payment processing throughput to meet future needs, and meet essential stakeholder needs. In addition, Fiscal Service continues to expand the offset program by including additional debts owed to states as well as payments made by states. In an effort to increase efficiency, the Debt Collection program conducted random controlled trials to determine cost effective improvements to correspondence; optimized the call center; expanded the use of highly productive debt collection approaches, such as wage garnishment; and continued to transition to a data-driven, analytical approach.

Additionally, Fiscal Service acquired a new Cross-Servicing collection system (Cross-Servicing Next Generation [CSNG]), a commercial off the shelf product, which will enable optimized, cost-effective collection, and resolution approaches. CSNG will permit greater automation, improved results and increased employee engagement. The implementation of this product and all its business upgrades will take place during the second quarter of FY 2017.

Also, in close partnership with the Department of Education, the Cross-Servicing program is conducting a 24-month pilot program to service a total of 12,000 student loan debts. This began in February 2015 and will end in January 2017. Furthermore, Fiscal Service has begun to help agencies implement Section 5 of the DATA Act, which amends the DCIA to require agencies to refer to TOP eligible debt at 120 days delinquent, rather than 180 days delinquent, and requires Treasury to report non-compliance to Congress. Fiscal Service is working with OMB and agencies on the new requirements and tools developed for tracking compliance, as required.

Description of Performance:

The Fiscal Service’s goals for FY 2016 and FY 2017 are to collect \$7.36 billion and \$7.56 billion, respectively, in delinquent debt by expanding the use of the administrative wage garnishment collection tool, enhancing the use of analytics, and proposing legislative changes such as authorizing Treasury to offset federal income tax refunds to collect delinquent state tax obligations regardless of where the debtor resides.

3.1.3 – Debt Collection Budget and Performance Plan

Dollars in Thousands

Debt Collection Budget Activity								
Resource Level	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
	Actual	Actual	Actual	Actual	Actual	Actual	Enacted	Request
Reimbursable Resources	\$110,567	\$130,474	\$133,257	\$153,667	\$139,377	\$174,634	\$168,172	\$151,934
Budget Activity Total	\$110,567	\$130,474	\$133,257	\$153,667	\$139,377	\$174,634	\$168,172	\$151,934

Note: Fiscal Service revised the budget activities and reporting to reflect the consolidated bureau activities. Please see Section 4B for additional information.

Measure	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016	FY 2017
	Actual	Actual	Actual	Actual	Actual	Actual	Target	Target	Target
Amount of Delinquent Debt Collected Through All Available Tools (\$ billions)	5.45	6.17	6.17	7.02	6.91	7.28	7.12	7.36	7.56

Key: DISC - Discontinued

3D – Payments

(\$115,141,000 from direct appropriations, and \$88,859,000 from reimbursable resources):

The Payments budget activity supports Treasury’s Strategic Goal Three to “Fairly and effectively reform and modernize the federal financial management, accounting and tax systems” which includes the strategic objective “to improve the disbursement and collection of federal funds and reduce improper payments made by the U.S. Government.” Major payments include: Social Security Benefits, Supplemental Security Income, Federal Pension Benefits, Veterans’ Compensation and Pension, Railroad Retirement Pensions, and tax refunds.

Through the Payments budget activity, Fiscal Service is also responsible for controlling and providing financial integrity to the payment 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 of Electronic Funds Transfer (EFT) payments. Fiscal Service also collects

monies from those parties liable for fraudulent or otherwise improper negotiation of government checks.

In addition, Fiscal Service actively encourages recipients to convert to electronic payment methods through a nationwide public education campaign, called Go Direct® as well as offering the unbanked and those beneficiaries who prefer a prepaid debit card the Direct Express® card, which enables benefit payments to be automatically deposited into the recipient's card account on the payment date. As a result, 98 percent of benefit payments were disbursed electronically in FY 2015. Electronic payments provide timely, accurate, and efficient disbursement of Federal Government payments; eliminate the costs associated with postage and the re-issuance of lost or stolen checks; and help protect against fraud and identity theft.

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): SVCs streamline financial requirements during initial entry into training of military personnel, remove physical cash from government locations overseas as well as from ships at sea, and provide a safe and secure means for government personnel stationed overseas to access and safeguard their personal funds in locations with limited or no connectivity. SVCs effectively reduce the high costs of securing, transporting, and accounting for physical currency. The program also provides a safe and convenient payment method for government, military, and support personnel. Currently, SVCs replace cash, checks, and coins at over 60 military bases and installations in 14 countries (including the U.S.) and on 130 Naval ships. Meeting this global demand necessitates the deployment of over 8,700 pieces of equipment including kiosks (cashless ATMs), point-of-sale terminals, laptops, and other related hardware. From 1997 through June 2015, over 55.7 million EFT transactions with a dollar value in excess of \$7.7 billion were processed via the SVC programs.

Invoice Processing Platform (IPP): IPP is a government-wide, secure, web-based electronic invoice exchange network connecting federal agencies and their vendors. IPP promotes the efficient use of resources by enabling federal agencies to receive invoices electronically from their vendors, transforming existing paper-based invoice processes into a streamlined electronic process that integrates with existing agency core financial systems. IPP's single point of entry allows vendors to invoice multiple IPP enrolled agencies via either online or batch invoice submission. Vendors can view and receive notification of payments (including debt offsets) associated to their invoices via IPP. In addition, IPP supports the Financial Innovation and Transformation initiative to develop a standard for electronic invoicing government-wide.

Payment Application Modernization (PAM): The PAM investment supports a critical Fiscal Service function, which is the production and delivery of over one billion federal payments on behalf of more than 200 agencies with a single application. PAM replaced 30 existing legacy Fiscal Service payment applications that generated check, Automated Clearing House (ACH), International ACH Transaction (IAT), and wire transfer payments. PAM is modernizing the distribution of domestic payments and automatically

interfaces with core Treasury systems such as the Do Not Pay Business Center (DNP) and the Treasury Offset Program (TOP) in order to prevent improper payments and collect delinquent debt owed to the Federal Government. PAM also allows FPAs to comply with the Government-wide Accounting mandate to submit valid component Treasury Account Symbol/Business Event Type Code (TAS/BETC) information on all payments at the time of payment origination.

Post Payment System (PPS) Consolidation: In support of Treasury's Strategic Goal to "fairly and effectively reform and modernize federal financial management, accounting, and tax systems," Fiscal Service has invested in the consolidation of several post payment systems into a single, centralized system. This investment will unify disparate business processes, eliminate data redundancy across systems, and provide a customer portal to be leveraged by federal program agencies and financial institutions for post-payment processing and reporting. By consolidating all post payment processing into one comprehensive application, Fiscal Service will be able to decommission these five legacy systems: Treasury Check Information System (TCIS); Payments, Claims and Enhanced Reconciliation (PACER); Treasury Receivable, Accounting and Collection System (TRACS); Teletrace; and TOP Control System (TCS). This will result in PPS, as the System of Record, being the authoritative data source for all payment and post payment data.

PPS will include functionality to support: payment matching and verification, returns and cancellations, inquiries, calls and claims, funds receipt/funds management, reclamations, reconciliation, fraud detection, integrity analysis, reporting and integrated customer engagement. PPS will provide Fiscal Service and post-payment stakeholders with enhanced, reconciliation activities, improved information exchange, reduced reliance on paper, and more robust fraud detection. In addition, it will utilize standardized Common Government-wide Accounting Classification (CGAC) reporting structure and leverage commercial off-the-shelf software solutions, when appropriate, to provide common, best practice functionality and proven implementation methodologies.

The Fiscal Service's 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. In FY 2015, DNP completed a major system release that provided real-time matching at the time of payment, replacing post-payment matching, resulting in providing agencies and programs with more timely access to potential improper payments that may need further investigation. It also provided more actionable results due to the replacement of a public data source with a restricted data source, thereby vastly reducing the number of false positive matches, and by providing additional filter functionalities that account for agency business rules thus further highlighting potential improper payments. In addition, DNP has applied advanced analytics to produce a standard Agency Insight Report to provide a high-level overview of key findings and insights derived from the agency's payment data. This report captures four key areas: 1) payment data quality assessment; 2) anomaly detection; 3) pattern and trend analysis; and 4) advanced matching techniques. This report also identifies opportunities for DNP to assist agencies in reducing or eliminating payment errors, waste, and abuse within its payment process.

In FY 2016, DNP will deploy a robust state-of-the-art analytics tool to support advanced analytics methodologies to include not only descriptive and diagnostic analytics, but predictive and prescriptive analytics as well. DNP will continue offering Business Process Mapping services in order to improve customer agencies' internal controls and to increase efficiency in identifying improper payments. Finally, DNP will continue focusing its engagement efforts on targeted high-risk improper payment issues within specific agencies.

In FY 2017, DNP will continue pursuing valuable data sources to provide timely, accurate, and actionable results by enhancing the DNP portal through user-defined feedback. In addition, DNP analytics will mature to include the creation and execution of predictive models, which will provide customer agencies with additional tools to identify potential improper payments before payment in addition to identification at the time of payment or post-payment.

Description of Performance:

The measure *Percentage of Treasury Payments and Associated Information Made Electronically* supports Treasury Strategic Goal Three to “Fairly and effectively reform and modernize the federal financial management, accounting and tax systems.” Due to the continued success of the Go Direct® and Direct Express® programs and implementation of the All Electronic Treasury priority, Fiscal Service issued 98 percent of its benefit payments and 94.8 percent of its total payments via EFT in FY 2015. Fiscal Service expects to achieve its targets in the outyears by expanding electronic conversion efforts to additional benefit agencies and payment types, such as other vendor miscellaneous payments and federal tax refunds.

3.1.4 – Payments Budget and Performance Plan

Dollars in Thousands

Payments Budget Activity								
Resource Level	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
	Actual	Actual	Actual	Actual	Actual	Actual	Enacted	Request
Appropriated Resources	\$150,395	\$141,358	\$142,265	\$130,570	\$114,650	\$120,769	\$118,454	\$115,141
Reimbursable Resources	\$129,262	\$142,340	\$131,165	\$102,401	\$78,625	\$81,953	\$94,124	\$88,859
Budget Activity Total	\$279,657	\$283,698	\$273,430	\$232,971	\$193,275	\$202,722	\$212,578	\$204,000

Note: Fiscal Service revised the budget activities and reporting to reflect the consolidated bureau activities. Please see Section 4B for additional information.

Measure	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016	FY 2017
	Actual	Actual	Actual	Actual	Actual	Actual	Target	Target	Target
Percentage of Treasury Payments and Associated Information Made Electronically	82.0	84.3	88.0	92.5	94.4	94.7	95.00	95.0	95.0

Key: DISC - Discontinued

3E – Retail Securities Services

(\$71,186,000 from direct appropriations, and \$8,080,000 from reimbursable resources):

Fiscal Service’s Retail Securities Services (RSS) program offers simple, safe, and affordable Treasury investment choices that enable Americans to invest and save for their future. The RSS program continues to examine the saving and investing needs of customers by researching new Treasury retail securities and services that will promote savings and appeal to the American

public. In December 2014, *myRA*, a new retirement savings account that follows Roth Individual Retirement Account rules was launched in support of the President's initiative to help millions of Americans start saving for retirement.

The RSS program encourages people to buy securities, access their accounts, and conduct transactions electronically. The program plans to implement a new securities investment management system that will enhance capabilities for customers to purchase, reinvest, redeem, transfer, and hold securities electronically. Investors will be able to learn about retail products and services, make informed decisions about buying Treasury securities, and manage their Treasury investments more efficiently. Over the next year, RSS will develop the web interface, as well as design and build the core infrastructure. In FY 2017, the program will deploy the core framework and select product content for the early releases of the new system.

The program has recently implemented two phases of the Treasury Retail E-Services (TRES) initiative. The virtual case file environment includes automated workflows, digitized customer correspondence, and fewer manual paper processes. A virtual contact center has also been deployed using shared telephony between two physical customer service sites. It improves customer service by providing a single toll free number, enhanced call menu options, and improved call routing. In the next year, the program will continue to improve the customer experience by automating notifications of case status.

In FY 2016, Fiscal Service will complete a review of the RSS program to develop the new mission and long-term vision, identify the future customer base, design a new savings product(s), identify the most effective channels for interacting with customers and servicing new products, and create an operating model and implementation roadmap.

Description of Performance:

The *Cost per TreasuryDirect Online Transaction* and *Cost per TreasuryDirect Assisted Transaction* measures will be discontinued in FY 2017 to allow Fiscal Service to measure performance for securities transactions regardless of the system used and for the incorporation of future offerings. In the interim, the FY 2015 performance and FY 2016 targets are:

- The internet-based TreasuryDirect system promotes savings by allowing investors to set up accounts, purchase electronic securities, and manage their holdings without customer assistance. The *Cost per TreasuryDirect Online Transaction* in FY 2015 was \$1.49, below the target of \$1.89 due to changes in the Fiscal Service cost accounting methodology. As a result, the target cost per item for FY 2016 is currently \$1.49.
- The *Cost per TreasuryDirect Assisted Transaction* demonstrates Fiscal Service's efficiency in responding to customer inquiries when assistance from a customer service representative is necessary. Representatives handle phone and email inquiries, offline authentications, paper savings bond conversions, changes in bank information, and transactions requiring legal evidence. The *Cost per TreasuryDirect Assisted Transaction* in FY 2015 was \$9.55, above the target of \$8.08 due to changes in the Fiscal Service cost accounting methodology. As a result, the target cost per item for FY 2016 is currently \$9.55.

Fiscal Service will add new performance measures in FY 2017 to support Treasury’s goal of promoting savings and the bureau’s goal to serve as a catalyst for effective government through initiative and innovation. The *Cost per Electronic Transaction* and *Cost per Customer Assisted Transaction* measures will demonstrate investor self-service and customer service efficiency, respectively, for all securities currently offered as well as future offerings. Fiscal Service plans to establish targets for each measure in FY 2016 and to meet those targets by maintaining a skilled customer service workforce and streamlining operations to effectively manage costs.

3.1.5 – Retail Securities Services Budget and Performance Plan

Dollars in Thousands

Retail Securities Services Budget Activity								
Resource Level	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
	Actual	Actual	Actual	Actual	Actual	Actual	Enacted	Request
Appropriated Resources	\$139,109	\$135,337	\$116,260	\$110,876	\$95,249	\$76,711	\$70,038	\$71,186
Reimbursable Resources	\$15,393	\$15,393	\$17,166	\$16,841	\$17,400	\$6,006	\$7,691	\$8,080
Budget Activity Total	\$154,502	\$150,730	\$133,426	\$127,717	\$112,649	\$82,717	\$77,729	\$79,266

Note: Fiscal Service revised the budget activities and reporting to reflect the consolidated bureau activities. Please see Section 4B for additional information.

Measure	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016	FY 2017
	Actual	Actual	Actual	Actual	Actual	Actual	Target	Target	Target
Cost Per Electronic Transaction (\$)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	B
Cost Per Customer Assisted Transaction (\$)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	B
Cost Per TreasuryDirect Assisted Transaction (\$)	8.23	3	4.58	7.3	7.18	9.55	8.08	9.55	DISC
Cost Per TreasuryDirect Online Transaction (\$)	6.12	3.64	2.26	1.72	1.84	1.49	1.89	1.49	DISC
Increase the Number of Customers Who Buy Treasury Retail Securities Electronically	N/A	144,997	301,737	269,180	222,790	193,120	185,000	185,000	DISC
Percentage of Retail Customer Service Transactions Completed within 5 Business Days (%)	92.7	73.1	75.7	74.5	89.7	83.2	88.0	88.0	DISC

Key: DISC - Discontinued

3F – Wholesale Securities Services

(\$12,338,000 from direct appropriations, and \$1,400,000 from reimbursable resources):

The Wholesale Securities Services (WSS) program supports Treasury Strategic Goal One to “Promote domestic economic growth and stability while continuing reforms of the financial system” which includes the objective “to promote savings and increased access to credit and affordable housing options.” WSS 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 that are purchased mostly by commercial market participants.

The auction program supports the financial critical infrastructure and is a mission 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.

The auction system, Treasury Automated Auction Processing System (TAAPS), currently resides in an aging technical infrastructure. In an effort to ensure Treasury's mission essential function, the program has started a multi-year effort to stabilize, modernize, and migrate the system to a new technical platform by FY 2017. The program has also begun another multi-year initiative to modernize TAAPS' software components and rewrite the application by FY 2019.

Description of Performance:

Fiscal Service strives to efficiently deliver its debt financing operations, including auctions and buybacks, at the lowest possible cost. The *Cost per Debt Financing Operation* in FY 2015 was \$174,998, above the target of \$165,339, principally as a result of the migration of TAAPS to a new technical infrastructure. Also impacting this measure is the change in the Fiscal Service cost accounting methodology. As a result, the target cost per item for FY 2016 is currently \$174,998. This measure will be discontinued in FY 2017 as Fiscal Service assesses how to better measure operational efficiency of debt operations given that the number of auctions is outside the control of the bureau. Fiscal Service plans to implement a new efficiency measure in FY 2018.

The accurate and timely release of auction results, with an emphasis on accuracy, is critical to the success of the WSS program. An emphasis on accuracy ensures preservation of public confidence in Treasury securities and stability of the financial market. Therefore, in FY 2015, 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. Released accurately is defined as auction results released to the public without any subsequent revisions. In the event auction results require adjustment after official release, a press release will be issued explaining any changes. In such a case, the results of that auction will not be counted as released accurately for purposes of this performance measure. Fiscal Service anticipates meeting its target through ongoing business process reviews and regularly scheduled contingency planning and mock auction exercises.

3.1.6 – Wholesale Securities Services Budget and Performance Plan

Dollars in Thousands

Wholesale Securities Services Budget Activity								
Resource Level	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Enacted	Request
Appropriated Resources	\$24,438	\$24,058	\$23,120	\$22,092	\$12,840	\$10,676	\$10,808	\$12,338
Reimbursable Resources	\$2,821	\$2,821	\$3,051	\$3,000	\$2,346	\$927	\$1,187	\$1,400
Budget Activity Total	\$27,259	\$26,879	\$26,171	\$25,092	\$15,186	\$11,603	\$11,995	\$13,738

Note: Fiscal Service revised the budget activities and reporting to reflect the consolidated bureau activities. Please see Section 4B for additional information.

Measure	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016	FY 2017
	Actual	Actual	Actual	Actual	Actual	Actual	Target	Target	Target
Cost Per Debt Financing Operation (\$)	162,378	157,284	159,449	141,115	137,888	174,998	165,339	165,716	DISC
Percent of Auction Results Released Accurately (%)	100.0	100.0	100.0	99.6	99.3	99.6	100.0	100.0	100.0

Key: DISC - Discontinued

Section 4 – Supplemental Information

4A – Summary of Capital Investments

Fiscal Service leads 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. Fiscal Service systematically analyzes the demand for its services, considers effective methods for delivery, and identifies the broad asset implications through sound governance and investment management.

Effective Investment Governance

The Fiscal Service Governance and Capital Planning and Investment Control programs ensure the selection/re-selection, comparison, and prioritization of the most effective Information Technology investments to support the mission and long range plans for the Fiscal Service and Treasury. These programs also ensure the IT investment portfolio is well managed, cost effective, and achieving intended results through monthly tracking and reporting of progress. A monthly investment health assessment of cost, schedule, and operational performance is in place in addition to a formal Techstat process that engages appropriate senior level officials for insight and successful remediation of significant issues or risks.

Effective Project Execution

The Fiscal Service has a disciplined and consistent approach to project management (PM) as facilitated through a bureau-wide project management program that manages PM standards, procedures, and training for the bureau. In addition, a standing monthly project management community of practice is in place providing practitioners the opportunity for collaboration and continuous learning of creative problem solving/solution design related to practical lessons learned. Each IT investment has a dedicated program manager and a fully staffed integrated program team. The systems that support each investment are enhanced using iterative development techniques.

Enterprise Architecture Services

Enterprise Architecture (EA) services ensure that Fiscal Service applies a common language and framework to describe and analyze investments. The Fiscal Service EA program is designed to facilitate cross-agency analysis of capabilities, knowledge, processes, and relationships to apply evidence-based techniques, to identify duplicative investments, to discover goals and opportunities for collaboration with other agencies, and to establish a line-of-sight from the highest level strategic goals to the infrastructure that enables the achievement of those goals. The value of EA services is to facilitate planning by documenting where the Fiscal Service is currently and determining what the Fiscal Service should look like in the future so that it can make plans to transition from current state to future state. The planning is enabled by a holistic suite of integrated services that incorporates architecture perspectives from business, data, technical, and security.

Risk Management

The nature of the Fiscal Service's work requires effective risk management and high levels of performance to ensure the bureau maintains operational excellence while seeking innovative solutions to improve efficiencies and transform financial management and the delivery of shared

services in the Federal government. As such, Fiscal Service has established an Enterprise Risk Management (ERM) office to promote a common understanding and approach to risk management. Through the development and issuance of an ERM framework, the bureau will incorporate risk management practices in decision making processes such as strategic and tactical planning, workforce planning, capital investment planning, and budget formulation. Fiscal Service will continue to communicate the importance of effective risk management to all employees.

Cyber Security

The Fiscal Service protects the enterprise architecture and infrastructure to ensure the confidentiality, integrity, and availability of information technology resources. This is accomplished by: monitoring the network for both internal and external information attacks, proactive vulnerability assessment, effective patch management, and expedient incident response. In addition, Enterprise Cybersecurity ensures Fiscal Service information technology resources are in compliance with National Institute of Standards and Technology security standards and fulfills annual security audit requirements.

A summary of capital investment resources, including major information technology and non-technology investments, can be viewed and downloaded at:

<http://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx>

This website also contains a digital copy of this document.

4B – Summary of Changes to Appropriated Budget Activities

Fiscal Service completed a comprehensive evaluation of the legacy budget activities and associated methodologies in order to develop a single Fiscal Service approach that will allow for more efficient budgeting and a single cost allocation methodology. As a part of this new approach, Fiscal Service modified the reported appropriated budget activities to better align common functions. For the new reporting structure, the Do Not Pay Business Center has been combined with the Payments budget activity and Government Agency Investment Services, Government-wide Accounting and Reporting, and Summary Debt Accounting have been combined into a single Accounting and Reporting budget activity.

In addition, Fiscal Service has implemented a new cost allocation methodology that complements the budget activity changes and more effectively and efficiently aligns costs to the appropriate activity. Overhead costs are now distributed in a single common and defined manner, eliminating the separate processes for different legacy activities. The resulting changes in reported budget activity costs are reflected in the table below.

\$ in thousands	Previous Budget Activities			New Budget Activities		
	FY 2015 Enacted	FY 2016 Enacted	FY 2017 Request	FY 2015 Enacted	FY 2016 Enacted	FY 2017 Request
Accounting and Reporting				104,725	125,752	114,167
Collections	24,293	26,609	25,301	35,029	38,798	40,225
Do Not Pay Business Center	5,064	5,116	5,178	Included in Payments		
Government Agency Investment Services	13,055	13,074	13,277	Included in Accounting & Reporting		
Government-wide Accounting and Reporting	65,486	68,553	65,025	Included in Accounting & Reporting		
Payments	121,715	133,179	126,296	120,912	118,454	115,141
Retail Securities Services	95,237	94,145	94,438	76,819	70,038	71,186
Summary Debt Accounting	4,325	4,243	4,323	Included in Accounting & Reporting		
Wholesale Securities Services	19,009	18,931	19,218	10,699	10,808	12,338
Total	348,184	363,850	353,057	348,184	363,850	353,057