

Treasury Franchise Fund

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2024 Actual	FY 2025 Estimate	FY 2026 Estimate	FY 2025 to FY 2026 \$ Change	% Change
Treasury Shared Services Program	\$834,074	\$885,116	\$885,116	\$0	0%
Centralized Treasury Administrative Services	\$153,906	\$175,414	\$175,414	\$0	0%
Administrative Services	\$251,536	\$242,027	\$222,665	(\$19,362)	-8%
Information Technology Services	\$249,401	\$256,606	\$216,028	(\$40,578)	-16%
Subtotal, Treasury Franchise Fund	\$1,488,917	\$1,559,163	\$1,499,223	(\$59,940)	-23.81%
Recovery from Prior Years	\$17,705	\$12,405	\$12,800	\$395	3%
Unobligated Balances from Prior Years	\$200,080	\$354,746	\$296,727	-\$58,019	-16%
Subtotal, Other Resources	217,785	367,151	309,527	(\$57,624)	-13.17%
Total Program Operating Level	\$1,706,702	\$1,926,314	\$1,808,750	(\$117,564)	-36.98%
Total Full-time Equivalents (FTE)	2,080	2,086	1,843	(243)	-11.65%

Summary

The Treasury Franchise Fund (TFF) supports effective administrative and information technology services through commitment to service, efficient operations, openness to change, and values-based behavior. The TFF achieves cost savings by leveraging economies of scale which promote efficient use of resources by shared service providers.

The TFF providers include Departmental Offices' Treasury Shared Services Programs (TSSP), Departmental Offices' Centralized Treasury Administrative Services (CTAS), and the Bureau of the Fiscal Service's Administrative Resource Center (ARC). TFF shared service providers offer financial management, procurement, travel, human resources, information technology, and other administrative services to federal customers on a fully cost recoverable, fee-for-service basis.

The TFF FY 2026 Congressional Budget Justification reflects revised estimates for 2025 along with funding estimates for FY 2026. The revised estimates in FY 2025 for ARC Administration (Admin) and ARC Information Technology (IT) reflect decreased resources in alignment with reductions in customer scope. TSSP will continue to make investments critical to strengthen the cyber security posture across the shared services platforms and resources to support increase adoption of enterprise Information Technology (IT) applications.

In FY 2026, ARC Admin aims to maintain its leadership role through Treasury's Future of Federal Financial Management vision (FM Vision) and the Financial Management Quality Service Management Office (FM QSMO) marketplace. ARC Admin will continue to support the marketplace for scalable growth by simplifying the delivery of complex financial management services. ARC Admin's FY 2026 request includes a balance of continuous improvement, strategic investments in solutions of the future in the FM QSMO marketplace and continuing to increase adoption to federal agencies.

ARC IT's objectives are centered around consistently implementing, optimizing, securing and scaling technology and services from end-to-end in alignment with federal technology priorities. In FY 2026 ARC IT will continue to modernize infrastructure and technology service delivery for our customers (to include cloud services adoption), implement enterprise-scale foundational technology services, and continue to operationalize IT portfolio management and cybersecurity enhancements.

Budget Highlights

Dollars in Thousands

	FTE	Amount
FY 2025 Estimate	2,263	\$1,279,422
Program Changes:		
Program Decreases	(177)	(\$36,278)
ARC Admin increased attrition and contract reductions	(120)	(\$24,931)
ARC IT increased attrition and contract reductions	(57)	(\$11,347)
Program Increases:	0	\$316,019
Centralization of IT Commodity Applications and Services (TSSP)	0	\$316,019
FY 2025 Revised Estimate	2,086	\$1,559,163
Changes to Base:		
Maintaining Current Levels (MCLs):	0	\$1,653
Pay Annualization (2025 2.0% average pay raise)	0	\$1,653
Subtotal Changes to Base	0	\$1,653
FY 2026 Current Services	2,086	\$1,560,816
Program Changes:		
Program Decreases	(243)	(\$61,593)
Absorption of MCLs	0	(\$1,653)
ARC Admin Workforce Optimization	(210)	(\$19,362)
ARC IT Workforce Optimization	(33)	(\$40,578)
FY 2026 Estimate	1,843	\$1,499,223

Budget Adjustments

Adjustments to FY 2025 Original Estimate +\$279,741,000/ -177 FTE

Centralization of IT Commodity Applications and Services (TSSP) +\$316,019,000 / +0 FTE

The Department is continuing to centralize IT commodity applications and services such as Salesforce and ServiceNow licenses, cloud adoption and credential services across the Department to take advantage of economies of scale by consolidating these services.

Increased Attrition and reduction to Defend the Spend Contracts (ARC Admin) -\$24,931,000 / -120 FTE

The revised estimates include adjustments to reflect reductions in on-board employees due to increased retirements and other attrition, as well as contract reductions, including reductions to ongoing maintenance costs for applications supporting Admin services (Financial Management, Human Resources, Procurement and Travel).

Increased Attrition and reduction to Defend the Spend Contracts (ARC Admin) -\$11,347,000 / -57 FTE

The revised estimates include adjustments to reflect reduced staffing levels associated with attrition and retirements and Defend the Spend reductions to contracts related to ongoing maintenance of computing solutions.

Maintaining Current Levels (MCLs)..... +\$1,653,000 / +0 FTE

Pay Annualization (2%) +\$1,653,000 / +0 FTE:

Funds are required for annualization of the January 2025 2 percent average pay raise.

Program Efficiencies..... -\$1,653,000 / 0 FTE

Absorption of MCLs -\$1,653,000 / +0 FTE:

TSSP, CTAS, ARC Admin and ARC IT will absorb the MCLs.

Program Decreases..... -\$59,940,000 / -243 FTE

ARC Admin Workforce Optimization -\$19,362,000 / -210 FTE:

While overall program impacts are still being assessed, revised estimates fully consider the Administration's Workforce Optimization Initiative to reshape and make the federal workforce more efficient. Reductions consider a host of vacancy eliminations due to the anticipated hiring freeze extension along with an exclusive spike in attrition. Personnel projections align with current on-board staffing levels and will likely proceed throughout FY 2026.

ARC IT Workforce Optimization -\$40,578,000 / -33 FTE:

Reductions consider the Administration's objective of streamlining IT operations and reshaping the federal workforce. Revised estimates include -\$35 million of non-labor reductions, which represents nearly 90 percent of the overall reduction, to support sunseting of mainframe and contract decreases. ARC's IT function also considers a host of vacancy eliminations due to the anticipated hiring freeze extension along with an exclusive spike in attrition. Personnel projections align with current on-board staffing levels and will likely proceed throughout FY 2026.

Legislative Proposals

The TFF has no legislative proposals.