Bureau of the Fiscal Service

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2019 Operating Plan	FY 2020 Enacted	FY 2021 Request	FY 2020 to FY 2021 $ Change	FY 2020 to FY 2021 % Change
Accounting and Reporting	$95,175	$98,937	$102,877	$3,940	3.98%
Collections	$42,166	$37,948	$41,077	$3,129	8.25%
Payments	$117,581	$123,015	$121,519	($1,496)	-1.22%
Retail Securities Services	$59,381	$58,403	$61,231	$2,828	4.84%
Wholesale Securities Services	$23,977	$21,977	$23,496	$1,519	6.91%
Matured Unredeemed Debt 1/	$0	$25,000	$10,000	($15,000)	-60.00%
Subtotal, Bureau of Fiscal Service	**$338,280**	**$365,280**	**$360,200**	**($5,080)**	**-1.39%**
Reimbursable	$384,771	$400,000	$402,000	$2,000	0.50%
Unobligated Balances Brought Forward	$71,815	$91,922	$99,922	$8,000	8.70%
Total Program Operating Level	**$794,866**	**$857,202**	**$862,122**	**$4,920**	**0.57%**
Direct FTE	1,495	1,557	1,582	25	1.61%
Reimbursable FTE	377	412	412	0	0.00%
Total Full-time Equivalents (FTE)	**1,872**	**1,969**	**1,994**	**25**	**1.27%**

Note: 1/ FY 2020 Enacted includes $25 million, available until expended, appropriated by P.L. 116-93, Consolidated Appropriations Act, 2020. FY 2019 Other Resources and Full-time Equivalents (FTE) reflect actuals.

Summary

The FY 2021 request for the Bureau of the Fiscal Service (Fiscal Service) is $360.2 million. The budget ensures the viability of the government's National Financial Critical Infrastructure (NFCI) that finances Federal operations, collects revenue, disburses payments, and reports on the government's financial position; supports Treasury's leadership in transforming Federal financial management to become more efficient, more accurate and deliver better service to citizens; and aligns closely with Treasury's strategic goal to transform government-wide financial stewardship by improving the accuracy and availability of financial information and implementing new, innovative financial practices. Included in the budget are the Fiscal Service's efforts to streamline the government's audit processes and reduce intra-governmental accounting differences that stand in the way of a clean audit opinion on the Financial Report of the U.S. Government; ambitious goals for all-electronic transactions between the bureau, Federal agencies and the public to improve efficiency, security and enable the application of higher levels of automation, such as robotics and artificial intelligence. Supporting the President's Management Agenda, Fiscal Service is working within the Federal community to gain the long-term designation for the Sharing Quality Services CAP Goal's core financial management Quality Service Management Office. This office would be ultimately responsible for operating the Federal marketplace for quality core financial service offerings available to Federal agencies.

Treasury's strategic goal to achieve operational excellence by strengthening the resiliency of our infrastructure and enhancing the customer value and experience is also supported by this budget. Included is an initiative to strengthen the bureau's cybersecurity posture by enhancing our ability to identify threats to the national critical infrastructure, counter them, and quickly reconstitute operations if necessary; and our initiative to help Americans identify and recover their savings bonds that have matured, but remain unredeemed. Additionally, Fiscal Service leads Treasury's

Agency Priority Goal to improve the public's experience by increasing electronic payments and reducing paper checks.

Budget Highlights

Dollars in Thousands

	FTE	Amount
FY 2020 Enacted 1/	**1,557**	**$365,280**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$7,698
Pay Annualization (2020 3.1% average pay raise)	0	$1,666
Pay Raise (1.0% average pay raise)	0	$1,625
FERS Contribution Increase	0	$1,901
Non-Pay	0	$2,506
Non-Recurring Costs	0	($32,796)
Reduce Contractual Services	0	($7,796)
Matured Unredeemed Debt /1	0	($25,000)
Other Adjustments:	13	$1,805
Annualization of Hires	13	$1,805
Subtotal Changes to Base	13	($23,293)
FY 2021 Current Services	**1,570**	**$341,987**
Program Changes:		
Program Increases:	12	$18,213
Quality Service Management Office	7	$5,000
Cybersecurity	0	$3,213
Matured Unredeemed Debt	5	$10,000
FY 2021 President's Budget Request	**1,582**	**$360,200**

Note: 1/ FY 2020 Enacted includes $25 million, available until expended, appropriated by P.L. 116-93, Consolidated Appropriations Act, 2020

Budget Adjustments

Maintaining Current Levels (MCLs).. +$7,698,000 / +0 FTE

Pay Annualization (3.1 percent) +$1,666,000 / +0 FTE

Funds are requested for annualization of the January 2020 3.1% average pay raise.

Pay Raise (1.0 percent in 2021) +$1,625,000 / +0 FTE

Funds are requested for a 1.0% average pay raise in January 2021.

FERS Contribution Increase +$1,901,000 / +0 FTE

Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2021.

Non-Pay +$2,506,000 / +0 FTE

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

Non-Recurring Costs……………….. -$32,796,000 / -0 FTE

Reduce Contractual Services -$7,796,000 / -0 FTE

Reductions or realignments of Fiscal Service operations due to efficiencies identified in contracting support and to support the bureau's hiring plans.

Matured Unredeemed Debt -$25,000,000 / -0 FTE

United States Savings Bonds that have reached final maturity and stopped earning interest are considered Matured Unredeemed Debt (MUD). As of the end of FY 2019, the MUD balance had reached $25.7 billion. The Consolidated Appropriations Act, 2020, (P.L. 116-93) provided $25 million, available until expended, for the digitization of records of matured savings bonds that have not been redeemed. This adjustment removes the FY 2020 appropriation from the FY 2021 base. Continued MUD efforts in FY 2021 are included in the Program Increases section.

Other Adjustments……………….. +$1,805,000 / +13 FTE

Annualization of Hires +$1,805,000 / +13 FTE

Funds are requested for annualization of salary and benefits for hires that occur during FY 2020. These hires support the bureau's hiring priorities to reach targeted staffing levels.

Program Increases... +$18,213,000 / +12 FTE

Quality Service Management Office (QSMO) +$5,000,000 / +7 FTE

This funding supports the President's Management Agenda (PMA), and the Sharing Quality Services Cross-Agency Priority (CAP) Goal 5. The PMA, Sharing Quality Services CAP Goal 5 strives to achieve operational and performance cost savings across administrative services. In FY 2019, OMB pre-designated Department of the Treasury as the QSMO for Financial Management (FM). Fiscal Service is leveraging existing Treasury authorities and in-house expertise to create and implement a readiness assessment process for agencies and legacy financial management shared service providers. As guiding principles, Fiscal Service will operate with a focus on customer experience, promote the strategic value of data and deliver progress using agile processes.

Cybersecurity +$3,213,000 / +0 FTE

This request provides continued support of a phased approach to transition National Financial Critical Infrastructure (NFCI) systems currently hosted and developed with outdated technology to new, more modern solutions that will support the security, resiliency, and agility efforts. Specifically, additional funding is requested to expedite the transition of the Trusted Internet Connection to co-located data centers, which provides secure connectivity for data and information. Additional funding will also support enhanced data encryption and other remediation efforts identified through the bureau's on-going Cyber Clean initiative. These efforts are critical to allowing Fiscal Service to accelerate cloud adoption, which will provide for enhanced security as well as improved availability, reliability, and resiliency of information services.

Matured Unredeemed Debt +$10,000,000 / +5 FTE

Funds are requested to continue efforts to encourage bond owners to cash their matured, unredeemed savings bonds. Encouraging bond holders to cash their savings bonds does present challenges. In December 2019, Fiscal Service implemented its Treasury Hunt® search tool, which is an online tool that makes searching the status of Treasury bonds simpler by allowing individuals to discover if they have savings bonds issued in 1974 or later that have matured and are no longer earning interest. While 85 percent of the MUD balance is from bonds issued in 1974 and later, the quality of many of the paper records make it difficult to determine bond holder information. These documents are not machine-readable, thus making it difficult to index and search. In December 2019, Fiscal Service hosted a series of industry days to learn more about the options to digitize and index these records and where to prioritize efforts. Funding is requested to continue to help bond owners redeem their bonds and improve Treasury's ability to provide more searchable records through:

- Process improvements for cashing savings bonds, including digital options, with a focus on Matured Unredeemed Debt
- Improved ease of use and accessibility of new online search tools, ultimately resulting in expanded customer awareness of Matured Unredeemed Debt
- Expanded outreach to states and bondholders about Matured Unredeemed Debt
- Continuing efforts to digitize and index savings bond records

Legislative Proposals

1. Give the Do Not Pay (DNP) Business Center the direct authority to acquire (designate) publicly available data sources to include in DNP for the prevention, identification, and recovery of improper payments. *Total increase in improper payments identified by Treasury: $35 million over 10 years.*

This proposal gives the Secretary of the Treasury (Secretary) the authority to acquire or designate publicly available data sources for DNP to aid in the analysis of agency business practices affecting the issuance of improper payments as well as the ability for agencies to verify information regarding potentially ineligible payees.

2. Allow Treasury to access the Death Master File for improper payment purposes. *Total increase in improper payments identified by Treasury: $25.3 million over 10 years.*

This proposal authorizes the Secretary to access the full (restricted) file of death information that the Social Security Administration (SSA) maintains, which includes State-reported death data, for purposes of administering the Do Not Pay (DNP) Business Center and preventing, identifying, and recovering improper payments for Federal agencies. Treasury and SSA would collaborate to determine the most efficient means of exercising this authority.

3. Give the Do Not Pay Business Center (DNP) increased authority to expand its user base to include other Federally funded government entities, such as Federally funded state administered programs. *Total increase in improper payments identified by Treasury: $21 billion over 10 years.*

This proposal gives the Secretary of the Treasury (Secretary), in coordination with OMB, the authority to work with other federally funded government entities to identify, prevent, and recover their improper payments.

4. Expand Treasury's authority to access the National Directory of New Hires (NDNH) to include prevention, identification, and recovery of improper payments. *Total increase in improper payments identified by Treasury: $3.24 billion over 10 years.*

The Social Security Act specifies which agencies may receive information from the database and the limited purposes for which disclosures are permitted. Under the current law, the Secretary of the Treasury has access to information in the NDNH for debt collection purposes. This proposal expands the Secretary's access to information in the NDNH to include the purposes of preventing, identifying, and recovering improper payments for Federal agencies. Treasury and the Department of Health and Human Services will continue to work together to determine Do Not Pay's appropriate role in carrying out this authority.

5. Expand the Treasury Offset Program to increase debt collections. *Estimated Recoveries: Tax debt collections: Between $960 million and $1.24 billion over 10 years.*

The State Reciprocal Program (SRP), a component of the Treasury Offset Program (TOP), permits states to collect their debts through the offset of federal non-tax payments in exchange for permitting TOP to collect federal non-tax debts through the offset of state payments. This joint Internal Revenue Service-Bureau of the Fiscal Service proposal expands the SRP by authorizing the continuous levy of state payments to collect Federal tax debts.

6. Fund the Federal Payment Levy Program via collections. *Estimated costs: $220 million in Fiscal Service costs to operate the Tax Levy Program in TOP over 10 years. Fiscal Service is currently being reimbursed for this cost from IRS appropriated funding.*

This proposal improves the way the Fiscal Service collects its reimbursement from IRS to cover Fiscal Service's costs in developing and operating the Federal Payment Levy Program (FPLP), which utilizes the Treasury Offset Program (TOP) to process levies of Federal payments to collect delinquent tax debts.

7. Increase collections of delinquent state income tax debt. *Estimated recoveries: $2.3 billion in state taxes over 10 years. These funds would go to the states. This proposal is revenue neutral for Federal scoring purposes.*

This proposal amends section 6402(e) of the Internal Revenue Code to allow the Fiscal Service to offset Federal income tax refunds to collect delinquent state tax obligations regardless of where the debtor resides.

8. Reduce costs for states collecting delinquent income tax obligations. *Estimated savings: $140.8 million for states over 10 years. This proposal is revenue neutral for Federal scoring purposes.*

This proposal amends Internal Revenue Code 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.

9. 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: $62 million over 10 years.*

This proposal amends 31 U.S.C. § 3711 to authorize Treasury to use its resources to recover unclaimed assets of the United States. 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.

Performance Highlights

Budget Activity	Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Target	FY 2021 Target
Accounting and Reporting	Percentage of Government-wide Accounting Reports Issued Timely (%)	100	100	99.6	99.5	99.5
Collections	Percentage of Total Federal Government Receipts Settled Electronically (%)	98.3	98	98.4	98	98
Payments	Percentage of Treasury Payments Made Electronically (%)	95.1	95.4	95.6	95.8	96.1
Payments	Count of Improper Payments Identified or Stopped (# in Thousands)	21.394	20.336	22.415	20.5	21.5
Payments	Dollar Amount of Improper Payments Identified or Stopped ($ Millions)	36.58	35.53	41.1	35.3	37
Retail Securities Services	Percentage of Retail Customer Service Transactions That Are Unassisted (%)	N/A	N/A	69	70	71
Wholesale Securities Services	Percentage of Auction Results Released Accurately (%)	98.9	98.9	98.8	100	100
Wholesale Securities Services	Percent of Auctions Successfully Completed by the Scheduled Close Date (%)	N/A	N/A	100	100	100
Debt Collection	Amount of Delinquent Debt Collected Through All Available Tools ($ Billions)	7.61	7.44	9.65	8.88	8.81
Debt Collection	All Delinquent Debt Collected as a Percentage of all Delinquent Debt Referred (%)	N/A	N/A	14.3	14.9	14.9
Debt Collection	Percentage of the Active Delinquent Debt Portfolio Collected (%)	N/A	N/A	6.8	7	7

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 2019, Fiscal Service timely issued government-wide accounting reports 99.6 percent of the time. Fiscal Service will meet its FY 2020 and FY 2021 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 2019, Fiscal Service exceeded its target by electronically settling 98.4 percent of all Federal Government receipts on the strength of the current architecture, process flows, and settlement mechanisms. Fiscal Service expects to electronically settle 98 percent of revenue collected in FY 2020 by continuing to promote the use of electronic systems in the collections process and assisting agencies in converting collections from paper to electronic media.

Payments: Fiscal Service continues to increase the electronic payment rate each year. In FY 2019, the electronic payment rate rose to 95.6 percent, with the number of electronic payments increasing by 21 million, and paper check volume decreasing by 1.9 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 37,000 over the FY 2018 volume of 487,898.

For FY 2020 and FY 2021 and in support of the Agency Priority Goal, Fiscal Service established targets to increase the electronic payments percentage to 95.8 percent and 96.1 percent, respectively. To achieve our targets, Fiscal Service plans to promote and increase EFT payments with emphasis on tax refunds, vendor payments, and benefit payments; and exploring, developing, and deploying innovative, customer-driven electronic payment solutions.

Retail Securities Services: To measure our success with improving customer self-sufficiency, in FY 2019 RSS began monitoring *Percentage of Retail Securities Transactions that are Unassisted.* For FY 2020 and FY 2021, Fiscal Service established targets of 70 percent and 71 percent, respectively. This performance measure aligns with Fiscal Service goals and objectives to improve customer value by increasing the quality and self-sufficiency. Fiscal Service will meet the FY 2020 and FY 2021 targets through its modernization efforts.

Wholesale Securities Services: Fiscal Service conducted 325 auctions and awarded $11.7 trillion in Treasury marketable securities to institutions and individual investors in FY 2019. This was an increase of 55 auctions over FY 2018, due mainly to the issuance of the new 8-week bill.

In FY 2019, Fiscal Service held 100 percent of auctions by the scheduled close date. In addition, auction results were released accurately 98.8 percent of the time, which was slightly below the target of 100 percent due to technical issues that have been resolved. The target will continue to be 100 percent in FY 2020 and FY 2021.

Debt Collection: FY 2019 marked the highest delinquent debt collections ever for Fiscal Service. This was due to a change in the referral process for the Department of Education, including a large backlog and new, more regular, referrals. While Fiscal Service anticipates collections will remain high, diminishing total collections for the next several years is expected as the Department of Education backlog of debt is collected.

FY 2020 and FY 2021 delinquent debt collection projections of $8.88 billion and $8.81 billion respectively, although reduced from FY 2019, remain higher that prior year actuals. Collection targets will be achieved through initiatives to optimize collections, including lowering our cost-to-collect, engaging the debtor experience through self-service and online debt management, segmenting the debt portfolio, and growing the offset program with new agencies, payments, and technologies.