

## Treasury Franchise Fund (TFF)

### *Program Summary by Budget Activity*

Dollars in Thousands

Budget Activity	FY 2025 Actual	FY 2026 Revised Estimate	FY 2027 Estimate	FY 2026 to FY 2027	
				\$ Change	% Change
Treasury Common Services Center	\$0	\$1,058,426	\$1,102,745	\$44,319	4.2%
Treasury Shared Services Program	\$1,181,050	\$0	\$0	\$0	NA
Centralized Treasury Administrative Services	\$171,466	\$164,884	\$164,884	\$0	0.0%
BFS Financial Management Shared Services	\$258,246	\$145,974	\$125,001	(\$20,973)	-14.4%
BFS Information Technology Services	\$235,901	\$212,093	\$204,675	(\$7,418)	-3.5%
<b>Subtotal, Treasury Franchise Fund</b>	<b>\$1,846,663</b>	<b>\$1,581,377</b>	<b>\$1,597,305</b>	<b>\$15,928</b>	<b>1.0%</b>
Recover from Prior Years	\$17,631	\$20,997	\$21,527	\$530	2.5%
Unobligated Balances from Prior Years	\$306,127	\$329,000	\$351,000	\$22,000	6.7%
<b>Subtotal, Treasury Franchise Fund</b>	<b>\$323,758</b>	<b>\$349,997</b>	<b>\$372,527</b>	<b>\$22,530</b>	<b>6.4%</b>
<b>Total Program Operating Level</b>	<b>\$2,170,421</b>	<b>\$1,931,374</b>	<b>\$1,969,832</b>	<b>\$38,458</b>	<b>2.0%</b>
<b>Total Full-time Equivalents (FTE)</b>	<b>1,766</b>	<b>2,201</b>	<b>2,294</b>	<b>93</b>	<b>4.2%</b>

FY 2025 Other Resources and Full-time Equivalents (FTE) reflect actuals.

### *Summary*

The Treasury Franchise Fund (TFF) supports effective financial management and information technology services through commitment to service, efficient operations, openness to change, and value-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 Common Services Center (TCSC), Departmental Offices' Centralized Treasury Administrative Services (CTAS), the Bureau of the Fiscal Service's Financial Management Shared Services (FMSS, previously ARC Admin) and the Bureau of the Fiscal Service's (BFS) Information Technology Services (ITS, previously ARC IT). 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 2027 Congressional Budget Justification reflects revised estimates for FY 2026 along with funding estimates for FY 2027. The revised estimates in FY 2026 for CTAS include decreases to reflect reductions in contracts associated with information technology costs, as well as contractual adjustments for IT support and procurement expenses. Additionally, the FY 2026 revised estimate includes offsetting increases and decreases between FMSS/ITS and TCSC for the Department realignment to consolidate the common services that were previously provided by FMSS/ITS. The FY 2026 revised estimate also includes increases to TCSC for the Department realignment for Treasury resources (excluding FMSS/ITS) to continue the effort of consolidating common services.

In FY 2026 Treasury plans to establish new term appointed engineering positions within the

TCSC Technology Services for the Center of Excellence (CoE) for Engineering. These AI Engineers will deliver engineering capability to include Technical Advisory, Solution Development, AI & Data Enablement, Infrastructure Modernization, and Embedded Technical Support as a shared service provider within the Treasury Franchise Fund that can be leveraged across Treasury Bureaus. Through a shared cost model, these services would also provide scalable, customer-funded support for bureaus requiring specialized or surge AI services. This initiative is still in the planning phase, therefore this estimate is not included in the FY 2027 TFF CJ.

In FY 2027, TCSC will continue to make investments critical to strengthen the cyber posture across the shared services platform and resources to support increased adoption of enterprise IT applications. In alignment with the Administration's initiative to further consolidate shared services, TCSC began providing services at the start of FY 2026. TCSC will complement the ongoing operational effectiveness of the entire TFF portfolio – while also providing cost-effective and enhanced services to the Department in administrative functions related to human resources, information technology, acquisition and travel. TCSC will unify the non-Financial Management functions previously provided by FMSS/ITS with similar capabilities from other Treasury bureaus into one organization dedicated to providing standardized and consistent services across Treasury.

In FY 2027, FMSS will continue to support the marketplace for scalable growth by simplifying the delivery of complex financial management services. FMSS' FY 2027 request includes a balance of continuous improvement, strategic investments in solutions of the future in the FM QSMO marketplace and continuing to increase adoption by federal agencies. FMSS is positioned to meet both active and future EO requirements for shared service adoption or delivery. In accordance with Executive Order 14249: Protecting America's Bank Account Against Fraud, Waste, and Abuse, which requires the consolidation of CFO Act agency financial management systems and use of a standard solution available through the Financial Management (FM) Marketplace, FMSS is in the planning phases for the introduction of the OneFM program. This initiative will consolidate Treasury's seven core Financial Management Systems and define requirements for a modern Software as a Service (SaaS) solution that meets current needs while providing scalability for future customer adoption. This estimate is not included in the FY 2027 TFF CJ until more information regarding the breakout of costs is available.

ITS objectives are centered around consistently implementing, optimizing, securing, and scaling technology and services from end-to-end in alignment with federal technology priorities, including Executive Order 14028 Improving the Nation's Cybersecurity and subsequent OMB Memoranda.

## Budget Highlights

Dollars in Thousands

	FTE	Amount
<b>FY 2026 Estimate</b>	<b>1,843</b>	<b>\$1,499,223</b>
Program Changes:		
Program Decreases	(455)	(\$133,999)
CTAS Reduction in Customer Scope	0	(\$10,530)
BFS FMSS/ITS Realignment to TCSC (excludes Financial Management)	(455)	(\$123,469)
Program Increases:	813	\$216,153
TCSC Realignment from BFS FMSS/ITS (excludes Financial Management)	455	\$123,469
Treasury Bureau Realignments to TCSC (BEP, MINT, Fiscal Service, FINCEN)	358	\$92,684
<b>FY 2026 Revised Estimate</b>	<b>2,201</b>	<b>\$1,581,377</b>
<b>Changes to Base:</b>		
Maintaining Current Levels (MCLs):	0	\$2,140
Pay Annualization (2026 1.0% average pay raise)	0	\$2,140
Subtotal Changes to Base	0	\$2,140
<b>FY 2027 Current Services</b>	<b>2,201</b>	<b>\$1,583,517</b>
Program Changes:		
Program Efficiencies	0	(\$2,140)
General Efficiency Improvements	0	(\$2,140)
Program Increases:	93	\$15,928
BFS ITS Realignment to TCSC (Information Technology)	93	\$15,928
<b>FY 2027 Estimate</b>	<b>2,294</b>	<b>\$1,597,305</b>

## Budget Adjustments

**Adjustments to FY 2026 Original Estimate** ..... **+\$82,154,000/ +358 FTE**  
**Program Decreases** ..... **-\$133,999,000 / -455 FTE**  
CTAS Reduction in Customer Scope **-\$10,530,000 / -0 FTE**

The revised estimate reflects reductions in contracts associated with information technology costs, as well as contractual adjustments for IT support and procurement expenses.

BFS FMSS Realignment to TCSC **-\$123,469,000 / -455 FTE**

The revised estimate includes program reductions and resource realignments to TCSC for human resources, acquisitions, information technology and travel.

**Program Increases** ..... **+\$216,153,000 / +813 FTE**

TCSC Realignment from BFS FMSS **+\$123,469,000/ +455 FTE**

The revised estimate incorporates the consolidation of common services – human resources, acquisitions, information technology and travel – and the corresponding realignment of BFS FMSS/ITS resources that support these common services.

Treasury Bureau Realignments to TCSC **+\$92,684,000/ +358 FTE**

The Department continues realignments to centralize common administrative functions into the TCSC from the Bureau of Engraving and Printing, US Mint, Bureau of the Fiscal Service and

Financial Crimes Enforcement Network.

**Maintaining Current Levels (MCLs) ..... +\$2,140,000 / +0 FTE**

Pay Annualization (1% in FY 2026) +\$2,140,000 / +0 FTE:

Funds are required for annualization of the January 2026 1.0% average pay raise.

**FY 2027 Program Changes ..... +\$13,788,000/ +93 FTE**

**Program Efficiencies .....-\$2,140,000 / -0 FTE**

General Efficiency Improvements -\$2,140,000 / -0 FTE

TCSC, CTAS, FMSS and ITS will absorb the MCLs.

**Program Increases .....+\$15,928,000 / +93 FTE**

BFS ITS Realignment to TCSC (Information Technology) +\$15,928,000/ +93 FTE

The Department continues realignments to centralize common administrative functions into the TCSC from the Bureau of the Fiscal Service, ITS.

### ***Legislative Proposals***

The TFF has no legislative proposals.

### ***Performance Highlights***

Budget Activity	Performance Measure	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Target	FY 2027 Target
Treasury Common Services Center	Average Cost Per FTE	1,960	DISC	DISC	DISC	DISC
Treasury Common Services Center	Annual Effective Spend Rate	99%	96%	98%	96%	96%
Treasury Common Services Center	Customer Satisfaction	83%	80%	DISC	DISC	DISC
Treasury Common Services Center	Percentage of shared service level agreement performance metrics met or exceeded [%]	NA	NA	NA	B	94%
Centralized Treasury Administrative Services	Annual Effective Spend Rate	97%	96%	99%	96%	96%
Centralized Treasury Administrative Services	Customer Satisfaction	72%	80%	DISC	DISC	DISC
Financial Management Shared Services	Customer Unmodified Audit Opinions [%]	100%	100%	100%	100%	100%
Financial Management Shared Services	Percentage of shared service level agreement performance metrics met or exceeded [%]	91%	94%	93%	94%	94%
Financial Management Shared Services	Customer Satisfaction with FMSS Services [%]	85%	80%	80%	80%	80%
Information Technology Services	IT Portfolio (TFF) Software and Hardware Currency [%]	85%	85%	93%	95%	100%
Information Technology Services	On-Premises Target Service Level Agreements Met [%]	97%	95%	DISC	DISC	DISC

Key: DISC - Discontinued; B - Baseline; I - Indicator

## *Description of Performance*

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The TCSC annual effective spend rate provides insight into the financial management and oversight of the TCSC programs. It measures how much of the resources collected from customers are obligated for service delivery in the fiscal year, capturing the efficient use of resources by service providers. In FY 2025, 98 percent of the funds collected from customers for the shared services were obligated, which was slightly higher than the 96 percent target rate set for the fiscal year. The target will remain at 96 percent for FY 2026 and FY 2027.

TCSC will retain all historical FMSS/ITS performance measures for the service lines that were realigned to TCSC for ease of comparability across years and service providers. Additionally, TCSC has engaged Treasury's Chief Data Officer and the Treasury Data Council to evaluate existing measures and identify additional measures to effectively manage performance.

For CTAS, the FY 2025 annual effective spend rate was 99 percent, exceeding the 96 percent target. CTAS continues to strengthen customer engagement through monthly meetings with Departmental Offices leadership to better communicate program budget changes and impacts to service level agreements. The targets set in both FY 2026 and 2027 are 96 percent for the annual effective spend rate.

In FY 2025, FMSS received an unmodified opinion on franchise operations for the 23<sup>rd</sup> consecutive year and met its performance target of 100 percent of customer unmodified audit opinions. By meeting this metric consistently year after year, FMSS has improved public confidence in federal stewardship, operational integrity, and financial reporting. FMSS achieved 93 percent of metrics met or exceeded against a 94 percent target and maintained its customer satisfaction rate at 80 percent. FMSS will continue to focus on improving payment integrity, advancing financial systems, and delivering scalable, cost-effective solutions that enable customer agencies to focus on mission delivery.

Information Technology Services (ITS) continues to modernize Treasury's IT infrastructure and service delivery. In FY 2025, ITS achieved 93 percent for software and hardware currency, supporting efforts to reduce reliance on End-of-Life technology and minimize technical debt and risk. ITS has set targets of 95 percent for FY 2026 and 100 percent for FY 2027, aligned with supporting the maturity of zero trust architecture, increasing the ability to accommodate changes in volume and demand, improving customer experience, adding new business capabilities, and promoting faster time to market for IT customers.

Treasury continues to align budget activities and performance measures with the Treasury Strategic Plan 2026–2030. As part of this effort, certain performance measures have been refined or discontinued to improve data quality and relevance, including the discontinuation of customer satisfaction surveys for TCSC and CTAS due to low participation, and ITS on-premises service

level agreement metrics as they are no longer applicable. Treasury will continue to evaluate and strengthen performance measures to ensure they effectively capture value, efficiency, and customer outcomes across shared services programs.