Bureau of the Fiscal Service

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2021 Operating Plan	FY 2022 Annualized CR	FY 2023 Request	FY 2022 to FY 2023 $ Change	FY 2022 to FY 2023 % Change
Accounting and Reporting	$96,472	$89,482	$98,158	$8,676	9.7%
Collections	$41,109	$43,596	$48,020	$4,424	10.1%
Payments	$123,190	$123,697	$132,576	$8,879	7.2%
Retail Securities Services	$59,312	$64,244	$67,816	$3,572	5.6%
Wholesale Securities Services	$25,486	$24,550	$25,915	$1,365	5.6%
Matured Unredeemed Debt	$25,000	$25,000	$0	($25,000)	-100.0%
Subtotal, Bureau of Fiscal Service	**$370,569**	**$370,569**	**$372,485**	**$1,916**	**0.5%**
Reimbursable	$224,642	$208,823	$185,149	($23,674)	-11.3%
Debt Collection Fund	$165,538	$187,363	$199,236	$11,873	6.3%
Unobligated Balances Brought Forward	$137,952	$202,056	$188,713	($13,343)	-6.6%
Total Program Operating Level	**$898,701**	**$968,811**	**$945,583**	**($23,228)**	**-2.4%**
Direct FTE	1,922	1,866	1,896	30	1.6%
Reimbursable FTE	15	9	9	0	0.0%
Total Full-time Equivalents (FTE)	**1,937**	**1,875**	**1,905**	**30**	**1.6%**

Note: FY 2021 Other Resources and Full-time Equivalents (FTE) reflect actuals. Tables does not include supplemental funding provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L.116-136) and the American Rescue Plan (ARP)(P.L.117-2). Unobligated balances do not include CARES and ARP. Matured Unredeemed Debt funding remains available and unexpended. Also, the 2023 Budget Appendix includes a separate presentation for the Debt Collection Fund.

Summary

The FY 2023 request for the Fiscal Service is $372.485 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. Because of Fiscal Service's central role in Government-wide financial operations, the Budget also supports Treasury's leadership in transforming Federal financial management to become more efficient, more accurate and deliver better service to citizens.

The Budget provides resources to maintain current operations and supports ongoing initiatives in business modernization, customer experience, improving use of data, expanding access to digital financial services, innovative financial technology, operational integrity, and our workforce. This Budget supports the Financial Management Quality Service Management Office (FM QSMO), which is responsible for operating the Federal marketplace and making quality core financial service offerings available to all Federal agencies (funding for this activity was requested in FY 2022). The Budget also focuses on promoting integrity and equity in payment and collection practices.

The Budget also supports ongoing operations related to cybersecurity for High Value Assets (HVAs) and other systems that support the NFCI. Fiscal Service will continue to partner with the Department, leveraging resources provided through the Treasury Cybersecurity Enhancement Account, to implement modern solutions that will support the security, resiliency, and agility of these critical systems and continue to maintain the financial integrity and efficiency of our operations. Our work will also continue to strengthen our cybersecurity posture by enhancing our

ability to identify threats and carry out the recent Executive Order 14028, *Improving the Nation's Cybersecurity* and OMB Memo M-22-09, *Federal Zero Trust Strategy*.

These priorities will advance Treasury's Strategic Plan FY 2022-2026, promote Fiscal Service's mission to transform Federal financial management, and result in improved service for the American public. Fiscal Service has planned a reorganization to better position itself for the future and translate the goals of Treasury's strategic plan as well as the Bureau's Vision for the Future of Federal Financial Management into organizational capabilities. Fiscal Service is not requesting any additional funds to implement this reorganization, and the reorganization does not result in any changes to the structure of our budget or program line items.

Budget Highlights

Dollars in Thousands

	FTE	Amount
FY 2022 Annualized CR	**1,559**	**$370,569**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$12,276
Pay Annualization	0	$1,593
Pay Raise (4.6% average pay raise)	0	$8,197
Non-Pay	0	$2,486
Other Adjustments:		
Adjustments to Meet Current Operating Levels	0	$6,940
Non-Recurring Costs		
Matured Unredeemed Debt[1]	0	($25,000)
Subtotal Changes to Base	0	($5,784)
FY 2023 Current Services	**1,559**	**$364,785**
Program Changes:		
Program Increases:	2	$7,700
Quality Service Management Office[1]	2	$3,700
Fraud Prevention and Equitable Debt Collection Initiatives	0	$4,000
FY 2023 President's Budget Request	**1,561**	**$372,485**

[1]Included in the FY 2022 President's Budget.

Budget Adjustments

Maintaining Current Levels (MCLs)...+$12,276,000 / +0 FTE

Pay Annualization (2.7%) +1,593,000 / +0 FTE

Funds are requested for annualization of the January 2022 2.7% average pay raise.

Pay Raise (4.6%) +$8,197,000 / +0 FTE

Funds are requested for a 4.6% average pay raise in January 2023.

Non-Pay +$2,486,000 / +0 FTE

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

Other Adjustments..+$6,940,000 / +0 FTE

Adjustments to Meet Current Operating Levels +$6,940,000 / +0FTE

Funds are requested to cover pay and non-pay inflationary costs that are realized in FY 2022 but not appropriated under an annualized CR.

Non-recurring Cost...-$25,000,000 / +0 FTE

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

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 2021, the MUD balance had reached $29.9 billion. The Consolidated Appropriations Act, 2021, (P.L. 116-260) provided $25 million, available until expended, for the digitization of records of matured savings bonds that have not been redeemed. This adjustment removes this appropriation from the FY 2023 Current Services levels.

Program Increases..+$7,700,000 / + 2 FTE

Quality Services Management Office +$3,700,000 / +2 FTE

This funding, which was originally requested in the FY 2022 President's Budget, will support the continued implementation and management of the Financial Management Quality Service Management Office (FM QSMO) Marketplace, advance Government wide adoption of shared services, and ensure robust financial management support for Federal agencies. Funding will support ongoing collaboration with agency leaders modernizing financial systems; management of processes to ensure equitable access for industry to offer modern, secure, innovative, standards-based solutions and services as providers in the Marketplace; review of agency Marketplace acquisition requests to ensure adherence to standards; and delivery of expert guidance that will advance Government-wide financial management goals. FM QSMO will streamline access to Treasury services and empower customer agencies to create new opportunities for underserved communities through increased opportunities for small and disadvantaged businesses, which advances Treasury Strategic Objectives 1.3 (Economically Resilient Communities) and 5.4 (Customer Experience Practice).

Fraud Prevention and Equitable Debt Collection Initiatives +$4,000,000 / +0 FTE

Fiscal Service continues to focus on payment integrity and implementing best practices to ensure equitable debt collections. The Payment Integrity Center of Excellence (PICOE) and the Do Not Pay (DNP) Business Center improve the integrity of Government-wide financial transactions by providing business insight and solutions that assist government agencies in identifying, preventing, and recovering improper payments. DNP also assists agencies by providing a combination of access to data sources and data analytics to aid in identification, mitigation, and elimination of improper payments. PICOE will continue to leverage cross Government data sharing, an account verification service, the Treasury Check Verification System, investigative case support and other activities to improve payment accuracy and integrity. These activities will help to advance the Administration's efforts to prevent and detect identity theft involving public benefits. While promoting the integrity of payments, Fiscal Service will also be promoting and reviewing equity in its debt collection practices by helping customer agencies to identify and implement changes that will improve their processes. This work will enable the Bureau to leverage data while enhancing information sharing practices to advance Treasury Strategic Objectives 5.3 (Better Use of Data) and 5.4 (Customer Experience Practice).

Legislative Proposals

1. Fund the Federal Payment Levy Program via collections. *Estimated costs: $220 million in Fiscal Service costs to operate the Tax Levy Program in the Treasury Offset Program 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 to process levies of Federal payments to collect delinquent tax debts. Under the Economy Act, the IRS pays fees to Fiscal Service from the IRS annual discretionary appropriation. This proposal authorizes Fiscal Service to recover its costs from levy collections, rather than from IRS's direct appropriation, which reduces administrative and overhead costs for both Fiscal Service and IRS. It would also allow IRS to re-direct the use of appropriated dollars that are currently needed to fund FPLP to other initiatives that will aid in the collection of delinquent tax debt.

2. Amend the Bank Merger Act to allow for the transition of Treasury-sponsored debit card accounts from one bank to another. *The cost avoidance associated with this proposal is estimated to be $17.64 million in labor and materials. The estimated cost avoidance will only materialize if a new financial agent is designated.*

This proposal would amend the Bank Merger Act to allow for the transition of Treasury-sponsored debit card accounts from one bank to another when Treasury changes its financial agent. Current law restricts Treasury's ability to move its sponsored debit card accounts to a new bank in order to obtain better or lower cost services. Treasury sponsored debit card programs, particularly the Direct Express program that provides Social Security benefits and Supplemental Security Income benefits, serve a vulnerable population. Thus, any disruption in service resulting from the transition to a new financial agent could have a devastating impact. To mitigate these risks, this proposal would authorize Treasury to retain new financial agents for services involving sponsored debit card accounts.

Performance Highlights

Budget Activity	Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Target	FY 2023 Target
Accounting and Reporting	Percentage of Government-wide Accounting Reports Issued Timely (%)	99.6	100.0	100.0	99.0	99.0
Collections	Percentage of Total Federal Government Receipts Settled Electronically (%)	98.4	99.0	99.6	99.0	99.0
Payments	Percentage of Treasury Payments Made Electronically (%)	95.6	96.0	96.2	96.4	96.6
Payments	Count of Improper Payments Identified or Stopped (# in Thousands)	22.4	22.8	23.8	22.5	23.6
Payments	Dollar Amount of Improper Payments Identified or Stopped ($ Millions)	41.1	43.5	47.6	38.8	40.7
Retail Securities Services	Percentage of Retail Customer Service Transactions That Are Unassisted (%)	69.0	70.0	63.0	72.0	73.0
Wholesale Securities Services	Percentage of Auction Results Released Accurately (%)	98.8	100.0	100.0	100.0	100.0
Wholesale Securities Services	Percentage of Auctions Successfully Completed by the Scheduled Close Date (%)	100.0	100.0	100.0	100.0	100.0
Debt Collection	Amount of Delinquent Debt Collected Through A11 Available Tools ($ Billions)	9.7	10.7	5.0	5.3	7.6
Debt Collection	Amount of Delinquent Debt Collected Through A11 Available Referred ($ Billions)	14.3	15.7	15.9	15.0	13.9
Debt Collection	Percentage of the Active Delinquent Debt Portfolio Collected (%)	9.2	7.3	7.0	6.7	6.5

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 2021, Fiscal Service accounted for and reported on the financial activity related to the $28.4 trillion public debt and managed a daily cash flow of $209.9 billion. Fiscal also issued and serviced $6.2 trillion in Treasury securities invested by 53 Federal agencies in over 155 Federal Government trust and investment accounts, including $3.2 trillion in 17 managed trust funds. Fiscal Service continued to issue 100 percent of Government-wide accounting reports on time, including the annual Financial Report of the United States Government, which reports the financial condition of the Federal government using accrual basis of accounting. In FY 2023, Accounting and Reporting will continue to pursue innovative solutions to data quality challenges, improve delivery and digestibility of data available to the American public, modernize analytics capabilities across the Bureau, and improve the audit and reporting process for Federal agencies.

Collections: Fiscal Service administers the world's largest Government collections system through a network of Fiscal and Financial Agents. In FY 2021, Fiscal Service collected nearly $4.91 trillion in Federal revenue, settling 99.6 percent of the funds electronically. This is an increase over the electronic settlement rate of 99 percent in FY 2020 as Fiscal Service advanced several projects to increase digitization, including expanding adoption of eCommerce digital collection options across Federal agencies. These projects continued to move paper-based transactions to electronic alternatives (e.g., Pay.gov, Digital Wallets, etc.). In FY 2023, Fiscal Service will continue to promote electronic alternatives and assist Federal agencies in converting collections from paper to electronic media and streamline lockbox networks which process paper-based payments and forms, which supports the Administration's climate priority and

Treasury Strategic Objectives 3.3 (Financial Innovation) and 4.4 (Sustainable Treasury Operations).

Payments: Fiscal Service delivers Federal payments on behalf of more than 250 Federal entities through disbursement mechanisms such as paper checks, Electronic Fund Transfers (EFT), debit cards, and other digital payment mechanisms. Fiscal Service continues to increase the percentage of Federal payments which are Treasury-disbursed. In FY 2021, Fiscal Service disbursed 90.5 percent of all Federal payments (88.4 percent without Economic Impact Payments).

In FY 2021, the Fiscal Service payments activity continued to support COVID-19 pandemic recovery efforts, specifically the delivery of Economic Impact Payments (EIP) and Advance Child Tax Credit payments to the American public. These recovery programs have significantly increased the payments workload volume. In FY 2021, Fiscal Service issued approximately 500 million more payments than in 2019, or a 42 percent increase in the number of payments disbursed. In FY 2021, Fiscal Service securely disbursed 1.7 billion payments, totaling $6.4 trillion; of these totals, EIP2, EIP3, and CTC payments accounted for more than 428 million payments to individuals, totaling $593 billion.

While supporting recovery efforts, Fiscal Service also continued advancing its planned initiatives and modernizations within the Payments activity. One major initiative in this area was the FY 2020-2021 Agency Priority Goal (APG) to improve the public's payment experience by reducing paper checks and increasing electronic payments. Excluding EIPs and checks directly related to the pandemic, Fiscal Service achieved its APG targets and reduced checks from 54.2 million in 2019 to 48.8 million in 2021, a 10 percent reduction. Additionally, collaborating with the IRS, Fiscal Service increased the IRS Tax Refund electronic rate from 77 percent in 2019 to 80.3 percent in 2021. This increase in electronic payments resulted in faster, more secure, and significantly fewer payment issues or exceptions for the public.

In FY 2023, Fiscal Service will build on these efforts with a new APG to provide a modern, seamless, and secure payment experience for the public that meets customer needs while reducing costs, expanding financial inclusion, and improving climate sustainability of Treasury's operations by increasing electronic payments. Fiscal Service plans to continue modernizing the entire payments lifecycle. This initiative will modernize payment disbursement and address aging technology, resulting in increased efficiencies, improved resiliency and security, and an enhanced user experience.

Retail Securities Services: Fiscal Service provides simple, safe, and affordable ways for investors to directly interact with the Department of the Treasury to save for their future by investing in Treasury securities. In FY 2021, Fiscal Service electronically issued $73.6 billion in Treasury retail securities (includes sales and reinvestments), processed $86.4 billion in redemptions, added 219,740 new accounts to TreasuryDirect, and made 2.2 million retail payments worth $23.1 billion. In FY 2021, Retail Securities saw a decline in the percentage of unassisted retail customer service transactions, with 63 percent unassisted during the fiscal year, significantly lower than the 71 percent target. This was the result of both reduced sales of marketable Treasury securities, as well as a continued trend of customers redeeming savings bonds through mail services instead of in-person interactions with financial institutions as result of the COVID-19 pandemic.

Retail Securities continues to improve the customer experience and help owners find and claim savings bonds that have reached final maturity and stopped earning interest through the Matured Unredeemed Debt (MUD) initiative. Treasury's redemption process for paper savings bonds has proven effective, given that 99 percent of all paper savings bonds ever issued have been redeemed. Annually, Treasury redeems approximately 7.2 million matured savings bonds worth $4 billion, including nearly 1.8 million bonds that were five or more years past maturity. As of the end of FY 2021, the balance of these matured unredeemed savings bonds was $29.9 billion across 82.3 million pieces. During FY 2021, the Bureau began a multi-phase approach to digitize and index its records of paper savings bonds. The Bureau also began a data matching effort to compare MUD records against various systems (e.g., bureau systems and other government databases) to obtain updated bond owner information to develop strategies to better reach these customers. For example, the Bureau initiated mailings to a subset of customers within TreasuryDirect to create awareness of MUD bonds and provide guidance for redeeming them. In addition to other customer experience improvements being considered, Fiscal Service continues to work with the National Association of Unclaimed Property Administrators (NAUPA) and the National Association of State Treasurers (NAST) to find collaborative solutions to locate owners of MUD bonds.

Wholesale Securities Services: Fiscal Service finances daily Government operations by overseeing the announcement, auction, and issuance of marketable Treasury bills, notes, bonds, floating rate notes, and inflation-protected securities through reliable, accurate, and secure electronic systems. In FY 2021, Treasury successfully conducted 472 auctions and awarded $20.04 trillion in Treasury securities – both records for a single year. Fiscal Service also set record highs on April 26, 2021, with $267 billion awarded on a single day and on September 8, 2021, with six auctions held in a single day. Thirteen auctions were held the week of January 25, matching the weekly record that was set in FY 2020. Debt financing activities continue to be elevated, evidenced by the 45 percent increase in the number of auctions conducted above the pre-pandemic FY 2019 level of 325 auctions. Fiscal Service continued to see unprecedented demand for borrowing needs that began in FY 2020 with the COVID-19 pandemic. Through this increased financing activity, Fiscal Service continued to demonstrate operational excellence by successfully completing 100 percent of auctions by the scheduled close date and by releasing 100 percent of auction results accurately.

Debt Collection: Fiscal Service is the Government's central debt collection agency and funds its delinquent debt collection operations through fees charged to agencies that refer debts for collection. During FY 2021, the COVID-19 pandemic continued to impact delinquent debt collection. Total delinquent debt collections fell below the original annual target due to several Federal agencies deciding to extend their delinquent debt collection suspensions in response to economic concerns related to the pandemic. Fiscal Service ended the year collecting $5.04 billion in delinquent debt from all tools, falling short of the target of $8.81 billion. Of the $5.04 billion collected in delinquent debt, $4.8 billion was collected through the Treasury Offset Program (TOP), and $269.3 million was collected through Cross-Servicing. TOP's FY 2021 collections included delinquent debts owed to states, such as $2.71 billion of delinquent child support and $294.8 million of state Unemployment Insurance. Fiscal Service anticipates ongoing concerns about the COVID-19 pandemic and associated economic recovery will continue to negatively affect collections in FY 2022 and potentially 2023.