

Department of the Treasury  
Treasury Franchise Fund

Congressional Budget  
Justification and Annual  
Performance Report and Plan

FY 2019

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## **Section I – Budget Request**

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### **A – Mission Statement**

To assist customer agencies in meeting their mission by providing responsive, customer-focused, cost-effective administrative and information technology support services.

### **B – Summary of the Request**

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, promotes economies of scale, and increases productivity and efficiency in the use of resources by shared services providers.

The TFF providers include Departmental Offices' Shared Services Programs (SSP) and the Fiscal Service's Administrative Resource Center (ARC). SSP and ARC provide financial management, HR, IT, and other administrative services to federal customers on a fully cost recoverable, fee-for-service basis. Treasury proposes to move additional Departmental Offices (DO) administrative services to the TFF in FY 2019 to consolidate broad-scale administrative functions and capital investment activities into one account. The transition will also provide one governance process for reimbursable programs in DO. The TFF structure allows for more effective capital investments over multiple fiscal years and provides stability during a continuing resolution for more efficient contract execution. Customers will benefit from consolidation of like services, consistent points of contacts for service providers, less confusion during budget execution, and increased direct customer involvement through joint governance. Administrative programs will benefit as they will budget for and execute all services in one account and will be able to better leverage staff across functions. The move also will streamline cash management as services are paid for in consistent monthly amounts rather than billed in arrears based on actuals.

In FY 2019, there is support for increasing shared services across government and the TFF is well positioned to support the provision of high quality services in response to the demand. The TFF mission aligns with the Office of Management and Budget (OMB) reform priority M-17-22, an initiative that directs agency reform proposals to leverage shared services that will streamline mission support functions. The TFF also supports the OMB crosscutting reform proposals to reduce the fragmented or duplicated services across government.

The TFF and its providers will continue to be integral federal partners to customer agencies. We will provide responsive, high quality and cost effective shared services to federal agencies through our commitment to streamlined processes to ensure compliance and eliminate redundancy, and focus on maximizing cost sharing opportunities that take advantage of economies of scale.

The TFF aligns to the following Treasury strategic goals as presented in the new strategic plan:

- Goal 4: Transform Government-wide Financial Stewardship
- Goal 5: Achieve Operational Excellence

## 1.1 - Appropriations Detail Table

Dollars in Thousands

Budgetary Resources	FY 2017		FY 2018		FY 2019		FY 2018 to FY 2019			
	Actual		Estimated		Estimated		\$ Change		% Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FT	AMOUNT	FTE	AMOUNT
<b>Revenue/Offsetting Collections</b>										
Shared Services Programs		\$238,808		\$236,458		\$225,198		(\$11,260)		-5%
Centralized Treasury Administrative Services		\$0		\$0		\$148,109		\$0		NA
Administrative Support Services		\$165,475		\$160,258		\$173,713		\$13,455		8%
Information Technology Services		\$186,424		\$185,958		\$174,376		(\$11,582)		-6%
Recoveries from Prior Years		\$5,492		\$20,849		\$22,925		\$2,076		10%
Unobligated Balances from Prior Years		\$175,188		\$182,961		\$194,146		\$8,185		4%
<b>Total Revenue/Offsetting Collections</b>		<b>\$771,387</b>		<b>\$786,484</b>		<b>\$935,467</b>		<b>\$148,983</b>		<b>19%</b>
<b>Expenses/Obligations</b>										
Shared Services Programs	235	\$235,812	255	\$236,458	255	\$225,198	0	(\$11,260)	0.00%	-5%
Centralized Treasury Administrative Services	0	\$0	0	\$0	207	\$148,109	20	\$148,109	NA	NA
Administrative Support Services	974	\$157,284	1,012	\$158,241	1,012	\$160,087	0	\$1,846	0.00%	1%
Information Technology Services	493	\$195,441	503	\$198,296	503	\$193,799	0	(\$4,497)	0.00%	-2%
<b>Total Expenses/Obligations</b>	<b>1,702</b>	<b>\$588,537</b>	<b>1,770</b>	<b>\$592,995</b>	<b>1,977</b>	<b>\$727,193</b>	<b>20</b>	<b>\$134,198</b>	<b>11.70%</b>	<b>23%</b>
<b>Net Results</b>		<b>\$182,850</b>		<b>\$193,489</b>		<b>\$208,274</b>		<b>\$14,785</b>		<b>8%</b>

Note: Total Revenue/Offsetting Collections and Total Expenses/Obligations in FY 2019 reflect the transfer of the Centralized Treasury Administrative Services into the Treasury Franchise Fund.

## 1.2 – Budget Adjustments Table

Dollars in Thousands

Treasury Franchise Fund	FTE	Amount
<b>FY 2018 Estimated</b>	<b>1,770</b>	<b>\$592,995</b>
<b>Changes to Base:</b>		
Maintaining Current Levels (MCLs):		\$8,578
Pay Annualization	0	\$999
Non-Pay	0	\$7,578
Subtotal Changes to Base	0	\$8,578
<b>Total FY 2019 Base</b>	<b>1,770</b>	<b>\$601,573</b>
<b>Program Changes:</b>		
Program Increases:	207	\$148,109
Centralized Treasury Administrative Services (CTAS)	207	\$148,109
Program Decreases:	0	(\$22,489)
Increase Operational Efficiencies (SSP)	0	(\$14,681)
Operational Support (ARC IT)	0	(\$7,808)
<b>Total FY 2019 Estimated</b>	<b>1,977</b>	<b>\$727,193</b>

## C – Budget Increases and Decreases Description

**Maintaining Current Levels (MCLs) ..... + \$8,578,000 / + 0 FTE**

Pay Annualization +\$999,000 / +0 FTE

Funds are required for annualization of the January 2018 pay-raise.

Non-Pay +7,578,000 / +0 FTE

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

**Program Increases..... + \$148,109,000 / + 207 FTE**

Centralized Treasury Administrative Services

Treasury proposes to move DO administrative services to the TFF in FY 2019 to consolidate broad-scale administrative functions and capital investment activities into one account. It will also provide one governance process for reimbursable programs in DO. The TFF structure allows for more effective capital investments over multiple fiscal years and provides stability during a continuing resolution for more efficient contract execution. Customers will benefit from consolidation of like services, consistent points of contacts for service providers, less confusion during budget execution, and increased direct customer involvement through joint governance. Administrative programs will benefit as they will budget for and execute all services in one account and will be able to better leverage staff across functions. The move also will streamline cash management as services are paid for in consistent monthly amounts rather than billed in arrears based on actuals.

**Program Decreases.....- \$22,489,000 / + 0 FTE**

Increase Operational Efficiencies (SSP) -\$14,681,000 / +0 FTE

Decrease of \$14,681,000 is due to modifications and investments that will not recur in FY 2019, such as the HR Connect upgrade. This decrease is also due to the identification of efficiencies in non-labor costs, primarily IT contracts.

Operational Support (ARC IT) -\$7,808,000 / +0 FTE

Decrease of \$5,319,569 is due to a timing differences in the collection of funds and obligation of those funds in support of a major cybersecurity initiative known as CyberClean. Decrease of \$1,871,351 due to significant non-recurring FY 2018 investments to enhance the TreasuryDirect (Treasury Retail Investment Manager) system that will be offset by hardware and software annual maintenance. The remaining decrease is the net of various increases and decreases for numerous operational support contracts that are the result of typical fluctuations that occur with IT operations.

### 1.3 – Operating Levels Table

Dollars in Thousands

Treasury Franchise Fund Object Classification	FY 2017 Actual	FY 2018 Estimated	FY 2019 Estimated
11.1 - Full-time permanent	139,899	145,260	170,773
11.3 - Other than full-time permanent	555	632	690
11.5 - Other personnel compensation	1,992	1,747	3,958
11.6 - Overtime	2,819	3,158	3,168
<b>11.9 - Personnel Compensation (Total)</b>	<b>145,265</b>	<b>150,797</b>	<b>178,589</b>
12.0 - Personnel benefits	49,339	53,119	63,922
<b>Total Personnel and Compensation Benefits</b>	<b>\$194,604</b>	<b>\$203,916</b>	<b>\$242,511</b>
21.0 - Travel and transportation of persons	1,629	1,870	1,941
22.0 - Transportation of things	24	6	28
23.1 - Rental payments to GSA	4	4,752	38,602
23.2 - Rental payments to others	50	270	656
23.3 - Communication, utilities, and misc charges	63,550	67,534	69,356
24.0 - Printing and reproduction	18	0	0
25.1 - Advisory and assistance services	91,522	31,887	32,788
25.2 - Other services	30,867	31,024	41,036
25.3 - Other purchases of goods & serv frm Govt accounts	88,604	93,871	137,154
25.4 - Operation and maintenance of facilities	20	121	501
25.7 - Operation and maintenance of equip	77,509	123,830	124,373
26.0 - Supplies and materials	1,112	813	3,013
31.0 - Equipment	38,974	33,101	35,234
32.0 - Land and structures	26	0	0
43.0 - Interest and dividends	3	0	0
91.0 - Confidential Expenditures	20	0	0
<b>Total Non-Personnel</b>	<b>393,932</b>	<b>389,079</b>	<b>484,682</b>
<b>New Budgetary Resources</b>	<b>\$588,537</b>	<b>\$592,995</b>	<b>\$727,193</b>
<b>FTE</b>	<b>1,702</b>	<b>1,770</b>	<b>1,977</b>

### D – Appropriations Language and Explanation of Changes

The Treasury Franchise Fund receives no annually appropriated resources from Congress.

### E – Legislative Proposals

The Treasury Franchise Fund does not have legislative proposals.

## **Section II – Annual Performance Plan and Report**

### **A – Strategic Alignment**

The TFF aligns to the following Department of the Treasury (Treasury) Strategic Plan for FY 2018-2022 goals and objectives:

#### **Goal 4: Transform Government-wide Financial Stewardship**

Objective 4.3 – Federal Financial Performance: Improve federal financial management performance using innovative practices to support effective government.

#### **Goal 5: Achieve Operational Excellence**

Objective 5.1 – Workforce Management: Foster a culture of innovation to hire, engage, develop, and optimize a diverse workforce with the competencies necessary to accomplish Treasury’s mission.

Objective 5.2 – Treasury Infrastructure: Better enable mission delivery by improving the reliability, security, and resiliency of Treasury’s infrastructure.

Objective 5.3 – Customer Value: Improve customer value by increasing the quality and lowering the cost of Treasury’s products and services

#### ***Treasury Franchise Fund Strategic Goals:***

- Establish a level of transparency and a governance process that sets the standard for government service providers.
- Maintain status as a Financial Management Federal Shared Service Provider (FSSP).
- Commitment to continual improvement of operational service levels and process improvement efforts that reduce service costs.
- Prioritize resiliency, security (including cybersecurity), and data integrity of all IT systems and services.
- Promote and maximize shared services benefits in support of Treasury and government-wide initiatives.
- Continue to assess and report the TFF’s performance and provide timely feedback to customers.

In FY 2019, the TFF will maintain its commitment to excellence and to meeting all strategic goals, financial goals and benchmarks. In order to meet the goal of reducing costs to customers, the TFF will maximize shared service value and continue to look for opportunities to improve the efficiencies in business processes and technologies used in service delivery. The TFF strives to incorporate the customer perspective into the decision-making process. Customer involvement and input provide an opportunity to obtain constructive and directed feedback which allows customer concerns to be addressed and services to meet customer demand. TFF-IT effectively protects customer systems and data through cybersecurity initiatives that enhance operations and promote resiliency in critical IT infrastructure and systems. The Treasury Memo, “Data Loss Prevention (DLP)” dated December 11, 2015, and recent Treasury mandates require upgrades to the Trusted Internet Connections (TIC) managed within TFF-IT. To satisfy these requirements, IT will deploy a number of cybersecurity enhancements to satisfy each requirement of the memo. These enhancements are being initiated in FY 2018, and will

continue into FY 2019, with continuous reassessment thereafter. Additionally, IT has initiated a multi-year CyberClean initiative. The objective of this project is to strengthen Treasury’s cybersecurity posture by working with a third party to benchmark the effectiveness of system security controls, identify gaps or deficiencies in the controls, strengthen response capabilities and assist with incident response, in the event a significant cybersecurity incident or data breach should occur.

**B – Budget and Performance by Budget Activity**

**2.1.1 Shared Services Programs Resources and Measures**

Dollars in Thousands

Resource Level	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
	Actual	Actual	Actual	Actual	Actual	Estimated	Estimated
Expenses/Obligations	\$187,498	\$165,419	\$225,024	\$229,070	\$235,811	\$236,458	\$225,198
<b>Budget Activity Total</b>	<b>\$187,498</b>	<b>\$165,419</b>	<b>\$225,024</b>	<b>\$229,070</b>	<b>\$235,811</b>	<b>\$236,458</b>	<b>\$225,198</b>
<b>FTE</b>	<b>202</b>	<b>209</b>	<b>251</b>	<b>228</b>	<b>235</b>	<b>255</b>	<b>255</b>

Measure	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2017	FY 2018	FY 2019
	Actual	Actual	Actual	Actual	Actual	Target	Target	Target
Customer Satisfaction with Financial Planning Staff	57.2	59.1	63.0	69.0	75.0	62.0	62.0	65.0
ECM/Web Solutions Response Time to Resolve ECM and Web Solutions Non-Critical Issues/Help Desk Tickets within 10-15 Business Days	96.8	95.0	82.0	82.0	90.8	90.0	85.0	85.0
HR Connect Customer Satisfaction %	90.0	90.1	83.0	82.0	83.0	91.0	83.0	83.0
HR Connect Employee Update Files - Transmission of Employee Update Fields Made to the Specified External Benefit Provider Within Established Timeframes	96.8	100.0	97.3	100.0	98.4	90.0	90.0	90.0
HR Connect Number of Tickets Escalated to Tier 3	212.0	242.0	128.0	N/A	173.0	200.0	200.0	200.0
Average Cost per FTE <sup>1</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,383.0
Annual Effective Spend Rate % <sup>1</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	96.0

1/ New measures in FY 2019. See Section C - Changes in Performance Measures, page 14.

**Shared Services Programs Budget and Performance**

*(\$225,198,000 from assessments revenue/offsetting collections):*

Shared Services Programs (SSP) provide administrative and IT services on a competitive basis and also deliver outstanding customer service. SSP supports the goals and objectives of the updated Treasury Strategic Plan. SSP’s initiative to develop the Integrated Talent Management system is an Agency Priority Goal, and supports objective 5.1. SSP programs within the Office of the Chief Information Officer support objective 5.2, and all SSP programs support objective 5.3.



Description of Performance:

- Customer Satisfaction with Financial Planning Staff – All SSP customers are surveyed and the measure reflects the percentage of customers who rate their experience with financial planning staff as “good” or “excellent” on a 5-point scale. This target was exceeded in FY 2017 and SSP strives to exceed this target in FY 2018 as well. SSP will start administering the CTAS budget activity in FY 2019, and the target has been adjusted to reflect this additional work.
- Enterprise Content Management/Web Solutions: This target reflects the percentage of non-critical tickets which are resolved within 10-15 business days. The target service response times are lower in FY 2018 and FY 2019 due to potentially reduced contractor support stemming from recent budget cuts.
- HR Connect Customer Satisfaction: This measure reflects the percentage of customers satisfied with the HR Connect system. The FY 2017 target was not met due to the onboarding of new customers who are less familiar with the system. The HR Connect team strives to improve upon this actual in FY 2018 and FY 2019, but may be impacted by budget constraints.
- HR Connect Employee Update Files: Target reflects the transmission of employee update files made to an external benefit provider within established timeframes. Targets are consistent with the targets used for quarterly Capital Planning and Investment Control and OPM reporting for HR Connect.
- HR Connect Number of Tickets: HR Connect continues to maintain its current target levels. This target is based on implementing process improvements in the Design Documents and Quality Assurance environments.

**2.1.2 Centralized Treasury Administrative Services Resources and Measures**

Dollars in Thousands

Resource Level	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimated	FY 2019 Estimated
Expenses/Obligations	0	0	0	0	0	0	\$148,109
<b>Budget Activity Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$148,109</b>
<b>FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>207</b>

Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2017 Target	FY 2018 Target	FY 2019 Target
Annual Effective Spend Rate % <sup>1</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	96.0

1/ New measure in FY 2019. This target measures the obligation rate for CTAS program to ensure customers pay accurate prices for services rendered. See Section C - Changes in Performance Measures, page 14.

**Centralized Treasury Administrative Services Budget and Performance**

*(\$148,109,000 from assessments revenue/offsetting collections):*

Treasury proposes to move Centralized Treasury Administrative Services (CTAS) to the TFF, consolidating broad-scale administrative functions and capital investment activities in one account. CTAS provides financial management, travel, human resources, IT, real estate and facilities management, building maintenance and other administrative services to federal customers within and outside of Treasury.

Benefits of this proposal include:

- Enable Treasury to use a consistent platform to provide shared services activities within Treasury
- Eliminate the significant risks associated with operating a large shared services function through an annually appropriated account
- Allow Treasury to strategically plan and fund infrastructure investments
- Continue to improve transparency and governance of all shared services at Treasury

### 2.1.3 Administrative Services Resources and Measures

Dollars in Thousands

Resource Level	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
	Actual	Actual	Actual	Actual	Actual	Estimated	Estimated
Expenses/Obligations	\$127,747	\$128,904	\$146,282	\$156,869	\$157,284	\$158,241	\$160,087
<b>Budget Activity Total</b>	<b>\$127,747</b>	<b>\$128,904</b>	<b>\$146,282</b>	<b>\$156,869</b>	<b>\$157,284</b>	<b>\$158,241</b>	<b>\$160,087</b>
<b>FTE</b>	<b>766</b>	<b>816</b>	<b>936</b>	<b>988</b>	<b>974</b>	<b>1,012</b>	<b>1,012</b>

Measure	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2017	FY 2018	FY 2019
	Actual	Actual	Actual	Actual	Actual	Target	Target	Target
Direct Cost as a Percentage of Award Dollars	N/A	0.4	0.1	0.2	0.2	0.5	0.4	0.4
Direct Cost per AP Transaction	N/A	65.4	47.2	59.1	45.5	65.0	58.5	57.3
Direct Cost per FTE in Core HR Services	N/A	976.3	963.0	1,070.3	1,118.8	1,050.0	1,050.0	1,050.0
Direct Cost per System User - Oracle	N/A	18,261.0	21,724.0	16,241.0	16,356.0	22,160.0	18,836.0	18,459.0
Direct Cost per Travel Voucher	N/A	24.8	21.1	19.8	7.8	27.0	10.4	10.2
First Call Resolution - Oracle %	N/A	61.0	56.7	50.3	81.5	50.0	65.0	65.0
Hiring Timeliness %	N/A	89.0	86.7	84.8	85.2	85.0	85.0	85.0
Indirect Cost Admin Services %	23.5	27.1	27.5	22.1	21.9	25.0	25.0	25.0
Timely Contract Issuance	N/A	N/A	N/A	89.3	89.3	90.0	90.0	90.0
Travel Voucher Payments Timeliness %	N/A	99.0	99.2	99.9	99.8	98.0	98.0	98.0
Unqualified Audit Opinions %	N/A	96.0	100.0	100.0	100.0	100.0	100.0	100.0

### Administrative Services Budget and Performance

(\$160,087,000 from assessments revenue/offsetting collections):

The TFF's Administrative Services are provided by the Bureau of Fiscal Service's Administrative Resource Center (ARC) and supports the Administration, OMB and Treasury's shared services initiatives. Through fully integrated and standardized administrative systems and processes, ARC has a history of high performance and is considered a leader in delivering high

quality and cost effective federal shared services. As a critical partner to OMB and Treasury, Administrative Services supports:

- the Financial Management Line of Business, designated FSSP by OMB,
- the Budget Formulation and Execution Line of Business, designated FSSP by OMB, and
- Treasury's Human Resources Line of Business.

ARC provides services in the areas of financial management, procurement, travel and relocation, and human resources. Service value is achieved through cost sharing opportunities in systems capital investments and maintenance, as well as, reduced operating costs through standardized, compliant and streamlined, high quality and responsive, value added services. The Administrative Services Activity's success is demonstrated by its growing customer base, increasing demand for services, meeting or exceeding our performance measures, high customer satisfaction results and commitment to cost effective and stable customer prices.

ARC Administrative Services supports Strategic Objectives 4.3, 5.1 and 5.3.

Description of Performance:

In FY 2017 ARC continued to establish themselves as a leader in federal shared services through meeting high expectations and performance standards; the following bullets highlight Administrative Services' performance:

- Each service line reports a financial and quality metric.
  - Direct Cost as a Percentage of Award Dollars – Procurement Services measure comparing direct operational costs to total amount of award dollars obligated
  - Direct Cost per AP Transaction – Financial Management Services measure comparing all direct accounts payable operational costs to # of accounts payable transactions
  - Direct Cost per FTE in Core HR Services – Human Resource Services measure comparing direct operational costs to # of unique employees serviced within Classification, Staff Acquisition, Processing Operations, and Employee Benefits.
  - Direct Cost per System User - Oracle – Systems measure comparing all Oracle direct operational costs to # of Oracle users
  - Direct Cost per Travel Voucher – Travel Services measure comparing direct operational costs of E-Gov travel services to # travel drivers within same service
  - First Call Resolution - Oracle % – Systems measure of first call resolution of call-related tickets about Oracle concerns
  - Hiring Timeliness % – Human Resource Services measure of percentage completed of ARC portion of the hiring process within 23 calendar days
  - Timely Contract Issuance – Procurement Services measure of percentage of all contract types completed within their designated business days as labeled on service description (varies between 60 to 120 days depending on type)
  - Travel Voucher Payments Timeliness % – Travel Services measure of percentage of approved travel vouchers, including split disbursements, paid within five business days
  - Unqualified Audit Opinions % – Financial Management measure of percentage of audit opinions for items under ARC control and responsibility

- One business line measure
  - Indirect Cost Admin Services % – Total indirect costs across entire Administrative business line vs all costs
- All quality measures generally within same range as previous FY except for First Call Resolution – Oracle % because previously both email and call related tickets were considered while FY 2017 results and future targets only focus on call related tickets. Calls are generally less complex and more likely to be accomplished on first attempt.
- All financial measures continue trend in favorable position for ARC except for one measure discussed subsequently.
- Met 9 of 11 performance metrics, the following are the two exceptions;
  - Timely Contract Issuance – the Timely Contract Issuance metric was implemented in FY 2016 and the actual performance is less than 1 percent from the initial target for the second straight year. ARC is confident that the new metric target is achievable and the service line owner is committed to achieving it in future years.
  - Direct Cost per FTE in Core HR Services – the achievement of this service metric was impacted by the government-wide hiring freeze. The freeze resulted in a significant work volume decrease from historical levels supported by our federal workforce. ARC continues to work with customer agencies to understand the changes to the HR service demand for future years, thereby enabling them to align resources to support the demand and achieve the cost target in FY 2018 and FY 2019.
- Expanded, improved, and implemented services and new requirements in support of current and future customers.
  - Initial implementation of Oracle’s Service Oriented Architecture, provides flexibility for third party integrations and ARC’s standard solution.
  - Deployed Concur’s “Skybridge” and mobile enhancements, improving travel booking and user convenience/experience.
  - Successfully met new DATA Act reporting requirements for all customers.
- Improved stakeholder confidence by receiving unmodified opinions on financial statements for 20 Administrative Service customers and receipt of the 14<sup>th</sup> consecutive clean Statement on Standards for Attestation Engagements (SSAE) report on ARC service controls.

In FY 2018 and FY 2019, Administrative Services will continue to provide high quality service and continue support of shared services in transforming the way federal administrative services are delivered. This will include a commitment to expanding shared service usage, meeting or exceeding service metrics, and continuing efforts to improve efficiency and effectiveness, including upgrades to the Oracle E-Business Suite and other support systems, and deployment of business intelligence/data analytics and accounting reconciliation and financial statement solutions.

## 2.1.4 Information Technology Resources and Measures

Dollars in Thousands

Resource Level	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
	Actual	Actual	Actual	Actual	Actual	Estimated	Estimated
Expenses/Obligations	\$152,050	\$149,992	\$162,895	\$192,877	\$195,441	\$195,441	\$193,799
<b>Budget Activity Total</b>	<b>\$152,050</b>	<b>\$149,992</b>	<b>\$162,895</b>	<b>\$192,877</b>	<b>\$195,441</b>	<b>\$195,441</b>	<b>\$193,799</b>
<b>FTE</b>	<b>457</b>	<b>459</b>	<b>459</b>	<b>499</b>	<b>493</b>	<b>503</b>	<b>503</b>

Measure	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2017	FY 2018	FY 2019
	Actual	Actual	Actual	Actual	Actual	Target	Target	Target
Fiscal IT Hosting – Percentage of Time Service is Operational (Uptime Excluding Planned Maintenance)	N/A	N/A	N/A	1.0	1.0	1.0	1.0	1.0
Percentage of POA&Ms Scheduled for closure in last 30 days - closed early or on time	N/A	N/A	N/A	0.7	0.9	0.9	0.9	0.9
Number of Engagements in Strategic Sourcing for "Service Provider" or Other Shared Services Opportunity	N/A	N/A	N/A	1.0	2.0	2.0	2.0	2.0

### Information Technology Services Budget and Performance

(\$193,799,000 from assessments revenue/offsetting collections):

The TFF's Information Technology (IT) Services provides shared services to a variety of federal customers. IT Services provides services such as Security Assessment and Authorization (SA&A), Continuous Monitoring, Hosting Services and Software Development. Value is provided through consolidated IT infrastructures and standardized IT service delivery in a modern, technically innovative, and secure environment. Also, the TFF is one of two Treasury trusted internet connection providers and hosts Treasury's public domain name system. The TFF's IT Services Activity is designated by OMB as a Shared Service Center for Information Systems Security Line of Business.

#### Description of Performance:

In FY 2017, IT Services met all target performance measures. The following bullets highlight the IT performance:

- Fiscal IT Hosting – IT Services consistently met the 99% infrastructure uptime target, and this was a major factor in an overall customer satisfaction rating of 93%. Additionally, IT met or exceeded service level commitments with a 92% timely incident/service request resolution rate. Service value is achieved through cost effective hosting services and responsive, value-added support and customer service.
- Closure of Plan of Action and Milestones (POA&M) – POA&Ms are generated when system (application) assessments are conducted or when an external IT security audit is performed. Timely responsiveness to these findings is one of many measures of a healthy infrastructure. In FY 2017, IT Services successfully closed 576 POA&Ms.

- Number of engagements for strategic sourcing – This metric is defined as new work (Hosting, Security Services, Software Engineering, etc.) outside of the current scope for existing customers, onboarding of new customers, or establishment of a contract vehicle for Treasury or Government-wide use. In the second quarter of FY 2017, IT Services took the lead on awarding a Treasury-wide strategic contract vehicle for Adobe licenses. In the third quarter, IT performed a Security Assessment & Accreditation (SA&A) review for a HHS system that had not previously been part of our customer portfolio.

For FY 2018 and FY 2019, IT Services continues to strive for high performance targets for all three performance measures and will use targeted efforts with regular reviews to monitor progress.

### C – Changes in Performance Measures

Performance Measure or Indicator	Change and Justification
Average Cost per FTE (New SSP Performance Measure)	This target measures the cost to Treasury customers for SSP programs. The total budget for Treasury shared programs, excluding customer specific requests and modifications, is divided by the number of enacted Treasury FTE to determine the per FTE cost for these programs. SSP strives to provide these shared services to customers at a competitive price. The FY 2019 target is based on historical budget data. See section 2.1 Shared Services Programs Resources and Measures.
Annual Effective Spend Rate: (New SSP Performance Measure)	This target measures the obligation rate for SSP programs, excluding funds that are collected for reserve programs. SSP strives to attain a high obligation rate to ensure that customers pay accurate prices for services rendered. The FY 2019 target is based on historical budget data. See 2.1.1 Shared Services Programs Resources and Measures.
Annual Effective Spend Rate: (New CTAS Performance Measure)	This target measures the obligation rate for CTAS programs, excluding funds that are collected for reserve programs. CTAS strives to attain a high obligation rate to ensure that customers pay accurate prices for services rendered. The FY 2019 target is based on historical budget data. See section 2.1.2 CTAS Resources and Measures.

With the publication of the Treasury Strategic Plan for FY 2018-2022, the TFF will work this year to baseline its performance against the new strategic objectives. This could result in additional changes to performance measures in the FY 2020 budget.

## **Section III – Additional Information**

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### **A – Summary of Capital Investments**

The TFF's planned investments enhance the capabilities and capacity of our financial management shared services. Investing in Service Oriented Architecture will allow customers to streamline application connections resulting in benefits that include reducing development time, using industry development best practices for coding efforts, allowing real time processing of transactional data between systems, and independent communication between systems. This effort will also reduce redundancy, providing more flexible and efficient interfaces with customers' third-party applications.

The TFF plans to expand the use of an enterprise-wide financial statement reporting tool and update operational (transactional) reporting and analytical tools in order to provide a more efficient interpretation of large volumes of data, long-term stability, and improved presentation and distribution capabilities.

A summary of capital investment resources, including major IT and non-technology investments can be found at:

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

This website also contains a digital copy of this document.

ARC's capital investments are contained within the Fiscal Service capital investment summary. SSP's capital investments are contained within the Departmental Offices capital investment summary.

### **B - TFF Program Costs**

This information is provided to fulfill requirements of the annual Financial Services and General Government appropriations bill (Section 124 in the FY 2017 enacted).

## Treasury Franchise Fund – Shared Services Programs, FY 2017 Total Charges by Customer

2017 SSP Customers	Enterprise Business Solutions	Infrastructure Operations	Cybersecurity	IT Strategy And Technology Management	Non-Information Technology Services	Total
Alcohol Tobacco Tax and Trade Bureau	356,720	584,796	83,284	24,296	312,173	1,361,268
Bureau of Printing and Engraving	1,435,546	4,038,810	235,249	92,748	873,254	6,675,607
Bureau of the Fiscal Service	5,499,956	765,586	358,828	110,247	1,515,240	8,249,857
Consumer Financial Protection Bureau	1,234,709	5,790	411		199,736	1,440,646
Commodities Futures Trading Commission					58,310	58,310
DHS Customs and Immigration Service					66,759	66,759
DHS Headquarter					165,784	165,784
DHS U.S. Secret Service	1,498,752	22,648	1,607		63,912	1,586,919
Community Development Financial Institutions Fund	227,034	38,532	7,813	3,808	117,933	395,120
DC Pensions	27,829	101,135	4,706	964	67,065	201,700
Federal Financing Bank	143,566	161,753	7,524	1,543	67,966	382,352
Financial Stability Oversight Council	322,971	180,598	7,996	1,639	64,164	577,368
Treasury Office of Financial Research	216,829	5,539,490	237,890	11,087	396,317	6,401,612
Treasury Office of Financial Stability	1,133,836	415,407	17,642	3,615	292,850	1,863,350
Treasury Office of Technical Assistance	21,405	104,337	3,295	675	186,588	316,299
Small Business Lending Fund Administration	27,793	96,074	4,471	916	49,415	178,669
Treasury Departmental Offices	5,340,002	7,786,985	1,050,181	71,103	3,406,520	17,654,792
State Small Business Credit Initiative Administration	20,577	45,578	2,123	434	54,857	123,568
Treasury Executive Office of Asset Forfeiture	1,230,224	190,127	6,822	1,398	110,179	1,538,751
Treasury Terrorism Risk Insurance Program	7,941	50,532	2,351	482	26,682	87,988
Department of Commerce	11,159,248	169,597	12,034		608,886	11,949,764
DOD - U.S. Air Force					135,907	135,907
Department of Energy					1,560	1,560
Department of Interior	92,715				3,815	96,530
DOJ - Drug Enforcement Agency					40,019	40,019
DOJ - Executive Office of Immigration Review					12,979	12,979
DOJ Alcohol Tobacco Firearms and Explosives	1,686,040	29,061	2,062		122,141	1,839,303
Department of Labor	5,156,661	56,365	4,000		205,953	5,422,979
DOL - Bureau of Labor Statistics					31,366	31,366
DOL - Office of the Inspector General					5,408	5,408
DOT Federal Transit Agency					24,780	24,780
Department of Education					114,324	114,324
Export Import Bank Office of the Inspector General					4,326	4,326
Federal Communications Commission	46,007				1,844	47,851
Federal Deposit Insurance Corporation	164,512				3,716	168,228
Federal Deposit Insurance Corporation - Office of the Inspector General					10,572	10,572
Federal Emergency Management Agency	399,159				101,324	500,483
Federal Housing Finance Agency					55,190	55,190
Financial Crimes Enforcement Network	249,276	1,008,157	54,808	16,583	254,600	1,583,424



2017 SSP Customers	Enterprise Business Solutions	Infrastructure Operations	Cybersecurity	IT Strategy And Technology Management	Non-Information Technology Services	Total
Federal Reserve Board					4,332	4,332
Government Accountability Office	639,567	11,043	784		27,364	678,758
General Services Administration					150,638	150,638
Housing and Urban Development	3,614,457	26,454	1,877		297,611	3,940,398
HUD - Office of Inspector General	173,633					173,633
Internal Revenue Service	42,944,733	67,956,930	8,889,397	4,006,139	15,238,678	139,035,876
U.S. Mint	1,495,602	1,461,722	249,858	90,338	973,334	4,270,853
National Records and Archives Administration					41,398	41,398
Office of the Comptroller of the Currency	2,263,597	1,174,067	394,653	169,800	892,601	4,894,718
Office of Government Ethics					6,455	6,455
Treasury Office of Inspector General	214,281	476,167	27,866	10,268	124,013	852,596
Overseas Private Investment Corporation					18,067	18,067
Peace Corps	138,833				4,555	143,388
Small Business Administration	604,574				68,407	672,982
Special Inspector General for TARP	265,059	1,073,480	45,160	9,256	161,611	1,554,565
National Gallery of Art					30,285	30,285
TFF - Administrative Resource Center <sup>1/</sup>	1,489,592	2,599,993	148,968	72,260	389,797	4,700,610
Treasury Inspector General for Tax Administration	658,883	2,340,112	132,207	41,505	396,366	3,569,073
USAID	2,746,198	17,331	1,230		104,920	2,869,678
Veterans Affairs					71,306	71,306
<b>Total</b>	<b>94,953,316</b>	<b>98,528,658</b>	<b>11,997,092</b>	<b>4,741,104</b>	<b>28,844,736</b>	<b>239,064,905</b>

1/ SSP bills all customers for services, including ARC. SSP costs collected from ARC are initially billed and collected from the ARC customers.

## Treasury Franchise Fund – Administrative Resource Center, FY 2017 Total Charges by Customer

2017 ARC Customers	Financial Management Services	FMLoB FEES	Human Resource Services	Procurement Services	Travel Services	Information Technology Services	Grand Total
ACCESS BOARD	249,521.00		105,097.00	55,747.00	30,112.00		440,477.00
ADMIN OFFICES OF THE US COURTS	481,204.00						481,204.00
ADMINISTRATION FOR CHILDREN AND FAMILIES	104,543.98						104,543.98
AFRICAN DEVELOPMENT FOUNDATION	927,090.00			389,355.00	31,367.00		1,347,812.00
AGENCY FOR INTERNATIONAL DEVELOPMENT	89,556.00	95,819.00					185,375.00
AGENCY FOR INTERNATIONAL DEVELOPMENT - OIG	103,946.00						103,946.00
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU	842,036.00		994,135.00	817,852.00	242,202.00		2,896,225.00
ALCOHOL TOBACCO FIREARMS AND EXPLOSIVES					779,333.00		779,333.00
ARMED FORCES RETIREMENT HOME	1,081,238.91		1,335,858.49	1,006,827.59	25,074.66		3,448,999.65
BUREAU OF ENGRAVING AND PRINTING			1,114,179.00		137,850.00		1,252,029.00
BUREAU OF THE FISCAL SERVICE	15,703,773.00		5,294,556.00	5,054,760.00	582,126.00	157,456,342.11	184,091,557.11
CDFI PROGRAM FUND	1,071,177.00		120,394.00	276,414.00	20,470.00		1,488,455.00
CENTER FOR DISEASE CONTROL					1,815,508.00		1,815,508.00
CHEMICAL SAFETY AND HAZARD BOARD	279,070.00			18,509.00	30,620.00		328,199.00
COMPTROLLER OF THE CURRENCY				116,584.00			116,584.00
CONSUMER FINANCIAL PROTECTION BUREAU	1,549,998.00		3,807,351.00	1,682,406.00	1,436,366.00	4,354.00	8,480,475.00
CONSUMER PRODUCT SAFETY COMMISSION					9,129.00		9,129.00
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE	95,989.00						95,989.00
DC PENSIONS PROJECT OFFICE	2,129,975.00		32,081.00	34,331.00	1,640.00	1,730,933.00	3,928,960.00
DEFENSE HEALTH AGENCY					55,444.00		55,444.00
DEFENSE NUCLEAR FACILITIES SAFETY BOARD			54,535.00				54,535.00
DENALI COMMISSION	380,423.00		85,531.00	84,294.00	20,068.00		570,316.00
DEPARTMENT OF AGRICULTURE		167,510.00					167,510.00
DEPARTMENT OF AGRICULTURE - OIG			-8,595.80				-8,595.80
DEPARTMENT OF COMMERCE		191,638.00				286,864.00	478,502.00
DEPARTMENT OF EDUCATION		230,616.00					230,616.00
DEPARTMENT OF ENERGY	127,162.00	124,236.00					251,398.00
DEPARTMENT OF HEALTH & HUMAN SERVICES		230,616.00			151,015.00	61,176.00	442,807.00
DEPARTMENT OF HEALTH & HUMAN SERVICES - OIG					4,043.00		4,043.00
DEPARTMENT OF HOMELAND SECURITY	497,584.00					537,607.00	1,035,191.00
DEPARTMENT OF HOMELAND SECURITY - CIS					422,025.00		422,025.00
DEPARTMENT OF HOMELAND SECURITY - OIG	679,276.00		89,386.00	130,041.00	284,024.00		1,182,727.00
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	20,122,764.58	230,616.00	14,525,945.96	2,770,380.00	3,071,289.00		40,720,995.54
DEPARTMENT OF JUSTICE	130,452.00	124,236.00					254,688.00
DEPARTMENT OF LABOR	237,222.00	141,399.00					378,621.00
DEPARTMENT OF STATE	584,123.00	95,892.00					680,015.00
DEPARTMENT OF THE INTERIOR	1,580,601.86	124,236.00					1,704,837.86
DEPARTMENT OF TRANSPORTATION		230,616.00					230,616.00
DEPARTMENT OF VETERANS AFFAIRS	665,366.00	158,998.00					824,364.00
DEPARTMENT OF VETERANS AFFAIRS - OIG			2,279,819.00				2,279,819.00
DEPARTMENT OF VETERANS AFFAIRS - TAC						367,326.00	367,326.00
ELECTION ASSISTANCE COMMISSION	388,605.00			154,601.00	39,082.00		582,288.00
ENVIRONMENTAL PROTECTION AGENCY		95,819.00				173,100.00	268,919.00
FARM CREDIT ADMINISTRATION	371,988.00			46,853.00	245,634.00		664,475.00
FARM CREDIT SYSTEM INSURANCE CORPORATION	198,042.00			1,464.00	4,805.00		204,311.00
FEDERAL EMERGENCY MANAGEMENT AGENCY					35,369.00		35,369.00
FEDERAL HOUSING FINANCE AGENCY	1,027,442.00			170,746.00	290,688.00		1,488,876.00
FEDERAL HOUSING FINANCE AGENCY - OIG	366,593.00		338,095.00	408,104.00	102,887.00		1,215,679.00

2017 ARC Customers	Financial Management Services	FMLoB FEES	Human Resource Services	Procurement Services	Travel Services	Information Technology Services	Grand Total
FEDERAL LABOR RELATIONS AUTHORITY	472,780.00			48,851.00	53,555.00		575,186.00
FEDERAL MARITIME COMMISSION	323,986.00			73,590.00	28,515.00		426,091.00
FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION	293,390.88		138,752.48	15,581.66	32,705.82		480,430.84
FINANCIAL CRIMES ENFORCEMENT NETWORK	651,146.75		228,107.75	705,362.00	72,560.00	2,634,409.00	4,291,585.50
FOOD AND DRUG ADMINISTRATION					577,663.00		577,663.00
GENERAL SERVICE ADMINISTRATION		41,332.00					41,332.00
GULF COAST ECOSYSTEM RESTORATION COUNCIL	271,520.00		23,600.03	23,309.00	12,243.00		330,672.03
INTER AMERICAN FOUNDATION	838,893.00			621,965.00	33,489.00		1,494,347.00
MERIT SYSTEMS PROTECTION BOARD	403,133.00			20,715.00	71,543.00		495,391.00
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION	137,286.16	124,236.00				487,484.00	749,006.16
NATIONAL ARCHIVES & RECORDS ADMINISTRATION	3,901,983.00			539,506.00	321,782.00		4,763,271.00
NATIONAL MEDIATION BOARD	342,962.00			212,526.00	65,304.00		620,792.00
NATIONAL SCIENCE FOUNDATION		139,094.00			57,387.00		196,481.00
NUCLEAR REGULATORY COMMISSION		41,332.00					41,332.00
OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION	254,045			14,635	25,840		294,520
OFFICE OF ADMINISTRATION, EXEC OFF OF THE PRES	1,254,598			251,402	379,044		1,885,044
OFFICE OF FINANCIAL STABILITY	344,499		185,546	71,289	17,455		618,789
OFFICE OF GOVERNMENT ETHICS	325,523		236,299	204,578	13,066		779,466
OFFICE OF PERSONNEL MANAGEMENT		41,322					41,322
OFFICE OF PERSONNEL MANAGEMENT - OIG						33,575	33,575
OFFICE OF TECHNICAL ASSISTANCE (OTA)	914,699		71,859	40,094	131,427		1,158,079
OFFICE OF THE INSPECTOR GENERAL	351,219		625,483	146,166	75,185		1,198,053
RAILROAD RETIREMENT BOARD					5,258		5,258
SECURITIES AND EXCHANGE COMMISSION	1,274,482						1,274,482
SMALL BUSINESS ADMINISTRATION		67,475					67,475
SOCIAL SECURITY ADMINISTRATION		67,475				827,750	895,225
SPECIAL INSPECTOR GENERAL - TARP	330,327		445,665	232,344	109,389	21,720	1,139,445
TREASURY DEPARTMENTAL OFFICES	3,674,565		4,607,009	920,574	616,656		9,818,804
TREASURY FRANCHISE FUND/ADMINISTRATIVE SERVICES <sup>1</sup>						14,959,557	14,959,557
TREASURY FRANCHISE FUND/INFORMATION TECHNOLOGY <sup>1</sup>	839,222		1,101,026	1,233,473	132,426		3,306,147
TREASURY FRANCHISE FUND/SHARED SERVICES PROGRAM <sup>1</sup>	588,253	95,892	1,499,447	290,144	14,675	6,145,857	8,634,268
TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION	690,211		1,697,908	744,473	440,519		3,573,111
TRUST FUND - BLACK LUNG DISABILITY	163,966						163,966
TRUST FUND - FEDERAL DISABILITY	425,468						425,468
TRUST FUND - FEDERAL HOSPITAL INSURANCE	476,434						476,434
TRUST FUND - FEDERAL OLD AGE & SURVIVORS	425,468						425,468
TRUST FUND - FEDERAL SUPPLEMENT INSURANCE	482,760						482,760
TRUST FUND - OIL SPILL LIABILITY	112,300						112,300
TRUST FUND - UNEMPLOYMENT	700,988						700,988
UNITED STATES MARSHALS SERVICE					8,237		8,237
UNITED STATES MINT	8,234,241		3,315,790	1,755,193	236,537		13,541,761
US COURT OF APPEALS FOR VETERANS	252,971			7,360	13,042		273,373
USDA FOOD AND NUTRITION						856,964	856,964
USDA FOREST SERVICE	116,856						116,856
USDA OCIO INTERNATIONAL TECHNOLOGY SERVICES			1,293,359				1,293,359
USDA OFFICE OF INSPECTOR GENERAL			66,508				66,508
<b>Grand Total</b>	<b>81,936,939</b>	<b>2,860,405</b>	<b>45,704,727</b>	<b>21,392,399</b>	<b>13,413,673</b>	<b>186,585,018</b>	<b>351,893,161</b>

1/ARC bills all customers for services, including ARC Admin, ARC IT, and SSP. Costs are initially billed and collected from ARC Admin, ARC IT, and SSP customers.