Treasury Franchise Fund

Program Summary by Budget Activity
Dollars in Thousands

Budget Activity	FY 2022 Actuals	FY 2023 Revised Estimate	FY 2024 Estimate	FY 2023 to FY 2024 $ Change	% Change
Treasury Shared Services Program	$437,060	$338,400	$358,661	$20,261	5.99%
Centralized Treasury Administrative Services	$138,866	$160,151	$166,058	$5,907	3.69%
Administrative Services	$224,844	$225,227	$238,664	$13,437	5.97%
Information Technology Services	$221,461	$230,390	$246,817	$16,427	7.13%
Subtotal, Treasury Franchise Fund	**$1,022,231**	**$954,168**	**$1,010,200**	**$56,032**	**5.87%**
Recovery from Prior Years	$23,269	$13,000	$13,000	$0	0.00%
Unobligated Balances Brought Forward	$123,571	$137,008	$125,000	($12,008)	-8.76%
Total Program Operating Level	**$146,840**	**$150,008**	**$138,000**	**($12,008)**	**-8.00%**
Reimbursable FTE	2,047	2,185	2,233	48	2.20%
Total Full-time Equivalents (FTE)	**2,047**	**2,185**	**2,233**	**48**	**2.20%**

*The Financial Management Administrative Support Service and Shared Services Programs, as denoted in the President's budget is also referred to as the Administrative Services and Treasury Shared Services Program, respectively.

Summary

The FY 2024 Treasury Franchise Fund's (TFF) estimate reflects the revised estimates for FY 2023 along with new funding estimates for FY 2024. The revised estimates in FY 2023 for Administrative Resource Center Administration (ARC Admin.) includes an increase in customer project and system investments to achieve mission and priorities. The revised estimates also include a reduction in staffing resources needed in Administrative Resource Center Administration Information Technology's (ARC IT) planned operations and maintenance support because of a revision to staffing methodology to align projections more closely to budgetary resources. Additionally, the FY 2023 revised estimates include an increase in Treasury Shared Services Program (TSSP) resources to facilitate the modernization of the Internal Revenue Service (IRS) Human Resources IT systems and improve employee experience aligned with delivery of commodity applications through Treasury's enterprise shared service offerings.

In FY 2024, TSSP will continue to support efforts in cybersecurity with the additional transferred operations and maintenance costs for initiatives developed under the Cybersecurity Enhancement Account (CEA). These cybersecurity initiatives will be deployed and implemented as a shared service to support enterprise-wide services and capabilities to strengthen the cybersecurity posture across the components of the Department of Treasury. Additionally, the Departmental Offices plans to improve hiring and recruitment in FY 2024 to make investment in Human Resources and Human Capital. Also, the Centralized Treasury Administrative Services (CTAS) program will continue to invest into resources to maintain the Treasury's owned spaces (Main Treasury Building and Freedman's Bank Building).

In FY 2024, ARC Admin's priorities include a balance of continuous improvement, strategic investments in solutions of the future through the Financial Management Quality Service Management Office (FM QSMO) marketplace and continuing to increase federal agency adoption of services. ARC IT's FY 2024 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

Treasury Franchise Fund	FTE	Amount
FY 2023 Estimate	**2,209**	**$919,111**
Adjustment to FY 2023 Estimate	**(24)**	**35,057**
Support Customer Projects (ARC Admin)		$14,146
Revised Estimates and IT Maintenance (ARC IT)	(28)	$8,720
IRS Human Resources Information Technology Modernization (TSSP)	4	$12,191
FY 2023 Revised Estimate	**2,185**	**$954,168**
Changes to Base:		
Maintaining Current Levels (MCLs):		$28,096
Pay Annualization (2023 4.6% average pay raise)		$3,349
Pay Raise (5.2% average pay raise)		$11,488
Non-Pay		$13,259
Subtotal Changes to Base		$28,096
FY 2024 Current Services	**2,185**	**$982,264**
Program Changes:		
Program Increases:	48	$27,936
IRS Human Resources Information Technology Modernization (TSSP)	5	$9,295
Cyber Enhancement Act Investments in Shared Services (TSSP)	8	$1,600
IT Systems Modernization and Program Support (TSSP)		$800
Common Approach to Identity Assurance (ARC IT)	2	$9,673
Existing and New Customer Growth (ARC Admin)	26	$4,825
Facilities and Office Infrastructure (CTAS)	3	$755
Improve Hiring and Recruitment Programs (CTAS)	3	$736
Promote Evidence Act and Treasury Data Strategy (CTAS)	1	$252
Subtotal Program Changes	**48**	**$27,936**
FY 2024 Estimate	**2,233**	**$1,010,200**

Budget Adjustments

Adjustments to FY 2023 Original Estimate ………..………………… +$35,057,000/ -24 FTE

Support Customer Projects (ARC Admin) +$14,146,000 / +0 FTE

The revised ARC Admin FY 2023 includes adjustments to support customer projects and system investments to meet the demands of the customers. Without these resources, customers will experience delays in projects, impacting mission success and other federal priorities.

Revised Estimates and IT Maintenance (ARC IT) +$8,720,000 / -28 FTE

Revised FY 2023 estimates includes adjustments to reflect declines in projected staffing levels and anticipated vacancies along with increased cost in non-labor related to ongoing maintenance costs for computing solutions.

IRS Human Resources Information Technology Modernization (TSSP) +$12,191,000 / +4 FTE
The revised TSSP FY 2023 estimate includes adjustments to modernize the IRS HRIT system and improve employee experience aligned with delivery of commodity applications through TSSP. The IRS HRIT portfolio includes approximately 100 applications, 100 workflows and multiple supplemental Excel and Access-based processes. This will be a multi-year effort that will start this effort in FY 2023.

Maintaining Current Levels (MCLs)……………………………..…… +$28,096,000 / +0 FTE
Pay Annualization (4.6%) +$3,349,000 / +0 FTE:
Funds are required for annualization of the January 2024 4.6% average pay raise.

Pay Raise (5.2%) +$11,488,000 / +0 FTE:
Funds are required for a 5.2% average pay raise in January 2024.

Non-Pay +$13,259,000 / +0 FTE
Funds are required for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Program Increases……………………………………..……………. +$27,936,000 / +48 FTE
IRS Human Resources Information Technology Modernization (TSSP) +$9,295,000/ +5 FTE
Treasury will increase spending to continue to modernize the IRS HRIT system and improve employee experience aligned with delivery of commodity applications through TSSP. The IRS HRIT portfolio includes approximately 100 applications, 100 workflows and multiple supplemental Excel and Access-based processes. FY 2024 will be the second year of this effort that initially started in FY 2023.

Cyber Enhancement Act Investments in Shared Services (TSSP) +$1,600,000 / +8 FTE
The TSSP supports the transition of additional O&M costs from CEA for cybersecurity enhancements and capabilities that will be deployed enterprise wide to be in accordance with Executive Order 14028 Improving the Nation's Cybersecurity and subsequent OMB Memoranda. The investments will be made in the following Cyber Categories:
- Other Cybersecurity Priorities (+$1,000,000 / +5 FTE)
- Cloud Adoption (+$400,000 / +2 FTE)
- Zero Trust Architecture (+$200,000 / +1 FTE)

IT Systems Modernization and Program Support (TSSP) +$800,000 / +0 FTE
Treasury will increase spending for program support for the IT system modernization for enhancements to the Technology Business Management (TBM) to improve the IT cost transparency across the Department.

Common Approach to Identity Assurance (ARC IT) +$9,673,000 / +2 FTE
ARC IT increased funding supports the growing Common Approach to Identity Assurance (CAIA) that will assist with 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.

Existing and New Customer Growth (ARC Admin) +$4,825,000 / +26 FTE

FY 2024 estimate includes strategic investments in solutions and continuous improvements of the Financial Management Quality Service Management Office (FM QSMO) to support customer growth consistent with FM QSMO's goal to increase the number of agency subcomponents using common financial management solutions by 25 percent. ARC Admin will continue to support the marketplace for scalable growth by simplifying the delivery of complex financial management services.

Facilities and Office Infrastructure (CTAS) +$755,000 / +3 FTE

This request also provides funding for a repairs and improvements account within Departmental Offices. Historic office buildings like Treasury's are expected to have costs near $3 per square foot per annum. Based on that benchmark the costs for maintaining buildings of the size of Main Treasury (MT) and Freedman's Bank Building (FBB) Treasury Facilities would be approximately $2 million in funding annually. Treasury's current funding level is approximately $450,000.

Improve Hiring and Recruitment Programs (CTAS) +$736,000 / +3 FTE

Increase spending for additional staffing in Human Resources and Human Capital to improve the hiring and recruitment efforts for Departmental Offices in the Office of Terrorism and Financial Intelligence , International Affairs and the Committee of Foreign Investment in the United States.

Promote Evidence Act and Treasury Data Strategy (CTAS) +$252,000 / +1 FTE

FY 2024 estimates include additional staff in the Office of the Chief Data Officer (OCDO) to engage with the Departmental Offices, data owners and staff to modernize data infrastructure, build and manage the enterprise data inventory, and identify and pursue priority data sharing opportunities. This investment will also enable OCDO staff to lead analytics efforts for high priority projects and programs, including long-range analytic studies aligned to the Administration and Learning Agenda priorities.

Legislative Proposals

The TFF has no legislative proposals.

Performance Highlights

Budget Activity	Performance Measure	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2022 Target	FY 2023 Target	FY 2024 Target
Treasury Shared Services	Average Cost per FTE	N/A	$1,463.50	$1,460.00	$1,580.30	$1,951.00	$1,710.50	$1,710.50	DISC
Treasury Shared Services	Annual Effective Spend Rate	N/A	97%	96%	96%	93%	96%	96%	96%
Treasury Shared Services	Customer Satisfaction	N/A	75%	80%	80%	73%	80%	80%	80%
Centralized Treasury Administrative Services	Annual Effective Spend Rate	N/A	98%	94%	96%	96%	96%	96%	96%
Centralized Treasury Administrative Services	Customer Satisfaction	N/A	75%	75%	80%	78%	80%	80%	80%
Administrative Support Services	Customer Unmodified Audit Opinions [%]	NA	100%	100%	100%	100%	100%	100%	100%
Administrative Support Services	Percentage of shared services service level agreement performance metrics met or exceeded [%]	NA	89%	87%	94%	97%	94%	94%	94%
Administrative Support Services	Customer Satisfaction with ARC Admin Services [%]	90%	86%	91%	93%	90%	80%	80%	80%
Information Technology Services	Fiscal IT Hosting – Percentage of Time Service is Operational (Uptime Excluding Planned Maintenance)	99.2	99.8	99	DISC	DISC	DISC	DISC	DISC
Information Technology Services	Number of engagements in strategic sourcing, to include new IT customers, new scope of work for existing customers, or new FITARA compliant contracts available beyond Fiscal Service [#]	2	1	3.3	DISC	DISC	DISC	DISC	DISC
Information Technology Services	% of IT Portfolio (TFF) Software and Hardware Currency	N/A	N/A	N/A	B	76%	75%	75%	85%
Information Technology Services	% of On-Premise Target Service Level Agreements Met	N/A	N/A	N/A	B	94%	80%	80%	80%

Key: B - Baseline; DISC - Discontinued

Description of Performance

The TSSP annual effective spend rate provides insight to the financial management and oversight of the TSSP programs. It measures how much of the resources collected from customers are being obligated for service delivery in the fiscal year. This measure captures the efficient use of resources by the service providers. In FY 2022, 93 percent of the funds collected from customers for the shared services was obligated, which was slightly below the 96 percent target rate set for the fiscal year. The target will remain at 96 percent for FY 2023 and FY 2024.

In FY 2022, the TSSP survey results yielded a 73 percent overall customer satisfaction rating, which is down from 80 percent target. Strategic partnerships with TSSP governance councils, meeting monthly with Treasury budget directors and the use of the TSSP Roadshows provides expanded customer engagement opportunities to the various stakeholders to better communicate the expected changes to program budgets and the impact to their upcoming service level agreements. Treasury will continue to build on these transparency initiatives to improve the customer satisfaction scores. The target for this measure is set at 80 percent for both FY 2023 and 2024.

The CTAS FY 2022, the annual effective spend and customer satisfaction rates were 96 and 78 percent respectively. The annual effective spend target was met however the customer satisfaction score was slightly below the FY 2022 target score of 80. The targets set for the annual effective spend rate and customer satisfaction measures are mirrored after the TSSP target to maintain consistency in overall financial management of the two shared services providers within Departmental Offices. The targets set in both FY 2023 and 2024 is 96 and 80 percent, for the annual effective spend rate and customer satisfaction measures respectively.

In FY 2022, ARC Admin received an unmodified opinion on franchise operations for the 20th consecutive year and met its performance target of 100 percent of customer unmodified audit opinions (33). By meeting this metric consistently year after year, ARC has improved public confidence in federal stewardship, operations, and reporting.

In FY 2022, ARC IT established a baseline for software/hardware currency and on-premises target service level agreements met. The goal of these new measures is to reduce the use of End of Life technology, which in turn further minimizes technical debt and risk for our customers, and measure how well technical teams are performing and closing out the requests and incidents. The FY 2023 and 2024 targets reflect operational commitments to customers and allows room for improvement.

This year, TFF is working to align budget activities and performance measures to the new objectives in the Treasury FY 2022 – 2026 Strategic Plan. This work will include benchmarking performance and may result in changes to performance measures in the FY 2025 budget.