

Treasury Franchise Fund

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2020	FY 2021	FY 2022	FY 2020 to FY 2021	
	Actuals	Revised Estimate	Estimate	\$ Change	% Change
Treasury Shared Services Program	284,298	299,891	314,318	14,427	4.8%
Centralized Treasury Administrative Services	121,771	135,203	145,848	10,645	7.9%
Administrative Support Services	220,180	194,856	211,308	16,452	8.4%
Information Technology Services	222,547	217,473	221,670	4,197	1.9%
Subtotal, Treasury Franchise Fund	\$848,796	\$847,423	\$893,144	\$45,721	5.4%
Offsetting Collections - Reimbursable	838,745	806,022	857,079	51,057	6.3%
Recovery from Prior Years	9,472	24,016	22,815	(1,201)	-5.0%
Unobligated Balances Brought Forward	211,208	210,629	193,244	(17,385)	-8.3%
Total Program Operating Level	\$1,059,425	\$1,040,667	\$1,073,138	\$32,471	3.1%
Reimbursable FTE	2,069	2,154	2,219	65	3.0%
Total Full-time Equivalents (FTE)	2,069	2,154	2,219	65	3.0%

*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 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 leveraging economies of scale which promote efficient use of resources by shared service providers.

The TFF providers include Departmental Offices' Treasury Shared Services Programs (TSSP), Departmental Offices' Centralized Treasury Administrative Services (CTAS), and the Bureau of the Fiscal Service's Administrative Resource Center (ARC). 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 2022 Congressional Justification reflects revised estimates for FY 2021 along with new funding estimates for FY 2022. The revised estimates in FY 2021 for ARC Admin includes an increase operations and maintenance costs to support an expanded customer base. The revised estimates will also support ARC IT's continued modernization efforts of the bureau's IT infrastructure and technology service delivery (to include cloud adoption and low-code platform solutions) implementing enterprise-scale foundational and common technology services, and continuing to enhance IT portfolio management practices and the cybersecurity posture across the enterprise. The Centralized Treasury Administrative Services (CTAS) programs will reduce the FY 2021 operating levels to more accurately reflect the level of administrative support services provided for the Foreign Investment Risk Review Modernization Act (FIRRMA) initiatives, Departmental Offices (DO) Salaries and Expenses and Terrorism and Financial Intelligence offices.

In FY 2022, the Treasury Shared Services (TSSP) programs will continue to support efforts in cybersecurity with the additional operations and maintenance costs transferred for initiatives developed under the Cybersecurity Enhancement Account (CEA). These cybersecurity

initiatives will be deployed and implemented as a shared service provided to Treasury bureaus. TSSP will also focus on system modernization investments, IT reporting through Technology Business Management (TBM) and continuous improvement of baseline level services support.

In FY 2022, the US Department of Agriculture (USDA) customers are expected begin transitioning to ARC for financial management (FM) services. In addition, ARC will continue to progress through a strategic project to continue simplifying customer FM services, increase customer FM maturity and public trust, maximize ARC value, and further emphasize law, regulations, and federal mandates. These initiatives will allow agencies to focus on mission activities and ensure cost sharing opportunities are accessible.

Budget Highlights

Dollars in Thousands

	FTE	Amount
FY 2021 President's Budget Estimate	2,112	\$869,321
Adjustments to FY 2021 PB	42	(21,898)
Administrative Initiatives Adjustments (CTAS)	0	(27,059)
Increased Personnel Resources/IT Support (ARC Admin/IT)	42	5,161
FY 2021 Revised Estimate	2,154	\$847,423
Changes to Base:		
Maintaining Current Levels (MCLs):		20,192
Pay Annualization (1.0% average pay raise)		667
Pay Raise (2.7% average pay raise)		5,420
FERS Contribution Increase		2,058
Non-Pay		12,047
Subtotal Changes to Base	0	20,192
FY 2022 Current Services	2,154	\$867,615
Program Changes:		
Program Increases:	65	25,529
Cybersecurity Enhancement Account (CEA) Operations and Maintenance (TSSP)	0	5,254
Systems Modernization and Program Support (TSSP)	0	2,108
Continuous Diagnostic and Mitigation (CDM) Licenses (TSSP)	0	1,184
Systems Modernization (CTAS)	0	5,662
Electric Vehicles and Associated Infrastructure (CTAS)	0	304
Customer Growth (ARC Admin)	35	6,017
FSSP Consolidation (ARC Admin)	30	5,000
Subtotal Program Changes	65	\$25,529
Total FY 2022 Estimate	2,219	\$893,144

Budget Adjustments

FY 2021 Adjustments..... -\$21,898,000/ +42 FTE

Centralized Treasury Administrative Services (CTAS) -\$27,059,000 / -0 FTE

In FY 2021, the adjustments for administrative support include the following:

Administrative Support Reduction for FIRRMA -\$20,632,000 / 00 FTE

Reductions to the planned level of administrative support resulting in a decrease to administrative costs necessary to support the Foreign Investment Risk Review Modernization Act (FIRMMA) initiatives:

- Case management (-\$13,378,000)
- Facilities (-\$4,800,000)
- Personnel (-\$2,454,000)

DO and TFI -\$6,427,000 / -0 FTE

Reductions in administrative support for DO that were realized in FY 2020 and carry through to FY 2021. This includes reduced level of support for initiatives within DO Salaries and Expenses and the Office of Terrorism and Financial Intelligence (TFI).

Increased Personnel Resources/IT Support (ARC Admin/IT) +\$5,161,000 / +42 FTE

In FY 2021, the adjustments for the ARC Admin and IT budgets include the following:

ARC Admin +\$4,684,000 / +29 FTE

Revised FY 2021 estimates includes adjustments for human resources staffing required to meet critical workforce demands of customers. Without these resources, customers will experience delays in hiring, impacting mission success.

ARC IT +\$477,000 / +13 FTE

In FY 2021, new service offerings and systems were added, offset by the transition of the Oracle hosting contract to ARC Admin. The increase will support technology modernization, implementation of an on-premise cloud environment, and increased investment in Cyber Security measures that will protect the National Critical Financial Infrastructure.

Maintaining Current Levels (MCLs)..... +\$20,192,000 / +0 FTE

Pay Annualization (1.0%) +\$667,000 / +0 FTE:

Funds are required for annualization of the January 2021 1.0% average pay raise.

Pay Raise (2.7% in 2022) +\$5,420,000 / +0 FTE:

Funds are required for a 2.7% average pay raise in January 2022.

FERS Contribution Increase +\$2,058,000 / +0 FTE

Funds are required for the Federal Employee Retirement System (FERS) contribution rates effective FY 2022.

Non-Pay +\$12,047,000 / +0 FTE

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

Program Increases..... +\$25,529,044 / +65 FTE
Cybersecurity Enhancement Account (CEA) Operations and Maintenance (O&M) (TSSP)
+\$5,253,742 / +0 FTE

Treasury will increase TSSP by \$5.26 million to support the transition of the operations and maintenance costs from CEA investments to TSSP. The total FY 2022 estimated spending transitioned into TSSP since FY 2020 will be \$16.48 million including this increase. The FY 2022 increase will support the operations and maintenance costs for the following initiatives:

- Fiscal Service Trusted Internet Connection (TIC) (+\$3,622,676)
- Treasury Identity Enterprise Services (+\$857,000)
- Treasury Secured Data Network (+\$592,226)
- Threat Hunting Analysis (+\$181,840)

Systems Modernization and Program Support (TSSP) +2,108,498 / +0 FTE

Treasury will increase spending to support the system modernization and enhancements across TSSP programs to include:

- O&M costs for the TBM tool that was implemented in FY 2021 (+\$1,198,000)
- Enterprise Data Management Cloud Support (+\$581,250)
- Automation of the change management process (+\$374,248)
- Enhancements for the Equal Employment Opportunity complaint tracking system (+\$336,000)

Continuous Diagnostic and Mitigation (CDM) Licenses (TSSP) +\$1,184,000 / +0 FTE

The FY 2022 increase in costs for CDM licenses is \$1.184 million for Phase II in support of the CEA O&M initiatives transitioning into TSSP. These licenses are provided by the Department of Homeland Security (DHS) with the costs allocated to the Treasury bureaus through the TSSP. The CDM Program enhances the overall security posture of the Federal Government by providing Federal agencies with capabilities to monitor vulnerabilities and threats to their networks in near real-time. This increased situational awareness allows agencies to prioritize actions to mitigate or accept cybersecurity risks based on an understanding of the potential impacts to their mission. Total spending for FY 2022 is estimated at \$13.284 million.

Systems Modernization (CTAS) +\$5,662,000 / +0 FTE

IT Modernization investment of \$5.7 million will support increase spending for critical lifecycle upgrades and enhancements to modernize the DO IT infrastructure and IT server replacements.

The following projects are included in this initiative:

- End User Equipment Lifecycle – Asset refresh of end of life end equipment (i.e., laptops, desktops, zero clients, etc.) and migrate service
- Telework Workforce Enhancements – Hardware and software hardware/software to support efficiency and mission achievement in telework paradigm.
- Video Teleconferencing – Increased software licenses, support, and services for DO web conferencing
- Managed Remote Access - Transition from government owned and operated to managed service remote access for DO user community
- Managed Desktop/Virtual Desktop Infrastructure (VDI) - Transition from government owned and operated virtual desktop infrastructure to managed service
- IT Server Replacement - In FY 2022, Treasury will replace IT servers that have reached end

of life. These servers support majority of IT operations and the daily workload within DO. By FY 2022, over 120 of these critical servers will no longer receive vendor support and will no longer receive updates, which put critical IT components at risk of failure or breach. Cloud migration assessments for these servers have been conducted and results have helped to identify servers that can be moved to the cloud and replacement servers that support workloads not yet cloud ready. Re-capitalization of servers represents the majority of costs incurred, in addition to additional anticipated operational expenses associated with cloud computing.

Electric Vehicle Fleet Management (CTAS) +\$304,000 / +0 FTE

In accordance with Executive Order (E.O.) 14008, “Tackling the Climate Crises at Home and Aboard”, Treasury will support the Administration’s priority to develop a comprehensive plan to create good jobs and stimulate clean energy industries by revitalizing the Federal Government’s sustainability efforts. This includes Treasury’s commitment to use all available procurement authorities to augment its Departmentwide fleet management program with a continued focus on the purchase and/or leasing of electric vehicles (EV) and its essential infrastructure.

Currently, DO has a total of 14 vehicles in its fleet, five are EVs. In FY 2022, this investment of \$304,000 will fund the full conversion of its fleet and the purchase, installation, maintenance, and/or upgrade of infrastructure required to maintain an EV fleet management program.

Customer Growth (ARC Admin) +\$6,017,000 / +35 FTE

Increase reflects operations and maintenance costs and provides cost sharing and avoidance opportunities for both the new and current agencies supported by ARC. In FY 2021, ARC expanded services with Corporation for National and Community Service (CNCS) and the Special Inspector General for Pandemic Recovery (SIGPR). In FY 2022, ARC will expand supported shared services transitions for the Office of Personnel Management (OPM) and limited new services to the Federal Emergency Management Administration (FEMA).

Financial Shared Service Provider (FSSP) Consolidation (ARC Admin) +\$5,000,000 / +35 FTE

In FY 2021, portions of USDA’s shared service customer base will be merged into ARC operations as USDA is planning to discontinue their shared services operations in response to OMB M-19-16. ARC plans to maintain financial management services for current USDA and General Services Administration (GSA) customers.

Legislative Proposals

The TFF does not have legislative proposals.

Performance Highlights

Budget Activity	Performance Measure	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
		Actual	Actual	Actual	Target	Target
Treasury Shared Services Programs	Average Cost per FTE	N/A	1463.5	1460.0	1580.3	1710.5
Treasury Shared Services Programs	Annual Effective Spend Rate	N/A	97.1	96	96	96
Treasury Shared Services Programs	Customer Satisfaction	N/A	75	80	80	80
Centralized Treasury Administrative Services	Annual Effective Spend Rate	N/A	97.8	97.8	96	96
Centralized Treasury Administrative Services	Customer Satisfaction	N/A	75	75	80	80
Administrative Support Services	Customer Unmodified Audit Opinions [%]	100	100	100	100	100
Administrative Support Services	Percentage of shared services service level agreement performance metrics met or exceeded [%]	NA	89	86.7	94	94
Administrative Support Services	Customer Satisfaction with ARC Admin Services [%]	NA	93.2	90.4	80	80
Information Technology Services	Fiscal IT Hosting – Percentage of Time Service is Operational (Uptime Excluding Planned Maintenance)	99.8	99.6	99.0	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 [#]	1	1	3	DISC	DISC
Information Technology Services	% of IT Portfolio (TFF) Software and Hardware Currency	N/A	N/A	N/A	B	
Information Technology Services	% of On-Premise Target Service Level Agreements Met	N/A	N/A	N/A	B	

Key: B -Baseline; DISC- Discontinued

Description of Performance

The TSSP annual effective spend rate relates to the financial management and oversight of the program. It gives insight into the how much of the resources collected from customers are being obligated for service delivery in the fiscal year. In FY 2020, 98.4 percent of the funds collected from customers for the shared services was obligated which was above the 96 percent target rate set for the fiscal year.

In FY 2020, the TSSP survey results yielded a 90 percent overall customer satisfaction rating for services provided through the TSSP. Planned efforts to achieve this higher rating for customer satisfaction going forward will focus on identifying more opportunities for customer engagement and improved customer feedback mechanisms.

The CTAS FY 2020 annual effective spend rate was 97.8 percent, which was above the set target rate of 96 percent. The customer satisfaction rate was baselined in FY 2019. Results from a survey released in FY 2020, garnered a 75 percent satisfaction rating for the overall program.

In FY 2020, ARC Admin met performance metrics with the exception of Percentage of Service Level Agreement Performance Metrics. This can be attributed to new staff onboarding. ARC has worked to strengthen new employee training. ARC continues to work with customer agencies to understand the changes thereby enabling them to align resources to support the demand.

In FY 2020, ARC IT's hosting performance was 99.9 percent uptime, which exceeded the measure target of 99.0. ARC IT also exceeded the target for number 2 engagements in strategic sourcing and achieve increased service levels.