

Treasury Franchise Fund

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2021	FY 2022	FY 2023	FY 2022 to FY 2023	
	Actuals	Revised Estimate	Estimate	\$ Change	% Change
Treasury Shared Services Program	356,934	314,318	326,772	14,427	3.96%
Centralized Treasury Administrative Services	131,449	146,043	160,151	10,645	9.66%
Administrative Support Services	208,491	191,029	205,796	16,452	7.73%
Information Technology Services	196,417	214,837	220,606	4,197	2.69%
Subtotal, Treasury Franchise Fund	\$893,291	\$866,227	\$913,325	\$45,721	5.44%
Offsetting Collections - Reimbursable	838,745	806,022	857,079	51,057	6.33%
Recovery from Prior Years	14,000	13,000	13,000	-1,201	0.00%
Unobligated Balances Brought Forward	168,000	123,946	137,008	-17,385	10.54%
Total Program Operating Level	\$1,020,745	\$942,968	\$1,007,087	\$32,471	6.80%
Reimbursable FTE	2,036	2,212	2,209	65	-0.14%
Total Full-time Equivalents (FTE)	2,036	2,212	2,209	65	-0.14%

*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 2023 Congressional Budget Justification reflects revised estimates for FY 2022 along with new funding estimates for FY 2023. The revised estimates in FY 2022 for ARC Administration (Admin) includes an increase in resources to meet critical workforce demands for increased hiring and related human resource actions to help Bureaus and Offices achieve missions and priorities. The revised estimates also include a reduction in resources needed in ARC Information Technology's (IT) planned operations and maintenance support because of efficiency gains realized from modernizations efforts to transition to cloud and low-code solutions for applications and services. Additionally, the FY 2022 revised estimates include a decrease in CTAS resources due to deferment of IT modernization investments.

In FY 2023, 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, TSSP and CTAS programs will also support efforts related to the Secretary's

priorities associated with IT Modernization and Advancing Equity in Treasury Programs.

In FY 2023, ARC Admin will complete foundational initiatives from the business transformation effort (“oneARC”) and begin realizing operational efficiencies. The effort will simplify customer financial management (FM) services, increase customer FM maturity and public trust, and maximize ARC value.

Budget Highlights

Dollars in Thousands

	FTE	Amount
FY 2022 Original Estimate	2,219	\$893,144
Adjustments to FY 2022 Original Estimate	(7)	(\$11,979)
Deferred IT System Modernization and Investments (CTAS) ¹	(27)	(\$8,497)
Increased Personnel Resources/IT Modernization (ARC Admin/IT)	20	(\$3,482)
FY 2022 Revised Estimate	2,212	\$881,165
Changes to Base:		
Maintaining Current Levels (MCLs):		\$23,695
Pay Annualization (2.7% average pay raise)		\$1,832
Pay-Raise (4.6% average pay raise)		\$9,429
Non-Pay		\$12,434
Subtotal Changes to Base		\$23,695
FY 2023 Current Services	2,212	\$904,860
Program Changes:		
Program Increases:		
Cybersecurity Enhancement Account (CEA) Operations and Maintenance (TSSP)	10	\$24,254
IT Systems Modernization and Program Support (TSSP)	4	\$1,120
Advancing Equity in Treasury Programs (TSSP)	3	\$3,386
IT System Modernization (CTAS)	3	\$515
IT System Modernization (CTAS)	0	\$13,835
Cyber Infrastructure (CTAS)	0	\$3,398
Facilities Infrastructure (CTAS)	0	\$2,000
Program Decreases:		
Business Transformation Efforts (ARC Admin)	(13)	(\$10,003)
Business Transformation Efforts (ARC Admin)	(13)	(\$10,003)
Subtotal Program Changes	(3)	\$14,251
FY 2023 Estimate	2,209	\$919,111

¹In FY 2022, Centralized Treasury Administrative Services reflects an additional reduction to FTE levels from the amounts presented in the President’s budget. This is due to the extended continuing resolution (CR).

Budget Adjustments

Adjustments to FY 2022 Original Estimate -\$11,979,000 /-7 FTE

Deferred IT System Modernization and Investments (CTAS) -\$8,497,000/ -27 FTE

The revised CTAS FY 2022 estimate includes adjustments to decrease labor and non-labor estimates from the FY 2022 original estimate. Due to the extended continuing resolution (CR) in FY 2022, the customers within Departmental Offices (DO) are unable to fund key initiatives proposed in the FY 2022 Budget, including server replacements and modernization to end user hardware and software. Those investments in the Departmental Offices are re-proposed in the FY 2023 CTAS estimates.

Increased Personnel Resources/IT Modernization (ARC Admin/IT) -\$3,482,000 / +20 FTE

ARC Admin - Increased Personnel Resources +2,851,000 / +22 FTE

Revised FY 2022 estimates includes adjustments for additional resources to meet critical workforce demands for classification and staffing services provided to customers. As the hiring

volumes of customers has recovered from the FY 2017 Federal hiring freeze, this resource level will provide the necessary support to alleviate delays for the delivery of critical hiring needs within targeted service levels.

ARC IT - IT Modernization -\$6,333,000 / -2 FTE

In FY 2022, efficiency gains are realized as ARC IT modernizes and moves to cloud and low-code solutions for applications and services. Additionally, the reduction of custom platforms has also allowed for rightsizing of licensing and maintenance contracts resulting in cost avoidance for the fiscal year.

Maintaining Current Levels (MCLs)..... +\$23,695,000 / +0 FTE

Pay Annualization (2.7%) +\$1,832,000 / +0 FTE:

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

Pay Raise (4.6% in 2023) +\$9,429,000 / +0 FTE:

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

Non-Pay +\$12,434,000 / +0 FTE

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

Program Increases..... +\$24,254,423 / +10 FTE

Cybersecurity Enhancement Account (CEA) Operations and Maintenance (O&M) (TSSP)

+\$1,120,000 / +4 FTE

The TSSP supports the transition of additional O&M costs from CEA for cybersecurity enhancements and capabilities that will be deployed enterprise wide. Since FY 2020, the total O&M costs transitioned into TSSP is \$16.75 million, including this increase. The following initiatives will transition in this fiscal year:

- CEA High Value Assets Staffing Transition (+\$890,000 / +4 FTE)
- PhishMe Licenses and PhishMe Triage (+\$230,000 / +0 FTE)

Systems Modernization and Program Support (TSSP) +3,386,056 / +3 FTE

Treasury will increase spending for program support and IT system modernization for enhancements across TSSP programs to include:

- O&M and sustainment costs for applications across the Enterprise Business Solution Programs (+\$1,368,196)
- IT systems program and contractor support (+\$825,260 / +3 FTE)
- Cloud adoption and transition for financial reporting applications (+\$692,600 / +0 FTE)
- Enterprise cost for the new Line-of-Business for the Federal Executive Boards program support the advancement of the Administration's objectives and strengthen the Federal workforce (+\$500,000 / +0 FTE)
- Management support for enterprise-wide data collections efforts (+\$350,000 / +0 FTE)

Advancing Equity in Treasury Programs (TSSP) +\$514,705 / +3 FTE

To further the priorities and objectives set forth by the Treasury Secretary, the TSSP will support efforts across the shared services programs to advancing equity for Federal employees. These efforts include the development of new diversity and inclusion curriculum within Treasury's

Executive Institute. Resources will also support expanded program support for the Offices of Civil Rights and Diversity and Equal Employment Opportunity (EEO).

IT Systems Modernization (CTAS) +\$13,835,662 / +0 FTE

Departmental Offices (DO) IT Modernization investment will support increased spending for critical lifecycle equipment upgrades and enhancements to modernize the DO IT infrastructure and IT server replacements.

DO IT Infrastructure Modernization

1. End User Equipment Lifecycle – Asset refresh of end-of-life end equipment (i.e., laptops, desktops, zero clients, etc.) and migrate to cloud services
2. Telework Workforce Enhancements – Hardware and software to support efficiency and mission achievement in telework paradigm
3. Video Teleconferencing – Increased software licenses, support, and services for DO web conferencing
4. Managed Remote Access - Transition from government owned and operated to managed service remote access for DO user community
5. Managed Desktop/Virtual Desktop Infrastructure (VDI) - Transition from government owned and operated virtual desktop infrastructure to managed service

DO IT Server Replacement

In FY 2023, Treasury will replace IT servers that have reached end of life. These servers support the majority of IT operations and the daily workload within DO. By FY 2023, over 120 of these critical servers will no longer receive vendor support or updates, which put critical IT components at risk of failure or breach. Cloud migration assessments for have been conducted for these servers and results have helped to identify opportunities to transition to cloud services for most servers. Re-capitalization of servers represents most of the costs incurred.

Cyber Infrastructure (CTAS) +\$3,398,000 / +0 FTE

DO must invest in cyber protections commensurate with the risks incurred in Treasury’s efforts to safeguard the financial sector, U.S. economy and in combating cybercrimes. DO investments will enhance Treasury’s ability to protect the cyber infrastructure and respond to major cyber incidents. Investments will also include Microsoft FedRAMP High Government Community Compliance (GCC) licenses, which have been a key component of Treasury’s response to SolarWinds. This includes enhanced security controls, monitoring, and threat protection, as well as improved data and identity management. These new capabilities are crucial to protect the 3,000 users within DO from potential ransomware.

Facilities Infrastructure (CTAS) +\$2,000,000 / +0 FTE

This request also provides funding for a repairs and improvements account within DO. 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 \$2M in funding annually. Treasury’s current funding level is approximately \$450K.

Program Decreases.....-\$10,003,000 / -13 FTE

Business Transformation Efforts (ARC Admin) -\$10,003,000 / -13FTE

In FY 2023, ARC anticipates realized results from the business transformation related to the oneARC initiative in FY 2022. This initiative focused on foundational enhancements to business operations. The decrease reflects a \$7,555 reduction in initiative spending and estimates efficiency gains related to oneARC, to include \$2,448 and 13 FTE.

Legislative Proposals

The TFF has no legislative proposals.

Performance Highlights

Budget Activity	Performance Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Target	FY 2023 Target
Treasury Shared Services Programs	Average Cost per FTE	\$1,463.50	\$1,719.40	\$1,805.70	\$1,710.50	\$1,710.50
Treasury Shared Services Programs	Annual Effective Spend Rate (%)	97	98	98	96	96
Treasury Shared Services Programs	Customer Satisfaction (%)	75	90	93	80	80
Centralized Treasury Administrative Services	Annual Effective Spend Rate (%)	98	94	98	96	96
Centralized Treasury Administrative Services	Customer Satisfaction (%)	75	75	83	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 (%)	89	87	90	94	94
Administrative Support Services	Customer Satisfaction with ARC Admin Services (%)	93	90	90	80	80
Information Technology Services	Percentage of IT Portfolio (TFF) Software and Hardware Currency (%)	N/A	N/A	B	75	85
Information Technology Services	Percentage of On-Premise Target Service Level Agreements Met (%)	N/A	N/A	B	80	80

Key: N/A – Not Applicable, B -Baseline

Description of Performance

The TSSP annual effective spend rate relates to the financial management and oversight of the program. 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 2021, 98 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. The target will remain at 96 percent for FY 2022 and FY 2023.

In FY 2021, the survey results yielded a 93 percent overall customer satisfaction rating which is up from 80 percent in the prior year for services provided through the TSSP. 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. This level of transparency has contributed to the higher rating. The target for this measure is set at 80 percent for both FY 2022 and 2023.

The CTAS FY 2021 annual effective spend, and customer satisfaction rates were 98 and 83 percent respectively. Each measure result was above the set targets. 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 2022 and 2023 is 96 and 80 percent, for the annual effective spend rate and customer satisfaction measures respectively.

In FY 2021, ARC Admin received strong customer satisfaction scores and 18th consecutive unmodified audit opinion. Despite missing the target for the percentage of shared services service level agreements performance metrics, ARC Admin continues to work with customer agencies to understand the changes thereby enabling them to align resources to support the demand. The FY 2022 and 2023 targets will remain unchanged.

In FY 2021, ARC IT established a baseline for software/hardware currency and on-premises target service level agreements (SLA) met. The goal of these new measures is to reduce the use of End of Life (EOL) 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 2022 and 2023 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 2024 budget.