

## Treasury Franchise Fund

### Program Summary by Budget Activity

(Dollars in thousands)

Budget Activity	FY 2009	FY 2010	FY 2011		
	Actual	Estimated	Estimated	\$ Change	% Change
Consolidated/Integrated Administrative Management	\$15,261	\$0	\$0	\$0	-
Financial Management Administrative Support Services	\$146,400	\$167,998	\$176,213	\$8,215	4.9%
Financial Systems, Consulting and Training	\$4,811	\$0	\$0	\$0	-
<b>Total Cost of Operations</b>	<b>\$166,472</b>	<b>\$167,998</b>	<b>\$176,213</b>	<b>\$8,215</b>	<b>4.9%</b>

### Explanation of Budget Estimate

Historically, The Treasury Franchise Fund (the Fund) has reported activity in the following budget activities

- Consolidated/Integrated Administrative Management
- Financial Management Administrative Support Systems
- Financial Systems, Consulting and Training

In FY 2011, the Fund is reporting only the Financial Management Administrative Support Systems budget activity, Public Debt's Administrative Resource Center (ARC). The remaining activities were eliminated due to Treasury decisions to transition out of those business lines because they were not consistent with Treasury's core mission or are not advantageous to be offered as a shared service. The Treasury Franchise Fund is projecting a net increase in budgetary resources of approximately five percent for FY 2011. The net increase is comprised of increases due to labor and non-labor price increases and anticipated new customers.

### Purpose of Program

The Fund is a revolving fund that supplies financial and administrative services on a fee-for-service basis. The Fund has transformed the administrative support arena in the Federal

Government through a shared services business model that offers marketplace success through competition. The Fund became permanent in the Consolidated Appropriations Act, 2005 (Public Law 108-447) and is codified in U.S.C. 322, note. In addition, Public Debt's Administrative Resource Center (ARC) was designated by the Office of Management and Budget (OMB) as a Center of Excellence for Financial Management (FMLoB) and a Shared Services Center for Information Systems Security (ISSLoB). In addition, ARC has critical supporting roles in the Human Resources (HRLoB) and Public Key Infrastructure (PKI) SSP designations of the Department of Treasury.

Since inception, the Fund has been a leader in redefining the processes and methods for delivering administrative products and services to federal customers. The Fund offers one-stop shopping to customers and we use streamlined processes, ensure full accountability, offer competitive prices, and timely services. In FY 2011, the Fund will maintain its commitment to excellence and will meet or exceed all applicable strategic goals and benchmarks.

## Explanation of Budget Activities

### *Consolidated/Integrated Administrative Management (No funding)*

In previous fiscal years, FedSource was reported under this budget activity. With Treasury's decision to transition out of the FedSource service line, the Franchise Fund has discontinued this budget activity in 2010.

### *Financial Management Administrative Support Services (\$176,213,000 from reimbursable programs)*

This Franchise Fund budget activity includes Public Debt's Administrative Resource Center (ARC), an OMB approved federal shared service provider. ARC provides accounting, procurement, travel, human resources, and information technology services to federal customers and is a Center of Excellence for Financial Management and a Shared Services

Center for Information Systems Security (ISSLoB).

### *Financial Systems, Consulting and Training (No funding)*

In previous fiscal years, the Federal Consulting Group (FCG) and Treasury Agency Services was reported under this budget activity. With Treasury's decision to transition out of these service lines, the Franchise Fund has discontinued this budget activity in 2010.

## Legislative Proposals

The Treasury Franchise Fund has no legislative proposals for FY 2011.

## TFF Performance by Budget Activity

Budget Activity	Performance Measure	FY 2007	FY 2008	FY 2009			FY 2010	FY 2011
		Actual		DISC	DISC	DISC	DISC	Target
Consolidated/Integrated Administrative Management	Operating expenses as a percentage of revenue--Consolidated/Integrated Administrative Management (%) (E)	4	18	DISC	DISC	DISC	DISC	DISC
Financial Management Administrative Support Services	Operating expenses as a percentage of revenue—Financial Management Administrative Support (%) (E)	15	4	12	5	Y	12	12
Financial Systems, Consulting and Training	Operating expenses as a percentage of revenue--Financial Systems, Consulting and Training (%) (E)	7	6	DISC	DISC	DISC	DISC	DISC

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and DISC - Discontinued

## Description of Performance

The Fund has defined customer satisfaction and operating expenses as a percentage of revenue as key performance measurement areas.

With the decision to close-out the FedSource business line, all efforts have been focused on

ensuring a smooth transition for customers and vendors, providing employees with job placement and separation assistance and minimizing close-out costs. Therefore, The Fund's performance measures are discontinued for this budget activity.

The FY 2010 and FY 2011 target of 12 percent for operating expenses as a percentage of total revenue provides franchise

management with a measure that encourages efficiency in administrative operations and helps to assure services are provided at the lowest possible cost. Administrative Resource Center (ARC) again met this performance measure in FY 2009 with a five percent operating expense ratio, and expects to meet them in FY 2010 and FY 2011.

With the decision to transition out of the FCG and TAS business lines, all efforts have been focused on ensuring smooth transitions to their new federal hosts. Therefore, The Fund's performance targets are discontinued for this budget activity.