

Treasury Franchise Fund

Program Summary by Budget Activity

(Dollars in thousands)

Budget Activity	FY 2007	FY 2008		FY 2009	
	Obligated	Estimated	Estimated	Increase/Decrease	Percent Change
Consolidated/Integrated Administrative Management	419,041	189,763	0	(\$189,763)	(100.0%)
Financial Management Administrative Support Services	109,615	113,819	122,284	8,465	7.4%
Financial Systems, Consulting and Training	13,671	12,923	13,727	804	6.2%
Total Cost of Operations	\$542,327	\$316,505	\$136,011	(\$180,494)	(57.0%)

Explanation of Budget Estimate

The Treasury Franchise Fund consists of three budget activities outlined below. The Franchise Fund businesses have been leaders in redefining the processes and methods for delivering administrative products and services that combine streamlined processes, simplified rules, full accountability, competitive costing, timely completion, and one-stop shopping for customers.

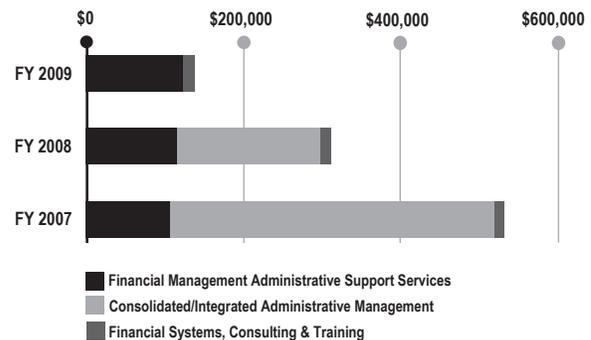
Franchise Fund efforts have resulted in significant dollar savings throughout the federal government primarily through the following franchising objectives:

- Promote efficiencies in the delivery of administrative products and services
- Reduce duplication of effort
- Foster competition
- Achieve full cost/self sufficiency
- Enhance customer satisfaction

The FY 2009 budget estimate anticipates controlled growth due to the development of the Financial Management Line of Business and the Administrative Resource Center's status as a Center of Excellence. The Fund's growth seeks to maintain high customer satisfaction levels for the services provided, while keeping operating expenses low. Customers should continue to realize reduced pricing, rebates, and volume discounts as a result of economies of scale and improved efficiencies.

TFF Revenue History

(Dollars in Thousands)



Purpose of Program

The Treasury Franchise Fund is a revolving fund that supplies financial and administrative services on a fee-for-service basis. The Fund transforms the administrative support arena in the federal government by energizing a shared services business model that can offer 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. The Administrative Resource Center was recognized as a Center of Excellence in 2005, making it eligible to enter into competitions to provide cross-agency financial management services government-wide.

Through FY 2009, the Fund will maintain its commitment to excellence and will meet or exceed all applicable strategic goals and benchmarks. Additionally, the Fund should continue to see controlled growth from the Administrative Resource Center, Federal Consulting Group, and Treasury Agency Services.

Explanation of Budget Activities

Consolidated/Integrated Administrative Management (No funding) In previous fiscal years, FedSource activity was reported under this budget activity. The Treasury Department decided to transition out of the interagency acquisition business operated by FedSource by the end of FY 2008 because it was determined this work was outside the scope of Treasury's core mission, and independent audits identified several internal control weaknesses. The Franchise Fund has discontinued this budget activity in 2009.

Financial Management Administrative Support Services (\$122,284,000 from reimbursable programs) This Franchise Fund budget activity provides traditional administrative support functions with a focus on accounting, procurement, travel,

human resources, and information technology services. This program is a Center of Excellence for Financial Management.

Financial Systems, Consulting and Training (\$13,727,000 from reimbursable programs) This Franchise Fund budget activity consults with other federal government agencies to support their transformation efforts to become more efficient, effective, citizen-centric, and results-oriented. In addition, the activity improves the quality of federal financial management by providing advice, assistance and training to federal agencies.

Legislative Proposals

The Treasury Franchise Fund has no legislative proposals for FY 2009.

TFF Performance by Budget Activity

Budget Activity	Performance Measure	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
		Actual	Actual	Actual	Target	Target
Consolidated/Integrated Administrative Management	Operating expenses as a percentage of revenue--Consolidated/Integrated Administrative Management (%) (E)	4	4	4.3	✓	N/A
Financial Management Administrative Support Services	Operating expenses as a percentage of revenue--Financial Management Administrative Support (%) (E)	9	17	15.1	✗	12
Financial Systems, Consulting and Training	Operating expenses as a percentage of revenue--Financial Systems, Consulting and Training (%) (E)	11	10	6.7	✓	12

Description of Performance

Performance for each of the Fund's operating units is based on customer satisfaction and operating expenses as a percentage of revenue.

In FY 2007, the Fund did not meet all of its performance targets. The Fund businesses received considerable feedback and actionable results from

the FY 2006 American Customer Satisfaction Index performed. Due to the cost and timing of these results, the Fund chose not to undergo a new rating in FY 2007. In addition, two of the three business lines were able to keep their operating expenses below the target of 12 percent. The Fund is currently streamlining and consolidating its processes and procedures to ensure lower operating costs.