

Bureau of the Fiscal Service

FY 2015 President's Budget

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Section 1 – Purpose

1A – Mission Statement

Promote the financial integrity and operational efficiency of the U.S. Government through exceptional accounting, borrowing, collections, payments, and shared services.

1.1 – Appropriations Detail Table

Dollars in Thousands

Fiscal Service Resources	FY 2013		FY 2014		FY 2015		FY 2014 to FY 2015			
	Operating Level		Enacted		Request		\$ Change		% Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources:										
Collections	117	20,851	108	21,531	108	24,293	0	2,762	0.00%	12.83%
Do Not Pay Business Center	7	5,000	7	5,000	7	5,064	0	64	0.00%	1.28%
Government Agency Investment Services	72	14,728	65	13,704	65	13,055	0	(649)	0.00%	-4.74%
Government-wide Accounting and Reporting	333	63,457	308	65,486	308	65,486	0	0	0.00%	0.00%
Payments	660	125,570	525	126,636	490	121,715	(35)	(4,921)	-6.67%	-3.89%
Retail Securities Services	558	110,876	528	100,789	528	95,237	0	(5,552)	0.00%	-5.51%
Summary Debt Accounting	41	8,443	37	4,737	37	4,325	0	(412)	0.00%	-8.70%
Wholesale Securities Services	112	22,092	98	22,282	93	19,009	(5)	(3,273)	-5.10%	-14.69%
Subtotal New Appropriated Resources	1,900	\$371,017	1,676	\$360,165	1,636	\$348,184	(40)	(\$11,981)	-2.39%	-3.33%
Other Resources:										
Reimbursables	619	247,551	714	239,342	714	241,587	0	2,245	0.00%	0.94%
Unobligated Balances from Prior Years	0	2,000	0	0	0	0	0	0	NA	NA
Subtotal Other Resources	619	\$249,551	714	\$239,342	714	\$241,587	0	\$2,245	0.00%	0.94%
Total Budgetary Resources	2,519	\$620,568	2,390	\$599,507	2,350	\$589,771	(40)	(\$9,736)	-1.67%	-1.62%

* In FY 2013 FMS and BPD resources were managed separately. FMS direct programs included: Collections, Payments, and Government-wide Accounting and Reporting. BPD programs included: Do Not Pay Business Center, Government Agency Investment Services, Retail Securities Services, Summary Debt Accounting, and Wholesale Securities Services.

* Total Appropriated Resources in FY 2013 included \$1 million in Legacy Treasury Direct User Fee collections.

* A portion of the Reimbursable/Fee FTE is funded by fee revenue as authorized by the Debt Collection Improvement Act of 1996 (DCIA)

1B – Vision, Priorities and Context

The Bureau of the Fiscal Service (Fiscal Service) is guided by its vision to transform the way the government manages its finances and delivers shared services. Our efforts are focused on maximizing efficiencies, transparency, and accountability with the goal of improving government-wide financial management and the delivery of shared services. These themes are reinforced through our Strategic Goals which promote leadership and innovation, an engaged and highly effective workforce, delivery of exceptional programs and services, data transparency and usefulness, and expansion of shared services.

The Fiscal Service plays a key role in supporting three of the Department of the Treasury's strategic goals: *Promote domestic economic growth and stability while continuing reforms of the financial system; Fairly and effectively reform and modernize federal financial management, accounting, and tax systems; and Create a 21st century approach to government by improving efficiency, effectiveness and customer interaction.* The Fiscal Service is committed to delivering strong leadership, exceptional operational services, and a clear vision

focused on positive transformational change of government-wide financial management and shared services. Operationally, the Fiscal Service provides central payment services to Federal program agencies (FPAs); operates the Federal Government's collections and deposit systems; provides government-wide accounting and reporting services; borrows the money needed to operate the Federal Government; handles all Treasury debt financing operations; issues, services, and accounts for all Treasury marketable securities and non-marketable securities; provides reimbursable support services to Federal agencies; and manages the collection of delinquent debt.

In carrying out its mission, the Fiscal Service's operations are divided into nine budget activities:

- Collections;
- Debt Collection;
- Do Not Pay Business Center;
- Government Agency Investment Services;
- Government-wide Accounting and Reporting;
- Payments;
- Retail Securities Services;
- Summary Debt Accounting;
- Wholesale Securities Services.

FY 2013 Accomplishments

The Fiscal Service has taken significant action toward system modernization, productivity enhancements, and cost containment in order to absorb reductions to its budget and reflect a strong commitment to fiscal stewardship of taxpayers' funding. In FY 2013, Fiscal Service completed the following priorities:

- Fostered employee inclusion and cross-organizational cooperation at all levels;
- Started the transition to the new bureau by ensuring timely and accurate sharing of information, relocation support, and career transition assistance;
- Continued national efforts to educate beneficiaries and convert additional payments to Electronic Funds Transfer (EFT) by focusing on increasing EFT payments through programs and initiatives including Direct Express®, US Debit Card, and eWallet;
- Increased federal agency use of Do Not Pay (DNP) to facilitate the reduction of improper payments by actively building the program and governance structure, strengthening technical infrastructure, and expanding data sources;
- Continued working with other Federal agencies to implement management and administrative reforms, as stated in the President's FY 2012 Budget, by improving the offset match process, improving collection methods and processes, and expanding administrative wage garnishment;
- Expanded a centralized receivables service to Federal agencies to increase collections on current receivables and delinquent debt;
- Created the Treasury Securities Service by combining the Financing and Retail Securities Offices;
- Completed the final implementation stages for the collections and cash management programs and de-commissioned current legacy systems;

- Prepared the transition of Summary Debt Accounting (SDA) to a new system environment that will produce more accurate, appropriate, flexible, and standardized debt accounting information;
- Improved outreach, communications, and collaboration efforts internally within the Bureau as well as externally with our customers;
- Implemented an enterprise-wide “One Voice” initiative to strategically promote, share, and guide the organization in developing best practices, methodologies, and repeatable processes with marketing/messaging, outreach/engagement, and consistent product/service implementations across federal agencies;
- Implemented the E-Treasury Financial Manual;
- Developed an enterprise strategy and approach for internal messaging and collaboration tools;
- Delivered high-quality customer service in the Retail Securities Services (RSS) Program while selling marketable and savings securities directly to retail investors. This was accomplished by consolidating printing and outbound mailing, implementing intelligent bar-coding on outgoing correspondence, and by digitizing microfilm records of the most frequently searched definitive securities;
- Maintained strong controls in the Government Agency Investment Services (GAIS) Program while allowing customers to more effectively manage their investments and provided feedback for potential improvements through a customer survey; and
- Modernized payment applications used to disburse over 1.1 billion federal payments annually with a total dollar value of nearly \$2.4 trillion.

FY 2014 Priorities

The FY 2014 priorities have set an exciting course for the Fiscal Service. The Fiscal Service is committed to maintaining a tradition of accomplishments. These FY 2014 priorities include:

- Improve financial management, reduce costs, increase transparency, and improve delivery of agencies’ missions within Treasury and across the Federal Government;
- Integrate accounting functions leveraging the expertise of combined resources and effectively manage a resource mitigation strategy;
- Establish the underlying infrastructure for the Financial Information Repository (FIR) platform to support Federal transparency objectives;
- Establish a single source of authoritative financial data to facilitate efficient operations and enable transparency government-wide;
- Provide for access, correlation, and analysis of financial management data from the Information Repository and government-wide accounting systems; improve the Payment Information Repository (PIR) to provide additional transparency on government payments; and expand analytics and reporting capabilities;
- Establish a government-wide spending transparency office and support the programmatic operations to improve the USAspending.gov website;
- Explore opportunities for managed growth of shared services while promoting quality service levels and cost containment;
- Expand enrollment of agencies using the Invoice Processing Platform (IPP), facilitate the acceptance of electronic invoicing across government, and build the capability to support intra-governmental reimbursable transactions;

- Realign the Office of Financial Innovation and Transformation (FIT) from Departmental Offices to the Fiscal Service;
- Support the working system mandated in the Improper Payments Elimination & Recovery Improvement Act of 2012 (IPERIA);
- Pursue a Non-Tax Paperless Initiative (NTPI) that supports Treasury’s goal of having non-tax collections and remittances submitted electronically to reduce costs, improve accuracy, and increase options available to citizens. Implement selected “interventions” from the NTPI study - including securing/aligning resources; designing and piloting efforts; and implementing, evaluating, and refining interventions;
- Increase the collection of delinquent debt by establishing and following a debt collection plan to include fully deploying call center operations, improving the use of business analytics, implementing state-of-the art collection tools, and increasing outreach and collaboration with other government agencies;
- Develop next generation system improvements for Treasury Offset Program (TOP) and FedDebt;
- Expand a centralized receivables service to federal agencies to increase collections on current receivables and delinquent debt;
- Increase Federal agency use of DNP to facilitate the reduction of improper payments;
- Verify Treasury-disbursed payment information through the DNP system and return results to agencies for adjudication;
- Continue system enhancements to strengthen and streamline GAIS;
- Implement the Government-wide Treasury Account Symbol (GTAS) system, which will replace four legacy systems;
- Educate payees and convert additional payments to EFT by focusing on increasing EFT payments through programs and initiatives including Direct Express®, US Debit Card, and eWallet;
- Develop a single, centralized post payment system for checks and electronic payment transactions;
- Work towards centralizing government disbursement activity within Treasury for all Federal agencies;
- Modernize the Retail program through a new sales/service platform (Treasury Retail Investment Manager), new retirement savings program (*myRA*), re-energized marketing efforts, TRES (Treasury Retail E-Services) enhancements, and the microfilm conversion initiative;
- Initiate *myRA*, a retirement savings program to continue providing simple, safe, and affordable ways for Americans to save; and
- Enhance the Treasury Automated Auction Processing System (TAAPS) to include updates for Single Bid Limits and decommissioning Legacy Treasury Direct (LTD).

FY 2015 Priorities

- Promote data transparency and standardization;
- Maximize delivery of shared services;
- Obtain a clean audit of the Financial Report of the United States Government by FY 2018
- Promote employee inclusion and cross organizational cooperation at all levels;
- Emphasize and support strategic and workforce planning, organizational development, workforce diversity, and employee growth and skill set development;

- Effectively manage the planning and execution of new/extended leases for bureau locations while pursuing reductions in the overall real estate footprint;
- Continue to increase electronic payments through programs and initiatives such as Direct Express®, US Debit Card, and eWallet;
- Add 5 new agencies via US Debit Card/Card Management Services (USDC), and increase acceptance of the business model;
- Capitalize on the PIR to provide additional transparency on government payments and expand analytics and reporting capabilities;
- Support PACER's decommissioning and transition to the PPS for payments' aftermath processing;
- Modernize the call center and interactive voice response system (IVR) for the Electronic Federal Tax Payment System (EFTPS);
- Facilitate the acceptance of electronic invoicing across government and continue to expand enrollment of agencies using IPP;
- Continue the NTPI, supporting Treasury's goal of having non-tax collections and remittances submitted electronically to reduce costs, improve accuracy, and increase options available to citizens;
- Increase the collection of delinquent debt;
- Prepare for straight through processing of financial accounting to the Treasury's General Account as the Federal Reserve converts to the Central Accounting Processing System (CAPS) account structure;
- Deliver operational support functions, standards of performance, testing of software/infrastructure upgrades, annual Federal Information Security Management Act (FISMA) certifications, and business resumption and application recovery test plans through the Over The Counter (OTC) Channel, Settlement Services, Treasury Collateral Management and Monitoring (TCMM), and Cash Management Improvement Act System;
- Provide Central Accounting and Reporting System (CARS) operational and technical support during the transition of FPAs to CARS;
- Increase federal agency use of DNP to facilitate the reduction of improper payments;
- Transition users from the Fiscal Service Certificate Authority (FSCA) to Personal Identity Verification (PIV), develop and test the DNP release and use the FRB Philadelphia to perform regression testing on the PIV and DNP releases via the Secure Payment System (SPS);
- Maximize centralized government disbursement activity for federal agencies;
- Develop a secure portal for retail customers to access customer support via live chat, educate current and potential customers about the new Treasury Retail Investment Management (TRIM) system, and eliminate final channels for issuing paper savings bonds;
- Complete the Financial Agent Selection Process (FASP) for non-tax lockboxes; and
- Introduce the next iteration of USAspending.gov.

Shared Services - Evidence and Evaluation

The Federal Government spends approximately \$8.4 billion annually on financial management across the 24 large cabinet agencies, with nearly 55,000 financial management personnel. Federal agencies configure their systems to their own specific processes, driving greater upgrade and maintenance costs, and few agencies are performing at-scale on transaction processing. In addition, many federal agencies use legacy systems that lack basic functionality, have unique

interfaces, and require frequent upgrades. As a result, the current Federal financial landscape consists of almost 46 different instances and many sub-scale transactional processing groups costing the government almost \$3.2 billion annually (excluding the Department of Defense). Finally, the agencies running these systems will incur significant additional expense upgrading and modifying them to any new requirements. These expenses would be mitigated through the use of shared services.

Therefore, widespread adoption of shared services for Federal financial management will:

- Reduce the risk of failed systems implementations, deliver greater efficiencies and cost savings for the Federal Government, free up agency resources to focus on mission-based programs, and help ensure greater standardization of data allowing for more transparency; and
- In accordance with OMB Memorandum (M-13-08): Improving Financial Systems Through Shared Services, FIT is partnering with OMB and the broader Federal financial community to establish and implement a government-wide policy for agencies to transition to shared service providers (SSPs) for their core accounting and financial management system needs.

Opportunity, Growth, and Security Initiative Proposal

The Opportunity, Growth, and Security Initiative, which will be split evenly between defense and non-defense funding, shows how additional discretionary investments in 2015 can spur economic progress, promote opportunity, and strengthen national security. The Initiative is fully paid for with a balanced package of spending cuts and tax loophole closers, showing that additional pro-growth investments are easily affordable without increasing the deficit if Congress will enact common-sense spending and tax reforms.

The Fiscal Service Data Transparency program office is working to provide reliable, timely, secure, and consumable financial management data for the purpose of promoting transparency, facilitating better decision making, and improving operational efficiency. The Data Transparency program office is also responsible for operating and making improvements to the USAspending.gov website, which provides the public with information on Federal spending.

The Budget also requests support, above the request presented here, from the new Opportunity, Growth, and Security Initiative to improve USAspending.gov's appearance and functionality for policy makers and the public. As the Federal Government's financial manager, Treasury is uniquely positioned to improve the transparency and accountability of Federal financial transactions. Treasury's ultimate vision is to provide reliable, timely, secure, and consumable financial management data for the purpose of promoting transparency, facilitating better decision making, and improving operational efficiency. This vision is in line with the President's Open Government initiative.

In order to build a more open, accountable, and participatory government, the Fiscal Service is working to capture and make available financial management data that will enable the public to follow the complete life cycle of Federal receipts and spending -- from appropriations to the disbursements of grants, contracts, and administrative spending. This life cycle will enable the public to see how the Federal government allocates and monitors appropriated dollars through budget execution activities; information, including the dollar amount, payment date, and payee,

on goods and services the government purchases and/or what grants and loans it awards; and the amount of revenue the government raises and the amount it borrows, all in an integrated portal for the public to access whenever needed.

In the past, the lack of interoperability between financial information systems and sources has impeded financial transparency. Unlike past financial standardization and transparency efforts that relied on massive system changes across all agencies, the Fiscal Service is taking a data-centric approach to achieve its vision. This approach leverages industry standards to tag financial and non-financial data with metadata, or structured information that describes, explains, locates, or otherwise makes it easier to retrieve, use, or manage data. This approach will both provide the necessary linkages between financial events as well as enable users to query data across the government.

Making Federal financial data available has tremendous value to agencies, public, and our economy. Having relevant and timely data will not only facilitate better decision making by the Federal Government, but will also better enable state and local governments to manage the Federal dollars they receive. In addition, the automation of data collection and validation can greatly improve data quality and reduce administrative reporting burdens. Finally, Federal spending transparency can stimulate the generation of ideas and innovation, not just within the United States, but around the world, given the prominence of the United States economy in the world.

Section 2 – Budget Adjustments and Appropriation Language

2.1 – Budget Adjustments Table

Dollars in Thousands

Fiscal Service	FTE	Amount
FY 2014 Enacted	1,676	\$360,165
Changes to Base:		
Maintaining Current Levels (MCLs):	-	\$7,469
Pay-Raise	-	\$2,804
FERS Contribution Increase	-	\$1,943
Non-Pay	-	\$2,722
Non-Recurring Costs:	-	(\$11,064)
Consolidation in Support of the Fiscal Service	-	(\$8,740)
Treasury Retail Investment Manager	-	(\$2,324)
Efficiency Savings:	(40)	(\$8,386)
Across the Board Program Reduction	-	(\$2,843)
Paperless Treasury	(40)	(\$5,543)
Subtotal Changes to Base	(40)	(\$11,981)
Total FY 2015 Base	1,636	\$348,184
Total FY 2015 Request	1,636	\$348,184

2A – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) +\$7,469,000 / +0 FTE

Pay-Raise +\$2,804,000 / +0 FTE

Funds are requested for the proposed January 2015 pay-raise and annualization of the 2014 pay-raise.

FERS Contribution Increase +\$1,943,000 / +0 FTE

Funds are requested for increases in agency contributions to the Federal Employee Retirement System based on updated actuarial estimates.

Non-Pay +\$2,722,000 / +0 FTE

Funds are requested for inflation adjustments for non-labor costs such as travel, contracts, rent, supplies, and equipment.

Non-Recurring Costs -\$11,064,000 / +0 FTE

Consolidation in Support of the Fiscal Service -\$8,740,000 / +0 FTE

This funding was requested to support the consolidation of administrative, IT and accounting functions including outplacement and training services; voluntary employee relocations; and space reconfiguration in FY 2014 and will no longer be needed in FY 2015.

Treasury Retail Investment Manager -\$2,324,000 / +0 FTE

The proposed new sales/service platform will no longer require these resources in FY 2015, and therefore the funding can be non-recurred.

Efficiency Savings -\$8,386,000 / -40 FTE

Across the Board Program Reduction -\$2,843,000 / +0 FTE

The Fiscal Service will focus on improving the efficiency of its operations through a disciplined process of productivity improvement.

Paperless Treasury -\$5,543,000 / -40 FTE

Savings of agent fees, postage and printing by eliminating new issues of over-the-counter paper savings bonds. In addition, converting checks to electronic funds transfer has allowed the Fiscal Service to decrease its payments centers from four to two, generating efficiencies and savings.

2.2 – Operating Levels Table

Dollars in Thousands

Fiscal Service Object Classification	FY 2013 Actual	FY 2014 Enacted	FY 2015 Request
11.1 - Full-time permanent	156,143	155,683	154,819
11.3 - Other than full-time permanent	1,873	2,034	2,034
11.5 - Other personnel compensation	6,643	6,947	6,947
11.8 - Special personal services payments	3,603	36,216	36,216
11.9 - Personnel Compensation (Total)	168,262	200,880	200,016
12.0 - Personnel benefits	41,993	41,715	43,402
13.0 - Benefits for former personnel	646	647	220
Total Personnel and Compensation Benefits	\$210,901	\$243,242	\$243,638
21.0 - Travel and transportation of persons	1,617	1,660	1,660
22.0 - Transportation of things	353	359	259
23.1 - Rental payments to GSA	22,339	25,278	26,728
23.2 - Rental payments to others	680	679	979
23.3 - Communication, utilities, and misc charges	11,848	11,598	11,598
24.0 - Printing and reproduction	712	823	702
25.1 - Advisory and assistance services	7,349	6,127	6,127
25.2 - Other services	12,393	16,607	10,282
25.3 - Other purchases of goods & serv frm Govt accounts	93,395	39,978	35,430
25.4 - Operation and maintenance of facilities	985	991	991
25.6 - Medical care	9	2	2
25.7 - Operation and maintenance of equip	1,910	1,900	1,900
26.0 - Supplies and materials	2,803	3,259	3,226
31.0 - Equipment	2,814	6,527	2,777
32.0 - Land and structures	859	1,085	1,835
42.0 - Insurance claims and indemnities	50	50	50
Total Non-Personnel	160,116	116,923	104,546
Subtotal New Appropriated Resources	\$371,017	\$360,165	\$348,184
Budget Activities:			
Collections	21,027	21,645	24,293
Do Not Pay Business Center	5,000	5,790	5,854
Government Agency Investment Services	16,804	15,868	15,219
Debt Collection	118,616	136,505	154,818
Government-wide Accounting and Reporting	66,745	68,574	66,365
Payments	227,971	203,133	184,467
Retail Securities Services	127,717	116,706	111,154
Summary Debt Accounting	9,596	5,485	5,073
Wholesale Securities Services	25,092	25,801	22,528
Total Budgetary Resources	\$618,568	\$599,507	\$589,771
FTE	2,183	2,390	2,350

2B – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
<p style="text-align: center;">THE BUREAU OF THE FISCAL SERVICE Federal Funds SALARIES AND EXPENSES</p> <p>For necessary expenses of operations of the Bureau of the Fiscal Service, [\$360,165,000] \$348,184,000 of which not to exceed \$4,210,000, to remain available until September 30, [2016] 2017, is for information systems modernization initiatives; [of which \$8,740,000 shall remain available until September 30, 2016 for expenses related to the consolidation of Financial Management Service and the Bureau of the Public Debt;] and of which \$5,000 shall be available for official reception and representation expenses. In addition, \$165,000, to be derived from the Oil Spill Liability Trust Fund to reimburse administrative and personnel expenses for financial management of the Fund, as authorized by section 1012 of Public Law 101–380. (<i>Department of the Treasury Appropriations Act, 2014.</i>)</p>	

2C – Permanent, Indefinite Appropriations

Federal Reserve Bank Permanent, Indefinite Appropriation

The Federal Reserve Banks (FRBs) act as fiscal agents of the United States when directed by the Secretary of the Treasury in accordance with 12 U.S.C. 391. The FRBs support the fiscal operations and provide banking and financial services on behalf of the Treasury of the United States. Since the FRBs support many Fiscal Service program activities, the performance measures listed in the Salaries and Expense section of this budget apply to the work done by the FRBs. Fiscal Service estimates that the cost of FRB services for FY 2015 will be approximately \$395 million.

Reimbursements to the Federal Reserve Banks

Public Law 101-509, 104 Stat. 1389, 1394 (1990), established a permanent indefinite appropriation to pay such sums as necessary to reimburse the FRBs for acting as fiscal agents. A permanent indefinite account was established in FY 1992. Claims for reimbursements are closely monitored for compliance with the Instructions for Filing Reimbursement Claims for Fiscal Agency Services provided to the Fiscal Service. Funding for FY 2015 is estimated to be \$110 million.

Financial Agent Services Permanent, Indefinite Appropriation

Congress has given the Secretary of the Treasury broad discretion to deposit money in financial institutions and to obtain banking services by designating financial institutions to act/serve as Financial Agents (FA) of the United States. The services support many Fiscal Service programs such as Electronic Federal Tax Payment System (EFTPS), the Lockbox Networks, E-Commerce systems, and the deposit reporting and cash concentration system called TRS. These and other programs are vital to the Fiscal Service’s strategic goals, the national financial infrastructure, and

the expanding E-Government. The services provided by the FAs are authorized under numerous statutes including, but not limited to, 12 U.S.C. 90 and 265.

In FY 2004, Treasury received a permanent, indefinite appropriation to pay for these services. The Fiscal Service estimates that the cost of FA services for FY 2015 will be approximately \$638 million, which includes \$9 million for Government Sponsored Enterprise - Mortgage Backed Securities administrative costs.

Government Losses in Shipment

Public Law 103-329 established a permanent, indefinite appropriation to pay such sums as necessary to make payments for the replacement of valuables, or the value thereof, lost, destroyed, or damaged in the course of United States Government shipments. The Government Losses in Shipment Act was approved on July 8, 1937, to dispense with the necessity for insurance by the government against loss or damage to valuables in shipment and for other purposes. The Act was amended in 1943 to cover losses resulting from the redemption of savings bonds (for example, stolen bonds, which were fraudulently negotiated even though the paying agent followed identification guidelines established by the Treasury). All authority of the Treasury under the Act has been delegated to the Commissioner of the Fiscal Service. In FY 2015, the funding estimated to support payments for the replacement of valuables is nearly \$1.1 million.

2.3 – Permanent, Indefinite Appropriations Table

(Dollars in Thousands)

Permanent, Indefinite Appropriation	2013 Actual	2014 Estimated	2015 Estimated
Federal Reserve Bank	\$ 377,000	\$ 395,000	\$ 395,000
Reimbursements to the Federal Reserve Banks	\$ 108,000	\$ 110,000	\$ 110,000
Financial Agent Services*	\$ 630,000	\$ 645,000	\$ 635,000
Government Losses in Shipment	\$ 183	\$ 1,098	\$ 1,098

*FY 2013, FY 2014, and FY 2015 include costs for the Government Sponsored Enterprise - Mortgage Backed Securities administrative costs of \$11 M, \$9 M, and \$9 M respectively. Additionally, the estimate may be increased to \$670M due to impending legislation.

Note: Approximately \$73 M is reimbursed from other government agencies and deposited into the General Fund each year.

2D – Legislative Proposals

The following legislative initiatives are proposed for inclusion in appropriate authorizing bills.

1. Increase delinquent State income tax debt collections. Allow offset of Federal income tax refunds to collect delinquent State income taxes for out-of-state residents. *Estimated collections: \$1.2 billion in State taxes over 10 years (no Federal revenue)*

Under current law, the Fiscal Service may offset Federal tax refunds to collect delinquent state income tax obligations only if the delinquent taxpayer resides in the state collecting the tax. This proposal would allow the Fiscal Service to offset Federal income tax refunds to collect delinquent state tax obligations regardless of where the debtor resides. For further details on this proposal, please see the Treasury Green Book.

2. Reduce costs for States collecting delinquent income tax obligations. Allow States to send notices of intent to offset Federal tax refunds to collect State income tax obligations by regular first-class mail, rather than by certified mail. *Estimated savings: \$142.9 million over 10 years (no federal revenue)*

Under current law, the Fiscal Service may offset Federal tax refunds to collect delinquent State income tax obligations only after the State sends the delinquent debtor a notice by certified mail with return receipt. With respect to other types of debts that can be collected via Federal tax refund offset, for example, Federal nontax, child support, and State unemployment insurance compensation debts, the statute is silent as to the notice delivery method. However, the regulations require that, for all debts other than State income tax obligations, Federal and State creditor agencies send notices by regular first class mail. Similarly, notice requirements for other debt collection actions, including administrative wage garnishment, do not require delivery by certified mail. This proposal would remove the statutory requirement to use certified mail, thereby allowing the Fiscal Service to amend its regulations to permit states to send notices for delinquent state income tax obligations by first class mail, saving states certified mail costs and standardizing notice procedures across debt types. For further details on this proposal, please see the Treasury Green Book.

3. Increase delinquent Federal tax debt collections. Increase levy authority for payments to Medicare providers with delinquent tax debt. *Estimated collections: \$743 million over 10 years*

The Budget proposes a change to the Department of the Treasury's debt collection procedures that will increase the amount of delinquent taxes collected from Medicare providers. Through the Federal Payment Levy Program, the Treasury deducts (levies) a portion of a government payment to an individual or business in order to collect unpaid taxes. Pursuant to the Medicare Improvements for Patients and Providers Act of 2008, Treasury is authorized to continuously levy up to 15 percent of a payment to a Medicare provider in order to collect delinquent tax debt. The Budget proposal will allow Treasury to levy up to 100 percent of a payment to a Medicare provider to collect unpaid taxes. For further details on this proposal, please see the Treasury Green Book.

4. Increase delinquent Federal non-tax debt collections. Authorize administrative bank garnishment of commercial accounts to collect non-tax debts. Allow Federal agencies to collect non-tax debt by garnishing the commercial bank and other financial institution accounts of delinquent debtors without a court order and after providing administrative due process. *Estimated Collections: \$320 million over 10 years*

To reach income of commercial entities and other non-wage income and funds available to debtors owing delinquent non-tax obligations to the United States, this proposal would authorize agencies to issue garnishment orders to financial institutions without a court order. Agencies would be required to provide debtors with appropriate due process and other administrative protections to ensure that debtors have had the full opportunity to contest the debts and/or enter into repayment agreements to avoid issuance of a court order as the last resort. The Internal Revenue Service currently has similar authority to collect federal tax debts.

By way of background, the Debt Collection Improvement Act of 1996 (DCIA) authorized Federal agencies to collect delinquent non-tax debt by garnishing the wages of individual debtors without the need to first obtain a court order. Since July 2001, the U.S. Department of the Treasury's Bureau of the Fiscal Service alone has collected \$131.6 million in garnished wages (as of April 30, 2013) on behalf of Federal agencies. In addition, the ability of agencies to garnish wages motivates many debtors to resolve outstanding delinquencies before such action can be initiated. This successful collection mechanism, however, reaches only those debtors who earn wages and does not reach any other type of debtor income or assets.

The proposed authority would be available only to garnish commercial accounts of debtors that owe delinquent nontax debts, and would not be available to garnish consumer accounts. The legislation would direct the Secretary of the Treasury to issue government-wide regulations implementing this authority.

5. Increase and streamline recovery of unclaimed assets owed to the United States. Authorize Treasury to locate and recover assets of the United States and to retain a portion of amounts collected to pay for the costs of recovery. *Estimated Recoveries: \$25 million over ten years*

States and other entities hold assets in the name of the United States or in the name of departments, agencies, and other subdivisions of the Federal Government. Many agencies are not recovering these assets due to lack of expertise and funding. Under current authority, Treasury collects delinquent debts owed to the United States and retains a portion of collections, which is the sole source of funding for its debt collection operations. While unclaimed Federal assets are generally not considered to be delinquent debts, Treasury's debt collection operations personnel have the skills and training to recover these assets. This legislation would authorize Treasury to use its resources to recover assets of the United States.

Section 3 – Budget and Performance Plan

3A – Collections

(\$24,293,000 from direct appropriations):

The Collections Program supports Treasury's strategic objective “to improve the disbursement and collection of federal funds and reduce improper payments made by the U.S. government.” The Fiscal Service manages the collection of Federal revenues such as individual and corporate income tax deposits, customs duties, loan repayments, fines, and proceeds from leases. In addition, the Fiscal Service establishes and implements collection policies, regulations, standards, and procedures for the Federal Government.

The Fiscal Service continues to promote the use of electronic systems in the collections process and assist agencies in converting collections from paper to electronic media with programs such as:

- *Electronic Federal Tax Payment System (EFTPS):* The Fiscal Service has been working to communicate the benefits of EFTPS – accuracy, security, simplicity, and flexibility – to financial institutions, small businesses, and tax practitioners. The goal is to continue to require businesses to pay their Federal taxes electronically while advocating a similar mandate for individuals. EFTPS is a critical system that collects over 83 percent of all Federal tax revenue.
- *Pay.gov:* Pay.gov is a system allowing individuals and businesses to make non-tax payments to Federal agencies over the internet. New developments in FY 2013 included improved interfaces with Federal agencies, and enhanced functionality such as electronic billing and electronic forms. Pay.gov currently serves 173 Federal agencies representing 954 cash flows. In FY 2013, Pay.gov collected nearly \$113 billion through the processing of over 115 million transactions.
- *Check Conversion and Truncation:* It is the Fiscal Service's goal that all paper checks remitted to the Federal Government be converted or truncated and processed electronically. Over the Counter Channel Application (OTCnet) and Electronic Check Processing (ECP) are programs that provide a complete electronic record of all check images and related financial data accessible by agencies and eliminate the need to photocopy checks, safeguard checks, or process paper. In FY 2013, checks collected and converted or truncated through OTCnet and ECP totaled over \$450 billion.

Description of Performance:

The measure, *Percentage Collected Electronically of Total Dollar Amount of Federal Government Receipts* refers to the dollar value of collections received (settled) electronically. In FY 2013, the Fiscal Service achieved its target of 97 percent of revenue collections settled electronically. The Fiscal Service expects to maintain an electronic collections rate of at least 97 percent in FY 2014, with an increased target of 98 percent in FY 2015.

3.1.1 – Collections Budget and Performance Plan

Dollars in Thousands

Collections Budget Activity								
Resource Level	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	Enacted	Enacted	Enacted	Enacted	Enacted	Operating Level	Enacted	Request
Appropriated Resources	\$19,804	\$21,521	\$21,911	\$22,624	\$21,166	\$20,851	\$21,531	\$24,293
Reimbursable Resources	\$0	\$0	\$258	\$1,419	\$1,419	\$176	\$114	\$0
Budget Activity Total	\$19,804	\$21,521	\$22,169	\$24,043	\$22,585	\$21,027	\$21,645	\$24,293

Measure	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	Actual	Actual	Actual	Actual	Actual	Actual	Target	Target
Percentage Collected Electronically of Total Dollar Amount of Federal Government Receipts	80.0	84.0	85.0	96.0	97.0	97.0	97.0	98.0

Key: DISC - Discontinued and B – Baseline

3B – Debt Collection

(\$0 from direct appropriations, and \$154,818,000 from reimbursable resources):

The Fiscal Service’s Debt Collection Program supports Treasury’s strategic objective “to improve the disbursement and collection of federal funds and reduce improper payments made by the U.S. government.” The Fiscal Service collects delinquent government and child support debt by providing centralized debt collection, oversight, and operational services to FPAs and states pursuant to the Debt Collection Improvement Act of 1996 (DCIA) and related legislation. The Fiscal Service uses two debt collection programs: Treasury Offset Program (TOP) and Cross-Servicing.

In FY 2013, the Fiscal Service increased debt collections by (1) undertaking three management and administrative reforms, which include improving the offset match process, improving analytic tools, and expanding Administrative Wage Garnishment, (2) enhancing the FedDebt system, and (3) expanding offset services by increasing debt referral and adding new debt types (such as unemployment insurance compensation debts).

In FY 2014, the Fiscal Service will begin efforts to replace the existing Cross-Servicing collection system, to increase debt collections, and provide state-of-the-art and best practices for collecting Federal non-tax debt.

Description of Performance:

In FY 2013, the Fiscal Service exceeded the debt collection performance target, collecting \$7.02 billion in delinquent debt. When completed in FY 2015, the TOP Next Generation system will: handle increasingly larger volumes of debt and payment types; process new payment types; increase payment processing throughput to meet future needs; and meet all essential stakeholder needs.

Additionally, the Fiscal Service anticipates several new legislative proposals to increase debt collection will be enacted in FY 2014 and be fully realized in FY 2015.

The Fiscal Service’s goal for FY 2014 and FY 2015 is to collect \$7.2 billion and \$7.5 billion, respectively, in delinquent debts by increasing the volume and timeliness of delinquent debt referrals, enhancing and expanding existing debt collection tools, and increasing the use of analytics to drive improved efficiency and effectiveness.

3.1.2 – Debt Collection Budget and Performance Plan

Dollars in Thousands

Debt Collection Budget Activity								
Resource Level	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	Enacted	Enacted	Enacted	Enacted	Enacted	Operating Level	Enacted	Request
Reimbursable Resources	\$77,330	\$86,247	\$110,567	\$80,036	\$80,036	\$118,616	\$136,505	\$154,818
Budget Activity Total	\$77,330	\$86,247	\$110,567	\$80,036	\$80,036	\$118,616	\$136,505	\$154,818

Measure	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	Actual	Actual	Actual	Actual	Actual	Actual	Target	Target
Amount of Delinquent Debt Collected Through All Available Tools (\$ billions)	4.41	5.03	5.45	6.17	6.17	7.02	7.2	7.5

Key: DISC - Discontinued and B – Baseline

3C – Do Not Pay Business Center

(\$5,064,000 from direct appropriations, and \$790,000 from reimbursable resources):

The Fiscal Service’s Do Not Pay Business Center Program supports Treasury’s strategic objective “to improve the efficiency and transparency of federal financial management and government-wide accounting.” Following the June 2010 Presidential Memorandum on *Enhancement of Payment Accuracy Through a “Do Not Pay List,”* the Do Not Pay Business Center was established for use by federally-funded programs at all departments and agencies in order to achieve the goal of preventing ineligible recipients from receiving payments or awards from the Federal Government. The Do Not Pay Business Center is a significant step toward meeting the President’s directive to establish a single-entry point that departments and agencies can access to determine eligibility information prior to making an award or payment. With the enactment of the IPERIA, the Do Not Pay Business Center began supporting Executive Branch agencies in meeting the IPERIA requirement to verify all payments prior to issuance. In addition to integrating Do Not Pay data comparisons into the payment process, the Do Not Pay Business Center offers agencies three options geared towards reducing improper payments:

- **The Do Not Pay Portal** is a web-based, single-entry access portal that assists efforts to prevent and recover improper payments. The Do Not Pay Portal enables agencies to access multiple data sources in a centralized location, including the Death Master File, the System for Award Management-Excluded Parties List System, the Debt Check database, the System for Award Management-Central Contractor Registration, the Office of Foreign Assets

Control’s Specially Designated Nationals List, the List of Excluded Individuals and Entities, and other data sources. The Fiscal Service will continue to research and add Federal and commercially available data sources to the Portal. This data will assist agencies in their efforts to reduce improper payments throughout the pre-award, pre-payment, and post-payment review processes.

- **The Do Not Pay Data Analytics Service** uses existing data sources and the application of advanced data analytic techniques to identify risks and patterns indicative of systemic improper payments or potential fraud that may warrant more thorough analysis and investigation on the part of the Federal agency and/or law enforcement.
- **Payment Integration** is a service in accordance with IPERIA in which Do Not Pay performs a monthly match in partnership with Payment Application Modernization against Social Security Administration’s Death Master File. These matches are returned to all agencies whose non-tax payments are disbursed through Treasury, at which point they are adjudicated. Summary data of the results of this adjudication are returned to Do Not Pay for reporting to the Office of Management and Budget.

Description of Performance:

Since the Do Not Pay Business Center was launched in FY 2012, significant progress has been made towards providing agencies a one-stop-shop to verify eligibility prior to issuing a payment. Since the program's inception, priority was placed on expanding the number of data sources as well as the customer base for Do Not Pay services. In FY 2012, the program initiated the “Growth phase” for the program where the focus was to increase the number of agencies and agency programs using Do Not Pay Services. In FY 2013, Do Not Pay began its “Impact Phase,” where the focus is to analyze more volume in the pre-award and pre-payment phases of the award cycle versus in the post payment phase. The Impact Phase will continue through FY 2014. In FY 2015 and beyond, the Do Not Pay Business Center will continue to support agencies in meeting their IPERIA requirements to review payments and awards by seamlessly integrating into the Treasury payment stream.

3.1.3 – Do Not Pay Business Center Budget and Performance Plan

Dollars in Thousands

Do Not Pay Business Center Budget Activity								
Resource Level	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	Enacted	Enacted	Enacted	Enacted	Enacted	Operating Level	Enacted	Request
Appropriated Resources	\$0	\$0	\$0	\$0	\$10,000	\$5,000	\$5,000	\$5,064
Reimbursable Resources	\$0	\$0	\$0	\$0	\$105	\$0	\$790	\$790
Budget Activity Total	\$0	\$0	\$0	\$0	\$10,105	\$5,000	\$5,790	\$5,854

3D – Government Agency Investment Services

(\$13,055,000 from direct appropriations, and \$2,164,000 from reimbursable resources):

The GAIS Program assists in fulfilling Treasury’s strategic objective “to improve the efficiency and transparency of federal financial management and government-wide accounting.” This program consists of three distinct components:

- The Federal Investments component includes issuing, servicing and redeeming Government Account Series securities for Federal agencies that have legislative authority to invest. As of September 30, 2013, over \$4.8 trillion was outstanding, representing nearly one-third of the Federal debt. Federal Investments is also responsible for coordinating with the Office of Fiscal Projections and Summary Debt Accounting to employ extraordinary measures and ensure that the outstanding public debt subject to limit does not exceed the statutory limit during periods of delay. Within this component is the Trust Funds Management Program. Twenty-two trust funds are managed and invested on behalf of the Secretary of the Treasury, including the Unemployment, Oil Spill Liability, Social Security, Medicare, and Gulf Coast Restoration Trust Funds. Investment holdings of these funds total \$3.1 trillion. The program also oversees the management of another eight Tribal funds on behalf of Treasury. The investments of the Tribal funds are executed by the Department of the Interior via interagency agreements with the Fiscal Service. During FY 2014, the Trust Funds Management Program will disburse grant payments awarded by the Treasury Department in support of the Gulf Coast Restoration Trust Fund legislation.
- The Special Purpose Securities component administers State and Local Government Series (SLGS) securities of approximately \$124 billion which offer a flexible investment alternative for state and local governments to refinance their outstanding tax-exempt debt. During FY 2014 and FY 2015, the program will evaluate and coordinate business and system impacts of regulatory changes identified by the SLGS Treasury Working Group.
- The Federal Borrowings component, which represents Treasury’s role in the Federal loan program, accounts for and reports on over \$1.1 trillion in loans made to other Federal agencies with legislative authority to borrow. Agencies with authority to borrow include, but are not limited to, the Department of Education, the Department of the Treasury, the Department of Agriculture, and the Department of Housing and Urban Development.

During FY 2013, GAIS:

- Continued to receive a clean opinion from an independent auditor on each of the Statements on Standards for Attestation Engagement (SSAE) 16 examinations for Federal Investments and Trust Funds Management
- Received a clean opinion from an independent auditor on the Attestation Engagement for Selected Trust Funds
- Achieved 100 percent timeliness of collection and disbursement of interest and principal payment amounts for GAIS investments and borrowings
- Achieved 99 percent accuracy of collection and disbursement of interest and principal payment amounts for GAIS investments and borrowings

Description of Performance:

The GAIS Program strives to provide high-quality customer service, reliable transaction processing, and accurate and timely payment distribution. To aid in measuring performance, the organization conducts an annual customer survey that focuses on both program and system satisfaction. Based on survey responses, the Fiscal Service plans to target areas of improvement with the intent to increase the percentage of customers rating GAIS as "Excellent." The Fiscal Service's target percentage for customers rating GAIS as "Excellent" is 62 percent in FY 2014 and FY 2015.

To assist in analyzing the efficiency of maintaining these components in a consolidated system environment, the Fiscal Service tracks the cost per GAIS (CPI) transaction. Actual FY 2013 cost of \$35.20 was below the target of \$35.88. The CPI targets set for FY 2014 and FY 2015 are \$39.28 and \$40.46 respectively.

3.1.4 – Government Agency Investment Services Center Budget and Performance Plan

Dollars in Thousands

Government Agency Investment Services Budget Activity								
Resource Level	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	Enacted	Enacted	Enacted	Enacted	Enacted	Operating Level	Enacted	Request
Appropriated Resources	\$15,745	\$17,723	\$18,013	\$16,045	\$15,419	\$14,728	\$13,704	\$13,055
Reimbursable Resources	\$4,473	\$1,698	\$2,130	\$2,130	\$2,035	\$2,076	\$2,164	\$2,164
Budget Activity Total	\$20,218	\$19,421	\$20,143	\$18,175	\$17,454	\$16,804	\$15,868	\$15,219

Measure	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	Actual	Actual	Actual	Actual	Actual	Actual	Target	Target
Cost Per Government Agency Investment Services Transaction (\$)	64.98	41.71	82.08	84.67	33.48	35.2	39.28	40.46
Percent of Respondents Selecting the Highest Rating of Customer Satisfaction with Government Agency Investment Services (%)	N/A	N/A	55.0	60.0	60.0	61.0	62.0	62.0

Key: DISC - Discontinued and B – Baseline

3E – Government-wide Accounting and Reporting

(\$65,486,000 from direct appropriations, and \$879,000 from reimbursable resources):

The Government-wide Accounting (GWA) Program supports Treasury's strategic objective "to improve the efficiency and transparency of federal financial management and government-wide accounting" by:

- Collecting, analyzing, and publishing timely and accurate government-wide financial information.
- Operating and overseeing the Government's central accounting and reporting system.

- Working with FPAs to adopt uniform accounting and reporting standards and systems including providing support, guidance, and training to assist FPAs in improving their government-wide accounting and reporting responsibilities.
- Monitoring, forecasting, and managing Treasury's cash and debt position.
- Accounting and reporting for cash and other monetary assets of the Government.
- Maintaining the standardized government-wide chart of accounts, definitions, and transactions and accounting entries in consultation with agencies and OMB.

The GWA cash reporting function supports the national financial infrastructure and continues to obtain a clean opinion on the Audit of Non-entity Schedules of Government-wide Cash. The government-wide financial information is used within the Federal Government to support decision-making, and establish fiscal and debt management policies; and by the public and private sectors to monitor the Government's financial position. GWA publications include the *Daily Treasury Statement (DTS)*, the *Monthly Treasury Statement (MTS)*, the *Treasury Bulletin*, the *Combined Statement of Receipts, Outlays, and Balances of the United States Government (Combined Statement)*, and the *Financial Report of the United States Government (FR)*.

The Fiscal Service is taking significant steps to improve the reliability of the FR. As a result, GWA has developed a plan to improve the central accounting and reporting function by aggressively pursuing resolutions to material weaknesses. This plan includes the following:

- Requiring comprehensive accounting data from agencies on a quarterly basis that will allow the Fiscal Service to better analyze the data for consistency and completeness.
- Proactively enforcing the dispute resolution process to officially resolve and document differences when agencies do not agree on the proper accounting.
- Providing agencies with authoritative data using the Transfer Logic Model to reconcile inter-agency transfers and other transactions that agencies report to the central accounting system.
- Implementing quarterly intergovernmental scorecards for agencies to highlight differences and monitoring their progress on addressing the differences.
- Using the Chief Financial Officers Council, Central Reporting Team as a forum to discuss accounting and reporting issues that affect the FR.
- Publishing intra-governmental transactions with agreed upon procedures for implementation.
- Establishing the General Fund as a reporting entity.
- Strengthening internal control over the financial reporting process.
- Fully integrating the IGT improvements into the FR process and implementing a solution for buy/sell differences.
- Implementing the Budget Deficit Validation process in order to reconcile the budgetary statements to financial statements in the FR.
- Implementing an automated tool for the compilation of the FR.
- Coordinating and implementing process and system modifications identified by the General Fund core team to account for activities at the consolidated level and to minimize intra-governmental differences.
- Updating the *Treasury Financial Manual (TFM)* and *USSGL Accounting Guidance*.

Description of Performance:

In FY 2013, the Fiscal Service achieved its target of 100 percent timely provision of GWA reports. These reports include the DTS, MTS, and Combined Statement. The Fiscal Service continues to achieve its targets by maintaining the established process of validating and reconciling data with reporting sources such as the Regional Finance Centers, FPAs, and various electronic deposit and payment applications. The bureau will continue modernization efforts to ensure the continued timeliness of these reports and anticipates it will achieve the 100 percent target for FY 2014 and FY 2015.

3.1.5 – Government-wide Accounting and Reporting Budget and Performance Plan

Dollars in Thousands

Government-wide Accounting and Reporting Budget Activity								
Resource Level	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	Enacted	Enacted	Enacted	Enacted	Enacted	Operating Level	Enacted	Request
Appropriated Resources	\$68,642	\$70,547	\$71,826	\$68,804	\$64,374	\$63,457	\$65,486	\$65,486
Reimbursable Resources	\$0	\$3,179	\$1,985	\$4,215	\$4,215	\$3,288	\$3,088	\$879
Budget Activity Total	\$68,642	\$73,726	\$73,811	\$73,019	\$68,589	\$66,745	\$68,574	\$66,365

Measure	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	Actual	Actual	Actual	Actual	Actual	Actual	Target	Target
Percentage of Government-Wide Accounting Reports Issued Timely	100.0	100.0	100.0	100.0	99.86	100.0	100.0	100.0

Key: DISC - Discontinued and B – Baseline

3F – Payments

(\$121,715,000 from direct appropriations, and \$62,752,000 from reimbursable resources):

The Payments Program supports the Treasury’s strategic objective “to improve the disbursement and collection of federal funds and reduce improper payments made by the U.S. government.”

The Fiscal Service is responsible for managing and operating Federal payment systems and disbursing approximately 85 percent of all Federal payments. Major payments include: Social Security Benefits, Supplemental Security Income, Federal Pension Benefits, Veterans’ Compensation and Pension, Railroad Retirement Pensions, and tax refunds.

The Payments Program is also responsible for controlling and providing financial integrity to the payments process through reconciliation, accounting, and claims activities. The claims activity settles claims against the United States resulting from Federal Government checks that have been forged, lost, stolen, or destroyed, as well as claims and reclamations for EFT payments. The Fiscal Service also collects monies from those parties liable for fraudulent or otherwise improper negotiation of government checks.

The activity supports the Paperless Treasury initiative by encouraging recipients to convert to electronic payment methods. Electronic payments provide timely, accurate, and efficient disbursement of Federal Government payments; eliminate the costs associated with postage and

the re-issuance of lost or stolen checks; and help protect against fraud and identity theft. The Fiscal Service's nationwide public education campaign called "Go Direct" was extremely successful in encouraging paper check recipients to switch to direct deposit. Through the Go Direct public education campaign, more than 22 million paper-based payments were migrated to electronic payments. For beneficiaries who prefer a prepaid debit card or those who do not have a bank account, the Fiscal Service offers the Direct Express® card, which enables benefit payments to be automatically deposited into the recipient's card account on the payment date. The card is currently available to Social Security, Supplemental Security Income, Veterans' Compensation and Pension, Railroad Retirement Board, Office of Personnel Management, and Department of Labor benefit recipients. As of November 2013, more than 5.94 million beneficiaries have signed up for the Direct Express® card. The combined impact of both programs will save millions of dollars to the taxpayer in years to come.

In support of its payments function, the Fiscal Service has also undertaken considerable efforts to modernize its payment systems, incorporating new technologies and the internet. Some programs that will continue to be in focus are:

- *Stored Value Card (SVC)*: The SVC is aimed at reducing the float loss associated with the more than \$2 billion in coins, currency, and checks in circulation at military bases in the U.S. and overseas, on ships at sea, and at other "closed" government locations around the world. SVCs reduce the high costs of securing, transporting, and accounting for cash. The program also provides a safe and convenient payment method for our service members. Currently, SVCs replace cash and checks at over 100 military bases and installations in 13 countries (including the U.S.) and on 146 Naval ships. Meeting this global demand necessitates the deployment of over 8,700 pieces of equipment including kiosks (cashless ATMs), point-of-sale terminals, laptops, and other related peripherals. From 1997 through November 2013, over 48.9 million EFT transactions with a dollar value in excess of \$6.8 billion were processed via the SVC programs. In FY 2013 alone, the SVC programs processed over 5.6 million EFT transactions with a dollar value over \$727 million.
- *Invoice Processing Platform (IPP)*: IPP is a government-wide, secure, web-based electronic invoice exchange network connecting Federal agencies and their vendors. IPP enables Federal agencies to receive invoices electronically from their vendors, transforming existing paper-based invoice processes into a streamlined electronic process that integrates with existing agency core financial systems. IPP's single point of entry allows vendors to invoice multiple IPP enrolled agencies either via online or batch invoice submission. Vendors can view and receive notification of payments (including debt offsets) associated to their invoices via IPP. IPP supports the FIT initiative to develop a standard for electronic invoicing government-wide.
- *Payment Application Modernization (PAM)*: The PAM investment supports a critical Fiscal Service function, which is the production and delivery of Federal payments. PAM is an effort to replace 30+ existing Fiscal Service payment applications generating check, ACH, International ACH Transaction (IAT), and wire transfer payments used to disburse over 1 billion Federal payments on behalf of FPAs, with a single application. Gaps addressed by

PAM include: multiple systems written in outdated languages, inability to meet legislative and FPA changes/requests quickly, and extensive manual processes.

- *Post Payment Systems (PPS) Consolidation:* PPS became a new major IT investment in the Fiscal Service's portfolio beginning in October 2013. The Fiscal Service has established, as a tactical priority, the consolidation of several post payment systems into a single, centralized post payment system. The PPS investment accomplishes this Fiscal Service priority, and is aligned with the Treasury strategic objective to improve the disbursement and collection of Federal funds and reduce improper payments made by the U.S. government. The new PPS investment will consolidate all payment aftermath processing into one comprehensive application by merging processing currently performed in five legacy systems: Treasury Check Information System; Payments, Claims and Enhanced Reconciliation (PACER); Treasury Receivable, Accounting and Collection System; Teletrace; and TOP Control System. The consolidation of the Fiscal Service's post payment systems will reduce duplication of functionality, eliminate redundancy of data across systems and provide a single source for aftermath payment processing for FPAs. PPS will include functionality to process Claims/Adjudications, Cancellations, Check Reconciliation, Settlements, Offsets, and Accounting, with Customer Service & Self-Service Applications. Legacy post payment systems will be retired through phased implementation of PPS. PPS will utilize standardized Common Government-wide Accounting Classification reporting structure, and leverage commercial off the shelf software solutions, when appropriate, to provide common, best practice functionality and proven implementation methodologies. PPS will provide the Fiscal Service and post payment stakeholders with enhanced, streamlined business processes and productivity gains that will simplify reconciliation activities, improve information exchange, reduce paper-based processes, integrate disparate processes, improve fraud detection, and enable self- service functions for Agency and Financial Institution (FI) users.
- *Payment Information Repository (PIR):* The PIR is a payment repository that will support the centralization of government payment data and ultimately serve as a back-end to the Financial Information Repository (FIR). The FIR will allow the Fiscal Service to centrally manage financial data collected in other Information Repositories, including but not limited to: Payment Information Repository, Collections Information Repository, and Debt Information Repository. The PIR will provide reports on payment activity as well as the capability to support queries of payment data. The payment information provided through the FIR webpage will be available to FPAs and the public.

Description of Performance:

The measure *Percentage of Treasury Payments and Associated Information Made Electronically* supports the Paperless Treasury agency priority goal. Due to the continued success of the Go Direct and Direct Express® programs and implementation of the Paperless Treasury initiative, in FY 2013, the Fiscal Service has issued over 97 percent of its benefit payments and over 92.5 percent of its total payments via EFT. The Fiscal Service expects to achieve its targets in FY 2014 and FY 2015 by expanding electronic conversion efforts to additional benefit agencies and payment types, such as other vendor miscellaneous payments and IRS refunds.

3.1.6 – Payments Budget and Performance Plan

Dollars in Thousands

Payments Budget Activity								
Resource Level	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	Enacted	Enacted	Enacted	Enacted	Enacted	Operating Level	Enacted	Request
Appropriated Resources	\$145,977	\$147,717	\$150,395	\$141,358	\$132,265	\$125,570	\$126,636	\$121,715
Reimbursable Resources	\$137,849	\$138,584	\$129,262	\$142,340	\$131,060	\$102,401	\$76,497	\$62,752
Budget Activity Total	\$283,826	\$286,301	\$279,657	\$283,698	\$263,325	\$227,971	\$203,133	\$184,467

Measure	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	Actual	Actual	Actual	Actual	Actual	Actual	Target	Target
Percentage of Treasury Payments and Associated Information Made Electronically	79.0	81.0	82.0	84.3	88.0	92.5	95.0	95.0

Key: DISC - Discontinued and B – Baseline

3G – Retail Securities Services

(\$95,237,000 from direct appropriations, and \$15,917,000 from reimbursable resources):

The Retail Securities Services (RSS) Program supports Treasury’s strategic objective “to promote savings and increased access to credit and affordable housing options.” The Fiscal Service’s RSS program offers simple, safe, and affordable securities that enable Americans to save for their future. Products are targeted toward small investors looking to securely build savings. The program serves more than 50 million investors by processing more than 15 million transactions annually.

The RSS program continues to examine the saving and investing needs of customers, researching the securities and services that will be most appealing to the American public. A new retirement savings security (*myRA*) housed in a Roth IRA account will be operational by FY 2015.

Committed to supporting Treasury's paperless initiative, the RSS program encourages people to buy securities, access their accounts, and conduct transactions electronically. A new state-of-the-art financial services system will allow customers to purchase, reinvest, redeem, transfer, and hold securities electronically. Investors will easily be able to learn about retail products and services, make informed decisions about buying Treasury securities, and manage their Treasury investments efficiently.

Another component of RSS’s support of the Paperless Treasury initiative is its work to end issues of paper securities. Having already eliminated annual issues of approximately 20 million paper securities, such as savings bonds, via payroll and over-the-counter channels, RSS plans to close the remaining paper channels by FY 2016. Finally, over the next two years, the program plans to implement two more phases of its Treasury Retail E-Services program that will also reduce paper processes within customer service operations.

Description of Performance:

Several significant changes planned for the RSS program include: implementing a new financial services system, eliminating the majority of remaining paper savings bond issues, decommissioning several legacy systems, and deploying virtual case files and a customer self-service portal. These changes will significantly impact the future direction of the program; therefore, RSS is currently working to establish new performance measures.

3.1.7 – Retail Securities Services Budget and Performance Plan

Dollars in Thousands

Retail Securities Services Budget Activity								
Resource Level	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	Enacted	Enacted	Enacted	Enacted	Enacted	Operating Level	Enacted	Request
Appropriated Resources	\$135,690	\$139,109	\$139,569	\$135,337	\$116,260	\$110,876	\$100,789	\$95,237
Reimbursable Resources	\$9,066	\$16,293	\$15,393	\$15,393	\$17,166	\$16,841	\$15,917	\$15,917
Budget Activity Total	\$144,756	\$155,402	\$154,962	\$150,730	\$133,426	\$127,717	\$116,706	\$111,154

Measure	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	Actual	Actual	Actual	Actual	Actual	Actual	Target	Target
Cost Per TreasuryDirect Assisted Transaction (\$)	8.19	8.72	8.23	3.0	4.58	7.3	7.99	7.31
Cost Per TreasuryDirect Online Transaction (\$)	4.34	5.21	6.12	3.64	2.26	1.72	1.99	1.34
Increase the Number of Customers who buy Treasury Retail Securities Electronically	N/A	N/A	N/A	144,997	301,737	269,180	296,000	365,000
Percentage of Retail Customer Service Transactions Completed within 5 Business Days (%)	N/A	86.0	92.7	73.1	75.7	74.5	88.0	88.0

Key: DISC - Discontinued and B – Baseline

3H – Summary Debt Accounting

(\$4,325,000 from direct appropriations, and \$748,000 from reimbursable resources):

The SDA Program supports Treasury’s strategic objective “improve the efficiency and transparency of federal financial management and government-wide accounting.” SDA is vital to meeting the Fiscal Service's responsibility to account for over \$17 trillion of public debt and over \$415 billion in related interest expenses incurred to finance the operations of the Federal Government. SDA coordinates with the Office of Fiscal Projections and GAIS during periods of a delay in raising the debt limit to ensure that the outstanding public debt subject to limit does not exceed the statutory limit.

SDA reports daily on the balances and composition of the public debt, publishes the *Monthly Statement of the Public Debt*, and issues the annual, audited *Schedules of Federal Debt (Schedules)*. The *Schedules* reports on the single largest liability in Treasury’s Agency Financial Report (AFR) and have received a clean opinion for the past 17 years.

Description of Performance:

All financial activity related to the public debt of the United States is reported by the SDA Program. This is accomplished by collecting and reporting securities-related issue, redemption, and interest payment information on a daily basis.

To improve operational effectiveness, the Fiscal Service completed several efforts to modernize the SDA business and system environment. This effort allowed SDA to more quickly respond to changes in reporting requirements, responsibilities, and financial information needs. A major component in the modernization effort was accomplished on November 18, 2013, with the implementation of the Summary Debt Accounting System (SDAS) to replace the Public Debt Accounting and Reporting System.

To transform SDA, the program created a long-term goal of restructuring or eliminating a percentage of business processes. In FY 2013, SDA restructured or eliminated 21 percent of its processes. However, SDA did not meet the FY 2013 goal due to the implementation delay to a shared service environment. The remaining processes are expected to be completed during FY 2014.

In addition, SDA relies on cost per transaction to help manage the efficiency of the program. In response, the program estimates the cost per SDA transaction to be \$17.68 in FY 2014 and \$17.73 in FY 2015, which is a decrease from the FY 2013 actual cost of \$19.86. The decrease beginning in FY 2014 is a direct result of reduced development costs related to the SDAS modernization project.

3.1.8 – Summary Debt Accounting Budget and Performance Plan

Dollars in Thousands

Summary Debt Accounting Budget Activity								
Resource Level	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	Enacted	Enacted	Enacted	Enacted	Enacted	Operating Level	Enacted	Request
Appropriated Resources	\$7,608	\$7,082	\$10,266	\$9,195	\$8,836	\$8,443	\$4,737	\$4,325
Reimbursable Resources	\$453	\$827	\$852	\$852	\$1,166	\$1,153	\$748	\$748
Budget Activity Total	\$8,061	\$7,909	\$11,118	\$10,047	\$10,002	\$9,596	\$5,485	\$5,073

Measure	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	Actual	Actual	Actual	Actual	Actual	Actual	Target	Target
Cost Per Summary Debt Accounting Transaction (\$)	9.11	8.66	11.28	14.8	22.47	19.86	17.68	17.73
Percent of Summary Debt Accounting business processes restructured or eliminated (%)	N/A	N/A	6.0	9.5	6.0	21.4	4.0	N/A

Key: DISC - Discontinued and B – Baseline

3I – Wholesale Securities Services

(\$19,009,000 from direct appropriations, and \$3,519,000 from reimbursable resources):

The WSS Program supports Treasury’s strategic objective “to promote savings and increased access to credit and affordable housing options.” WSS is responsible for the announcement, auction, issuance, and settlement of marketable Treasury bills, notes, bonds, and Treasury Inflation-Protected Securities. The program also oversees that portion of the Federal infrastructure that provides for the transfer, custody, and redemption of all Treasury marketable securities, which are purchased mostly by commercial market participants.

The auction program, an element of the WSS Program, is an essential function for Treasury that enables the Federal Government to finance operations. WSS ensures that communications, systems, processes, and contingency plans provide for high-level performance and business continuity for wholesale auction operations.

Another major component of this program is the commercial book-entry system, which holds approximately \$11.5 trillion, or 99 percent, of Treasury marketable securities. Treasury uses this system to issue most of its marketable debt, make principal and interest payments, and support the active secondary market in Treasury securities. It is estimated that about \$1 trillion per day in Treasury securities are transferred among account holders in the commercial book-entry system.

Description of Performance:

The Fiscal Service strives to efficiently deliver its debt financing operations, including auctions and buybacks, at the lowest possible cost. WSS's *Cost per Debt Financing Operation* in FY 2013 was \$141,115, below the targeted cost of \$141,930. The cost per debt financing operation is estimated at \$157,013 in FY 2014 and \$167,297 in FY 2015; the increase is primarily due to the anticipated migration of the Treasury Automated Auction Processing System to a new platform.

The Fiscal Service missed its FY 2013 target of 100 percent for the measure *Percent of Auction Results Released in Two Minutes +/- 30 Seconds* at 99.6 percent. Circumstances for one of the year’s 268 auctions required issuing a special clarification announcement. It is essential that WSS releases auction results accurately and consistently to support Treasury's goal to manage the Government’s finances in a fiscally responsible manner by issuing debt in a regular and predictable pattern. Ultimately, the accurate and timely release of the auction results contributes to the preservation of public confidence in Treasury securities and the stability of the financial market. WSS expects to achieve its target in the future.

3.1.9 – Wholesale Securities Services Budget and Performance Plan

Dollars in Thousands

Wholesale Securities Services Budget Activity								
Resource Level	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	Enacted	Enacted	Enacted	Enacted	Enacted	Operating Level	Enacted	Request
Appropriated Resources	\$23,828	\$23,438	\$24,396	\$24,058	\$23,120	\$22,092	\$22,282	\$19,009
Reimbursable Resources	\$1,302	\$2,378	\$2,821	\$2,821	\$3,051	\$3,000	\$3,519	\$3,519
Budget Activity Total	\$25,130	\$25,816	\$27,217	\$26,879	\$26,171	\$25,092	\$25,801	\$22,528

Measure	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	Actual	Actual	Actual	Actual	Actual	Actual	Target	Target
Cost Per Debt Financing Operation (\$)	220,732.0	170,214.0	162,378.0	157,284.0	159,449.0	141,115.0	157,013.0	167,297.0
Percent of Auction Results Released in Two Minutes +/- 30 Seconds (%)	100.0	100.0	100.0	100.0	100.0	99.6	100.0	100.0

Key: DISC - Discontinued and B – Baseline

Section 4 – Supplemental Information

4A – Summary of Capital Investments

The Fiscal Service leads the way for responsible, effective government through commitment to cutting-edge technologies, service, efficient operations, sharing of best practices, and openness to change in order to meet the operating needs of the Federal Government. The Fiscal Service systematically analyzes the demand for its services, considers effective methods for delivery of these services, and identifies the broad asset implications through sound governance and investment management.

Effective Investment Governance

Enterprise architecture reviews ensure alignment of IT investments to bureau strategic plans, the strategic enterprise direction of Treasury. The reviews also identify potential duplication of systems. The Fiscal Service's Capital Planning and Investment Control program addresses the prioritization of new and existing IT investments, risk management, long-range planning, business objectives, alternative analysis and governance. By tracking and reporting the progress of each investment and the performance measures achieved, the Fiscal Service ensures its IT investment portfolio is well managed, cost effective, and supports strategic goals.

Effective Project Execution

Through a disciplined and consistent approach to project management, IT investments are closely monitored for cost, schedule, and performance to ensure expected results and benefits are achieved. Each IT investment has a dedicated program manager and a fully staffed integrated program team. The systems that support each investment are enhanced using Rapid Application Development techniques that give the program manager the flexibility to quickly incorporate new functionality and improve efficiency across the bureau.

Enterprise Architecture Services

Enterprise Architecture Services include business architecture and technical architecture services. Business architecture focuses on the strategic capabilities, knowledge, processes, and relationships that support the achievement of organizational goals and alignment of strategic objectives to meet enterprise business needs. Technical architecture establishes standards and patterns for information technology solutions. Technical architecture reviews requirements that influence or change the technology supporting the Fiscal Service critical business functions and maintains architecture documentation and a Technology Roadmap.

A summary of capital investment resources, including major information technology and non-technology investments, can be viewed/downloaded at: <http://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx>