Progress Statement 2020
The Future of Federal Financial Management

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Message from the Commissioner

Bureau of the Fiscal Service Commissioner Tim Gribben

2020 was an extraordinary year...

In 2020, our nation faced a dual challenge: a global pandemic, and a struggling economy. Most of us worked remotely and adjusted to a dramatically different environment. In this new environment, the Bureau of the Fiscal Service had to quickly make payments to individuals, businesses, and state, local, and tribal governments to provide relief to millions of Americans and businesses under the Coronavirus Aid, Relief, and Economic Security Act (CARES) Act.

Nonetheless, Fiscal Service delivered.

In 2020, Fiscal Service met seven of the goals established in *The Future of Financial Management Vision* nearly three years ago. We set clear objectives, ensured transparency, remained accountable, and worked collaboratively with agency Chief Financial Officers. Our progress is tangible.

More of our services are helping customers find ways to ease the burden of financial management. More financial data is available, in accessible formats. Transformational ideas — that were borne from our ongoing dialogue with the federal financial community — are becoming reality.

...and we're just getting started.

This year, we began to look even further into the future. We engaged the community to begin developing requirements for the financial management marketplace. We also envisioned what the future of federal financial management will look like a decade from now. We imagine an inclusive, consistent interaction for citizens for every financial transaction, regardless of the agency with which they interact. We see our role as a leader in the financial management community, serving as an innovation engine that provides continuous improvement and efficiency. And we envisioned helping agency CFOs to emerge as key strategists and planners, focusing on advancing their agencies' core missions.

How will we achieve that vision in the coming years? I will continue meeting with agency CFOs to hear their ideas and concerns firsthand. We will explore innovative solutions. We will seek ways to reduce burdens. We will remain agile, transparent, and accountable.

All of this relies on the talent and dedication of the government's financial management workforce. Despite a year that kept us physically apart, we proved that together, we can lead, transform, and deliver for our nation.

Tim

ENVISION 2030

We will improve financial management by listening and meeting the needs and expectations of agencies and the citizens we serve.

We will integrate our **customer experience strategy** into all we do — focusing on the start to finish journey of each customer's interaction with Fiscal Service.

We will break down the organizational silos by **sharing universal skillsets**, like data analytics and innovation, across organizational lines, transcending our geographic footprint.

We will have a **seamless partnership** with our stakeholders, where we speak with one voice and understand each other from a strategic and operational perspective.

IMAGINE

Providing a Modern Customer Experience to the American Public

Citizens and businesses have a modern and consistent experience when conducting financial transactions with the federal government, regardless of the agency they are dealing with. They don't have to re-enter the same information multiple times. They are given a variety of modern options for transferring money or data. They trust that their privacy is protected and the information they receive is understandable and accurate. And this experience is not limited to those Americans with established bank accounts or relationships with the federal government.

Leading the Federal Financial Management Community

The financial management community — the practitioners in the federal agencies together with the supporting contractors, financial institutions, and technology providers — became an innovation engine that continuously improves the efficiency of government operations and the services they deliver to citizens.

Unlocking Value for Agency CFOs

Agency CFOs are relieved of routine financial transaction processing and can focus on advancing their agencies' missions through effective resource management. CFOs can choose from a variety of common financial transaction services that are compatible with their agencies' processes, delivered at-scale, reasonably priced, and compliant with government-wide requirements.

Future of Federal Financial Management at a Glance

Americans expect that:

– *the government is an efficient steward of its financial resources;*

– *the financial information provided by the government is accurate; and*

– *their financial interactions with the government are modern, seamless, inclusive, and secure.*

Treasury's Bureau of the Fiscal Service provides disbursing, collecting, financing, reporting, and services for federal agencies.

Seven Financial Management Goals Met ⭐ in Calendar Year 2020

Optimize Federal Disbursing
Create a seamless end-to-end process that is all-electronic from the initiating transaction through settlement: more agile, efficient, and resilient.

⭐ 17 CFO Act agencies using IPP with $45B of invoices processed by 2021.

Reduce the number of paper checks printed by Treasury to 49M by 2021.

95% of federal payments are Treasury-disbursed by 2021.

Transform Federal Collections
Provide citizens a variety of modern electronic options for paying federal taxes, charges, and fees. Minimize lockboxes and paper processing.

⭐ Two of the four lockbox networks will be streamlined by 2021.

One million receivables from 80 agency programs processed through Centralized Receivables Service by 2021.

Increase the annual adoption rate of eCommerce collection methods by four percentage points by 2021.

Strengthen Financial Reporting and Data Transparency
Provide federal agencies and the American public information that is accurate, accessible and transparent. Streamline the federal reporting and audit process to reduce agency reporting burden.

⭐ Provide the public with centralized access to Treasury financial data through modern user experience by 2021.

Reduce buy/sell intragovernmental differences by 90% by 2023.

Generate in excess of $600M of cost avoidance through the use of shared financial management systems by 2023.

Expand Services to Agencies
Provide customer-centric services and solutions to agencies that enable improved decision-making and high-performance through innovation, standardization, operational efficiency, and risk reduction.

⭐ 20 states or agencies use Do Not Pay's analytical services or new portal functionality by 2021.

⭐ Establish a Quality Service Management Office for the federal financial management marketplace by 2020.

NEW Establish a marketplace of commercial and federal providers offering standards-based solutions by 2022.

Modernize Federal Financing
Meet the evolving financing needs of the U.S. government at the least cost over time by offering Treasury securities to investors through modern, secure, and reliable technology.

⭐ 100% of auction results released accurately to the public.

⭐ Improve retail investors' ability to manage their portfolio of Treasury securities.

Modernize the accounting systems used to calculate the public debt by 2021.

Payments without the paper.

More than 100 million citizens are issued federal payments, including Social Security and Veterans benefits, tax refunds, and grants.

More than 96% of federal payments are made electronically. Electronic disbursing is faster, more convenient, more secure, and less costly than paper checks. However, more can be done to make the disbursing process entirely electronic, from initiation to settlement.

Fiscal Service offers disbursing services for federal agencies, allowing them to save resources and focus on their core missions instead of administering expensive, inefficient payment systems.

Goal Achieved

## 17 CFO Act agencies using IPP with $45B of invoices processed by 2021.

In 2020, Fiscal Service exceeded its 2021 IPP goals.

The Invoice Processing Platform (IPP) is a secure, web-based service that automates government invoicing from purchase order through payment notification, at no charge to federal agencies and their suppliers.

Processing an electronic invoice can be 50% less expensive than a paper invoice. For vendors, electronic invoicing means faster payments, more accurate data, better cash management, and an improved customer experience.
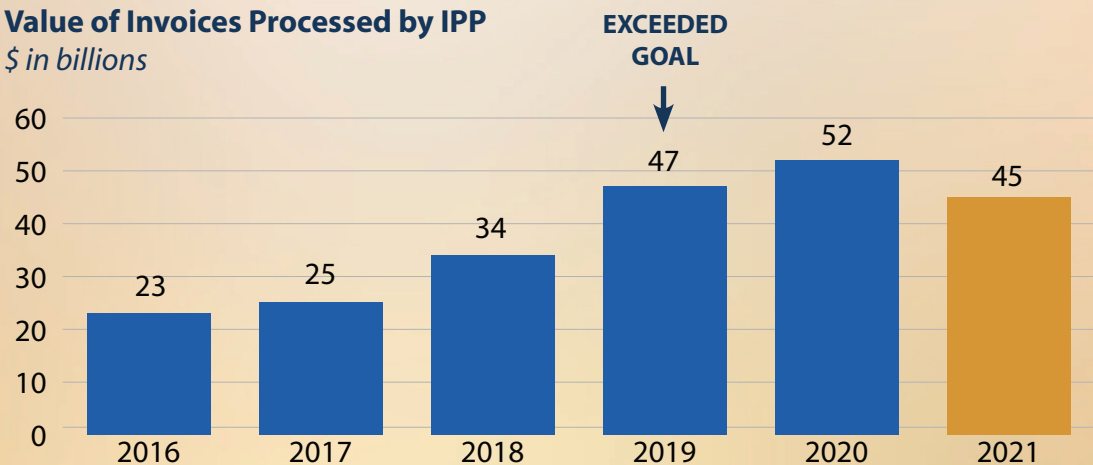
CFO Act Agencies Using IPP
Number of agencies

EXCEEDED GOAL

2016	2017	2018	2019	2020	2021
7	10	13	16	18	17
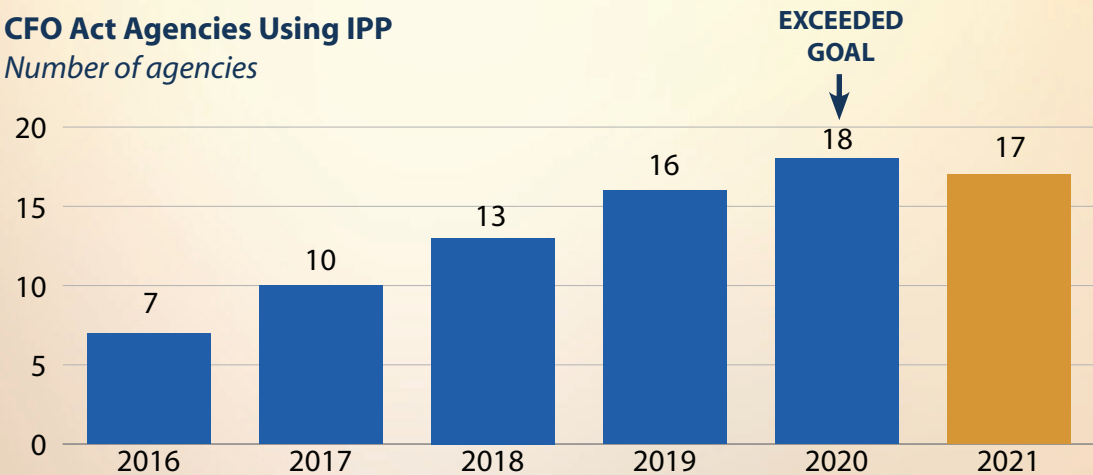
Value of Invoices Processed by IPP
$ in billions

EXCEEDED GOAL

| 2016	2017	2018	2019	2020	2021
23	25	34	47	52	45

Reduce the number of paper checks printed by Treasury to 49M by 2021.

Fiscal Service helps agencies replace paper check payments with automatic deposit and debit cards.

Go Direct is a service that helps citizens sign up for direct deposit of Social Security, Veterans, and other federal benefits.

Direct Express® and U.S. Debit Cards allow payments to be deposited to a debit card. It's a paperless, secure, reliable way to provide benefits.

Number of Paper Checks
Numbers in millions

Year	Value
2016	60
2017	59
2018	56
2019	54
2020	51 *
2021	49
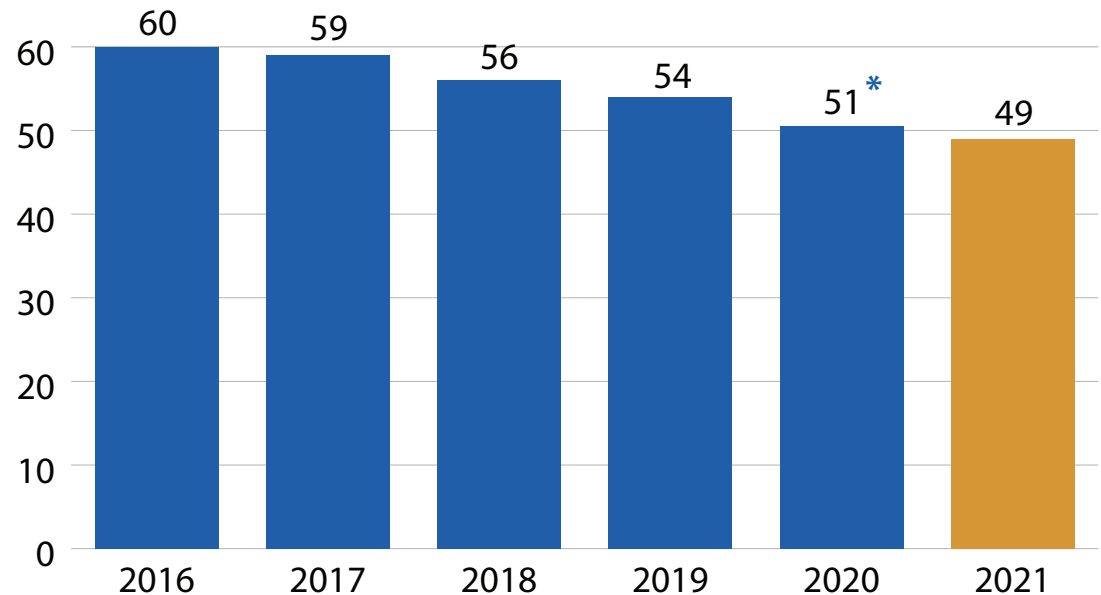
* Does not include 37.6M Economic Impact Payments and 2.1M Department of Education checks related to the pandemic.

The Fiscal Service's U.S. Debit Card program issued nearly eight million Economic Impact Payment Cards to qualified recipients as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA).

95% of federal payments are Treasury-disbursed by 2021.

Treasury's disbursing operations are resilient, standardized, and integrated into the government's overall payment, accounting, and collections lifecycle. Treasury disburses federal payments on behalf of more than 250 federal organizations, eliminating duplicative systems and equipment.

Fiscal Service is exploring innovative approaches to disbursing, including Same Day ACH which makes payments within hours of the payment request, and a Digital Pay service that disburses funds to the payee's debit card or digital wallet with a text message notice.

Treasury-Disbursed Federal Payments
Percentage

Year	Percentage
2016	87
2017	87
2018	87
2019	87
2020	88 *
2021	95
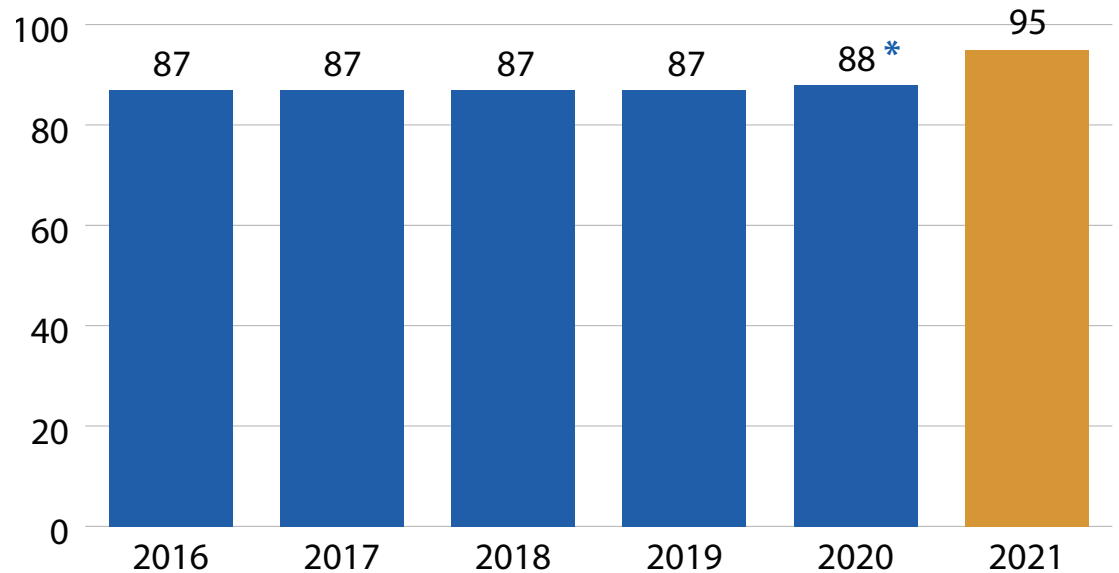
* Does not include Economic Impact Payments.

Collections made easy.

Many Americans prefer to pay their bills online using their smart phones or laptops.

Fiscal Service provides citizens and businesses with a variety of electronic methods for paying federal fees and charges, such as student loan payments, licenses, or National Park passes. Online portals allow Americans to log in, fill out a form, and click a button to pay a bill.

In 2020, the Fiscal Service collected more than $4.24 trillion in revenue through over 500 million transactions with citizens and businesses. While a full 99% of all revenue collected was settled electronically, only 85% of the transactions were fully electronic from end to end. The Fiscal Service still processes 98 million paper transactions.

Fiscal Service's Centralized Receivables Service helps agencies manage accounts receivables through the easy-to-use Pay.gov platform, and innovative new eCommerce solutions are continually being explored.
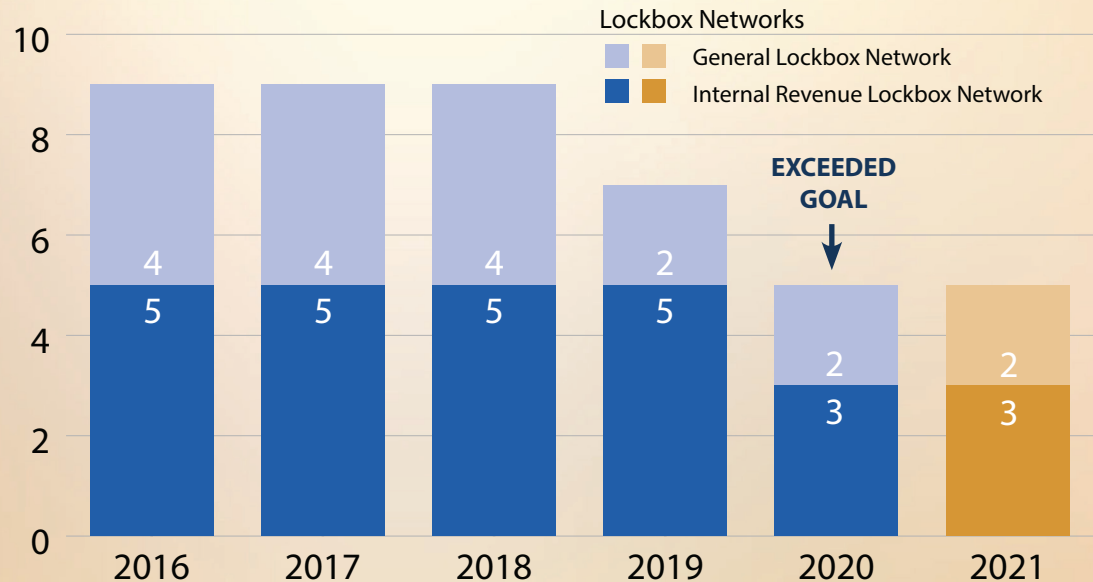
★ Goal Achieved

Two of the four lockbox networks will be streamlined by 2021.

In 2020, Fiscal Service met its goal to streamline two lockbox networks.

Treasury Lockboxes are used to process paper payments, including paper tax returns. They are a safe and effective approach to manage check processing, but require more costly manual work.

Fiscal Service streamlined the number of manual systems used for collections and transitioned to electronic solutions, such as robotic process automation and intelligent character recognition.

Streamlining Lockbox Networks
Number of lockbox sites

Lockbox Networks
- General Lockbox Network
- Internal Revenue Lockbox Network

EXCEEDED GOAL

| Year	Internal Revenue Lockbox Network	General Lockbox Network
2016	5	4
2017	5	4
2018	5	4
2019	5	2
2020	3	2
2021	3	2

One million receivables from 80 agency programs processed through Centralized Receivables Service by 2021.

The Centralized Receivables Service (CRS) helps federal programs collect money that individuals, businesses, and states owe an agency. CRS collects money when it is first due or only slightly overdue, before the account is considered delinquent.

CRS uses state-of-the-art electronic collection and reporting services, including Pay.gov and the Collections Information Repository. CRS increases collections, reduces costs, improves transparency, and assures compliance with federal standards.
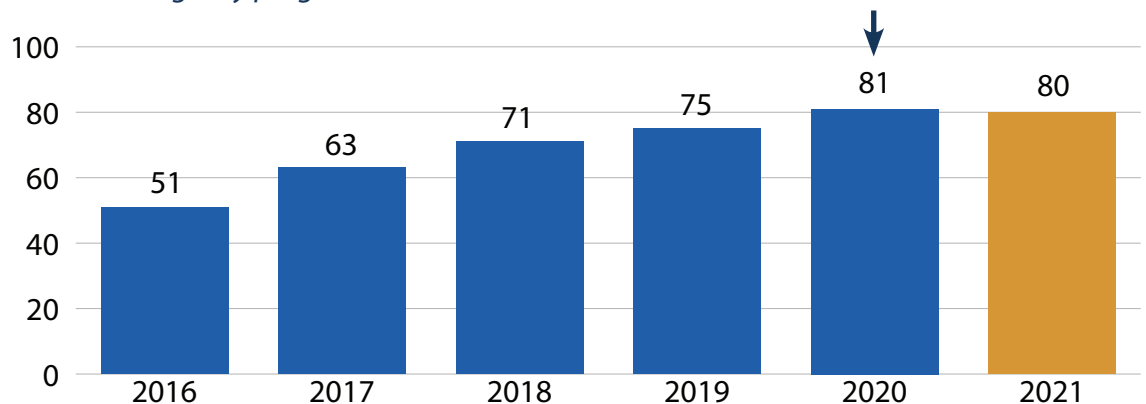
Receivables Through CRS
Numbers in thousands

Year	Value
2016	60
2017	70
2018	190
2019	752
2020	818
2021	1,000
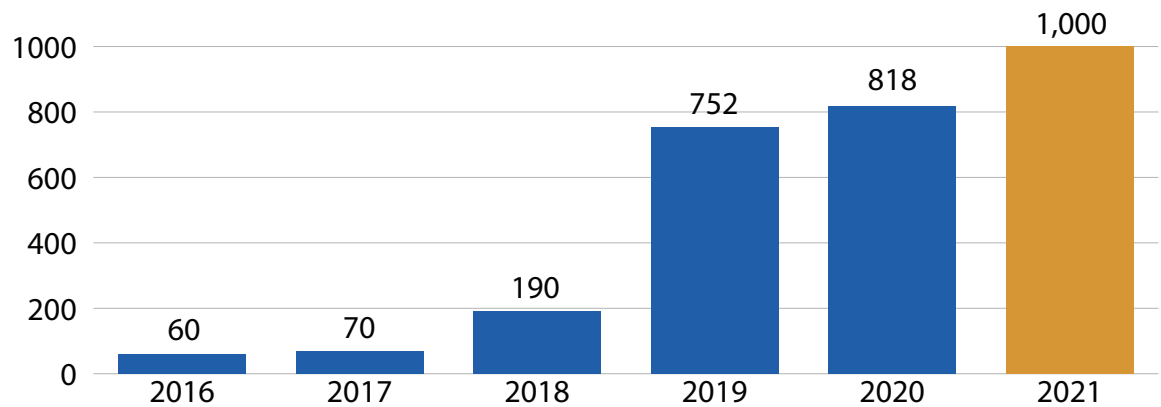
Agencies and Programs Using CRS
Number of agency programs

EXCEEDED GOAL ↓

| Year	Value
2016	51
2017	63
2018	71
2019	75
2020	81
2021	80

Increase the annual adoption rate of eCommerce collection methods by four percentage points by 2021.

Fiscal Service provides agencies with the same electronic commerce solutions used by today's banks. We are exploring innovative collection approaches, including online bill payment, electronic wallets, and mobile applications.

We are building the capacity to keep pace with agencies' accelerating demand for eCommerce solutions. Between 2017 and 2019, the annual rate of adoption grew at a steady three percentage points each year. In 2020, that rate grew by four-and-a-half percentage points — we are on track for our target in 2021.

Growth Rate of eCommerce Solutions Used by Federal Agencies
Cumulative percentage

Year	Value
2017	14
2018	17
2019	20
2020	25
2021	27
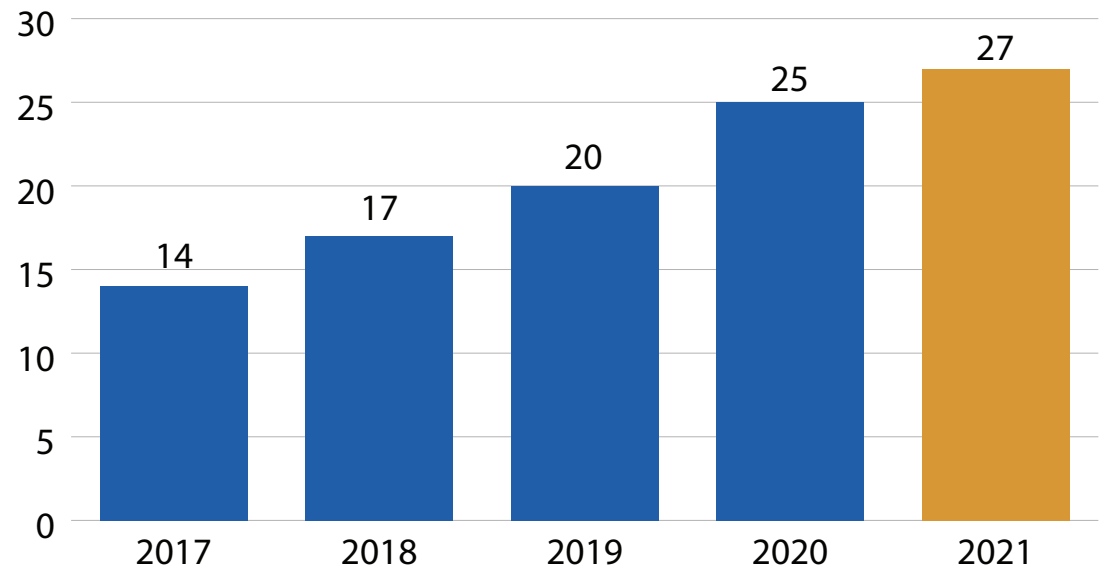
Financial data, accurate and accessible.

Americans want to understand where their tax dollars are spent. For decades, federal agencies and the government as a whole have published audited financial statements. These are important accounting documents, but they don't always answer citizens' questions.

Fiscal Service provides citizens with the tools and data that can help them understand how their tax dollars are spent at USAspending.gov, where they can trace a federal expenditure in their locality from contract award to its representation on the nation's balance sheet. FiscalData. Treasury.gov allows users to explore and analyze the fiscal operations of the U.S. government on topics such as debt, spending, and savings bonds.

We are also working to improve the accuracy of financial data. By collaborating with agencies to share data in a standardized, uniform manner, Fiscal is working to reduce differences for intragovernmental purchase and sale transactions between agencies which will contribute to achieving a clean audit opinion for the entire federal government.

Goal Achieved

Provide the public with centralized access to Treasury financial data through modern user experience by 2021.

In 2020, Fiscal Service launched Fiscal Data.

FiscalData.Treasury.gov provides the public with data that shows the financial workings of the federal government. Fiscal Data covers topics such as debt, interest rates, and revenue through an accessible, easy-to-follow, interactive website.

We designed FiscalData.Treasury. gov by working with researchers who use financial data. By providing more information about the data, we made it more accessible and easier to understand.

Reduce buy/sell intragovernmental differences by 90% by 2023.

G-Invoicing is a paperless, web-based application that manages intragovernmental buy/sell transactions. Enhancements developed collaboratively with agencies allow users to exchange data and standardize accounting for all partners.

G-Invoicing can significantly reduce intragovernmental differences.

Fiscal Service worked with agencies on their implementation plans, which resulted in the decision to move the mandatory implementation date to October 1, 2022.

Reduction in Intragovernmental Buy/Sell Differences
$ in billions

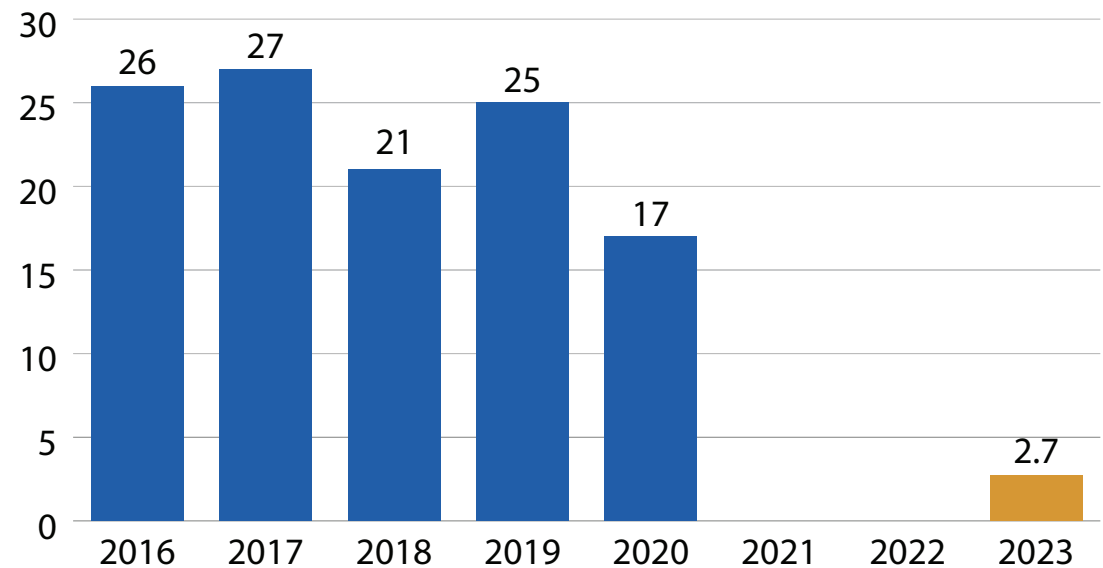| Year	Value
2016	26
2017	27
2018	21
2019	25
2020	17
2021	
2022	
2023	2.7

Chart presents fiscal year data.

Financial management solutions delivered.

Many agencies perform their own financial management operations and related system maintenance. For smaller agencies, these localized operations seldom achieve economies of scale.

By providing financial management services and creating a marketplace of multiple providers, Fiscal Service eases that burden for agencies. Centrally-provided services allow agencies to focus on their mission, redeploy scarce resources from low-value to high-value tasks, improve customer satisfaction, and reduce risk.

Through economies of scale, standardization, and state-of-the-art automation, the financial management services provided by Fiscal will set the benchmark for efficiency and quality.

Generate in excess of $600M of cost avoidance through the use of shared financial management systems by 2023.

Fiscal Service's Administrative Resource Center (ARC) provides customer-focused, cost-effective services in financial management, procurement, human resources, and travel to more than 80 federal agencies and 22,000 federal employees.

Agencies can avoid expensive system licenses and upgrades because they are handled by ARC and the expense is shared across a large base of customers. By sharing a single instance of a core accounting system, the annual cost of licenses and upgrades is incurred only once.

Cumulative Cost Avoidance
$ in millions

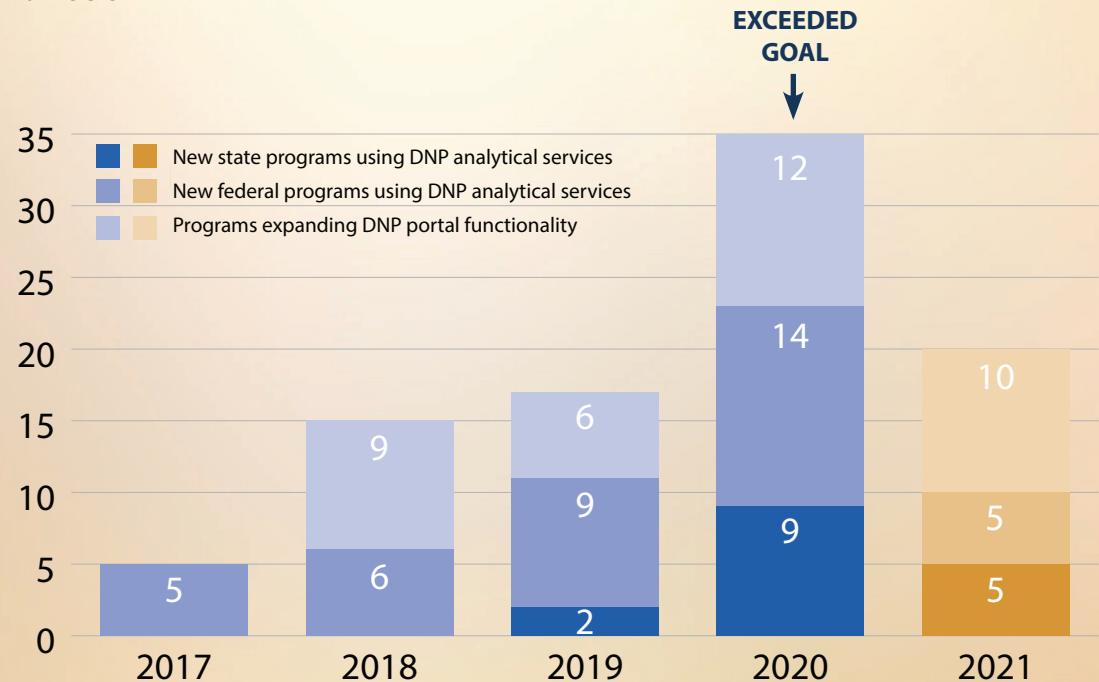| Year	Value
2018	108
2019	221
2020	346
2021	
2022	
2023	600
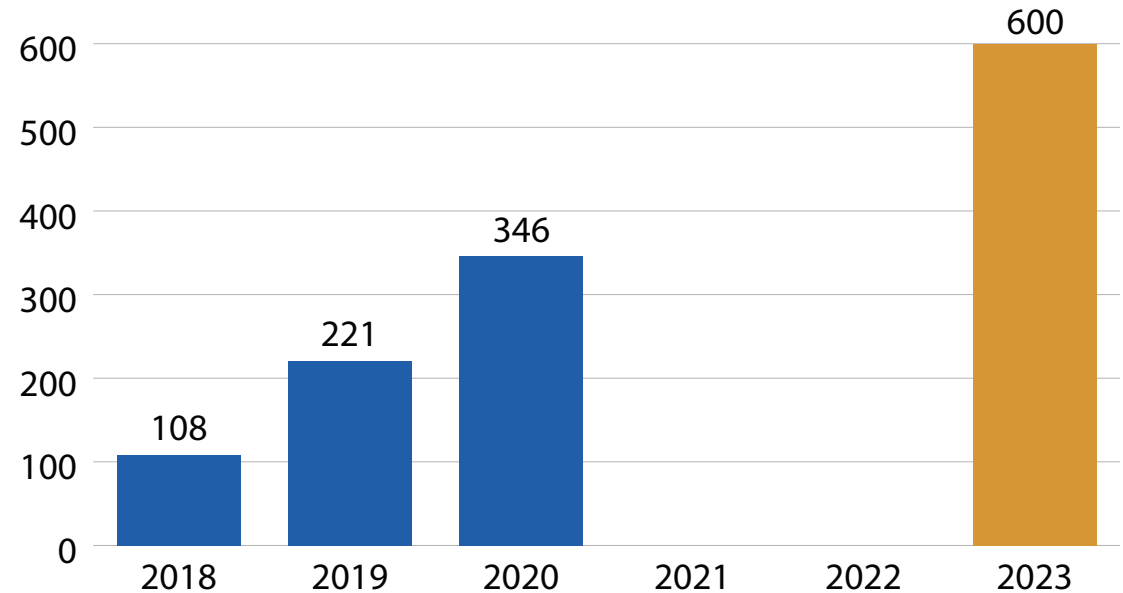
Goal Achieved

20 states or agencies use Do Not Pay's analytical services or new portal functionality systems by 2021.

In 2020, more states and agencies used Do Not Pay (DNP)'s suite of web services that can detect and prevent improper federal payments to vendors, grantees, loan recipients, and beneficiaries.

The robust web portal, analytics tools, and direct support are available to administer federally funded programs.

The DNP portal allows agencies to search multiple databases to identify potential improper payments.

States and Agencies Using DNP Analytical Services or Portal
Numbers

EXCEEDED GOAL

Legend:
- New state programs using DNP analytical services
- New federal programs using DNP analytical services
- Programs expanding DNP portal functionality

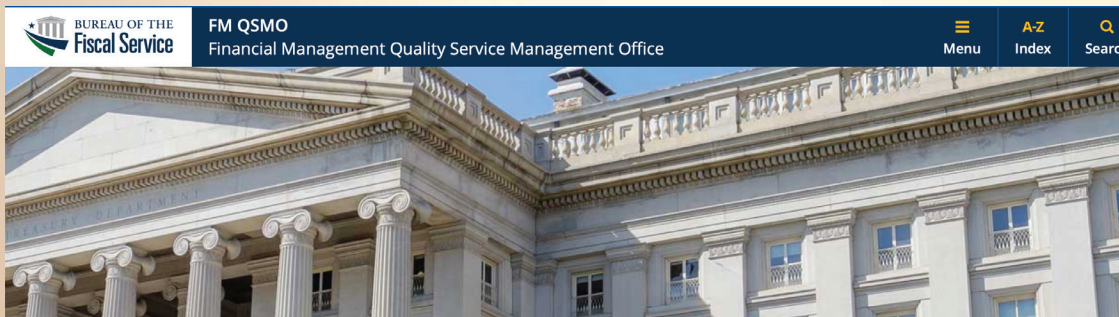| Year	Values
2017	5
2018	6, 9
2019	2, 9, 6
2020	9, 14, 12
2021	5, 5, 10

⭐ Goal Achieved

Establish a Quality Service Management Office for the federal financial management marketplace by 2020.

FM QSMO
Financial Management Quality Service Management Office

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Financial Management Quality Service Management Office

The FM QSMO is a Treasury initiative that will offer a new approach to shared services and federal financial management, establishing a marketplace of systems and services that will drive innovation, compliance with federal policies, standardization and automation.

Treasury's designation as the FM QSMO for core financial management directly supports the President's Management Agenda cross-agency priority goal on the sharing of quality services, (CAP Goal 5) and is a key part of reaching goals under Treasury's 10-year Vision for the Future of Federal Financial Management 📄.

Marketplace Offerings

Core Financial Systems[1]   Professional Services[2]   FM Solutions[3]   Treasury Centralized

On June 29, 2020, Treasury was designated as the Financial Management Quality Service Management Office (FM QSMO) for core financial management by the Office of Management and Budget.

Treasury is establishing a marketplace of systems and services that will drive innovation, compliance with federal policies, standardization, and automation.

The FM QSMO Marketplace will be ready for agencies to use in late 2022.

Establish a marketplace of commercial and federal providers offering standards-based solutions by 2022.

The Financial Management QSMO will act as the broker between agencies and commercial and federal solutions, with embedded standards.

The emerging marketplace will ultimately shrink the technology footprint of financial management and reduce operating costs. The solutions delivered by marketplace providers will focus on the customer experience and maximize the strategic value of data.

Development of Marketplace for Financial Management Services
In stages

2020	2021	2022
Analysis	Solution Design	Implementation
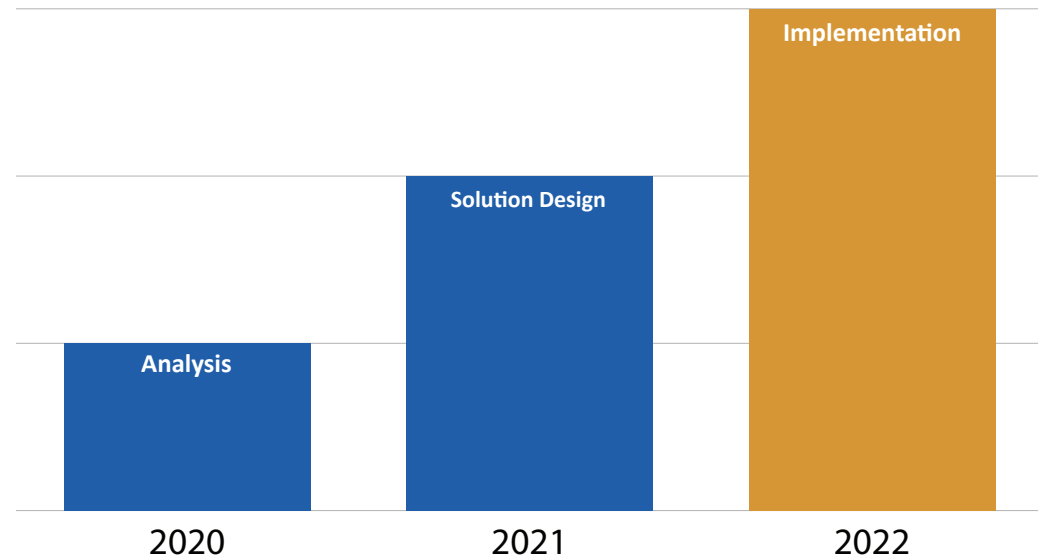
Financing for the future.

Financing the federal government is one of Treasury's central responsibilities. From the 1790s to today, we have met the changing needs of an active government and growing community of investors. Treasury sells savings bonds directly to the public, and Treasury bills, notes, bonds, floating rate notes, and Treasury Inflation-Protected Securities to institutional and individual investors through public auctions that occur with a regular and predictable schedule.

As with other financial markets, advances in technology have facilitated growth in electronic trading for large segments of the Treasury market. Fiscal Service will meet the financing needs of the government with systems and processes that keep pace with the future demands for sale, speed, and security, while continuing to provide opportunities for investors to purchase Treasury securities as a convenient way to save for the future.
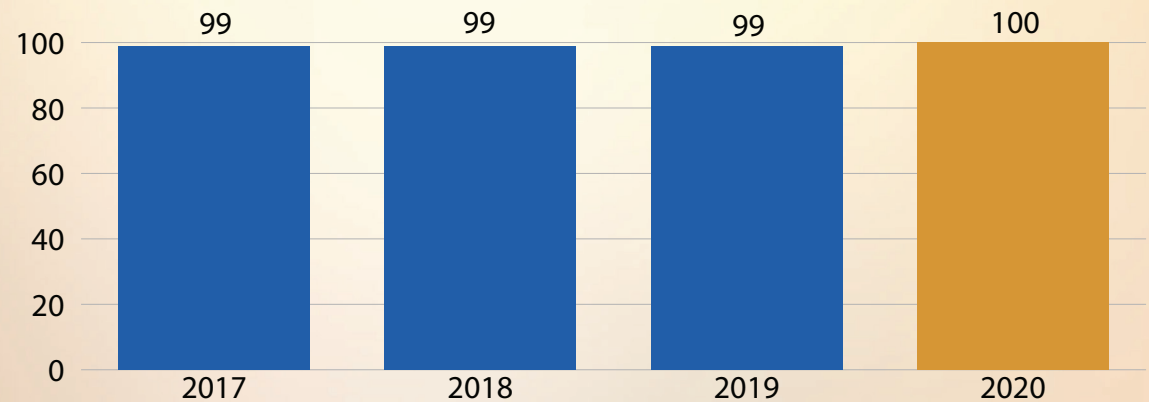
Goal Achieved

100% of auction results released accurately to the public.

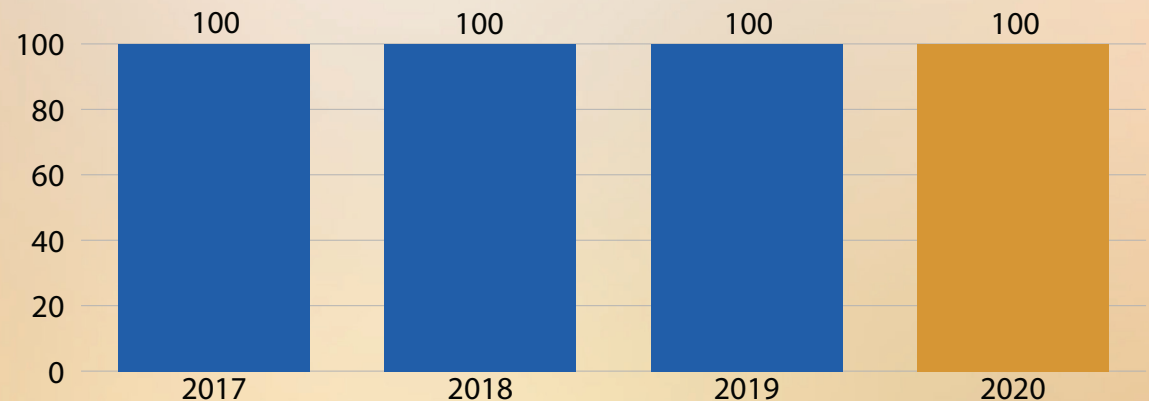**In 2020, 100% of the results of 447 auctions were released accurately and on time.**

The U.S. Treasury market is the deepest and most liquid government securities market in the world and serves as the primary means of financing the U.S. government.

The accurate and reliable release of auction results is critical to public confidence in Treasury securities and the stability of the U.S. Treasury market.

Percent of Auction Results Released Accurately

Year	Value
2017	99
2018	99
2019	99
2020	100

Percent of Auctions Completed by the Scheduled Close Date

Year	Value
2017	100
2018	100
2019	100
2020	100

★ Goal Achieved

# Improve retail investors' ability to manage their portfolio of Treasury securities.

In 2020, 70% of retail securities transactions were made through self-service, meeting a 2020 goal.

The retail program provides simple, safe, and affordable ways for Americans to save for their future by purchasing Treasury securities directly from Treasury.

Without going through a broker or bank, investors can create an account to purchase and hold Treasury bills, notes, bonds, floating rate notes, Treasury Inflation-Protected Securities, and savings bonds — online and without fees.

Self Service Retail Securities Transactions
Percent of total transactions

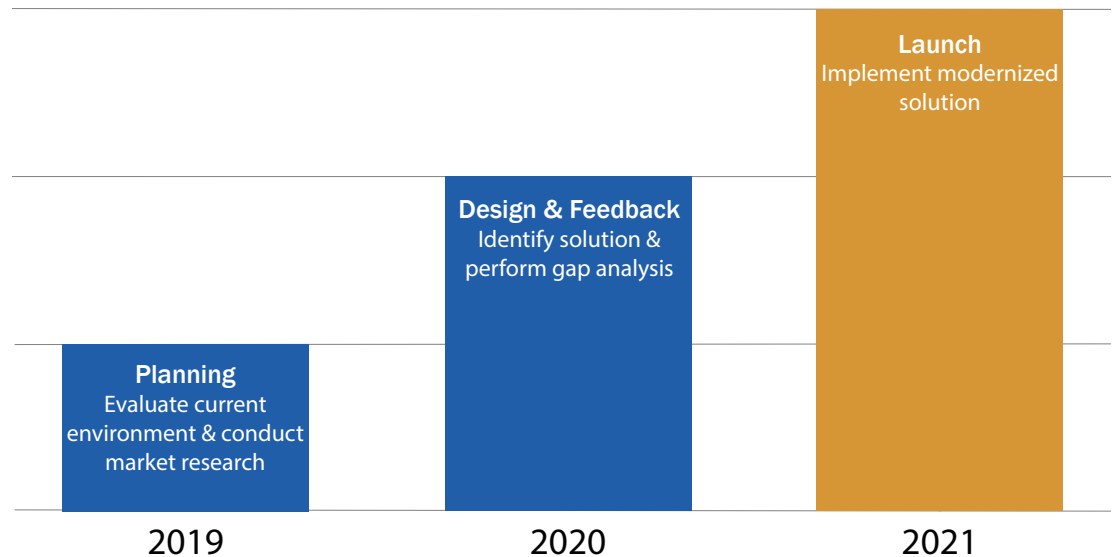| Year	Percent
2017	58
2018	63
2019	69
2020	70
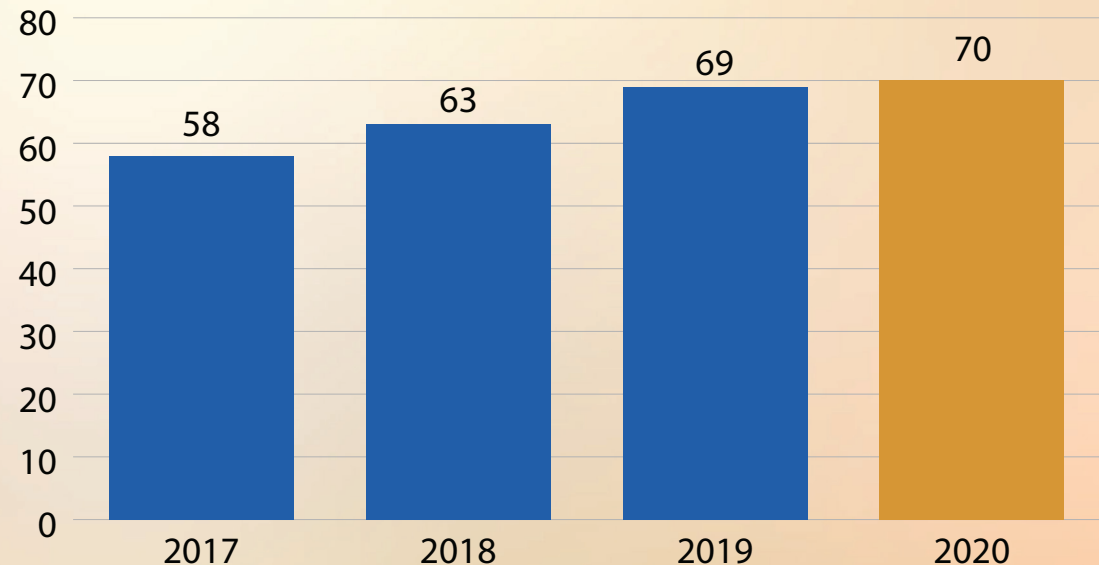
Modernize the accounting systems used to calculate the public debt by 2021.

The accurate accounting of the public debt is one of the oldest responsibilities of the Treasury Department. The first Congress authorized Treasury "to prepare plans for…the support of the public credit…and the forms for keeping and stating accounts." Two hundred and thirty years later, that responsibility is now performed by Fiscal Service, who accounts for the public debt down to the penny, every day.

To maintain this standard of accuracy that citizens expect, we are modernizing the public debt accounting system to keep pace with the speed of transactions, the complexity of security types, and the need to protect the integrity of data.

Modernize the Public Debt Accounting System
In phases

Launch
Implement modernized solution

Design & Feedback
Identify solution & perform gap analysis

Planning
Evaluate current environment & conduct market research

| 2019 | 2020 | 2021 |

Supporting Americans Through the COVID-19 Pandemic

In calendar year 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) were passed to provide relief to citizens, businesses, and state, local, and tribal communities as the pandemic swept the nation and unemployment hit historical highs.

In 2020, Fiscal Service:

Disbursed 313 million Economic Impact Payments (EIP), worth over $419 billion, via direct deposit, check, and the new EIP Card, on behalf of the Internal Revenue Service.*

Processed more than $28 billion in payments to airline carrier worker support.

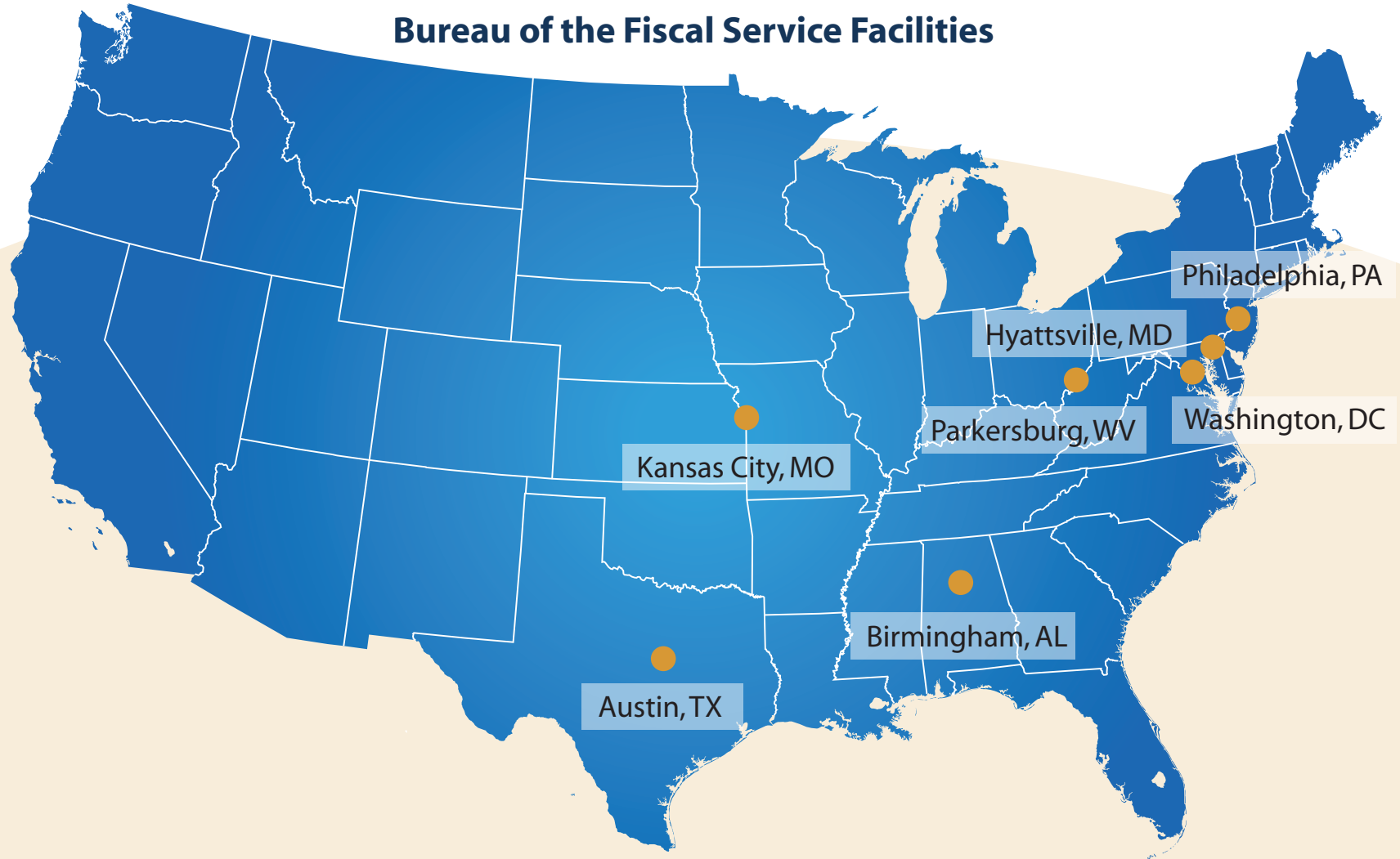Issued approximately $150 billion in payments to 900 state, local, and tribal communities.

Provided up to $454 billion in equity for credit protection, enabling the Federal Reserve to lend to distressed firms.

*Total EIPs certified by IRS through December 29, 2020.

The Nation's Fiscal Service Workforce

The Bureau of the Fiscal Service ensures the viability of the National Financial Critical Infrastructure and is fully operational every day of the year. That did not change during the COVID-19 pandemic. While many Fiscal Service employees worked remotely, Fiscal Service maintained its role to lead, transform, and deliver to the American public.

Bureau of the Fiscal Service Facilities

Philadelphia, PA

Hyattsville, MD

Parkersburg, WV

Washington, DC

Kansas City, MO

Birmingham, AL

Austin, TX

Follow us.

WEBSITE fmvision.fiscal.treasury.gov

EMAIL FMVision@fiscal.treasury.gov

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