David Lebryk

Commissioner, Financial Management Service
U.S. Department of the Treasury

By Michael J. Keegan

Leading the Department of the Treasury's Financial Management Service

From collecting revenue to disbursing payments, the mission of the U.S. Department of the Treasury's Financial Management Service (FMS) is as varied as it is important. As the federal government's financial manager, FMS touches millions of Americans and virtually every federal agency every day. "We're a little-known bureau of the Department of the Treasury," admits David Lebryk, FMS commissioner, "with a huge mission and a workforce that is dedicated to serving the public and providing critical government support and services." In fact, three FMS programs—Payments, Collections, and Cash Reporting—are part of the nation's critical financial infrastructure and essential to government operations. The fourth responsibility for FMS is to manage the collection of delinquent debt owed to federal and state governments. "We make payments for most of the federal agencies, totaling nearly $2.4 trillion to more than a hundred million people each year. We collect nearly $3.06 trillion each year in government revenues that fund the operations of government. We report on the financial activity of the government, managing a daily cash flow of $89 billion. Of the more than $6.17 billion we collect in delinquent debt owed to federal and state governments, nearly half is for back child support to help meet the needs of America's families and children," explains Lebryk. He executes these core functions with a budget of just over $200 million and a staff of about 1,700.

Lebryk understands the gravity and importance of his organization's work. Whether it's getting a payment out on time to individuals facing natural disasters, or helping those whose payments were lost or stolen, "it may sound [like] standard back-office activities, but when you look at our actual mission there's significant purpose and meaning to what we do," says Lebryk. There are also serious challenges facing FMS. Lebryk identifies three: budget, leading in time of change, and agency collaboration. "As [with] most everyone in government, right now the new budget environment is a serious challenge. We have already experienced annual reductions of over $25 million from our FY 2010 levels, with more reductions expected in the future," explains Lebryk.

Despite shrinking budgets, Lebryk leads an FMS that continues to pursue a number of very timely strategic initiatives, such as the all-electronic Treasury, repurposing the Austin Financial Center to a Debt Management Center, cutting IT costs and increasing efficiencies, and migrating to shared services where possible. "There's a significant amount of change ongoing within FMS," Lebryk acknowledges, "I think it's much easier to work and manage in an environment of decreasing resources if you're planning and forward-looking. We've really asked ourselves: How do we do a better job of doing what we do? This involves looking at all aspects of our business and figuring out how we become more efficient."

Lebryk recognizes that meeting these challenges head-on takes focus, discipline, and a clear strategic direction. He points out that it's about creating and clarifying direction while also aligning the organization and its resources accordingly. "We did a critical success factor exercise that convened FMS senior leaders and cross-cutting teams of people to identify those critical things that FMS needs to do well in order to be successful. We came up with five CSFs." These critical success factors run the gamut: organizational commitment to operational excellence; effective and efficient use of technology; the right people with the right skills

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in the right job, strong key collaborative relationships; and organizational commitment to security and protection of all FMS assets. “Once you identify them you really start to think through how we should align resources and efforts within the organization to be successful in these areas. We use them to set our strategic and tactical goals,” says Lebryk.

A key strategic FMS goal is the “timely, accurate, and efficient disbursement of federal payments.” In terms of enhancing the security, effectiveness, and efficiency of payments, FMS pursued an “All-Electronic Treasury” policy converting from paper to electronic payments. “Electronic Fund Transfer (EFT) payments are much more cost-effective,” explains Lebryk. For each check that is converted to EFT, the potential per-unit cost savings to the federal government is 92 cents. Along with the $120 million annual cost savings, other benefits include eliminating the risk of lost or stolen checks, the convenience of direct deposit or use of the Direct Express Card, and positive environmental benefits from saving 12 million pounds of paper in the first five years alone. Technology plays a critical role in this effort. FMS has sought to modernize its front and back-end IT infrastructure, replacing legacy applications with a single standardized application as part of its Payment Application Modernization (PAM) initiative. FMS designed a centralized, web-based application service called Internet Payment Platform (IPP), saving agencies substantially on vendor invoice processing costs. In fact, Lebryk points out that an agency currently using IPP has reported 24–46% in cost savings.

Along with payment and electronic invoicing, the paperless initiative also has implications for FMS’s collections activities. “We continually look for ways to collect the nation’s revenues in the most effective and efficient way, leveraging technologies to find creative solutions to provide better service to agencies,” says Lebryk. In FY 2010, 85 percent of dollar collections were electronic. For example, beginning January 1, 2011, as part of the All Electronic Treasury initiative, businesses permitted to use paper Federal Tax Deposit coupons were required to make those deposits electronically through Treasury’s free Electronic Federal Tax Payment System (EFTPS), resulting in an increase in the rate of electronic collections to 96 percent and expected savings. This initiative is one of many examples, including Pay.gov, which allows individuals and businesses to make non-tax payments to federal agencies on the Internet. Pay.gov has been implemented with 160 federal agencies, collected $86.6 billion, and processed 76.4 million transactions in FY 2011.

FMS has also identified strategies to help increase the collection of delinquent debt. These range from strengthening Treasury’s debt collection authorities to increasing analytical capabilities. According to Commissioner Lebryk, the legislative changes and initiatives outlined in the FY 2012 budget are estimated to increase collections by more than $5 billion annually in 10 years, allowing 100% levy of payments to Medicare providers and federal contractors and permitting states to use the Treasury Offset Program to collect delinquent state income tax debts from individuals who no longer reside in their state. FMS has also expanded its use of analytics to determine the Return on Investment (ROI) on pursuing certain debts over others, as well as in forecasting techniques to predict future call volume and delinquent debt levels. “We take stewardship and our responsibilities to the taxpayer very seriously, and that permeates everything that we do,” declares Lebryk.

He understands that the success of the many FMS initiatives rests on improving performance, implementing better processes, enhancing operations, and achieving outcomes. Doing this efficiently and effectively involves having the right people with the right skills in the right positions. “There are so many examples,” admits Lebryk, “where the hard work of our people made all the difference … In my view, the dedication, hard work, and professionalism of our people really [are the keys] to success.” ◘

To learn more about the Financial Management Service, go to www.fms.treas.gov/index.html

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