

Promoting the Financial Integrity of the U.S. Government: Insights from Dave Lebryk, Commissioner, Bureau of the Fiscal Service, U.S. Department of the Treasury

By Michael J. Keegan



The Bureau of the Fiscal Service (BFS) was formed by combining the Financial Management Service (FMS) and the Bureau of the Public Debt (BPD). BPD financed government operations, accounted for the resulting public debt, and provided financial and administrative services to federal agencies. FMS provided payment services, revenue collection and centralized debt collection for the federal government, and prepared

the financial statements of the federal government.

How has the Fiscal Service transformed the way the federal government manages its financial services? What is the Fiscal Service doing to promote the financial integrity and operational efficiency of the federal government? How is it strengthening its financial management processes to realize efficiency, better transparency, and dependable accountability? Dave Lebryk, Commissioner, Bureau of the Fiscal Service, U.S. Department of the Treasury, shares his insights on these topics and more. The following is an edited excerpt of our discussion on *The Business of Government Hour*.

What is the mission of Treasury's Bureau of the Fiscal Service? What activities does BFS engage in to achieve this mission?

 **Dave Lebryk:** On October 7th, 2012, the Bureau of the Public Debt and the Financial Management Service came together to form the Bureau of the Fiscal Service. The Bureau of the Fiscal Service has a very important mission. We make most federal government payments. We collect most of the money for the government; we account for the public debt as well as report on the financial activity of the federal government.

In addition, we collect debt on behalf of federal agencies and provide shared services to 78 customers. We have an

appropriated budget of around \$360 million; 3300 employees at six locations located across the country. We have payment centers in Kansas City and Philadelphia. We have two debt collection centers, one in Austin, Texas, and one in Birmingham, Alabama. The bulk of our operations are done in the Washington, D.C., area and Parkersburg, West Virginia.

I'd like to focus more on your specific responsibilities as the commissioner of the Bureau of the Fiscal Service. Would you describe your duties and areas under your purview? How do your efforts support the overall mission of the Department of the Treasury?

 **Dave Lebryk:** My main responsibility is to set strategic direction for the organization. At the same time, any good leader needs to focus on the operational as well as the people aspect of an organization. I probably spend a fair amount of my time on the strategic, setting the direction for the organization, establishing the priorities, but also making sure that we're delivering on them through out daily functions. Every month we make payments to roughly 80 million people who rely on their Social Security payments or their veterans benefits. We call these lifeline payments, so it's very important that we deliver these payments every month on time, every time. We take great pride in doing just that.

We also finance federal operations. Last year we conducted over 268 auctions raising \$8.1 trillion. The number of Treasury securities that have been issued, payments that have been made, or financial statements of the federal government—all this information comes from the Bureau of the Fiscal Service. It was apparent during the government shut-down how critical we are to the functioning of the government. If we're not raising money to finance government operations, collecting money, or making payments, it has a significant impact on not only the operation of the government but on the economy as a whole.

A man with short, light-colored hair, wearing a dark blue suit jacket, a light blue dress shirt, and a red tie with a small white pattern, is smiling and speaking. His right hand is raised, with fingers slightly spread, as if gesturing during a presentation or speech. The background is dark and out of focus.

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“We’re probably the only bureau or agency that has shared service as part of its mission. We provide shared services in a number of areas: travel, procurement, accounting, HR, and IT. Using a shared services model can save agencies money and time, so they can focus more resources on meeting their missions. It is a very powerful model and there are lots of opportunities across government to do more.”

Regarding your responsibilities and duties, what are the top three challenges that you face in your position and how are you addressing these challenges?

 **Dave Lebryk:** It’s fair to say that budgets are going to remain tight for the foreseeable future. Demographics are changing significantly with the aging of the workforce. Technology is evolving very rapidly and our bureau is at the forefront of many of these issues. I’ll give an example.

About three years ago, we started an initiative called the All Electronic Treasury Initiative. At that time, roughly 80 percent of all payments were being made electronically. Today, close to 98 percent of benefit payments are made electronically, which is safer and more secure than paper checks. Three years ago, we were producing close to 200 million checks a year. We’re estimating we’re going to produce 80 million checks this year. This has a significant operational impact. This change in process enabled by advances in technology required that we close payment facilities, illustrating an intersection of technology and change.

Secondly, workforce demographics have changed, so when you make these kinds of fundamental changes, you have a different dynamic than you would have had 20 years ago when fewer workers were retirement eligible.

Lastly, these changes were driven in large measure to reduce budgets; it costs over a dollar to produce a paper check [and] less than 10 cents to issue an electronic payment. This initiative [will] save close to one billion dollars over the next 10 years. By going in this direction, we operate more efficiently as a government agency. This is one example of how we think strategically and carefully about the significant changes happening and challenges faced.

Would you tell us about your strategic vision for the bureau?

 **Dave Lebryk:** We talk about lead, transform, and deliver when we think about the things we’re doing. We are now focused on making government operate better and what we can do to remain sustainable for the long term. We’ve positioned the bureau very well. Many government agencies are

experiencing the same budget pressures that we did, requiring them to focus more on their core missions. The back office operations we perform are not core to those missions.

Agency leaders must find new ways to deliver their missions less expensively. There is much receptivity to the kind of things that we’re doing—centralizing services or pursuing shared services as options for agencies. We were able to function well in the budget environment because we went from five data centers to two. We went from four payment centers to two. We reduced our facilities footprint and reduced costs in these areas. There are lessons for government agencies that are opportunities to reduce costs.

What prompted the creation of this newly established bureau? How has the consolidation process gone to date?

 **Dave Lebryk:** In September 2011, we began discussing the need to consolidate the two bureaus given long-term budget cuts. We asked whether these two bureaus could continue to function in the face of budget realities. We recognized that we’d have a difficult time continuing to fulfill our mission-critical functions. We initially looked at this as a budget exercise. Through this and other efforts, we identified close to \$100 million of savings—about 20 percent of our appropriated annual budget from our 2010 level. We have significantly reduced our costs.

By February 2012, we announced it publicly in our budget, and by October of 2012, we had actually executed the consolidation. All of our employees were given a card that highlights our mission and vision, and to remind us all why we’re doing what we’re doing. I carry mine with me all the time.

We’ve also used the opportunity to re-imagine what the combined organization could do. The legacy missions of FMS and BFD both [were to] “provide services.” We existed to provide payment services, financing services, or debt collection services. Today, our mission is about transforming government ... changing the way the government does back office operations while also improving financial management.

In bringing these two agencies together, we did six major reorganizations. We set up a special site called One Fiscal where employees could ask questions. I do what we call a “What’s Up email,” every several weeks in which I talk about things going on in the organization. This became increasingly important during the consolidation period.

We’ve had to become pretty good at managing change. It has become a fundamental part. Sometimes you’re going to do things that aren’t popular, but are necessary to strategically position the organization for success. It always helps that you have a clear sense of where you’re going and engage your team accordingly. The first phase was consolidation. The second phase involves integration, and the next phase is optimization. We are in that integration phase. We have an effort underway to reexamine our values. The most important thing we can do during this integration phase is ensure our people feel valued and that we invest in their training.

What are some of the recent initiatives you have been pursuing?

 **Dave Lebryk:** Late January [2014], it was an exciting period at the bureau when the president introduced the myRA in his State of the Union Address. It is a new way for working Americans to start their own retirement savings. [myRA is a savings bond that encourages building a nest egg]. We think it is going to be an appealing way to encourage people to save, as well as benefit employers large and small who currently might not offer a retirement account to their employees.

MyRA has some income restrictions similar to Roth IRAs. I believe those numbers are somewhere around \$129,000 per individual and \$191,000 for a couple. This is part of the president’s effort to really encourage savings in the country. At the bureau, we have the opportunity to actually build the infrastructure that supports the myRA. This is not new for us as we run the savings bonds programs and TreasuryDirect, which have over 50 million savings bond owners.

During that same week, and for the first time in 16 years, we issued a new security—a floating rate note, successfully auctioning around \$15 billion in its debut—it has been very popular with the investment community. The larger investors usually buy these notes, but individuals can buy them as well.

Finally, we implemented a new governmentwide financial reporting system, Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) as the primary means of reporting agency trial balance data. A single data collection system will pave the way for more consistent and complete

financial data and will allow for better analytical reporting. This enables agencies to report their financial information. We can use that to compile a report for Congress, as well as make information more readily available and usable.

In an era of fiscal constraint, federal agencies are always trying to find new ways of doing business that can lead to cost savings and realize efficiencies. Would you tell us more about the push towards shared services in the federal government?

 **Dave Lebryk:** We’re probably the only bureau or agency that has shared service as part of its mission. We provide shared services in a number of areas: travel, procurement, accounting, HR, and IT. We have 78 shared services customer agencies. This is where government needs to be going. We work closely with the other shared service providers in trying to understand the demand for shared services, and then how we can collectively meet that demand. We’re talking about what agencies are doing, what they need to be doing over the course of the next 10 years. For example, agencies should consider federal shared services providers as viable options prior to investing in new systems. In fact, the bureau is working with the U.S. Department of Housing and Urban Development right now, looking at their core financial system and how we may be able to assist them.

I talked to a federal agency CFO who said he spends 25 percent of his time on systems issues because he is dealing with his agency’s ERP and core financial system. The CFO in my organization spends none of her time on systems issues. She has time to spend on strategic issues such as internal controls and management. Using a shared services model can save agencies money and time, so they can focus more resources on meeting their missions. It is a very powerful model and there are lots of opportunities across government to do more. ■

To learn more about the Bureau of the Fiscal Service, go to www.fiscal.treasury.gov.



To hear *The Business of Government Hour’s* interview with Dave Lebryk, go to the Center’s website at www.businessofgovernment.org.



To download the show as a podcast on your computer or MP3 player, from the Center’s website at www.businessofgovernment.org, right click on an audio segment, select Save Target As, and save the file.



To read the full transcript of *The Business of Government Hour’s* interview with Dave Lebryk, visit the Center’s website at www.businessofgovernment.org.