



Agency Priority Goal | Action Plan | FY 2022 – Quarter 2

---

## Improving the Payment Experience

Provide a modern, seamless, inclusive, and secure payment experience by increasing electronic payments

---

### Goal Leaders:

Timothy Gribben, Commissioner, Bureau of the Fiscal Service

Matthew Miller, Deputy Commissioner, Bureau of the Fiscal Service

# Goal Overview

---

## Goal Statement

- Create a modern, seamless, inclusive, and secure Federal payment experience for the public that meets customer needs while reducing costs, expanding financial inclusion, and improving climate sustainability of Treasury's operations. By September 30, 2023, Treasury will:
  - Increase the electronic payment rate for Treasury-disbursed payments to 96.56% by the end of FY 2023, compared with 96.18% in FY 2021; and
    - Achieving this increased electronic payment rate would lead to an estimated reduction of 4.8 million checks\*.
  - Increase the electronic payment rate for IRS individual tax refunds to 81.00% by the end of FY 2023, compared with 80.34% in FY 2021.

## Problem to Be Solved

- Paper checks place additional burden on the public to access their money, increase the carbon footprint, and are not cost-effective for the government or the public.
  - For example, paper checks are 4-times more expensive, 7-times more likely to have an exception claim (i.e., lost, stolen, or returned), and 14-times more likely to have a non-receipt claim compared to electronic payments.
- When the Department of the Treasury issues a paper check – as opposed to using an electronic payment – it introduces additional steps, more risk, longer wait times, and unnecessary costs for the recipient.
- Since the beginning of the pandemic, the American public has been increasingly seeking emerging electronic payment options emphasizing payment choice, speed, security, and mobility.\*

## What Success Looks Like

By September 30, 2023, Treasury will:

- Increase electronic payments which improves customer experience for the payment recipient and improves climate sustainability.
- Gain an understanding of how to improve delivery of government payments to hard-to-reach populations.

*\* Assuming FY 21 payment volume data, which excludes Economic Impact Payments and Advance Child Tax Credit payments.  
Note: Future legislation related to payment processing may impact these target measures (e.g. Child Tax Credit legislation)*

# Goal Targets

Achievement statement Repeat the achievement statement from the goal statement on the previous slide		Key indicator(s) A "key performance indicator" measures progress toward a goal target	Quantify progress These values enable us (and you!) to calculate % complete for <u>any</u> type of target*			Frequency When is there new data?
By...	We will...	Name of indicator	Target value	Starting value**	Current value	Update cycle
09/30/2022	Increase the electronic payment rate for Treasury-disbursed payments	Electronic payment rate	96.37% (FY22)	96.18%	N/A	Annually
09/30/2023			96.56% (FY23)			
09/30/2022	Increase the electronic payment rate for IRS individual tax refunds	Tax refund electronic payment rate	80.50% (FY22)	80.34%	N/A	Annually
09/30/2023			81.00% (FY23)			
09/30/2023	Conduct 4 meetings with the "No Checks Coalition" to increase electronic payments and improve financial inclusion	Number of "No Checks Coalition" meetings	4	0	N/A	Annually

# Goal Team

To achieve this goal:

- **IRS**, in collaboration with Fiscal Service, will focus on increasing electronic payments for individual tax refunds; and
- **Fiscal Service**, in collaboration with other Federal agencies, will focus on increasing electronic payments for non-tax payments.

## Project Management Office (PMO): Fiscal Service



### Senior Leads:

- James Fish, Wage & Investment Director Submission Processing, IRS
- Linda Chero, Assistant Commissioner, Payment Management, Fiscal Service

### Teams:

- Wage & Investment (IRS)
- Submission Processing (IRS)
- Payment Management (FS)
- Payment Strategy & Innovation (FS)



### Senior Lead:

- Linda Chero, Assistant Commissioner, Payment Management, Fiscal Service

### Teams:

- Payment Management
- Payment Strategy & Innovation

# Goal Strategies

Treasury will use a 5-pronged strategy to provide a modern, seamless, inclusive, and secure payment experience.

## Data Analytics



Evaluate data to understand how and why the public chooses payment methods and prioritize tactics accordingly.

## Public Experience



Create a roadmap to update forms, processes, and systems to make electronic payments easier and more inclusive.

## Agency & Industry Engagement



Develop check reduction strategies, implement electronic solutions, and test new, modern payment technologies.

## Targeted Messaging



Craft effective messages to raise awareness about the benefits of electronic payments and problems with paper checks.

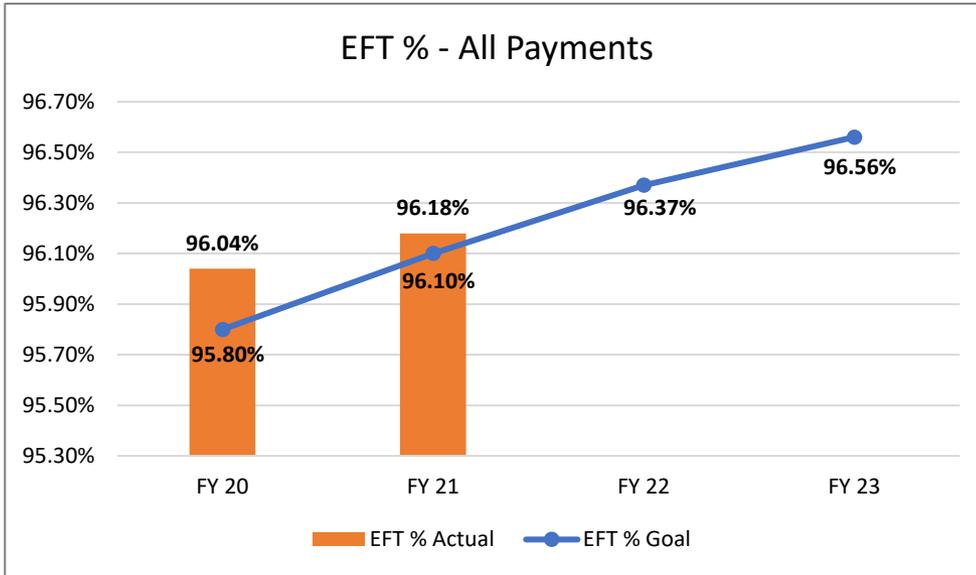
## Legislative & Regulatory Authorities



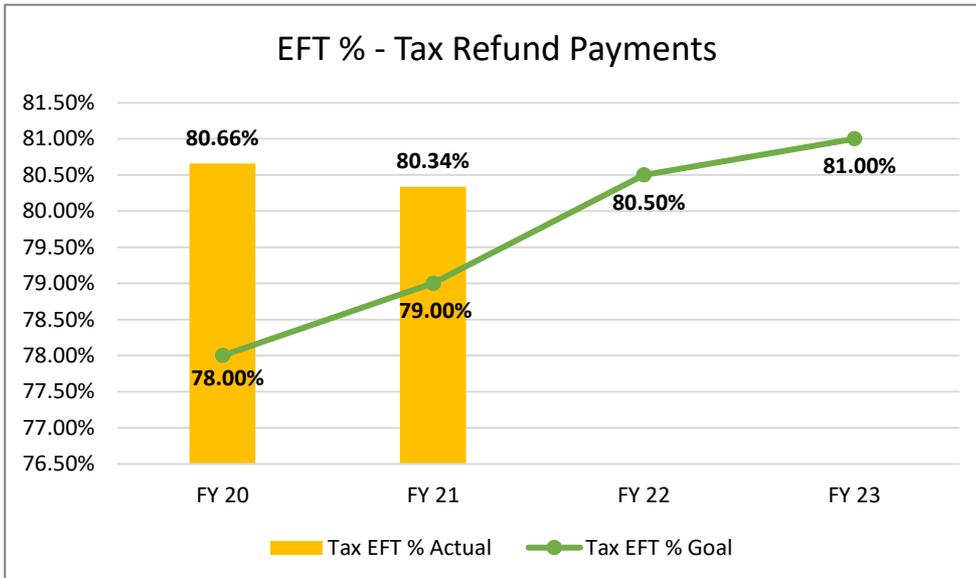
Pursue legislative changes and implement regulatory changes to facilitate or require electronic payments.

**Improved Payment Experience**

# Annual Key Indicators



*Achieving this increased electronic payment rate would lead to an estimated reduction of 4.8 million checks.*



*Tax refund payment volume in FY 21 was higher than usual due to relief legislation.*

**Notes:**

- The tables show values starting with FY 2020 because that is when the Reducing Paper Checks APG began.
- FY = Fiscal Year
- EFT = Electronic Funds Transfer
- EFT % data will be reported annually for each FY

# Key Milestones

Milestone Summary					
Strategy Area	Key Milestone	Milestone Due Date	Milestone Status	Owner	Comments
Data Analytics	Analyze tax refund check recipient data for 2021 & 2022 filing season	Q3, FY22 Q3, FY23	On Track	IRS	Data requests submitted to support this analysis.
	Explore bank account matching for vendor, miscellaneous, and benefit payments	Q2, FY23	On Track	FS	Exploratory discussions continue for bank account matching with Veterans Benefit Administration and Federal Emergency Management Agency to avoid sending checks if payees are already getting EFT (bank account matching).
Public Experience	Enable direct deposit capability for amended tax returns	Q4, FY22	On Track	IRS	Pending IRS Information Technology prioritization/resource allocation decisions.
	Explore adding debit card option for tax refund payments	Q4, FY22	On Track	IRS	Development discussions include the ability to select a debit card via Online Account as an alternative to a direct deposit.
	Expand partnerships to identify how to improve the delivery of government payments to hard-to-reach populations	Q4, FY23	On Track	FS	Continuing to meet with financial network associations and exploring conference speaking engagements
	Allow taxpayers to choose refund payment option via online account	Q4, FY23	On Track	IRS	Online account refund payment options are included in the development discussions to create a bank repository.
Targeted Messaging	Deploy 'Get Ready' communications campaign to encourage taxpayers to choose direct deposit for tax refund	Q1, FY22 Q1, FY23	FY 22 - Completed	IRS	FY22 "Get Ready" campaign was successfully completed with increased communication regarding direct deposit and guidance for the unbanked population
	Institute a messaging and outreach campaign (Go Direct 2.0) to promote electronic payments and increase financial inclusion	Q4, FY22	On Track	FS	Outreach efforts continue; fine-tuning messaging and branding on social media and through external meetings

# Key Milestones

Milestone Summary					
Strategy Area	Key Milestone	Milestone Due Date	Milestone Status	Owner	Comments
Agency & Industry Engagement	Collaborate with tax industry to promote direct deposit for tax refunds	Q1, FY22	Completed	IRS	During industry calls, direct deposit is promoted as a way to improve the taxpayer and practitioner experience. Issued Tax Tip 2022-14 for industry and media emphasizing direct deposit to bank accounts, reloadable debit cards and banking apps
	Collaborate with financial industry to promote electronic payments	Q2, FY22	Completed	FS	Held meetings with financial industry organizations and associations in an effort to improve payment experience through electronic payments
	Engage with financial industry to enlist help in testing payment technologies	Q3, FY22	On Track	FS	Continuing to work with financial agent on possible pilot for Veterans Benefit Administration
	Manage No Checks Coalition to promote agency check reduction	Q4, FY22 Q4, FY23	On Track	FS	March meeting was successfully held Early-stage planning for June meeting starting to begin
Legislative & Regulatory Authorities	Explore legislation authorizing bank matching	Q4, FY23	On Track	FS & IRS	Developing proposal for submission as part of the FY 24 legislative cycle
	Explore adding tax refunds to EFT mandate	Q4, FY23	On Track	FS & IRS	Developing proposal for submission as part of the FY 24 legislative cycle
	Publish Notice of Proposed Rulemaking (NPRM) for 31 CFR Part 208 to reduce waivers and increase compliance with EFT mandate	Q3, FY22	On Track	FS	Notice of Proposed Rulemaking (NPRM) undergoing final review before Clearance Tracker; targeting publication by end of June

# Data accuracy & reliability

## Measure: EFT % for all payments disbursed by Treasury and for individual tax refund payments.

<b>Definition</b>	The Bureau of the Fiscal Service disburses payments on behalf of 250 Federal entities. That payment volume represents 90% of all Federal disbursements and includes tax refunds, benefit payments, federal grants and a variety of other payments Americans rely on. This measurement is defined as the electronic funds transfer percentage (EFT %) for all payments disbursed by Treasury, and the EFT % for all individual tax refund payments.		
<b>Type</b>	Performance Measure (Outcome)		
<b>Targets:</b>	<i>FY 2022</i>		<i>FY 2023</i>
<b>All Payments EFT %</b>	96.37%		96.56%
<b>Tax Refund EFT %</b>	80.50%		81.00%
<b>Desired Direction</b>	An increase in EFT % for all payments disbursed by Treasury and an increase in EFT % for all individual tax refund payments.		
<b>Unit of Measure</b>	The annual percentage of EFT payments disbursed by Treasury and the annual percentage of EFT payments for individual tax refund payments.		
<b>Calculation Methodology</b>	EFT % is calculated by dividing the annual total number of electronic payments by the annual total number of payments disbursed by Treasury. For individual tax refund payments, EFT % is calculated by dividing the annual total number of electronic tax refund payments by the annual total number of tax refund payments.		
<b>Data Source</b>	The data source is the annual number of electronic payments and annual number of total payments disbursed by Treasury. For individual tax refund payments, the data source is the annual number of electronic tax refund payments and the annual total number of tax refund payments. The data is per Fiscal Service's Payment Information Repository (PIR) report.		
<b>Quality</b>	The measure accurately represents electronic payments disbursed by Treasury and electronic tax refund payments.		
<b>Frequency</b>	The EFT % for all payments disbursed by Treasury and for individual tax refund payments will be tracked and reported annually at the end of each Fiscal Year.		

# Data accuracy & reliability

## Measure: Number of No Checks Coalition meetings held with the top check-producing Federal agencies.

<b>Definition</b>	The Bureau of the Fiscal Service disburses payments on behalf of 250 Federal entities. That payment volume represents 90% of all Federal disbursements and includes tax refunds, benefit payments, federal grants and a variety of other payments Americans rely on. This measurement is defined as the number of No Checks Coalition meetings organized and led by the Fiscal Service with the top check-producing Federal agencies. The goal of the No Checks Coalition is to share success stories, discuss common barriers and solutions to electronic payments, and gain executive buy-in from agencies to reduce check volume.	
<b>Type</b>	Performance Measure (Outcome)	
<b>Targets:</b>	<i>FY 2022</i>	<i>FY 2023</i>
<b>Number of meetings</b>	2	2
<b>Desired Direction</b>	An increase in the number of No Checks Coalition meetings held.	
<b>Unit of Measure</b>	The number of No Checks Coalition meetings held.	
<b>Calculation Methodology</b>	The number of No Checks Coalition meetings held is calculated by counting the number of meetings held over the two-year period of the Agency Priority Goal.	
<b>Data Source</b>	The data source is the Fiscal Service's Payment Strategy & Innovation Division, which leads and conducts all No Checks Coalition meetings on behalf of the Fiscal Service.	
<b>Quality</b>	The measure accurately represents the number of No Checks Coalition meetings held.	
<b>Frequency</b>	The number of No Checks Coalition meetings will be tracked and reported at the end of the Agency Priority Goal.	

## Narrative – FY 22 Q2

---

The Bureau of the Fiscal Service (Fiscal Service), as part of its agency and industry engagement strategy area, collaborated with financial industry organizations and associations in an effort to improve the federal payment experience through electronic payments. Meetings and outreach discussions included, but were not limited to, the Federal Deposit Insurance Corporation (FDIC), JP Morgan, Bank of America, Mastercard, Visa, BillGo, CitiBank, and Fiserv. As a result of these efforts, Fiscal Service discussed emerging new ways of making electronic payments to the unbanked and other hard-to-reach populations.

Additionally, Fiscal Service was able to make considerable strides in check reduction efforts with federal agencies. Through collaboration with Fiscal Service, the U.S. Department of Agriculture's Commodity Credit Corporation (CCC), one of the largest non-tax check producers, has been able to reduce its check volume by nearly half for a year-to-date reduction of approximately 250,000 checks. The CCC was the featured speaker at the No Checks Coalition meeting in March that focused on the steps taken to reduce their check volume and increase their electronic payments. Similar results have been achieved at the Veterans Health Administration (VHA), where data sharing and collaboration have reduced check payments to medical providers, and the U.S. Department of Housing and Urban Development (HUD), where electronic payment outreach and messaging to mortgage companies has increased EFT. In total, VHA and HUD have reduced their check volume by approximately 179,000 year-to-date when compared with FY 2021.

The Fiscal Service and IRS do not have any data at this time indicating any risks to achieving the APG's overall goal of increasing the EFT rate.