

American Recovery and Reinvestment Act Program Plan Economic Recovery Act Payments

Objectives

The Department of the Treasury's Financial Management Service (FMS) will issue one-time payments of \$250 to individuals who were, or are found to be, eligible for Social Security, Supplemental Security Income, Railroad Retirement Board, and Veterans Affairs benefits during any one of three months (November 2008, December 2008 and January 2009). Individuals are only entitled to one economic stimulus payment regardless of how many types of benefits they receive. The law requires the Department of the Treasury to offset these one-time payments to collect delinquent child support and debts owed to state and federal agencies. This program is being administered in close coordination with beneficiary agencies to ensure all necessary steps have been taken prior to receipt of the certified disbursement file.

FMS plans to issue approximately 55 million payments, totaling over \$13.8 billion to beneficiary recipients. The one-time \$250 payments will assist millions of Social Security, Railroad Retirement Board, and Veterans Affairs beneficiaries in meeting living expenses, while also supporting broad based economic recovery. FMS estimates that more than 44 million of these payments will be made electronically rather than by paper check, which saves the taxpayers approximately \$16 million.

FMS was provided with \$7 million to cover the costs associated with processing, issuing, and reconciling the payments to the qualified individuals. The majority of the funding will cover the postage costs as well as the administrative overtime expenses associated with issuing the payments. The \$7 million supports FMS' Strategic Goal: Timely, accurate and efficient disbursement of federal payments.

Activities

FMS received \$7 million to disburse Economic Recovery Payments to eligible recipients starting in May 2009, and continuing through the end of June 2009. FMS will also issue a small number of payments to individuals who are determined to be eligible after June; however no payments will be made after December 2010. The following is a list of our activities to be performed:

1. Development: Coordination with the Social Security Administration (SSA), Railroad Retirement Board (RRB), and Department of Veterans Affairs (VA) to ensure that all technical development needs are met in order to accept the new payment file format
2. Complete testing of all development to ensure file format acceptance and payment accuracy
3. Disburse Payments
4. Create, Review, Coordinate, and Issue Press Releases

FMS' largest expenditure, \$3.8 million, is for postage to disburse the check payments to designated recipients. Other large costs include IT support during the payment process (including production, claims and reconciliation) as well as equipment (including additional computer storage space for the records created by the Economic Recovery Payment program). FMS will also have staffing and overtime expenses associated with disbursing the payments. Additionally, FMS will incur costs for consumables, such as check stock, envelopes, ink and other miscellaneous supplies required to issue the payments.

Characteristics

FMS' \$7 million in Recovery Act funding will be used for Federal in-house activities. The funding breakout is as follows:

- Staffing / Overtime - \$729,600 for additional staffing costs/overtime during production, claims, and reconciliation of Recovery Payments.
- Postage - \$3,809,300 for postage costs incurred for the delivery of Economic Recovery Act Payments.
- Consumables - \$228,200 for consumables, including costs for check stock, paper, envelope paper, glue and miscellaneous supplies.
- IT Support - \$1,633,900 for IT Support during production, claims, and reconciliation of Recovery Payments.
- Communications - \$12,200 for equipment and travel associated with political events.
- Equipment - \$305,600 for equipment, including on-site support and computer storage space.
- Miscellaneous / Utilities - \$281,200 for miscellaneous contracts, including a contingency for equipment repair and/or emergency replacement for machines.

Delivery Schedule

Milestone	Expected Completion Date
1. Press Kits: Create. Review, Coordinate and Issue Press Releases	First week of May
2. Disburse first SSA payments to payees	5/07/2009
3. Disburse SSI payments to payees	05/18/2009
4. Disburse last SSA payments to payees	05/28/2009
5. Disburse RRB payments to payees	05/28/2009
6. Disburse VA payments to payees	06/30/2009
7. Disburse "Catch-up" Payments	12/31/2010

National Environmental Policy Act Compliance

The funding provided to FMS to facilitate payments to designated individuals has no identifiable issues with the *National Environmental Policy Act*, the *National Historic Preservation Act*, or related statutes.

Measures

FMS developed the following performance measures to assess the impact of the funding provided to disburse the one-time Economic Recovery Payments:

1. Percent of paper check and EFT payments disbursed accurately and on-time.

Data Definition: The term “accurately” refers to the percentage of check and EFT payments that FMS disburses which are not duplicate or double payments. The term “on-time” means that FMS releases checks to the U.S. Postal Service and EFT payments to the Federal Reserve Bank so that normal delivery results in timely receipt by payees.

Measure Type: Outcome

Frequency Reported: Quarterly

Original Program Target: 100%

Full Program Target: 100%

Target (incremental change in performance): No incremental change to accuracy or timeliness

2. Percent of Electronic Payments

Data definition: The portion of the total volume of payments that is disbursed electronically by FMS. Electronic payments include transfers through the Automated Clearing House.

Measure type: Outcome

Frequency reported: Quarterly

Original Program Target: 80%

Full Program Target: 82%

Target (incremental change in performance): Increase of 2% more electronic payments

3. Unit Cost for Federal Government Payments:

Data definition: Unit cost combines both paper and electronic payment mechanisms and includes the aftermath processes (reconciliation and claims) for both types of payment mechanisms.

Measure type: Efficiency

Frequency reported: Annually

Original Program Target: \$0.40

Full Program Target: \$0.40

Target (incremental change in performance): No incremental change in unit cost

Actual performance results will be updated as frequently as collected by the agency, based on the measure's frequency.

Monitoring/Evaluation

Treasury will monitor and review program metrics such as percent on-time performance for project activities, obligations and outlays versus plan, acquisition competition and contract types, performance measure actual values versus targets, and accountability metrics monthly. Corrective and/or preventive actions that are established as a result of the reviews will be tracked for implementation. Risk factors will be reviewed and mitigation strategies will be implemented to minimize the probability of fraud and abuse. The program will be assessed for the level of risk associated with its activities, and the impact of those factors should they occur. The public will be kept informed through both Recovery.gov and Treasury.gov.

Transparency

FMS is performing the disbursement of the Recovery Act payments on behalf of SSA, VA and RRB. FMS is anticipating more than 80 percent of the payments to be disbursed via EFT, thus the recipient level is not available through this agency.

One of the key FMS payment performance indicators is accuracy; that is, making payments as certified by the program agency. Both timeliness and accuracy are of importance to FMS. FMS has edit checks to determine data integrity within certified payment files, and there are other internal controls in place, both automated and manual, to ensure accuracy of payments.

Accountability

FMS has taken steps to hold executives and staff accountable for achieving the goals of this program. FMS, under supervision of the appointed Bureau Accountability Official,

will monitor spending and performance measures, and ensure that the Executive Board and Commissioner are regularly updated on the progress and implementation of ARRA. Additionally, FMS will submit weekly Financial and Activity reports on the status of funds and major actions taken. FMS, at both the executive and staff level, will coordinate efforts to execute the requirements of the Recovery Act as well as the requirements of OMB Memorandum M-09-15, *Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009*.

Barriers to Effective Implementation

Individuals receiving benefits from SSA, the Railroad Retirement Board or the Department of Veterans Affairs are only entitled to receive one \$250 Economic Recovery Payment. FMS is working closely with SSA, the Railroad Retirement Board and the Department of Veterans Affairs to institute processes which minimize the risk associated with individuals receiving payments which have been certified by more than one entity. These processes encompass the initial Economic Recovery Payment being made in May 2009 as well as payments that may be made in subsequent months. FMS pays regular benefit payments on behalf of these agencies, therefore there are no skill gaps identified.

National Environmental Policy Act Compliance and Federal Infrastructure Investments

FMS Recovery Act funding will be used primarily for postage, overtime, printing, IT Support, and equipment related to disbursing payments. These funds will not be used for Federal infrastructure investments.