

# THE FINANCIAL CONNECTION

NEWS FROM THE FINANCIAL MANAGEMENT SERVICE  
A BUREAU OF THE U.S. DEPARTMENT OF THE TREASURY

## Pay.gov Opens Doors for HUD's New Internet Collections Success

BY JODEE DE VILLIER

**W**hen the Department of Housing and Urban Development (HUD) decided to investigate implementing an internet collections system for their mortgage premium collection process, they had one clear goal in mind: save money. HUD was in the market to replace their Mortgage Premium Collection (MPC) software and align themselves with the Department of Treasury's initiative to discontinue the use of outside lockbox services. John Chin, Director of HUD's Single Family Insurance Operations Division, was excited about the prospect of using an internet collections method and saving the \$1.5 million annually that their current system was costing HUD. This effort was also projected to result in an approximate savings of over \$4 million annually for Financial Management Service (FMS). All of this led them to Pay.gov.

Pay.gov, part of the Department of Treasury's internet collection channel, is helping the Treasury move away from paper collections and implement electronic payment collections which will help lead to an all electronic Treasury, one of the key strategic goals for FMS. Since inception, Pay.gov has processed about 23.5 million transactions for an approximate value of \$87 billion. While HUD would be one of the largest cash flows ever implemented, Pay.gov's system was more than capable of providing high-quality, reliable internet-based collections that would meet all their needs.

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*"We have found Pay.gov to not only be a cost-saving implementation but also to be more efficient and a higher quality collections method than our previous method."*

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HUD used the opportunity of implementing Pay.gov to build their own front end system for their clients. They modernized their collections offerings and began to offer a more diverse line of services. Some of their new client offerings include the ability

for their clients to print screens and review a history of their transactions. HUD focused on making a system that would not only be efficient and diverse, but user-friendly as well. One of the ways they were able to provide a more user-friendly experience was by providing a quicker, modern connection. Their new payment system is faster and easier for users to connect to because Pay.gov is an internet-based application while their old system used outdated technology such as Electronic Data Interchange (EDI), modem service and dial-up connections.

John Chin said, "we have found Pay.gov to not only be a cost-saving implementation but also to be more efficient and a higher quality collections method than our previous method." One of the elements HUD found to be particularly helpful during the implementation process was Pay.gov's customer relations. Natalia Yee, Deputy Director of HUD's Single Family Insurance Operations Division, found Marshall Henry, a Financial Program Specialist with FMS, to be "instrumental in the Pay.gov process. Without his support HUD would never have been able to convert to Pay.gov in a timely manner." Once

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# Federal Prisons Industries

## Benefits from PCC OTC & TGAnet

BY CORVELLI MCDANIEL

One of the fringe benefits we enjoy each day as public servants is the excitement and transformation we witness as federal agencies implement our cash management solutions and see for themselves the striking impact Treasury systems have on their ability to perform their mission. Government agencies must be equipped to conduct business with the public on the front end, while simultaneously having effective processes for accounting, reconciliation and reporting on the back end. With this in mind, in the over the counter revenue collection arena, the Paper Check Conversion Over the Counter (PCC OTC) system and Treasury General Account Deposit Reporting Network (TGAnet) are two of the most advanced options Treasury has in its arsenal of collection mechanisms.

We like to think of PCC OTC and TGAnet as “the gifts that keep on giving.” In other words, when agencies implement these systems, 1) they immediately improve their financial posture and ability to serve the 300 million Americans our Government must be responsive to; 2) taxpayer dollars are better spent as paper-intensive financial processes are converted to electronic-based systems such as PCC OTC and TGAnet; and 3) as agencies hear (i.e., as word spreads) of the phenomenal customer service and agency support provided by the Financial Management Service, and the hefty impact our systems have on making our customer agencies more effective in terms of financial management, more and more agencies sign up to implement PCC OTC and TGAnet and, thus, our Government keeps getting more efficient in transacting business with the public.

Well, I guess you could say that as the Director of the Government’s OTC revenue collection program and business owner for the PCC OTC and TGAnet systems, I’m supposed to advocate the many benefits of these systems and tout their superlatives. But don’t take it from me – please read this

unsolicited, unedited testimony from one of our customers, Federal Prisons Industries (trading as UNICOR).

*“In January 2007, UNICOR Centralized Accounts Receivables (CAR) staff, Carla Coleman and LaVern Valdivieso attended a PCC OTC and TGAnet conference in Washington, D.C. The information provided by the Treasury provided promising alternatives to the currently used lockbox and commercial bank deposit venues utilized by UNICOR, CAR. Treasury was able to layout the information in such a manner that the UNICOR staff felt certain the PCC OTC and TGAnet systems would be solutions to issues currently faced by the organization.*

*After only a few calls with Treasury staff to ensure computer security concerns would be satisfied, the implementation process began. The U.S. Treasury provided outstanding customer service and training to ensure our transition was as simple as possible. UNICOR, CAR began utilizing the PCC OTC system on May 14, 2007 with the TGAnet system soon to be implemented as the contingency deposit venue for checks received from non-U.S. banks.*

*The U.S. Treasury has provided UNICOR, CAR with the ability to become self-supportive and obtain greater control and security with check deposits. Additionally, Treasury’s file maintenance allows UNICOR, CAR to retrieve information over a long period of time, as well as to save money by using less paper and requiring less staff hours to complete daily deposit functions. This system of “one-stop-shop” deposit processing addressed UNICOR, CAR needs for streamlining our deposit processes, while ensuring information security is maintained. The assistance, customer service and training are unparalleled. Treasury staff members provided outstanding customer service and are assets to the U.S. Treasury.” Carla Coleman, UNICOR, CAR*

Lastly, there is a saying that I’ve come to appreciate more and more over time – “don’t work harder; work smarter.” We would welcome an

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# ITS.gov Extends its International Payments Support in 2007

BY SUSAN HELM

The world of global transactions is an expanding universe for the FMS International Treasury Services payment platform, ITS.gov. Originating in the 1980s as the International Direct Deposit (IDD) application, its function was distribution of Social Security benefit payments overseas. Now, in 2007, ITS.gov has broadened its international payment function to support 26 agency organizations and the Department of Defense. But ITS.gov goes beyond providing a payment "function," it provides an international payments solution.



The recent work of the ITS.gov team to support the Millennium Challenge Corporation (MCC) offers an excellent example of an international payments solution. The MCC is a United States Government corporation that works to reduce global poverty through providing assistance to some of the world's poorest countries. Although MCC had an existing process in place to send funds to its recipient countries, there was an opportunity to improve their cash management structure in order to build greater efficiencies into their process. Over time, working through the details of how payments were made within the context of MCC's policies, ITS.gov was able to offer a more effective method of delivering and tracking funds to the countries selected to receive grants. Based on the results of a successful pilot for the country of Mali, in Western Africa, MCC now has a reliable tool for aid distribution.

ITS.gov also supports the Army in the Middle East at the Iraq locations of Baghdad, Balad, and Tikrit; in Kuwait; and in Saudi Arabia. The volume and value of these transactions has seen substantial

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## Change to Same Day Federal Tax Payment Wire Transfers Effective November 3, 2007

At the request of the Treasury, the Federal Reserve Electronic Tax Application (FR-ETA), the system used to receive, process and transmit same-day federal tax payment information for tax payers, will no longer accept information sent using the Typecode 1090 Fedwire messages on **November 3, 2007**. Typecode 1000 Fedwire will become FR-ETA's only payment option.

### **Impact to Financial Institutions (FIs)**

FIs that use the Typecode 1090 for FR-ETA transactions will need to make slight procedural changes when creating FR-ETA messages and may need to make internal accounting changes related to their customers' accounts and monitoring their Reserve Bank account.

No additional equipment or format changes are required to send Typecode 1000s instead of

Typecode 1090s. For more information, please see the *Making Same-Day Federal Tax Payments* in EFTPS FI guidelines at [www.frb services.org/Treasury/pdf/Sameday.pdf](http://www.frb services.org/Treasury/pdf/Sameday.pdf).

FIs will need to be aware of where each Typecode settles (1000 messages through Funds or Funds correspondent; 1090 messages through TIP or TIP correspondent) and manage their Reserve Bank account accordingly.

There will be no effect on re-investment in Treasury Tax and Loan (TT&L) accounts. All FR-ETA transactions are currently sent to TT&L hourly for re-investment on the half-hour. Typecode 1000s will continue to be re-invested.

If you have any questions regarding this change, please contact the Federal Reserve Electronic Tax Application at (800) 382-0045.

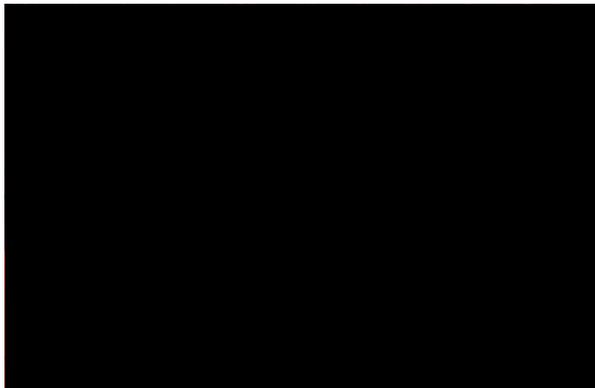
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# Stored Value Card Program Celebrates \$1 Billion Milestone

BY GRAHAM MACKENZIE

**W**hat began ten years ago on a military base in Missouri quickly spread to other bases in Kentucky, Oklahoma, Georgia, Texas, South Carolina and California. Over the next nine years, the Stored Value Card (SVC) program, which is a card-based solution designed to meet the military's unique cash management challenges, expanded into some of the most remote and hard to access regions of the world including; Afghanistan, Bosnia, Kuwait, Iraq and Saudi Arabia. It also became available on two-thirds of the Navy fleet.

The SVC program is actually made up of three distinct applications (EZpay, EagleCash and Navy Cash) that provide common financial functionality, but in very different operating environments. The impact of the SVC Program has been far-reaching financially. Earlier this year it exceeded the \$1 billion mark in electronic currency processed through the system.



(From left) Ken Papaj, Commissioner, Financial Management Service; Audrey Davis, Associate Deputy Assistant Secretary, Air Force (FM&C) and Ken Carfine, Fiscal Assistant Secretary, Treasury.

This financial milestone and the overall success of the program was celebrated by a wide audience of stakeholders last month at the Bureau of Engraving and Printing Conference Center in Washington, DC. Treasury's Financial Management Service (FMS) hosted key personnel from the Army, Marine Corps, Navy, Air Force, and Defense Finance and Accounting Service, as well as the Military Postal Service Agency, Army and Air Force Exchange Service, the Federal Reserve Bank of Boston and JPMorgan Chase.

Awards and key presentations were delivered by Ken Carfine, Fiscal Assistant Secretary, Treasury; Gary Grippo, Deputy Assistant Secretary for Fiscal Operations and Policy, Treasury; Ken Papaj, Commissioner,

Financial Management Service; Sheryl Morrow, Assistant Commissioner, Federal Finance; and Ronda Kent, Director, Agency Enterprise Solutions Division, Federal Finance. Special Achievement awards were presented to a small number of individuals who consistently go above and beyond the normal call of duty and whose efforts enable the SVC program to break through organizational paradigms, function at the highest level possible, and continue to improve over time.

From its beginning and through the course of its evolution, the SVC program has forged its way through a myriad of challenges like optimizing internal and shared processes in order to develop new ones, leveraging emerging technologies, finding trusted partners, supporting systems in the middle of the ocean and deploying them in combat zones. Treasury's SVC programs represent solutions to military requirements which have unique attributes and often no solution in the private sector.

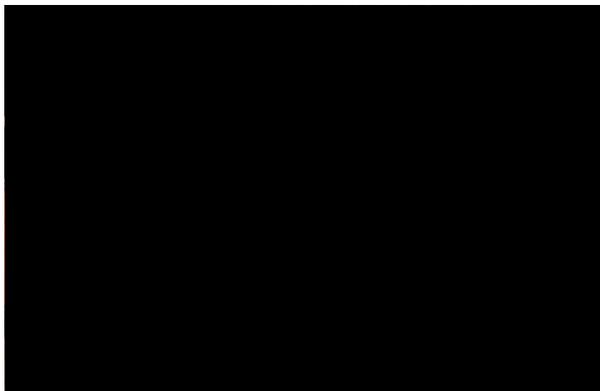
In many ways that makes the achievement celebrated last month even more impressive and rewarding. Working together, each of the organizations and people in attendance, along with their predecessors, defined and built the path of the SVC program, which continues today to be one well worth taking.

Even at \$1B, the SVC program is fairly small in terms of military and government programs, but it is extremely important and effective in the areas it serves. Treasury's SVC programs translate into:

- Less cash carried on Navy ships, or supplied into combat zones
- Fewer missions to re-supply cash
- Fewer personnel in the field to administer Financial Operations
- Reduced levels of financial risk
- Lower amounts of U.S. currency held outside the Treasury
- More time for military training
- Improved convenience and fee-free access to funds for military personnel serving at sea and in dangerous places on land.

The SVC program started with an application called "EZpay," a program that facilitates the delivery of

the initial payroll needed by recruits when they enter Basic Training with Army, Air Force and Marine Corps. This program has enabled the Services to eliminate administrative processes, redeploy limited human resources, reduce financial risk and move recruits into their training programs faster. "EZpay" cards have been issued to over 1.7M recruits and eliminated the need to source and disburse \$445M in cash on the bases.



Recipients of the SVC Special Achievement Award were recognized by Ronda Kent, Director of the Agency Enterprise Solutions Division, FMS (2nd from the right, 2nd row) and Sheryl Morrow, Assistant Commissioner Federal Finance, FMS (on right, 2nd row).

"EZpay" laid the foundation for the "EagleCash" SVC program which came into existence in 1999 in response to the Army's need for a replacement to U.S. cash on the battlefield. That program, which has undergone phenomenal growth over the last 18 months, is used to reduce the cost and risk of currency operations in overseas deployments and provide electronic funds access to U.S. Armed Forces personnel deployed in Afghanistan, Bosnia, Honduras, Iraq, Kosovo, Kuwait, Kyrgyzstan, Qatar and Saudi Arabia. "EagleCash" cards have been issued to over 180,000 Soldiers and Airmen serving our nation overseas, and used to reduce U.S. currency demands in those places by \$590M.

The latest entrant to the SVC program are the U.S. Navy and the Marine Corps who use the "Navy Cash" and "Marine Cash" program to modernize their financial operations and eliminate the use of coin and currency in the U.S. Navy's surface fleet. The Navy and Marine Corps have issued 452K SVC cards and reduced the cash held on board ships in the fleet by \$215M.

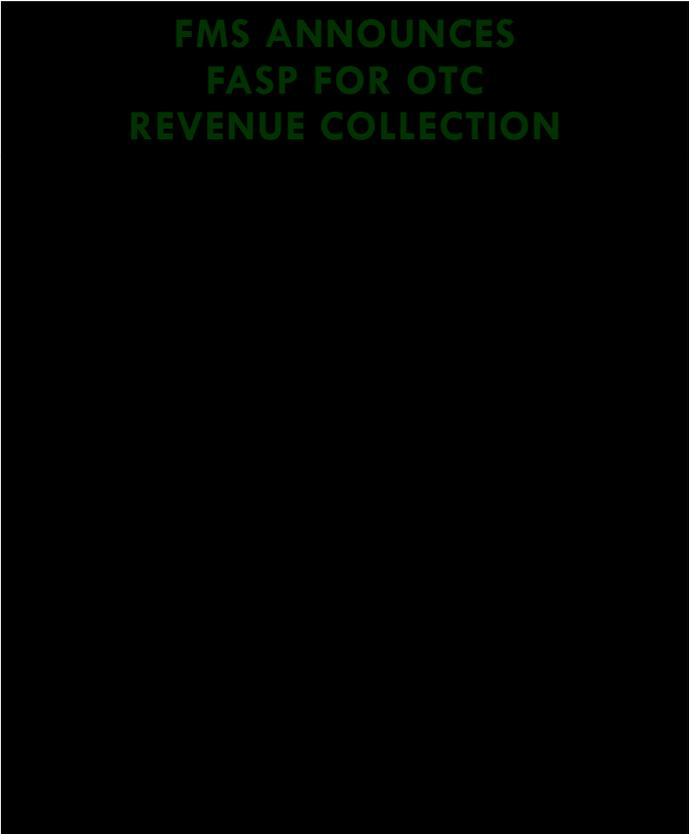
Cumulatively, these programs surpassed the \$1 billion mark earlier this year. That's quite a large number by any standard and certainly worthy of recognition, but the mission is still not complete. On the contrary, the SVC program continues to expand rapidly. SVC initiatives in 2007 include:

- Roll-outs to 25 Navy vessels
- Roll-outs to 21 Forward Operating Bases (FOBs) in Iraq and Afghanistan

- Roll-outs to 7 Air Force Bases in Iraq, Kyrgyzstan, United Arab Emirates, and Qatar
- Installation of Self Service kiosks at 2 military Regional Medical Centers (Landstuhl and Walter Reed)
- Training and infrastructure at approximately 2 dozen Army mobilization centers in the U.S. to support card issuance prior to deployment overseas.

The success of the SVC program and the initiatives ahead left little doubt in the minds of those attending the event that it won't take another ten years to celebrate the next mark—\$2 billion!

For more information, contact Graham Mackenzie at 202-874-1845.



## FMS ANNOUNCES FASP FOR OTC REVENUE COLLECTION



## UPCOMING EVENTS

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implemented, HUD wanted to know what their clients thought of their new Pay.gov system and the response was overwhelmingly favorable. They found that the new Pay.gov collections system wasn't just saving FMS and HUD money; it was also saving their clients money. Since Pay.gov's mission is to collect money for federal agencies, they don't charge the agencies fees and absorb almost all the collection cost that agencies would experience if they had tried to collect money electronically on their own.

At FMS, the successful transition of two of HUD's applications is helping to save over \$4 million dollars annually. Since HUD's implementation of Pay.gov on September 4, 2007, they have already collected over \$196 million, as of October 10, 2007,

without any problems. HUD hopes that their success will help other agencies see the value in moving their collections to Pay.gov. While the process took just over a year to implement, it is saving time, money, and resources for all parties involved. HUD, in fact, has continued plans to move additional collections applications over to Pay.gov in the future. Their hope is that Pay.gov will continue to hold the keys to HUD's collections success.

For additional information about Pay.gov, contact JoDee De Villier at 202-874-6920.



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opportunity to come to your agency and do a demonstration and overview of the PCC OTC and TGA.net systems. Please contact Mr. Reginald McKinney (PCC OTC) at 202-874-6893 or Mr. Don Clark (TGA.net) at 202-874-7092 if you would like more information.



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growth and ITS.gov has become an important element in the Army finance structure.

Currently, ITS.gov provides support for DFAS in Denver, Cleveland, Columbus, and Indianapolis; the Marines at Camp LeJeune and Japan; the Navy; Office of Personnel Management benefits; Veterans Affairs benefits; Social Security benefits; and an additional 23 agencies that require out of country payment distribution. In 2007, it is anticipated that ITS.gov will deliver \$17 billion in payments – a 1700% increase since its inception as a web-based application in 2004 -- on a volume of 3.8 million transactions.

The ITS.gov application is well on its way to fulfilling its strategic goals: to be the single portal for all types of international transactions; elimination of duplication of services; and consolidation of the maze of unique, point-to-point, international payment solutions that various agencies had put together over time. If your organization's business process has a global reach, ITS.gov can provide the payment solution for you.

To learn more, contact Susan Helm at 202-874-6873.



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