



Agency Priority Goal Action Plan

Improving the Public's Experience Increasing Electronic Payments and Reducing Paper Checks

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Overview

Goal Statement:

Create a modern, seamless, and cost-effective Federal payment experience for the public by:

- Reducing the number of paper checks printed by Treasury's Bureau of the Fiscal Service to 49 million by the end of FY 2021, compared with 54 million in FY 2019; and
- Achieving a Treasury electronic payment rate of 96.1% by the end of FY 2021*, compared with 95.6% in FY 2019, and an IRS electronic payment rate for individual taxpayer accounts of 79% by the end of FY 2021, compared with 77% in FY 2019.

** This would be a nearly 10% decline in the number of Treasury-printed checks in just two years.*

Context:

- Paper checks result in additional costs to the public.
- When the Treasury Department issues a paper check – as opposed to using an electronic payment, such as direct deposit – it introduces more risk, longer wait times, and additional effort for people to receive their funds.
 - For example, paper checks are 16-times more likely to have an exception claim (i.e. lost, stolen or returned) and 30-times more likely to have a non-receipt claim compared to electronic payments.
- Paper checks fall short of expectations for modern, seamless, and secure interactions with the government.
- Although there are instances where people prefer a paper check, there are many more where the Federal government's forms, business processes, and systems default to an earlier time when paper checks were the norm, not the exception.
- Paper checks are also expensive for the *government*, but the focus of this effort is on the *public* and improving their interactions with the government.
 - For example, in FY 2019, the government spent \$12 million for postage, check stock, and envelopes related to paper tax refunds.

We need to provide ways to enhance the public's experience and reduce or eliminate negative impacts on the public.

Overview

Past Efforts:

- The previous “All Electronic Treasury” initiative reduced paper checks for benefit payments from 143 million in FY 2008 to 15 million in FY 2019, with a corresponding increase in the electronic benefit payment rate from 82% to 98%.
- The electronic tax refund payment rate increased from 57% to 77% during the same period, but that rate has remained flat since FY 2016.

Challenges:

- Some Federal government and industry forms, processes, and systems default to providing people with a paper check rather than an electronic payment (e-payment) option.
- Check recipients may:
 - lack information about how to sign up to receive Federal payments electronically;
 - lack information about the benefits of receiving payments electronically;
 - not have a bank account to which payments can be delivered electronically.
- The ability to influence taxpayers to choose to receive an electronic tax refund is limited because the tax refund is received only once a year.
- Budgetary and other resource constraints limit the ability of the IRS to make changes to tax forms and processes that limit refund options to paper check.

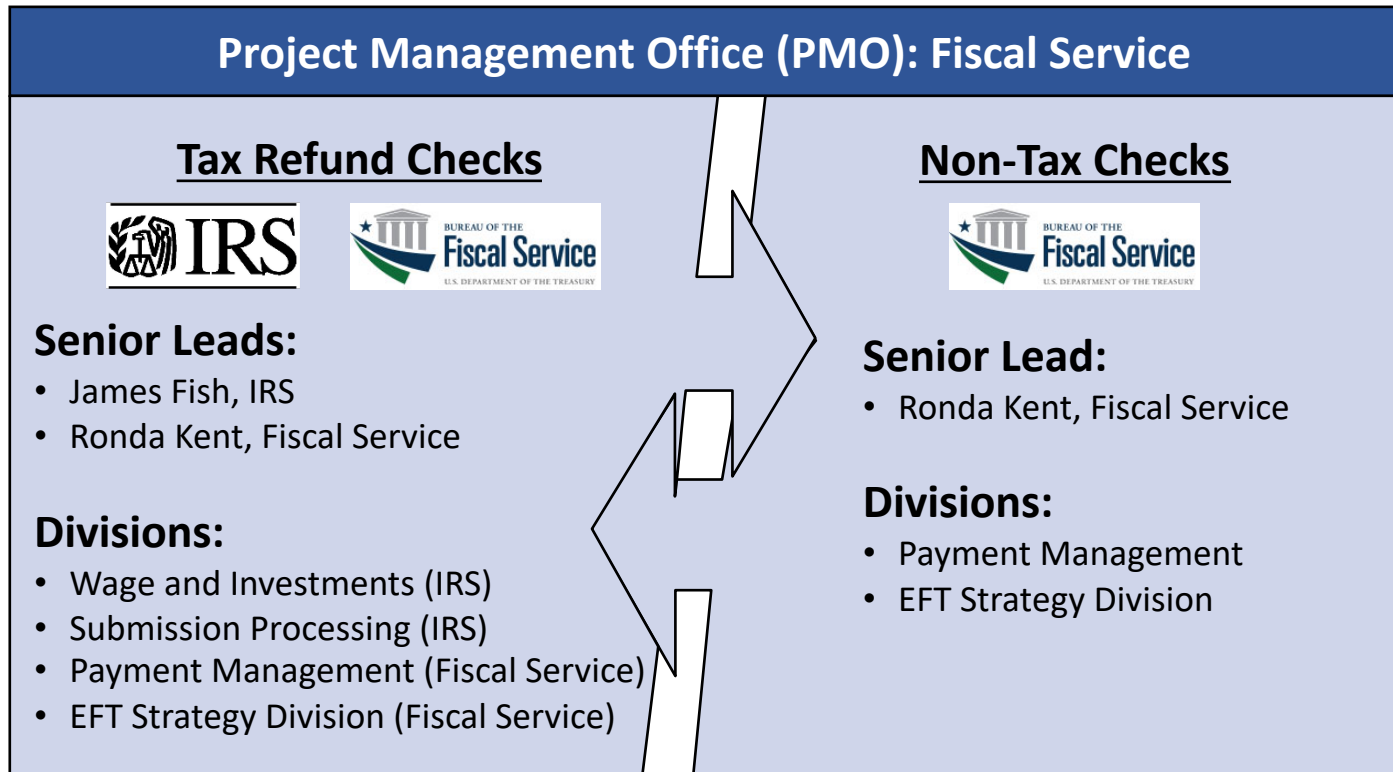
Opportunities:

- New processes, tools, approaches, and technologies allow for a better understanding of why people choose paper checks and help encourage use of e-payments.
- More e-payment options are available to people who do not have traditional bank accounts.
- New communication channels are available for targeted messaging campaigns.

Leadership & Implementation Team

To achieve this goal:

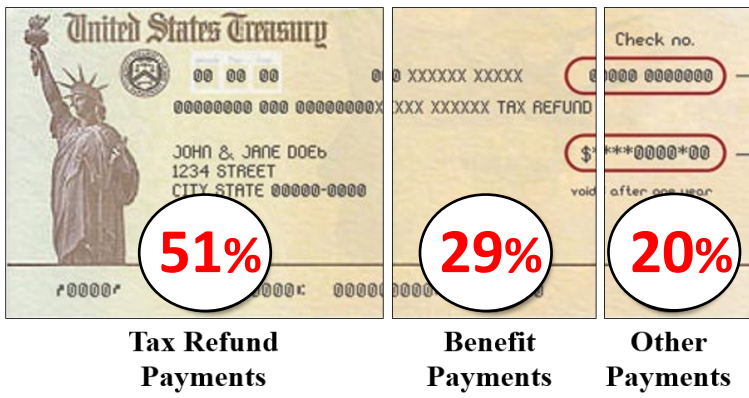
- IRS, in collaboration with Fiscal Service, will focus on tax refund checks; and
- Fiscal Service, in collaboration with other Federal agencies, will focus on non-tax checks.



Goal Structure & Strategies

Treasury has a four-pronged strategy to reduce paper checks.

Where are the paper checks?



Data Analytics

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



Public Experience

Through a public-centric lens, (i) develop a roadmap to update forms, processes, and systems; and (ii) identify ways to make e-payments easier.



Industry Engagement

Collaborate with industry to develop and implement strategies to encourage the public to choose e-payments.



Targeted Messaging

Develop more effective messages to raise awareness about the advantages of e-payments and influence the public's decisions.

Summary of Progress – FY 2020 Q4

Actions

Results



Data Analytics

- Internal Revenue Service (IRS) and Fiscal Service shared data to better understand who receives tax refund checks and what current processes require paper checks.
- Fiscal Service created an agency report of top check-receiving vendors/contractors that are paid electronically by other agencies.
- Fiscal Service shared data with Veterans Health Administration (VHA) to cross-match vendors receiving both checks and electronic funds transfer (EFT).

- Tailored messaging for tax software and preparers.
- Agency meetings with action plans for reducing checks.
- Manual conversion of VHA vendors from checks to EFT.



Public Experience

- IRS continues to evaluate policies and procedures that require a paper check. Two identified provide the greatest opportunity to reduce paper checks.
- Fiscal Service created customer experience work group with the Social Security Administration (SSA), Veterans Benefits Administration (VBA), IRS and Federal Reserve Bank of Dallas to collaborate on reducing checks.
- Fiscal Service published new regulation (31 CFR 208) to enhance use of electronic payment options, such as the U.S. Debit Card, to replace checks.
- IRS collaborated with stakeholder groups to gain filer and preparer perspective.

- IRS identified past tax filing processes that could reduce millions of refund checks.
- Reviewing VBA and SSA processes for new enrollees.
- Insight into low-income tax refund check population.

Summary of Progress – FY 2020 Q4 (cont'd)



**Industry
Engagement**

- Actions**
- Fiscal Service and IRS participated in FY21 strategy meeting with the Council for Electronic Revenue Communication Advancement (CERCA) task force.
 - IRS delivered virtual presentation at the Nationwide Tax Forum on the benefits of using direct deposit instead of checks for tax refunds.
 - Fiscal Service participated in the American Council for Technology and Industry Advisory Council (ACT-IAC)'s webinar “hackfest” to spur potential ideas for providing valuable customer service and means to sign-up for EFT.

- Results**
- Spreading of key direct deposit messaging among tax industry, including preparers and software companies.
 - Received outside-the box ideas and fresh perspective for promoting EFT.





**Targeted
Messaging**

- IRS updated its direct deposit webpage on IRS.gov to include more detailed information about benefits and how to choose EFT when filing taxes.
- IRS shared its Direct Deposit Fact Sheet with the Department of Veterans Affairs (VA) for use in outreach to the Veteran Service Officers (VSOs).
- Fiscal Service targeted mailing to Department of Agriculture (USDA) producers (farmers) receiving check payments but EFT from other agencies.



- Check inserts for USDA and VBA to encourage direct deposit during pandemic and other uncertain times.
- 2,700 letters sent to USDA vendors who receive checks.

Key Milestones

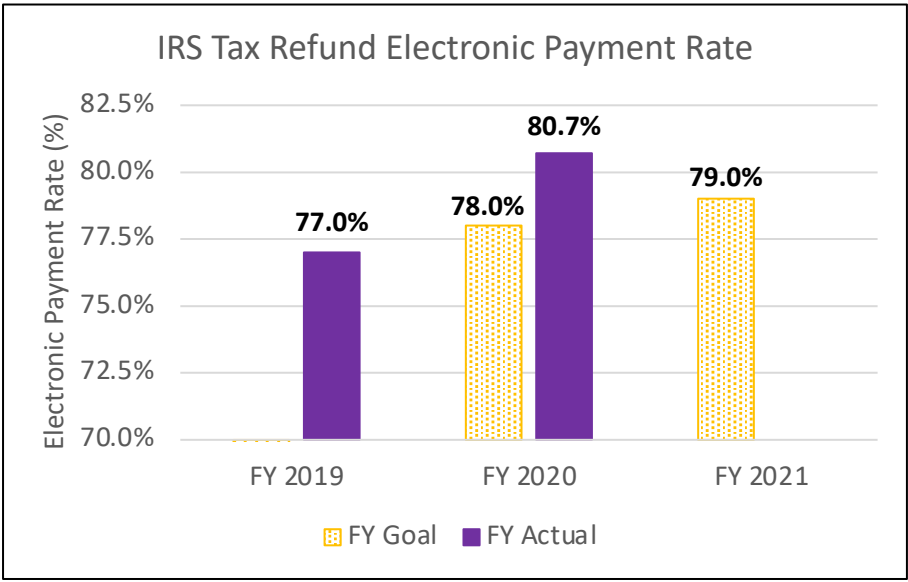
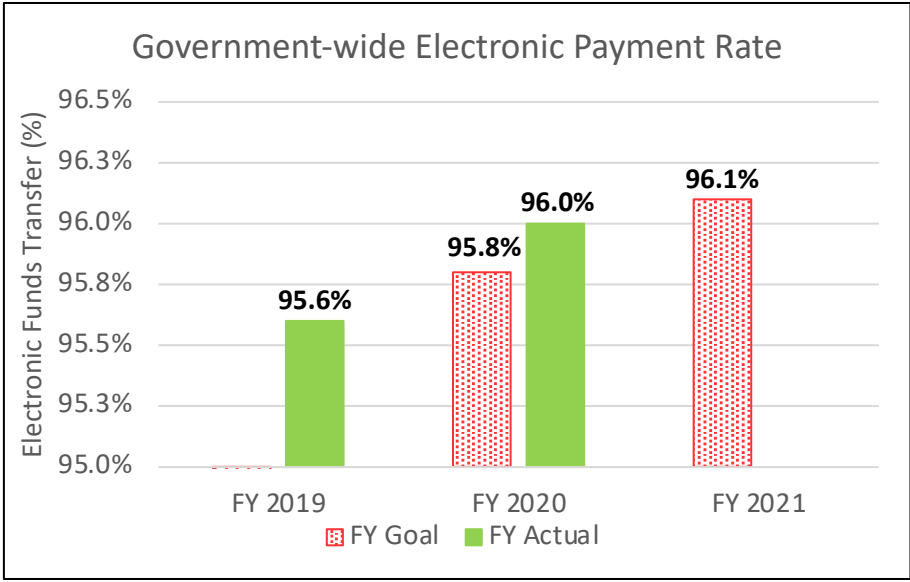
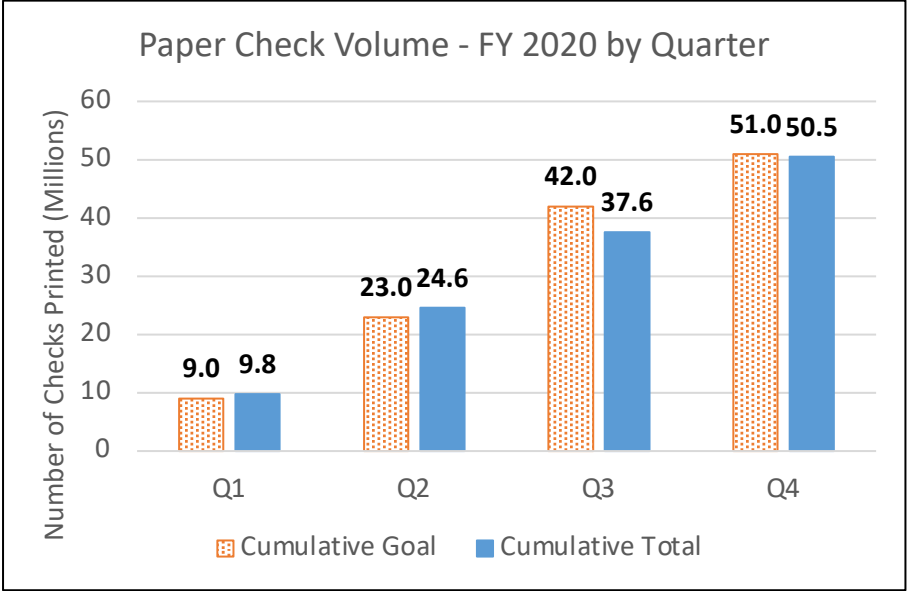
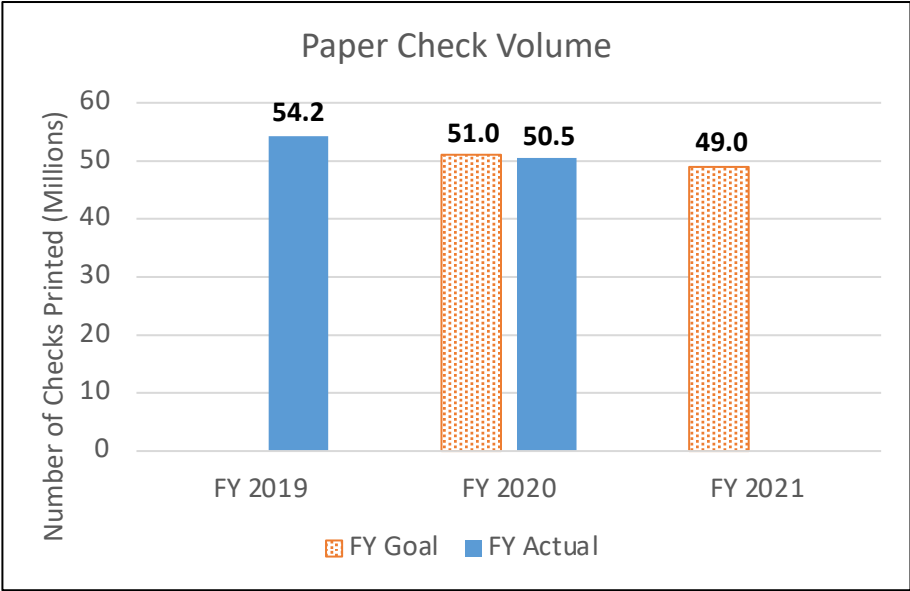
Milestone Summary

Strategy Area	Milestone	Status	Due Date	Owner	Comments
Data Analytics 	Meet with Federal agencies and analyze tax refund check data for FY 2020 filing season	Completed	Q1 FY 20	FS and IRS	
	Develop action plans and targeted messaging to reduce checks	Completed	Q2 FY 20	FS and IRS	Communication plan developed and edited as analysis continues to identify the need for new actions.
	Refresh and analyze tax refund data for FY 2021 filing season		Q2 FY 21	IRS	Updated due date from Q3 FY20 to Q1 FY21 due to tax filing deadline extension.
	Assess results of changes in check recipient data		Q4 FY 21	FS	
Public Experience 	Identify tax forms and business processes and assess feasibility of adding e-payment option	Ongoing	Q3 FY 20	IRS	IRS continues to review forms and processes requiring paper checks.
	Update forms with e-payment option		Q3 FY 21	IRS	
	Assess results of tax form changes		Q4 FY 21	IRS	
	Identify IRS refund legislative barriers		Q1 FY 21	FS	Exploring options for legislation to authorize Treasury to modify payment information to facilitate accurate and efficient delivery of electronic refunds and to strengthen electronic tax refund requirements.
	Communicate and support legislative changes for cross-agency sharing		Q4 FY 21	FS	Exploring tax refund legislation to allow cross-agency sharing as it did with EIP.

Key Milestones

Milestone Summary					
Strategy Area	Milestone	Status	Due Date	Owner	Comments
Industry Engagement 	Open dialogue with CERCA to enhance tax industry support	Completed	Q1 FY 20	FS and IRS	Fiscal Service/IRS/CERCA created a task force to further examine paper refund issue.
	Meet with tax industry to enlist help and develop action plans		Q1 FY 21	FS and IRS	Conducting working sessions with software providers to promote direct deposit. Milestone due date changed from Q4 FY20 to Q1 FY21 due to COVID-19.
	Meet with financial industry to enlist help and develop action plans		Q1 FY 21	FS and IRS	Milestone due date changed from Q4 FY20 to Q1 FY21 due to COVID-19.
	Assess results of industry methods		Q4 FY 21	FS and IRS	
Targeted Messaging 	Leverage CERCA to develop targeted messages and communication campaign timeline	Completed	Q2 FY 20	FS and IRS	Communication plan developed to increase and improve communication on direct deposit of refunds.
	Deploy communication campaign to encourage e-payments		Q1 FY 21	FS and IRS	Milestone due date changed from Q4 FY20 to Q1 FY21 due to COVID-19.
	Include e-payment mailers with non-tax paper checks sent	Completed	Q1 FY 20	FS	Paper check inserts and compliance letters continue to be an ongoing activity to promote EFT to check recipients.
	Assess campaign's effectiveness		Q4 FY 21	FS and IRS	

Key Indicators



Note: This data excludes Economic Impact Payments (EIPs) and Department of Education checks directly related to the pandemic.

Data Accuracy & Reliability

Measure: Total number of paper checks printed by Treasury.								
Definition	The Bureau of the Fiscal Service disburses payments on behalf of 250 Federal entities. That payment volume represents 87% 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 total number of paper checks printed by Treasury.							
Type	Performance Measure (Outcome)							
Target: # of Checks (Cumulatively by Quarter)	<i>FY 2020 Q1 (FYTD)</i>	<i>FY 2020 Q2 (FYTD)</i>	<i>FY 2020 Q3 (FYTD)</i>	<i>FY 2020 Q4 (FYTD)</i>	<i>FY 2021 Q1 (FYTD)</i>	<i>FY 2021 Q2 (FYTD)</i>	<i>FY 2021 Q3 (FYTD)</i>	<i>FY 2021 Q4 (FYTD)</i>
	≤ 9 million	≤ 23 million	≤ 42 million	≤ 51 million	≤ 9 million	≤ 22 million	≤ 40 million	≤ 49 million
Desired Direction	Decrease in the total number of paper checks printed by Treasury.							
Unit of Measure	The number of paper checks printed by Treasury.							
Calculation Methodology	The total number of paper checks printed by Treasury is tracked and reported by the Fiscal Service.							
Data Source	The data source is the number of paper checks printed by Treasury.							
Quality	The measure accurately represents the number of paper checks printed by Treasury.							
Frequency	The total number of paper checks printed by Treasury will be tracked and reported quarterly.							

Data Accuracy & Reliability

Measure: EFT % for all payments disbursed by Treasury and for individual tax refund payments.		
Definition	The Bureau of the Fiscal Service disburses payments on behalf of 250 Federal entities. That payment volume represents 87% 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.	
Type	Performance Measure (Outcome)	
Target:	<i>FY 2020</i>	<i>FY 2021</i>
Treasury EFT % (Annually)	95.8%	96.1%
Target: Tax Refund EFT % (Annually)	78.0%	79.0%
Desired Direction	An annual increase in EFT % for all payments disbursed by Treasury and an annual increase in EFT % for all individual tax refund payments.	
Unit of Measure	The annual percentage of EFT payments disbursed by Treasury, and the annual percentage of EFT payments for individual tax refunds.	
Calculation Methodology	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.	
Data Source	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.	
Quality	The measure accurately represents electronic payments disbursed by Treasury and electronic tax refund payments.	
Frequency	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.	

Appendix – Acronym List

EFT	Electronic Funds Transfer
CERCA	Council for Electronic Revenue Communication Advancement
VA	U.S. Department of Veterans Affairs
VBA	Veterans Benefits Administration
VHA	Veterans Health Administration
SSA	Social Security Administration
USDA	U.S. Department of Agriculture
CCC	Commodity Credit Corporation

Appendix – Pandemic Impacts

FY 2019

1.2 BILLION payments disbursed by Fiscal Service	\$3.7 TRILLION disbursed by Fiscal Service	54.2 MILLION checks disbursed by Fiscal Service	95.6 % government-wide electronic payment rate
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FY 2020 – Including Pandemic-related Payments

1.4 BILLION payments disbursed by Fiscal Service	\$5.4 TRILLION disbursed by Fiscal Service	90.3 MILLION checks disbursed by Fiscal Service	93.7 % government-wide electronic payment rate
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FY 2020 Pandemic-related Economic Impact Payments (EIP)

163.5 MILLION EIP disbursed by Fiscal Service	\$273.4 BILLION EIP disbursed by Fiscal Service	37.6 MILLION EIP checks disbursed by Fiscal Service	77.0 % EIP electronic payment rate
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FY 2020 Pandemic-related Dept. of Education Check Payments

2.1 MILLION Dept. of Education student loan reimbursement checks

FY 2020 – Excluding Pandemic-related Payments

1.3 BILLION payments disbursed by Fiscal Service	\$5.1 TRILLION disbursed by Fiscal Service	50.5 MILLION checks disbursed by Fiscal Service	96.0 % government-wide electronic payment rate
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Appendix – Check Conversion Materials

- Below is a letter to current check recipients through the U.S. Department of Agriculture’s Commodity Credit Corporation, which compensates farmers for the agricultural commodities they produce.
- At right is a postcard designed for the U.S. Department of Veterans Affairs, which provides benefit and compensation payments to Veterans.



Farm
Production and
Conservation
Business Center

Commodity Credit
Corporation

Payment Operations
Section

P.O. Box 419205
Mail Stop 8538
Kansas City,
Missouri
64141-6205

Dear XXXXXXXXX,

The U.S. Department of Agriculture (USDA) Farm Service Agency (FSA)/Commodity Credit Corporation (CCC) is aligning with the U.S. Department of the Treasury in promoting federal government payments be made electronically.

Treasury records show that you are receiving:

1. FSA/CCC program related payments by paper check, or
2. at least one or more of your federal payments (e.g. IRS, SSA, etc.) by direct deposit, however you are receiving FSA/CCC program related payments by paper check.

If you are currently receiving your FSA/CCC program payment by paper check, or if you have just become eligible to begin receiving an FSA/CCC payment, you should receive your payment by direct deposit through a financial institution of your choice. FSA/CCC makes payments electronically through a program called direct deposit, which is a safe, convenient, and reliable way to receive your FSA/CCC payment to your bank account.

FRONT



BACK

You've earned your benefits

Protect them with direct deposit—a better and safer way to get your money.

Enroll today.
Switching to Direct Deposit is easy.

The Veterans Benefits Banking Program can help you open a low-to no-cost account.

Visit <https://www.benefits.va.gov/benefits/banking.asp> to find a participating bank or credit union near you.

Once you set up an account—or if you already have an account—call VA at 1-800-827-1000 with your banking information (if you use a Telecommunications Device for the Deaf, the Federal number is 711), or go online to <https://www.va.gov/change-direct-deposit>. From there, it's easy to enroll in direct deposit.

Make your life simpler and more secure. Your money will be in your account on time, every time.

VA does not endorse any banks or credit unions. You can continue receiving benefits by check or card.
VAPC 1

