

# Dan Tangherlini

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*By Michael J. Keegan*

## Managing the Resources of the U.S. Department of the Treasury



The 2008 financial crisis and its lingering impact triggered the most severe economic recession in 70 years. The U.S. Department of the Treasury has played a critical role in the federal government's response. Managing the nation's money has always been Treasury's primary function, but "the role of the department has changed in recent history because of this global financial crisis," acknowledges Dan Tangherlini, assistant

secretary of the Treasury for management and chief financial officer. The Treasury continues its core mission of collecting money due to the U.S., making payments, managing borrowing, investing when appropriate, and performing central accounting functions. It has most recently been called upon to implement various financial reforms deemed essential to maintaining the financial system's stability and integrity.

"Our number one, high-priority goal is repairing and reforming the financial system and expanding economic opportunity," explains Tangherlini. "The one central issue that we've been dealing with as a department is the global financial crisis. My job is providing the resource support, systems, and structures for the department to meet this challenge and its critical mission to foster recovery and stabilize the economy." No small feat when you consider the stakes: Tangherlini's office provides essential mission support services to a department with a total budget of \$23 billion and 112,000 employees.

In July 2010, President Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010

(Dodd-Frank Act), considered the most comprehensive reform of financial regulation since the Great Depression. "It is an incredibly important and historic piece of legislation," declares Tangherlini. "What it does in part is bring the financial regulators together to continually interact and work with each other on issues of systemic risk." Along with monitoring and mitigating systematic risk, the act calls for restoring discipline to the market and protecting consumers and investors from financial abuse. It also establishes a number of new entities to spearhead these reforms, including the Financial Stabilization Oversight Council (FSOC), the Office of Financial Research, the Consumer Financial Protection Bureau (CFPB), and the Office of Federal Insurance. Under the law, Treasury has the primary responsibility to stand up these new components. Tangherlini's office plays an integral role in making this happen. "We have to build something that's solid, efficient, and is going to be here to provide services for the long term. The challenge is, how do we do it while at the same time responding to a crisis quickly? Frankly, the exciting part is this real sense of mission, this real sense of commitment from the president, the secretary, and the Congress in passing the law, setting aggressive dates, and stripping down the to-do list to those things that are really important," admits Tangherlini.

While moving forward on these new initiatives, Treasury continues to focus on improving its management and operations, realizing efficiencies and enabling it to better accomplish its mission. In 2010, it launched a new performance management process led by the deputy secretary. Its purpose is to use performance information to drive better results and improve the performance culture of the organization.

For Tangherlini, this focus on accountability and results saw much success with the administration of the American Recovery and Reinvestment Act of 2009 (Recovery Act). The



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department plays a pivotal role here. Of the \$787 billion provided by the Recovery Act, Treasury is managing programs that will contribute nearly \$300 billion in benefits through the year 2019. “We had a tremendous level of reporting. We were being held accountable. It created an environment where we could collectively focus on outcomes. It gave us an opportunity to innovate—to question how best to deliver services without thinking much about the past and the layers of bureaucracy. We had a deadline and this incredible focus, which enabled us to get an awful lot done,” describes Tangherlini.

Getting things done requires the right direction, the right tools, and the right systems. With an annual IT budget of over \$3 billion, the department is focused on enabling innovation while increasing operational efficiency and effectiveness. “The way you strengthen the IT capital process,” says Tangherlini, “is not thinking it’s a stand-alone process. If you do, it becomes disconnected from mission and the broader resource discussion. IT is there to provide simpler, faster, and better ways of delivering outcomes. It’s the outcomes that are important and the technology that is in service of those outcomes.” Tangherlini recognizes that every investment must move toward delivering services more efficiently, improving business processes, and meeting outcomes. “We need to make sure we build the government for the 21st century.” One way to do this is by reducing the department’s data center footprint. “We have a plan to reduce our 42 data centers to 29 by 2015, but that’s just the start,” outlines Tangherlini. “We need to better understand how our systems interrelate, how our systems can work together, how we can move some of our systems out of data centers that we own and control and into the cloud.”

Improving operational efficiency can take many forms. In 2010, the department began implementing a paperless initiative. According to Treasury, 85 percent of federal benefit recipients currently receive their payments electronically. Moving all recipients to electronic payments is expected to save upwards of \$300 million in the first five years. “We have a responsibility to improve the way the Treasury Department

operates at a fundamental level. How can we meet our mission more efficiently? How can we do this in a way that’s more effective and more customer-friendly? Paper is kind of a proxy for inefficiency.” Tangherlini understands that, along with saving the U.S. taxpayer money, the increased use of electronic transactions also improves the quality of the process, reduces errors, and mitigates risk. Tangherlini points out that over half a million Social Security checks are lost or misplaced each year, exposing customers to unnecessary risk. Paperless transactions remedy many of these issues while enhancing accountability.

For Treasury, delivering better services means having the right people in place. It also involves being open and transparent in the work it does and the service it performs. According to Tangherlini, the department under Secretary Geithner’s leadership excels on both dimensions. He points out that the department moved from 17th to 12th on the *Best Places to Work in the Federal Government* survey, making Treasury one of the most improved agencies. As a service provider, the department was one of eight agencies to receive an award for the best and most innovative strategies for promoting open government. “The first day I walked into the building, the secretary reinforced that we are stewards of a very important, meaningful, and incredibly valuable institution and that the biggest challenge for us, as leaders, is to continually support the folks who [execute] Treasury’s [vital] mission.” ■

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