



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

February 4, 2025

The Honorable Jack Reed
United States Senate
Washington, D.C. 20510

Dear Senator Reed:

I am writing in response to your letter dated February 3, 2025, regarding payment systems operated by the U.S. Department of the Treasury.

The Treasury Department's Bureau of the Fiscal Service (Fiscal Service) operates vital payment systems for the federal government, and those systems should promote financial integrity and operational efficiency. The Fiscal Service disburses nearly 90 percent of all federal payments, in over 1.2 billion transactions per year. Treasury is committed to ensuring that the Fiscal Service is functioning in a manner consistent with the highest levels of efficiency and in accordance with the expectations of taxpayers to prevent waste, fraud and abuse.

Treasury has no higher obligation than managing the government's finances on behalf of the American people, and its payments system is critical to that process. In keeping with that mission, Treasury is committed to safeguarding the integrity and security of the system, given the implications of any compromise or disruption to the U.S. economy. The Fiscal Service is confident those protections are robust and effective. Therefore, expanding on efforts that began under the prior Administration, Treasury has been undergoing a review of these systems to maximize payment integrity for agencies and the public.

Importantly, the ongoing review of Treasury's systems is not resulting in the suspension or rejection of any payment instructions submitted to Treasury by other federal agencies across the government. In particular, the review at the Fiscal Service has not caused payments for obligations such as Social Security and Medicare to be delayed or re-routed. To be clear, the agency responsible for making the payment always drives the payment process. Currently, Treasury staff members working with Tom Krause, a Treasury employee, will have read-only access to the coded data of the Fiscal Service's payment systems in order to continue this operational efficiency assessment. This is similar to the kind of access that Treasury provides to individuals reviewing Treasury systems, such as auditors, and that follows practices associated with protecting the integrity of the systems and business processes.

Mr. Krause is conducting this effort in coordination with veteran career Treasury officials, and all operational processes continue to be conducted only by career Treasury staff in accordance with all standard security, safety, and privacy standards. Mr. Krause is a longtime technology executive. His decades of experience in building companies and managing balance sheets as a chief financial officer are of great benefit to this review. In order to allow him to perform this function, he has been hired as an expert/consultant by the federal government and designated in a role commonly used across Administrations—a "special government employee"—pursuant to applicable law. This role involves a hiring process that includes a review of a candidate's credentials and background, and demands the same ethical standards of privacy, confidentiality,

conflicts of interest assessment, and professionalism of other government employees.¹ These assessments are conducted by career legal and ethics officials. Mr. Krause is subject to the same security obligations and ethical requirements, including a Top Secret security clearance.

Treasury will continue its efforts to promote efficiency and effectiveness in its operations, and to prevent waste, fraud, and abuse.

Sincerely,

A handwritten signature in black ink on a light gray background. The signature reads "Jonathan Blum" in a cursive, slightly slanted script. The first letter of "Jonathan" is a large, stylized capital 'J' that loops down and back up. The name "Blum" is written in a similar cursive style.

Jonathan Blum
Principal Deputy Assistant Secretary
Office of Legislative Affairs

¹ See <https://extapps2.oge.gov/Training/OGETraining.nsf/xsp/.ibmmodres/domino/OpenAttachment/training/ogetraining.nsf/D006291C1FEC02448525869C005BD4B8/Body/EthicsLawsApplicabletoSGEs.pdf>.