

Bureau of Engraving and
Printing

FY 2013

President's Budget
Submission

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Section 1 – Purpose

1A – Mission Statement

To develop and produce United States currency notes trusted worldwide.

1.1 – Resource Detail Table

Dollars in Thousands

	FY 2011 Actual		FY 2012 Estimated		FY 2013 Estimated		% Change FY 2012 to FY 2013	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Budgetary Resources:								
Revenue/Offsetting Collections								
Federal Reserve Notes		\$573,750		\$623,000		\$591,616		-5%
Other Security Products		\$5,000		\$7,000		\$5,000		-29%
Currency Reader Coupon Program		\$0		\$0		\$69,357		
Total Revenue/Offsetting Collections		\$578,750		\$630,000		\$665,973		6%
Total Budgetary Resources Available		\$578,750		\$630,000		\$665,973		6%
Expenses/Obligations								
Direct Manufacturing								
Paper and Ink	0	\$163,000	0	\$210,000	0	\$240,950	0%	15%
Direct Labor	725	\$94,500	725	\$94,500	725	\$94,500	0%	0%
Other Direct Mfg Costs	0	\$7,500	0	\$7,500	0	\$7,500	0%	0%
Subtotal Manufacturing Costs	725	265,000	725	312,000	725	342,950	0%	10%
Indirect Manufacturing Support	1,170	\$313,750	1,200	\$318,000	1,135	\$253,666	-5%	-20%
Total Manufacturing Activity Costs	1,895	578,750	1,925	630,000	1,860	596,616	-3%	-5%
Currency Reader Coupon Program	0	\$0	0	\$0	2	\$69,357		
Total Expenses/Obligations	1,895	578,750	1,925	630,000	1,862	665,973	-3%	6%
Net Results		\$0		\$0		\$0		0%
Federal Reserve Notes Manufactured (in		5.7		8.4		7.0		-17%
Capital Investments		\$55,000		\$60,000		\$50,000		-17%

1B – Mission Priorities and Context

In support of Treasury’s strategic goal of “Enhance U.S. Competitiveness and Promote International Financial Stability and Balanced Global Growth”, the mission of the Bureau of Engraving and Printing (BEP) is to develop and produce United States currency notes, trusted worldwide.

FY 2013 Priorities

- Achieve BEP’s strategic goals - Produce U.S. currency that functions flawlessly in commerce; create innovative currency designs to provide effective counterfeit deterrence and meaningful access to currency note usage for all; organizational excellence and customer satisfaction through balanced investment in people, processes, facilities, and technology.
- Product quality - Produce and deliver currency notes ordered by the Federal Reserve Board that consistently meet the customer’s high quality standards.

- Counterfeit Deterrence – Conduct research and development, collaborate with key stakeholders, in order to deter counterfeiting and maintain public trust in the security and reliability of U.S. currency notes.
- Meaningful Access – Assist users of U.S. currency, including the blind and visually impaired, with the use and denomination of currency.

Context

The Bureau of Engraving and Printing began printing currency in 1862. The Bureau operates on the basis of authority conferred upon the Secretary of the Treasury by 31 U.S.C. 321(a) (4) to engrave and print currency and other security documents. Operations are financed through a revolving fund established in 1950 in accordance with Public Law 81-656. This fund is reimbursed for direct and indirect costs of operations, including administrative expenses, through product sales. In 1977, Public Law 95-81 authorized the Bureau to include an amount sufficient to fund capital investment and to meet working capital requirements in the prices charged for products, eliminating the need for appropriations from Congress.

BEP's strategic goals are to produce U.S. currency that functions flawlessly in commerce; create innovative currency designs to provide effective counterfeit deterrence and meaningful access to currency note usage for all; and achieve organizational excellence and customer satisfaction through balanced investment in people, processes, facilities, and technology. The Bureau also provides technical assistance and advice to other Federal agencies in the design and production of documents which require counterfeit deterrent features, due to their innate value or other characteristics. Other activities at the Bureau include engraving plates and dies; manufacturing inks used to print security products; purchasing materials, supplies and equipment; and storing and delivering products in accordance with customer requirements.

The Bureau produces the paper currency notes ordered by the Federal Reserve Board. During FY 2013, BEP expects to produce and deliver 7.0 billion notes to the Federal Reserve Board to meet currency demand. This represents an approximate 20 percent reduction in the number of notes produced from the 8.4 billion note program expected to be delivered in the FY 2012 program. However, in order to meet international demand, the anticipated denominations ordered will be the more costly higher denominated notes.

The importance of producing and delivering currency of consistently high quality, note after note, cannot be overstated, especially for the redesigned \$100 note. The prevalent use of the \$100 note throughout the world and its global reputation as a store of value requires the production of the new \$100 note to continue at increased levels through 2013. Increased production of the redesigned \$100 note is in support of the transition from old note designs to new designs and to meet demand in the U.S. and abroad. It is estimated by the Federal Reserve that as many as two-thirds of all \$100 notes circulate outside the United States. The redesign of the \$100 note marked the completion of a multi-year initiative to implement the most ambitious currency redesign in United States history.

Over the last decade, research and development of new technologies for use in currency note production has become a priority at the Bureau as more sophisticated counterfeit deterrent features are needed to protect future generations of currency notes. Via its website www.bep.gov, BEP seeks information about obtaining, testing and evaluating technologies or materials that may have potential application in the development of new counterfeit deterrent features in currency notes. Technologies or materials submitted for consideration are reviewed for inherent and relative effectiveness as potential new security features. They are also reviewed for compatibility with design and production factors, for durability, environmental acceptability, and for processing requirements. After obtaining submitter approval, BEP may also request experts working under government contracts to provide technical evaluation and adversarial analysis of possible counterfeit deterrent features. These features of interest include ink (intaglio, typographic and off-set) and ink additives, alternate and traditional substrates (paper or other media), substrate additives, design elements or techniques, diffractive, reflective, or other optically variable materials, laminated materials, hot-stamped materials, and others.

BEP supports a comprehensive anti-counterfeiting program built around aggressive law enforcement, effective note design, and public education. The Bureau will continue its work in 2013 with the Advanced Counterfeit Deterrent (ACD) Steering Committee to research and develop future currency designs that will enhance and protect U.S. currency notes. The ACD Committee includes representatives from BEP, the Department of the Treasury, the U.S. Secret Service, and the Federal Reserve Board.

Work will continue in FY 2013 on the goal of enabling the Nation's currency to better serve domestic and international users, including the blind and visually impaired. The Bureau will be incorporating features into the next redesign of currency that will assist every American to better use and denominate currency. BEP will continue its efforts to research and develop tactile features that will enhance future note designs. Testing and refinement of features will continue to determine which processes and features work best at the production volumes needed for U.S. currency. While no timetable has been set for the introduction of this currency, the next redesign will incorporate changes to make U.S. currency more accessible to those who are blind and visually impaired. As discussed below, the Bureau is also seeking legislative authority to facilitate a currency reader program designed to provide meaningful access to US currency prior to the introduction of a tactile feature.

The FY 2013 Budget proposes to authorize the Bureau to implement a coupon program to distribute currency readers as a cheaper and more efficient alternative to the agency's existing authority to loan the readers. Currently, BEP can loan currency readers to the blind and visually impaired public under its general authorities. However, BEP has data suggesting that the cost of administrative resources needed to implement such a loan program would be significant and that, alternatively, a coupon program that would fund public purchases of readers would be much more cost-efficient. BEP anticipates that a coupon program could be approximately half as expensive as the loan program. Under a loan program, BEP would be required to maintain an inventory of currency reader devices loaned to the public, and conduct periodic checks to ensure the condition of the devices, incurring costs and an inconvenience to the visually disabled community. Under a coupon program, BEP would not be required to buy, maintain, distribute and account for an inventory of currency reader devices, nor would it need to incur the cost of

tracking the devices during the time they are on loan. Additionally, under a coupon program, United States citizens and legal residents who are blind or visually impaired could apply for coupons that would be credited toward the cost of a currency reader purchased directly from a commercial vendor and paid for through the Bureau of Engraving and Printing's revolving fund. Initial discussions with the Federal Reserve Board Staff indicate that the Board supports the coupon program as the most cost effective method to improve meaningful access for the blind and visually impaired. Implementation of a coupon program, however, would require BEP to be granted specific statutory authority to do so. Without this legislative authority, the program is expected to cost \$122 million in FY 2013.

Section 2 – Budget Adjustments and Appropriation Language

2.1 – Budget Adjustments Table

Dollars in Thousands

Bureau of Engraving and Printing	FTE	Amount
FY 2012 Estimated	1,925	\$630,000
Changes to Base:		
Maintaining Current Levels (MCLs):	-	\$7,553
Maintaining Current Levels	-	\$7,553
Efficiency Savings:	(65)	(\$46,037)
Reduced Labor and Benefits Costs Due to Attrition Without Backfill	(25)	(\$3,855)
Manufacturing Support Suite/Lean Six Sigma	-	(\$2,500)
Spoilage Reduction Savings	-	(\$1,000)
Productivity Improvements/Overtime Reduction	-	(\$1,000)
Energy Savings	-	(\$250)
Reduce \$1 Currency Note Cost of Production	-	(\$15,000)
Defer Selected Capital Improvements	-	(\$13,000)
Separation Incentives	(40)	(\$2,800)
Contract Savings	-	(\$2,800)
Reduce Non-Critical Travel and Training	-	(\$2,000)
Reduction in Public Tour Hours and Related Contractor Costs	-	(\$1,832)
Subtotal FY 2013 Changes to Base	(65)	(\$38,484)
Total FY 2013 Base	1,860	\$591,516
Program Increases:	2	\$74,457
Expected increase in Next Generation \$100 Currency Note Production	-	\$5,100
Currency Reader Coupon Program	2	\$69,357
Total FY 2013 Estimated	1,862	\$665,973

2A – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) +\$7,553,000 / +0 FTE

Maintaining Current Levels +\$7,553,000 / +0 FTE

Funds are requested for inflation adjustments (1.7 percent) in non-labor expenses such as GSA rent adjustments, postage, supplies and equipment and health benefits and the increase in Federal Employees Retirement System participation. Funds are also requested for the proposed 2013 pay raise (0.5 percent).

Efficiency Savings -\$46,037,000 / -65 FTE

Reduced Labor and Benefits Costs Due to Attrition Without Backfill -\$3,855,000 / -25 FTE

By not backfilling certain targeted employee vacancies, BEP plans for cost savings in labor and benefits, without any loss in production capability.

Manufacturing Support Suite/Lean Six Sigma -\$2,500,000 / +0 FTE

Savings as a result of improved business practices enabled by new management and financial systems as well as targeted Lean Six Sigma projects.

Spoilage Reduction Savings -\$1,000,000 / +0 FTE

BEP and the paper supplier have a better understanding of the operating parameters necessary to optimize the quality of currency notes (acceptable ranges for humidity, temperature, etc in both papermaking and the printing process). Lessons learned from paper optimization trials for the NexGen \$100 creasing challenges will be applied to the production of other currency

denominations. This should result in improved operational performance and reduce spoilage across all denominations.

Productivity Improvements/Overtime Reduction -\$1,000,000 / +0 FTE

By employing new production technologies BEP plans for increased productivity requiring less overtime worked.

Energy Savings -\$250,000 / +0 FTE

Energy Savings will be gained by employing new production technologies. BEP's retooling efforts have replaced older and less efficient equipment with newer, safer, more energy efficient, and more productive and reliable equipment.

Reduce \$1 Currency Note Cost of Production -\$15,000,000 / +0 FTE

BEP will be moving to 50 subject note processing which will cut production costs for the \$1 note program. The Federal Reserve Board (FRB) implemented a new policy which will result in an increase in the circulation life of the note which will translate into a reduction of the FRB's annual order. This cut assumes that the impact of the FRB policy will enable the FRB to reduce its annual order for the \$1 note for 2013. Underutilized production equipment capacity may result depending on the FRB's 2013 order for higher denominations.

Defer Selected Capital Improvements -\$13,000,000 / +0 FTE

Deferring selected capital improvements for BEP's Washington DC facility pending the outcome of the BEP facility study will likely have little or no impact on BEP's primary mission.

Separation Incentives -\$2,800,000 / -40 FTE

By making the Voluntary Separation Incentive Program (VSIP) or Voluntary Early Retirement Authority (VERA) available to employees BEP hopes to accelerate current right-sizing efforts.

Contract Savings -\$2,800,000 / +0 FTE

A value based decision, reducing the level of service of certain contracts would result in cost savings.

Reduce Non-Critical Travel and Training -\$2,000,000 / +0 FTE

Cost savings will be achieved by leveraging on-line training and reducing temporary duty travel to support only mission critical requirements.

Reduction in Public Tour Hours and Related Contractor Costs -\$1,832,000 / +0 FTE

Reducing the number of operational hours on selected days at BEP's public tour in Fort Worth, Texas will result in cost savings with limited impact to the visiting public. The public tour hours in Washington DC will remain unchanged. This scheduling change has no impact on BEP's primary mission of developing and producing United States currency notes, trusted worldwide.

Program Increases +\$74,457,000 / +2 FTE

Currency Reader Coupon Program +\$69,357,000 / +2 FTE

The FY 2013 Budget funds the implementation of the BEP legislative proposal – "Currency Reader Coupon Program". The funding request is based on a population estimate of five million

blind or visually impaired people of the United States. The program will be managed in-house and it is estimated that 40% of the blind population and 10% of the visually impaired population will request a coupon for a free currency reader. The fully loaded cost per reader is estimated at \$150 at the implementation start.

Expected increase in Next Generation \$100 Currency Note Production +\$5,100,000 / +0 FTE

In order to meet increased international demand for \$100 notes, the FY 2013 order is expected to include a higher number of these costly notes than previously anticipated.

2.2 – Operating Levels Table

Dollars in Thousands

Bureau of Engraving and Printing	FY 2011 Actual	FY 2012 Estimated	FY 2013 Estimated
FTE	1,895	1,925	1,862
Object Classification			
11.1 - Full-time permanent	165,000	167,750	162,479
11.3 - Other than full-time permanent	1,500	1,750	750
11.5 - Other personnel compensation	2,500	2,500	1,250
11.6 - Overtime	18,000	17,500	5,500
11.9 Personnel Compensation (Total)	187,000	189,500	169,979
12 - Personnel benefits	50,000	50,500	47,455
21 - Travel and transportation of persons	1,700	2,000	1,500
22 - Transportation of things	300	500	250
23.1 - Rental payments to GSA	2,000	2,000	2,000
23.2 - Rental payments to others	1,000	1,000	1,000
23.3 - Communication, utilities, and misc charges	14,000	14,000	13,750
24 - Printing and reproduction	750	750	500
25.1 - Advisory and assistance services	7,000	4,000	4,000
25.2 - Other services	43,000	43,250	110,250
25.4 - Operation and maintenance of facilities	9,000	9,500	8,750
25.5 - Research and development contracts	4,000	5,000	5,000
25.7 - Operation and maintenance of equip	10,000	9,750	9,250
26 - Supplies and materials	193,000	238,000	242,039
31 - Equipment	55,750	60,000	50,000
42 - Insurance claims and indemnities	250	250	250
Total Budget Authority	578,750	630,000	665,973
Budget Activities:			
Manufacturing	517,750	630,000	665,973
Protection and Accountability of Assets	61,000	0	0
Total Budget Authority	578,750	630,000	665,973

2B – Appropriations Language and Explanation of Changes

The Bureau of Engraving and Printing receives no appropriated funds from Congress.

2C – Legislative Proposals

Cooperative Efforts

For FY 2013, Treasury proposes to remove section 113 from the FY 2012 bill which requires approval of Congressional committees prior to implementing cooperative arrangements between the United States Mint and the Bureau of Engraving and Printing (BEP). This change would increase Treasury’s flexibility to use the Economy Act to implement potential cooperative efforts such as shared administrative services that could reduce unnecessary duplication of effort and thus improve cost efficiency at the BEP and at the United States Mint. Treasury would still consult with the Committees on any major reorganization as required by section 608.

[SEC. 113. None of the funds appropriated or otherwise made available by this or any other Act or source to the Department of the Treasury, the Bureau of Engraving and Printing, and the United States Mint, individually or collectively, may be used to consolidate any or all functions of the Bureau of Engraving and Printing and the United States Mint without the explicit approval of the House Committee on Financial Services; the Senate Committee on Banking, Housing, and Urban Affairs; and the Committees on Appropriations of the House of Representatives and the Senate.]

Currency Readers

The FY 2013 Budget proposes to authorize the Bureau to implement a coupon program to distribute currency readers as a cheaper and more efficient alternative to the agency’s existing authority to loan the readers.

In October 2008 the United States District Court for the District of Columbia (Civil Action No. 02-0684 (JR) “American Council of the Blind, et al.; Plaintiffs, vs. Henry M. Paulson, Jr., Secretary of the Treasury, Defendant”) ruled that the Department of the Treasury and BEP must provide meaningful access to the denomination of U.S. currency notes for blind and visually impaired U.S. citizens and legal permanent residents (meaningful access). The Department submitted its recommendations to the Secretary of the Treasury, who approved them on May 31, 2011. The Department reported these recommendations to the Court in a status report in September 2011.

The recommendations include a program to distribute currency readers to blind and other visually impaired persons, and the inclusion of raised tactile features and high-contrast numerals that would help them distinguish the denominations of U.S. currency notes. As BEP continues to develop tactile features and high contrast numerals, the currency reader program would serve as an interim measure to assist the blind and visually impaired with currency note denomination during a period while notes both with and without tactile features and high contrast numerals co-circulate. The program would provide eligible individuals with a currency reader at no cost to the user.

BEP can currently loan readers to the public under its general authorities, but the cost to implement a loan program would be significant and an alternative coupon program to fund

public purchases of readers would be much more cost-efficient. Under a coupon program, United States citizens and legal residents who are blind or visually impaired could apply for coupons that would be credited toward the cost of a currency reader purchased directly from a commercial vendor and paid for through BEP's revolving fund. BEP anticipates a coupon program could be approximately half as expensive as the loan program. Initial discussions with the Federal Reserve Board indicate that the Board supports the coupon program as the most cost effective method to improve meaningful access. Implementation of a coupon program, however, would require BEP to be granted specific statutory authority to do so. Without this legislative authority, the program is expected to cost \$122 million in FY 2013.

Sec. 121. *Subchapter IV of chapter 51 of Title 31, United States Code, is hereby amended by adding after section 5144 the following:*

Sec. 5145 Currency Reader Program

The Secretary of the Treasury may implement and administer a Currency Reader Program through which a United States resident, who is blind or visually impaired, may obtain a coupon that can be applied toward the purchase of a device to denominate United States currency. Amounts in the Bureau of Engraving and Printing Fund described in section 5142 of title 31, United States Code, shall be available to pay for expenses of this program. The Secretary shall include these expenses in the cost charged to the Board of Governors of the Federal Reserve System for the services of meeting the Board's order for new notes.

Section 3 – Budget and Performance Report and Plan

3A – Manufacturing

(\$665,973,000 from revenue/offsetting collections):

The BEP has one budget activity: Manufacturing. This budget activity supports all of BEP's strategic goals.

The goal owner for the Manufacturing budget activity is BEP's Deputy Director Pamela Gardiner.

Description of Performance:

Manufacturing Costs for Currency (dollar cost per 1,000 notes produced) is an indicator of manufacturing efficiency and effectiveness of program management. This measure is based on contracted price factors and anticipated productivity improvements, as well as the mix of denominations ordered year to year. As more sophisticated counterfeit deterrent design features are produced, paper and ink costs increase, resulting in increased total manufacturing costs. Actual performance against standard cost depends on BEP's ability to meet annual spoilage, efficiency, and capacity utilization goals. In order to meet this measure, costs and other standard manufacturing performance metrics are tracked at each stage of production and corrections are made on the shop floor. In addition, production and quality metrics are discussed on a monthly basis at the executive level and corrective action plans are developed. The manufacturing cost of currency metric has performed at or better than its annual targets for the past seven years. In 2011 the cost of manufacturing was lower than anticipated, as the actual result realized for this measure was \$34.60 per 1,000 notes produced against a goal of \$39.00. This was primarily due to the suspension of production on the new \$100 Note, pending the outcome of collaboration with major stakeholders. It is anticipated that as the production of these notes resumes, the overall cost of manufacturing will increase. The performance goals for both 2012 and 2013 reflect the increased production of high cost redesigned \$100 notes as a proportion of the total annual order, and are set at \$48.00 in 2012 and at \$50.00 per 1,000 notes produced in 2013.

Percent of currency notes returned due to defects is an indicator of the Bureau's ability to provide a quality product. All notes delivered to the Federal Reserve go through rigorous quality inspections during the manufacturing process. In addition, notes are inspected a final time using the same inspection systems used at the Federal Reserve Banks. These inspections ensure that all counterfeit deterrent features, both overt and covert, are functioning as designed. BEP's FY 2011 target for this performance metric was .0001 percent and BEP was able to meet the target. An infinitesimal number of notes are returned due to defects; In FY 2011 only 1,007 notes were returned out of the 5.8 billion notes produced. BEP anticipates similar results in the future, and BEP's target for this performance metric will be held constant at .0001 percent for FY 2012 and FY 2013.

BEP's Best Places to Work in Federal Government Ranking is based on the results of the Partnership for Public Service data on three questions in the Federal Employee Viewpoint Survey. This survey is sent annually to all Federal employees seeking their opinion on their organization's leadership and programs relating to fairness, employee empowerment and recognition. BEP's performance plan for this metric was to improve its ranking of 219 out of 224

in FY 2010 by 20 places in FY 2011. The actual 2011 ranking improved by 45 places to 174 out of 240. The Bureau continues to sponsor activities and encourage employee engagement by contributing ideas and participation in events which are aimed at improving the work environment for all employees. The Bureau will continue these efforts and is confident that this positive direction will continue. BEP will continue to target achievement of an improvement in rank by getting into the top 100.

Reduction in Regulated Waste (Millions of pounds of regulated air emissions, wastewater, and solid waste combined) is a quantitative indicator of the effectiveness of BEP environmental programs, which are assessed through the BEP ISO 14001 certified Environmental Management System (EMS). This reflects the maturation of the EMS as well as the Bureau's commitment to continually improve its Environmental Health and Safety (EHS) performance, as both of the Bureau's two manufacturing facilities received unconditional recertification to the ISO 14001 standard in FY 2011. BEP's FY 2011 performance for this new metric will become the baseline for the FY 2012 performance target.

Lost Time Accident Rate per 100 Employees measures the Bureau's ability to reduce injuries and illnesses in the workplace. BEP's key performance indicator is the annual Occupational Safety and Health Administration's (OSHA) reportable lost time case rate and number of lost workdays. In 2011 BEP's lost time case rate decreased favorably by more than 25 percent during the fiscal year to 1.4 against a target of 1.7 cases per 100 employees. The Bureau remains committed to improving the safety of its employees and has undertaken analysis to determine the root causes of injury and to identify best practices in safety. BEP will continue to allocate resources to have the greatest impact on preventing future injuries. BEP's target for this performance metric will be held constant at 1.7 per 100 employees for FY 2012 and FY 2013.

The 2013 Cuts, Consolidations, and Savings (CCS) Volume of the President's Budget identifies the lower-priority program activities under the GPRA Modernization Act, 31 U.S.C. 1115(b)(10). The public can access the volume at: <http://www.whitehouse.gov/omb/budget>.

3.1.1 – Manufacturing Budget and Performance Report and Plan

Dollars in Thousands

Manufacturing Budget Activity

Resource Level	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Estimate	FY 2013 Estimate
Revenue/Offsetting Collections	\$445,000	\$493,000	\$476,700	\$469,000	\$555,000	\$517,750	\$630,000	\$665,973
Total Resources	\$445,000	\$493,000	\$476,700	\$469,000	\$555,000	\$517,750	\$630,000	\$665,973

Budget Activity Total	\$445,000	\$493,000	\$476,700	\$469,000	\$555,000	\$517,750	\$630,000	\$665,973
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Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
Best places to work in Federal Government ranking	N/A	N/A	N/A	N/A	N/A	174	154	134
Lost time accident rate per 100 employees	N/A	N/A	N/A	N/A	N/A	1.4	1.7	1.7
Manufacturing Costs For Currency (Dollar Costs Per Thousand Notes Produced) (\$)	27.49	28.71	29.47	32.77	44.85	34.6	48.0	50.0
Percent of currency notes delivered returned due to defects	N/A	N/A	N/A	N/A	N/A	.0	.0	.0
Reduction to BEP's three major regulated waste streams (air emissions, wastewater, and solid waste)	N/A	N/A	N/A	N/A	N/A	32.7	32.7	30

Key: DISC - Discontinued and B - Baseline

3B – Protection and Accountability of Assets

(\$0 from revenue/offsetting collections):

The Department of the Treasury eliminated the Protection and Accountability budget activity and consolidated it into the Manufacturing budget activity beginning in FY 2012. The Department determined that the Protection and Accountability budget activity failed to serve a meaningful purpose on a standalone basis and unnecessarily complicated budgetary and other financial reporting.

This budget activity contained two measures: currency shipment discrepancies and security costs per 1000 notes delivered.

The measure currency shipment discrepancies per million notes delivered was discontinued in FY 2010, as the Department of the Treasury found that a new measure, percent of currency notes returned due to defects, is a better indicator of product quality as seen by the Federal Reserve. The older measure referred to product overages or shortages of as little as a single currency note in shipments of finished notes to the Federal Reserve Banks. The target was very difficult to achieve, given the number of currency notes produced and the speed at which the notes are processed, however, the Bureau was able to meet or exceed this target on a regular basis.

The measure security cost per 1,000 notes delivered was discontinued in FY 2010 because over time, the Department of the Treasury found it to be of limited usefulness.

3.1.2 – Protection and Accountability of Assets Budget and Performance Report and Plan

Dollars in Thousands

Protection and Accountability of Assets Budget Activity

Resource Level	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Estimate	FY 2013 Estimate
Revenue/Offsetting Collections	\$61,000	\$63,000	\$61,500	\$62,000	\$61,000	\$61,000	\$0	\$0
Total Resources	\$61,000	\$63,000	\$61,500	\$62,000	\$61,000	\$61,000	\$0	\$0
Budget Activity Total	\$61,000	\$63,000	\$61,500	\$62,000	\$61,000	\$61,000	\$0	\$0

[Detailed information about each performance measure, including definition, verification and validation](#) is available.

Section 4 – Supplemental Information

4A – Capital Investment Strategy

The Bureau of Engraving and Printing's capital investment strategy includes several broad investment categories with more specific projects in each category.

The Bureau's mission to develop and produce US Currency notes, trusted worldwide demands the BEP continually improve its manufacturing processes by investing in new technologies and innovations. In concert, the Bureau is also in the process of completing a multi-year investment in state of the art printing, electronic inspection and finishing equipment for the Washington, DC and Fort Worth, Texas facilities.

The technological sophistication of the manufacturing platforms being acquired will require a commensurate investment in the Bureau's employees and its information technology to ensure that the Bureau's quality management system meets the demands of the 21st century. This will enable nearly all of the Bureau's production related business decisions to be driven by near real-time manufacturing performance metrics.

BEP places a high priority on capital investments that ensure employee safety and comply with environmental and regulatory standards. In this regard the Bureau is moving forward with a plan to accelerate its progress toward a green operation by implementing a wiping solution recycling system in the Washington, DC facility to reclaim approximately 95% of the water-based wiping solution that is integral to the Bureau's intaglio printing process. Recycling the wiping solution will save approximately 12 million gallons of water annually. In addition to water savings, the project will reduce the quantity of chemicals used to produce the wiping solution as well as the amount of energy required for solution heating. The total savings for water, chemicals, and energy is projected to be approximately \$1 million annually.

The Bureau is also focused on building the capability to produce new currency designs with tactile features to provide meaningful access to US currency for the blind and visually impaired. The Bureau is acquiring a single commercial silk screen press to test the technology's capability to meet this need. Extensive market research was launched to identify potential methods of giving meaningful access and additional security features to U.S. banknotes and it was determined that the screen printing press was the best solution for developing new banknote features in the future.

BEP uses sophisticated information technology (IT) and IT-embedded investments (i.e. sophisticated manufacturing and inspection equipment) in supporting the technical development and manufacturing of Federal Reserve notes.

BEP participates as a partner in significant Treasury-wide enterprise level investments such as TNet (a Department-wide network to allow bureaus to leverage shared services), Homeland Security Presidential Directive-12, HRConnect (a Human Resources Line of Business service provider) and the Treasury Learning Management System (TLMS).

The Bureau's IT portfolio includes a 'cloud first' approach to implementing business systems. The Oracle eBusiness Suite is an integrated manufacturing suite which runs at the Oracle Corporation's "Federal on Demand" Shared Service Center in Austin, Texas.

[A summary of capital investment resources, including major information technology and non-technology investments](#) is available.