

Department of the Treasury
Bureau of Engraving and
Printing

Congressional Budget
Justification and Annual
Performance Report and Plan

FY 2020

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Section I – Purpose

A – Mission Statement

To develop and produce United States currency notes trusted worldwide.

B – Summary of the Request

The Bureau of Engraving and Printing (BEP) produces and delivers U.S. currency notes for the Federal Reserve System ordered by the Board of Governors of the Federal Reserve (FRB) and other security products for the Federal Government. BEP began printing currency in 1862 and 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. The fund is reimbursed for direct and indirect costs of operations, including administrative expenses, through product sales. In 1977, Public Law 95-81 authorized BEP 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 annual discretionary appropriations.

BEP provides technical assistance, advice, and some production services to other federal agencies in the development of security documents that require counterfeit deterrent features due to their innate value or other characteristics. Other activities at BEP 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. BEP supports Treasury's Strategic Goal 1: Boost U.S. Economic Growth and Strategic Goal 5: Achieve Operational Excellence.

BEP's FY 2020 request funds the following projects:

Replacement Production Facility: BEP's current Washington, D.C. facility has an aging and outdated infrastructure which drives up costs and adversely impacts quality of the currency. BEP's FY 2020 Congressional Justification displays expenditures for planning and design services for a new, smaller, more efficient currency production facility. A new facility will save an estimated \$579 million over 10 years as compared to the cost of the renovation of the existing facility. In addition, BEP will be able to reduce its space by 28 percent and reduce its annual operating costs by at least \$38 million. In 2019 and 2020 the budget includes costs associated with initial planning as well as the cost for the preliminary analysis by the Army Corps of Engineers for compliance with the National Environmental Policy Act (NEPA) and the cost of site surveys.¹

1. **Western Currency Facility Expansion:** Producing the next family of updated notes requires that BEP purchase and install new production equipment to support the new designs. The expansion will provide the space and infrastructure necessary to successfully meet the

¹ The final 2019 appropriations bill provided BEP with the necessary authority to purchase land and construct a new production facility. In addition, the Agriculture Improvement Act of 2018 included a provision that authorizes the Secretary of Agriculture to transfer to the Secretary of the Treasury administrative jurisdiction of a 100-acre parcel of property at the Beltsville Agriculture Research Center (BARC) for establishing a BEP production facility. Treasury and USDA plan to enter into a Memorandum of Agreement to implement the property transfer.

production requirements of the next family of U.S. currency banknotes that focus on the integration of strong, new security features.

2. **Banknote Design and Development:** In FY 2020, BEP will continue working with the Federal Government’s Advanced Counterfeit Deterrent (ACD) Steering Committee to research and develop improved security features for the next family of updated notes. The updated notes will focus on innovative banknote security and anti-counterfeit technology that will enhance and ensure the security and integrity of U.S. currency. The ACD Committee is an inter-agency group established to monitor and explore existing and emerging technologies to deter the counterfeiting of U.S. currency. It includes representatives from BEP, the Department of the Treasury, the U.S. Secret Service, and the FRB. While many factors are taken into consideration when updating currency, the primary purpose for updating notes is to improve the security of U.S. banknotes and ensure they maintain their position as being trusted worldwide.
3. **Retooling:** BEP is conducting a multi-year effort to retool its manufacturing processes with state-of-the-art intaglio printing presses, electronic inspection systems, and finishing equipment. To ensure that BEP will meet the annual currency order, the FRB and BEP developed and established short, medium, and long-term strategic equipment replacement plans for the U.S. Currency Program. Successful implementation of advanced technology improves productivity, reduces environmental impact, and enhances counterfeit deterrence of U.S. currency notes.
4. **Talent Management:** BEP will continue its designated talent management initiatives, while filling personnel gaps in needed STEM and cybersecurity skill sets. Throughout FY 2020, BEP will continue to develop, execute, and communicate the results of Employee Engagement Plans and the annual Federal Employee Viewpoint Survey (FEVS) results.

1.1 – Resource Detail Table

Dollars in Thousands

Bureau of Engraving and Printing Budgetary Resources	FY 2018		FY 2019		FY 2020		FY 2019 to FY 2020			
	Actual		Estimated		Estimated		\$ Change		% Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Revenue/Offsetting Collections										
Currency Program	1,748	\$905,134	1,836	\$872,201	1,863	\$877,887	27	\$5,686	1.47%	0.65%
Other Programs	0	\$9,000	0	\$9,000	0	\$9,000	0	\$0	NA	0.00%
Total Revenue/Offsetting Collections	1,748	\$914,134	1,836	\$881,201	1,863	\$886,887	27	\$5,686	1.47%	0.65%
Expenses/Obligations										
Manufacturing										
Direct Manufacturing	741	\$504,539	724	\$492,539	716	\$486,880	(8)	(\$5,659)	-1.10%	-1.15%
Indirect Manufacturing Support	1,007	\$409,595	1,112	\$388,662	1,147	\$400,007	35	\$11,345	3.15%	2.92%
Total Expenses/Obligations	1,748	\$914,134	1,836	\$881,201	1,863	\$886,887	27	\$5,686	1.47%	0.65%
Net Results	1,748	0	1,836	0	1,863	0	27	0	0	NA

1.2 – Budget Adjustments Table

Dollars in Thousands

Bureau of Engraving and Printing	FTE	Materials	Operating & Capital	Total
FY 2019 Estimated	1,836	\$279,482	\$616,948	\$896,430
Decreases				
Washington D.C. New Facility	0	\$0	(\$30,820)	(\$30,820)
Increases				
Mint/BEP OMS II Consolidation Costs	0	\$0	\$294	\$294
Washington D.C. Facility Building Upgrades	0	\$0	\$15,297	\$15,297
Subtotal	0	\$0	(\$15,229)	(\$15,229)
FY 2019 Revised Estimate	1,836	\$279,482	\$601,719	\$881,201
Changes to Base				
Maintaining Current Levels (MCLs)	0	\$0	\$7,275	\$7,275
Non-Pay	0	\$0	\$7,275	\$7,275
Efficiency Savings	0	\$0	(\$3,000)	(\$3,000)
Overtime Reduction	0	\$0	(\$2,000)	(\$2,000)
Productivity Improvements	0	\$0	(\$1,000)	(\$1,000)
Subtotal Changes to Base	0	\$0	\$4,275	\$4,275
Total FY 2020 Base	1,836	\$279,482	\$605,994	\$885,476
Program Changes				
Program Decreases				
Washington D.C. Building Renovations	0	\$0	(\$18,960)	(\$18,960)
Program Increase				
Operations and Maintenance (O&M) of Prior-year Enterprise-wide Cybersecurity Investments	0	\$0	\$371	\$371
Security Feature Equipment	0	\$0	\$15,000	\$15,000
Workforce Planning Hiring Efforts (STEM)	27	\$0	\$5,000	\$5,000
Subtotal Program Changes	27	\$0	\$1,411	\$1,411
Total FY 2020 Estimated	1,863	\$279,482	\$607,405	\$886,887

*The 2020 President's Budget continues to include the proposal to give BEP the authority to purchase land and construct a new facility as a legislative proposal, rather than enacted law, due to the timing of the enactment of the final 2019 appropriations bill. This table assumes enactment of the proposal in 2019.

C – Budget Increases and Decreases Description

FY 2019 Revised Estimate

Program Decrease **-\$30,820,000 / -0 FTE**

Washington D.C. New Facility -\$30,820,000 / -0 FTE

This is an adjustment to the original estimate to reflect when the new facility work will begin.

Program Increases **+\$15,591,000 / +0 FTE**

Mint/BEP OMS II Consolidation Costs +294,000 / +0 FTE

One time consolidation costs to the Mint's E-Commerce infrastructure and services platform.

Washington D.C. Facility Building Upgrades +\$15,297,000/ +0 FTE

These building and supporting system upgrades (i.e. HVAC, freight elevators) are necessary to maintain the existing facility until the new production facility is complete.

FY 2020 Maintaining Current Levels (MCLs)..... **+\$7,275,000 / +0 FTE**

Non-Pay +\$7,275,000 / +0 FTE

Funds are required for non-labor costs such as travel, contracts, rent, supplies, and equipment.

Efficiency Savings **-\$3,000,000 / -0 FTE**

Productivity Improvements & Overtime Reduction -\$3,000,000 / -0 FTE

By employing new production technologies, BEP plans for increased operational efficiencies that require less overtime.

Program Decreases -**\$18,960,000 / -0 FTE**
Washington D.C. Building Renovations -\$18,960,000 / -0 FTE

This adjustment reflects a transition from renovation costs to new facility costs.

Program Increases +**\$20,371,000 / +27 FTE**
Operations and Maintenance (O&M) of Prior-year Enterprise-wide Cybersecurity Investments
+\$371,000 / +0 FTE

The request includes funding to support O&M for prior year Cybersecurity Enhancement Account investments. O&M will be funded by Treasury Bureaus through Treasury Franchise Fund (TFF) billing. This increase represents the bureau's portion of the \$17.5 million O&M total.

Security Feature Equipment +\$15,000,000 / +0 FTE

Funds are needed for the award of a contract for production equipment needed to print new currency features.

Workforce Planning Hiring Efforts (STEM) +\$5,000,000 / +27 FTE

Includes personnel costs for BEP's STEM hiring program to meet its critical mission and cyber security requirements.

1.3 – Operating Levels Table

Dollars in Thousands

Bureau of Engraving and Printing Object Classification	FY 2018 Actual	FY 2019 Estimated	FY 2020 Estimated
11.1 - Full-time permanent	163,280	170,752	174,197
11.3 - Other than full-time permanent	150	150	160
11.5 - Other personnel compensation	2,100	2,642	2,170
11.6 - Overtime	23,000	19,000	17,000
11.9 - Personnel Compensation (Total)	188,530	192,544	193,527
12.0 - Personnel benefits	57,744	48,500	49,500
Total Personnel and Compensation Benefits	\$246,274	\$241,044	\$243,027
21.0 - Travel and transportation of persons	1,800	1,900	1,900
22.0 - Transportation of things	250	400	400
23.1 - Rental payments to GSA	4,000	4,000	4,000
23.2 - Rental payments to others	1,000	1,000	1,000
23.3 - Communication, utilities, and misc charges	14,000	14,400	14,400
24.0 - Printing and reproduction	750	750	750
25.1 - Advisory and assistance services	4,000	9,750	9,500
25.2 - Other services	170,000	124,000	110,000
25.4 - Operation and maintenance of facilities	8,900	11,500	11,500
25.5 - Research and development contracts	15,000	31,000	30,000
25.7 - Operation and maintenance of equip	12,000	16,000	16,250
26.0 - Supplies and materials	263,000	271,297	275,000
31.0 - Equipment	173,000	154,000	169,000
42.0 - Insurance claims and indemnities	160	160	160
Total Non-Personnel	\$667,860	\$640,157	\$643,860
Total Budgetary Resources	\$914,134	\$881,201	\$886,887
Budget Activities:			
Manufacturing	\$914,134	\$881,201	\$886,887
Total Budgetary Resources	\$914,134	\$881,201	\$886,887
FTE	1,748	1,836	1,863

D – Appropriations Language and Explanation of Changes

The BEP does not need annual appropriations language.

E – Legislative Proposals²

As in FY 2019, BEP requests the authority to print security documents such as birth, marriage, and death certificates for state governments. Many states are unable to find an American printing firm to produce the documents. These states are turning to foreign companies or lowering their security standards.

² The 2020 President’s Budget continues to include the proposal to give BEP the authority to purchase land and construct a new facility as a legislative proposal, rather than enacted law, due to the timing of the enactment of the final 2019 appropriations bill.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

BEP's vision is to be the world's standard securities printer providing its customers and the public with superior products through excellence in manufacturing and innovation. BEP supports the following Department of the Treasury FY 2018-2022 strategic goals:

- Goal 1: Boost U.S. Economic Growth
 - 1.3 Trusted Currency and Services
- Goal 5: Achieve Operational Excellence
 - 5.1 Workforce Management
 - 5.2 Treasury Infrastructure
 - 5.3 Delivering Customer Value

U.S. currency is used globally and as its manufacturer, BEP needs to achieve and maintain best-in-class practices for U.S. currency to be accepted worldwide. Working closely with its partners in the U.S. Currency Program, BEP looks forward to updating the next series of secure notes. BEP continues to make every effort to meet its mission to manufacture sophisticated and technologically advanced notes that are dependable in commerce. This achievement requires the focus and determination of the entire agency, since BEP faces challenges and is committed to stay ahead of increasingly sophisticated counterfeiters.

B – Budget and Performance by Budget Activity

2.1 Manufacturing Resources and Measures

Dollars in Thousands

Manufacturing Activity	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
	Actual	Actual	Actual	Actual	Actual	Estimated	Estimated
Expenses/Obligations	\$733,208	\$778,592	\$648,365	\$712,920	\$914,134	\$881,201	\$886,887
Budget Activity Total	\$733,208	\$778,592	\$648,365	\$712,920	\$914,134	\$881,201	\$886,887
FTE	1,845	1,781	1,790	1,818	1,748	1,836	1,863

Measure	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2018	FY 2019	FY 2020
	Actual	Actual	Actual	Actual	Actual	Target	Target	Target
Best Places to Work in Federal Government Ranking	51	74	97	38	96	Upper Quartile	DISC	DISC
Improved FEVS satisfaction	N/A	N/A	N/A	N/A	N/A	N/A	65%	65%
Lost Time Accident Rate per 100 Employees	1.73	1.65	1.77	1.6	0.9	1.8	1.8	1.8
Manufacturing Costs For Currency (Dollar Costs Per Thousand Notes Produced)	41.96	42.35	44.25	43.58	47.41	48.00	50.0	50.0
Currency notes delivered returned due to defects (parts per million)	N/A	N/A	N/A	N/A	.0031ppm	<1ppm	<1ppm	<1ppm
Yearly currency order (percent of order completed versus planned)	N/A	N/A	N/A	N/A	N/A	N/A	100%	100%

Key: DISC- Discontinued; B- Baseline

Manufacturing Budget and Performance

(\$886,887,000 from reimbursable resources):

The BEP has one budget activity: Manufacturing. This budget activity supports all of BEP's strategic goals as well as supporting Treasury's Strategic Goals Boosting U.S. Economic Growth and Achieving Operational Excellence.

Manufacturing Costs for Currency (dollar cost per 1,000 notes produced) is an indicator of manufacturing efficiency and effectiveness of program management. The measure is based on contracted price factors, productivity improvements, and the mix of denominations ordered. Actual performance against standard costs depends on BEP's ability to meet spoilage, efficiency,

and capacity utilization goals. In FY 2018, the cost of manufacturing was lower than anticipated due to the success of the \$100 Single Note Inspection program, which enables BEP to reclaim notes which would previously have been destroyed. The 2018 cost was \$47.41 per 1,000 notes produced, compared to a target of \$48.00. Due to the mix of denominations ordered in FY 2019, BEP's target for this performance metric in FY 2019 and FY 2020 is set at \$50.00 per 1,000 notes produced.

Currency Notes Returned Due to Defects (parts per million (ppm)) is an indicator of BEP's ability to provide a quality product. The target for this performance metric is <1 ppm, BEP was able to exceed the established target in FY 2018 with an actual result of 0.0031ppm notes returned due to a defect. BEP's target for this performance metric will be held constant at <1 ppm for FY 2019 and FY 2020.

The Federal Employees Viewpoint Survey (FEVS) allows employees to share their opinion on what matters most to them. Based on the results of the survey, BEP can target areas for improvement or additional employee engagement. The measure uses the Department's standard FEVS engagement index with a target of 65 percent. In FY 2019 and 2020, BEP will continue to strive for improvements in overall employee satisfaction.

The Lost Time Accident Rate per 100 employees measures the BEP's ability to reduce injuries and illnesses in the workplace. BEP's FY 2018 Lost Time Accident rate was at 0.90 cases per 100 employees, 50 percent lower than the target of 1.80 cases per 100 employees. Both plants ended the year below the target, the best safety performance in a decade. This performance resulted from increased focus on following safe work practices, avoiding hazards, and being a Director's priority. For FY 2020, BEP remains committed to maintaining and improving the safety of its employees. BEP will continue to perform analysis to determine the root causes of any injury and to identify best practices in safety. BEP's target will be held at 1.80 cases per 100 employees for FY 2019 and FY 2020.

C – Change in Performance Measures

Performance Measure or Indicator	Change and Justification
1. Best Place to Work in the Federal Government Ranking- discontinued	BEP will replace this indicator with Improved FEVS satisfaction in order to align with the department's standard of measurement using FEVS engagement index.
2. Improved FEVS satisfaction - new	This is an improved measure to Best Place to Work in the Federal Government Ranking. This measure provides leadership with BEP employee perceptions of job satisfaction, engagement, and workforce management. This measure uses the department's FEVS engagement index.
3. Yearly currency order (percent of order completed versus planned) - new	This measure tracks the percent of the yearly currency order completed against the yearly ordered planned. The target for this measure is 10 percent.

Section III – Additional Information

A – Summary of Capital Investments

BEP capital investment strategy is comprised of several broad investment categories with more specific smaller projects in each category.

BEP's mission to develop and produce U.S. currency notes trusted worldwide demands that BEP continually update and improve its manufacturing processes by investing in new technologies and innovations. BEP's retooling project replaces older, fully depreciated production equipment. Replacing out of date equipment allows BEP to be more quality driven, cost effective, and efficient in meeting customer requirements for the production of currency notes. In addition, as part of its meaningful access program, BEP is pursuing development of a tactile feature. This may require the purchase of additional capital equipment.

BEP participates as a partner in significant Treasury-wide, enterprise-level investments such as Treasury Enterprise Identity, Credential and Access Management, HRConnect (a Human Resources Line of Business service provider), and the Integrated Talent Management (ITM) System.

BEP'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 FY 2019 capital investment resources, including major information technology and non-technology investments, can be found at:

<http://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx>

This website also contains a digital copy of this document.