

Bureau of Engraving and Printing

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2023	FY 2024	FY 2025	FY 2024 to FY 2025	
	Actual Obligations	Revised Estimate	Estimate	\$ Change	% Change
Manufacturing	\$896,804	\$2,018,815	\$1,156,062	(\$862,753)	-42.74%
DC Replacement Facility	\$25,957	\$1,525,210	\$63,930	(\$1,461,280)	-95.81%
Total Program Operating Level	\$922,761	\$3,544,025	\$1,219,992	(\$2,324,033)	-65.58%
Total Full-time Equivalents (FTE)	1,904	1,925	1,925	0	0.00%

Summary

The mission of the Bureau of Engraving and Printing (BEP) is to develop and produce United States currency notes trusted worldwide. BEP supports Treasury's Strategic Goal 2: Enhance National Security, Goal 3: Protect Financial Stability and Resiliency, Goal 4: Combat Climate Change, and Goal 5: Modernize Treasury Operations.

BEP's FY 2025 President's Budget request funds the following projects:

1. **DC Replacement Facility:** In FY 2019, BEP received legislative authority to acquire land and fund construction of a more efficient production facility to replace BEP's current aging facility located in Washington, D.C. A provision in the Agriculture Improvement Act of 2018 (P.L. 115-334) authorized the transfer of a U.S. Department of Agriculture (USDA) land parcel in Beltsville, Maryland to the Department of the Treasury to be the site for BEP's replacement production facility. The property transfer Memorandum of Agreement (MOA) between USDA and Treasury was finalized in early 2020. P.L. 117-328 provided authority for BEP to construct public improvements in the area surrounding the facility to mitigate traffic impacts. The formal transfer of administrative control from USDA to Treasury occurred in 2022. According to a GAO report¹, a replacement facility will save an estimated \$568 million over 10 years, as compared to the cost of renovating the existing facility. BEP will reduce its annual operating costs by at least \$38 million through production, material handling, and other operational/support efficiencies. The FY 2025 budget estimate reflects the BEP's continued commitment to the next generation of currency manufacturing and building the replacement facility. The revised FY 2024 estimate reflects the most recent estimates of construction costs of the new DC Replacement Facility (DCRF) based on the 95 percent design.

The revised FY 2024 estimate includes \$1,525 million and the FY 2025 estimate contains \$63.9 million for the next phases of the DCRF project.

2. **Annual Print Order / (formally Yearly Currency Order (YCO)) Reduction:** The FY 2024 Annual Print Order was initially projected to be 6.8 billion notes which was reflected in the FY 2024 President's Budget. Subsequently, the FRB transmitted the actual print order which is 5.56

¹ U.S. Government Accountability Office (2018), *Bureau of Engraving and Printing Options for and Costs of a Future Currency Production Facility*. [Data file] Available from <https://www.gao.gov/assets/gao-18-338.pdf>.

billion notes for FY 2024. The reduction in the FY 2024 order is due to the needs of installing new equipment and testing for the next family of banknotes. This decrease to the overall FY 2024 estimates corresponds to the reduced need for materials related to the lower print order. The FY 2025 budget includes an increase above the revised FY 2024 level due to the expected increase in the Annual Print Order to 6.8 billion notes.

3. Banknote Design and Development: In FY 2024 and FY 2025, BEP will continue to work with the federal government's Advanced Counterfeit Deterrent (ACD) Steering Committee to develop the next family of banknotes to include new and effective security features to deter counterfeiting and a raised tactile feature to provide meaningful access to blind and visually impaired individuals.

4. Retooling: BEP established a new Multi-Year Retooling initiative which includes \$936 million for FY 2024. The initiative accelerates its multi-year effort to retool its manufacturing processes with state-of-the-art intaglio printing presses, electronic inspection systems, and finishing equipment. This increase in capability will support BEP in meeting the FRB's annual print order. The FRB and BEP have jointly developed short-, medium-, and long-term strategic equipment replacement plans for the U.S. Currency Program (USCP). Successful implementation of advanced technology improves productivity, reduces environmental impact, and enhances counterfeit deterrence of U.S. currency notes. In FY 2024, the major retooling initiatives include:

- Continuing to upgrade and complete automation of the \$100 finishing line to integrate Single Note Inspection (SNI) technology. The capability to inspect single notes provides a significant improvement over BEP's traditional sheet inspection process.
- Hot Foil Press machines to support the \$50 and \$100 Catalyst Design to add features to the notes. These machines are for the Western Currency Facility (WCF) and DCRF.
- The Non-sequential Large Examining and Printing Equipment (ns-LEPE) systems to replace the Currency Overprinting Processing Equipment and Packaging COPE-PAK and legacy LEPE systems. The ns-LEPEs are capable of manufacturing larger sheet sizes allowing 50 versus 32 banknotes on each sheet and provides additional production capability. These machines are state-of-the-art, specifically designed for BEP, combining multiple currency production processes at once: full sheet examination, letterpress printing functions, product verification, and cutting and packaging currency.
- Inspection Finishing System (IFS) / SNI Finishing System ensures only the highest quality sheets move to the numbering operation; sheets are thoroughly examined by a state-of-the-art computer system integrated with cameras and sophisticated bespoke software. It also sorts finished numbered notes from the defective Off-line Currency Inspection System (OCIS) sheets, reclaiming good notes from destruction.
- Rotary Screen Presses to support the introduction of the \$10 Catalyst Design, with options for additional presses for the new DCRF and WCF.
- Replacement Offset Presses for the utilization of the latest technology to reduce operational costs and improve efficiencies. The new presses are expected to help achieve overall excellence in production, personnel management, processes, and technology.
- Replacement Intaglio Presses to improve efficiency by incorporating the latest printing, electronics, and inspection technology into the production process at the new BEP facility. The new presses will be integrated into an overall facility design that is expected to

maximize efficiency, reduce environmental impact, take advantage of technological efficiencies and automation thereby reduce overall costs.

5. Human Capital/Talent Management: The FY 2024 revised budget estimate reflects BEP’s commitment to the next generation of currency manufacturing, ensuring successful knowledge transfer and continuity of operations, and building of a state-of-the-art currency manufacturing facility. The increase in FTE will be used in coordination with BEP’s workforce planning process which is updated on an ongoing basis. This plan identifies the Bureau’s mission critical occupations and outlines and identifies current and future skill gaps. In turn, it will target positions needed to support the next family of banknotes including all associated support staff. Additionally, over 30 percent of our current workforce positions are encumbered by retirement eligible employees. The workforce planning process and supported FTE increase will provide and support the suggested retention timeframes for the capture and transfer of workforce requirements.

Budget Highlights

Dollars in Thousands

	FTE	Amount
FY 2024 President's Budget	1,888	\$2,446,753
Program Changes		
Program Decreases	0	(47,517)
Currency Production Decrease - Materials	0	(47,517)
Program Increases	37	1,144,789
Other Programs	0	10,000
FTE Increase	37	6,178
DC Replacement Facility	0	281,511
Retooling	0	847,100
FY 2024 Revised Estimate	1,925	\$3,544,025
Changes to Base		
Maintaining Current Levels (MCLs)	0	19,729
Pay Annualization (2024 5.2% average pay raise)	0	3,984
Pay Raise (2025 2.0% average pay raise)	0	4,657
Non-Pay (2025 2.2% non-pay inflation)	0	11,088
Subtotal Changes to Base	0	19,729
FY 2025 Current Services	1,925	\$3,563,754
Program Changes		
Program Decreases	0	(2,386,279)
Retooling	0	(925,000)
DC Replacement Facility	0	(1,461,279)
Program Increases:	0	42,517
Currency Production Increase	0	42,517
Subtotal Program Changes	0	(\$2,343,762)
FY 2025 Estimate	1,925	\$1,219,992

Budget Adjustments

FY 2024 Adjustments

Program Decreases-\$47,517,000 / -0 FTE

Currency Production Decrease- Materials, - \$47,517,000 / -0 FTE

The Annual Print Order has been adjusted to reflect the new revised commitment of 5.56 billion notes which is a reduction from the proposed 6.8 billion notes identified in the FY 2024 President’s Budget. This also includes a reduction to overtime.

Program Increases+ \$1,144,789,000 / +37 FTE

Other Programs, +\$10,000,000 / +0 FTE

This is for entering into reciprocal agreements with the U.S. Mint to sell each other’s products. In the past, these expenses were offset by revenue and the net was billed/collected.

FTE Increase, +\$6,178,000 / +37 FTE

This increase is supported by BEP’s systematic workforce planning efforts.

DC Replacement Facility, + 281,511,000 / +0 FTE

This reflects the new budget estimate based on a 65 percent design completion which includes a program contingency. The total funding required for FY 2024 is \$1,525 million.

Retooling, +\$847,100,000 / +0 FTE

To support the retooling program by replacing aging equipment and preparing to equip the bureau with the correct mix of production machinery to be fully successful and ready to deploy the next generation of notes. Major equipment includes: Offset Presses, Rotary Screen Presses, Hot Foil Presses, ns-LEPE(s), IFS/SNI systems, and New Intaglio Presses.

Maintaining Current Levels (MCLs)+\$19,729,000 / +0 FTE

Pay Annualization (5.2% in 2024) +\$3,984,000 / +0 FTE

Funds are required for annualization of the FY 2024 5.2% average pay raise.

Pay Raise (2.0% in the FY 2025) +\$4,657,000 / +0 FTE

Funds are required for a 2.0% average pay raise in January 2025.

Non-Pay (2.2% in FY 2025) +\$11,088,000 / +0 FTE

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

FY 2025 Adjustments

Program Decreases.....-\$2,386,279,000 / -0 FTE

Retooling, - \$925,000,000 / -0 FTE

To reflect the resources from the multi-year retooling investment which are no longer needed in FY 2025.

DC Replacement Facility, -\$1,461,279,000 / -0 FTE

This reflects the FY 2025 funding requirement to support the project based on 65 percent design. The total funding required for FY 2025 is \$64 million.

Program Increases+\$42,517,000 / +0 FTE
Currency Production, + \$42,517,000 / +0 FTE

The Annual Print Order will increase from the 2024 production volume of 5.56 billion to 6.8 billion notes.

Legislative Proposals

The BEP does not have any legislative proposals.

Performance Highlights

Budget Activity	Performance Measure	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
		Actual	Actual	Actual	Target	Target
Manufacturing	Currency Notes Delivered Returned due to Defects (Parts per Million)	0.0016	16.60	25.20	<1ppm	<1ppm
Manufacturing	FEVS Satisfaction Index (percentile)	71	NA	73	>65	>65
Manufacturing	Lost Time Accident Rate (per 100 employees)	1.59	0.95	0.77	<1.80	<1.80
Manufacturing	Manufacturing Cost for Currency (Dollars per Thousand Notes Delivered)	\$61.81	\$63.96	\$59.81	\$74.19	\$76.00

Note: For Currency Notes Defects in FY-22 a quality incident with up to 204,059 notes having mismatched serial numbers from a DCF Production Line were shipped in February of 2021. (One of our oldest pieces of equipment and does not have in-line inspection systems) These defective notes continue to come in FY-23 and FY-24 resulting in high defect rates.

Description of Performance

(\$1,219,992,000 from reimbursable sources)

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

Currency Notes Returned Due to Defects (in parts per million or ppm) is an indicator of BEP’s ability to provide a quality product. The target for this performance metric is <1 ppm. BEP normally achieves this target. As many as 203,000 \$20 notes were printed and delivered to the FRB with mismatched serial numbers. Elimination of these notes may require as many as 600,000 notes to be removed from circulation in the full serial number range. As of September 30, 2023, 253,000 such notes have been removed and shredded. We expect this removal to continue over the next few years. As the root cause has been corrected, BEP’s target for this performance metric will be held constant at <1 ppm for FY 2024 and FY 2025 for ongoing operations.

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. This measure uses the Department’s standard FEVS Global Satisfaction Index with a target of 65 percent or greater. In FY 2024 and 2025, 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 in the workplace. BEP’s FY 2023 Lost Time Accident rate was at 0.77 cases per 100 employees,

lower than the target of 1.80 cases per 100 employees. This performance resulted from continued focus on following safe work practices and avoiding hazards. For FY 2024, 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. The 1.8 case rate represents approximately one injury per facility per month. BEP's target will be held at 1.80 cases per 100 employees for FY 2024 and FY 2025.

Manufacturing Cost 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 and timing of denominations ordered. This indicator is strongly affected by the portion of the order devoted to high-value notes, which are more expensive to produce. Actual performance against standard costs depends on BEP's ability to meet spoilage, efficiency, and capacity utilization goals. The final FY 2023 cost was \$59.81 per 1,000 notes produced. BEP's target for this performance metric is \$74.19 in FY 2024. The notional target for FY 2025 is set at \$76.00 per 1,000 notes produced.

The Federal Reserve Print Order establishes the performance target for measuring BEP's success in delivering the total number of currency notes needed by the Federal Reserve Board on an annual basis. The BEP met its FY 2023 target of delivering 100 percent of the currency notes ordered, with BEP delivering 5.7 billion notes to the Federal Reserve banks. Recent currency orders now include a range, with a minimum quantity of notes by denomination, as well as a maximum or upper limit. The FY 2024 initial quantity request is 5.56 billion notes. Additionally, the FRB will accept any additional notes that BEP can produce and deliver up to a maximum of 6.63 billion notes in calendar year 2024. The FY 2025 Print Order is estimated at 6.8 billion notes.