

Bureau of Engraving and Printing

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2017	FY 2018	FY 2019	FY 2018 TO FY 2019	
	Actual	Estimated	Estimated	\$ Change	% Change
Manufacturing	\$712,074	\$839,484	\$896,430	56,946	6.78%
Total Cost of Operations	\$712,074	\$839,484	\$896,430	\$56,946	6.78%
Total FTE	1,818	1,842	1,836	(6)	-0.33%

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 1 (Boost U.S. Economic Growth) and Strategic Goal 5 (Achieve Operational Excellence).

BEP's FY 2019 budget funds the following projects:

Increasing the Department of the Treasury's Efficiency and Effectiveness by Streamlining Operations: BEP and the United States Mint will streamline certain functions by migrating BEP's online sales and marketing presence to the Mint's recently modernized E-Commerce infrastructure and services platform and centrally coordinating non-IT procurements, creating economies of scale and reducing expenses. In addition, the Budget requests the authority for BEP to print security documents for states. 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.

Banknote Design and Development: In FY 2019, BEP will continue working with the Federal Government's Advanced Counterfeit Deterrent Steering Committee to research and develop future currency designs for the next family of redesigned notes that will enhance

and ensure the security and integrity of U.S. currency.

Meaningful Access: BEP continues its work to ensure that U.S. currency notes are accessible for domestic and international users, including the blind and visually impaired.

Retooling: BEP is in the process of a multi-year effort to retool its manufacturing processes with state-of-the-art intaglio printing presses, electronic inspection systems and finishing equipment. In order to ensure that BEP will meet the yearly currency order, the Federal Reserve Board (FRB) and BEP developed and established short, medium and long-term strategic equipment replacement plans for the U.S. Currency Program.

BEP Workforce: Throughout FY 2019, BEP will continue to develop, execute, and communicate Employee Engagement Plans and the Federal Employee Viewpoint Survey annual results. In addition to implementing BEP Human Capital Plan initiatives, BEP will continue to fill personnel gaps in needed Science, Technology, Engineering and Mathematics skill sets. BEP is also adding resources in technology development and feature testing areas.

Currency Quality Assurance (CQA) Program: BEP has partnered with the FRB to reinvent its quality management program based on the best practices of leading

manufacturers. In collaboration with its stakeholders, BEP developed a robust CQA program that began in 2014 and will continue to mature in 2019. BEP now builds quality into production processes.

New International Organization for Standardization (ISO) Requirements: ISO has published updated standards that BEP must follow to maintain certification. To pass recertification, BEP must align its Quality Management System to the ISO 9001:2015 standard and its Environment Management System to the ISO 14001:2015 standard no later than September 2018.

Replacement DC Production Facility (DCF): BEP's current Washington, DC facility has an aging and outdated infrastructure with multiple floors and wings, which drives up costs and adversely impacts quality of the currency. BEP requests

legislative authority to purchase land and construct a new, smaller, more efficient currency production facility in the National Capital Region. The FRB supports this project. The proposal would save \$579 million over 10 years, with an additional \$22 million in savings in 2029, 2020 and 2031. With a new facility, BEP would be able to reduce its space by 28 percent and reduce its annual operating costs by \$38 million. Alternately BEP would renovate the existing Main and Annex Buildings to ensure its ability to meet its mission.

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

BEP FY 2019 Budget Highlights

Dollars in Thousands

Bureau of Engraving and Printing	FTE	Materials	Operating & Capital	Total
FY 2018 Estimated	1,842	\$289,149	\$550,335	\$839,484
Changes to Base				
Maintaining Current Levels (MCLs)			\$7,957	\$7,957
Pay Annualization			1,195	1,195
Non-Pay			6,762	6,762
Subtotal Changes to Base			7,957	7,957
Total FY 2019 Base	1,842	\$289,149	\$558,292	\$847,441
Program Changes				
Program Decreases	(6)	(\$9,667)	(\$5,140)	(\$14,807)
Implement Single Note Inspection for \$100 and \$20 Notes		(9,667)	(533)	(10,200)
50-subject \$5 Note Production Begins			(3,707)	(3,707)
Authorize and Implement Phased Retirement	(5)		(700)	(700)
Consolidate Transactional HR Services	(1)		(200)	(200)
Program Increases			64,000	64,000
DC Production Facility Replacement			16,820	16,820
Western Currency Facility Expansion			46,976	46,976
Subtotal Program Changes	(6)	(9,667)	58,656	48,989
Total FY 2019 Estimated	1,836	\$279,482	\$616,948	\$896,430

FY 2019 Budget Adjustments

Adjustment to Estimates Maintaining Current Level (MCLs)

Pay Annualization +\$1,195,000 / +0 FTE

Funds are required for annualization of the January 2018 pay-raise.

Non-Pay +\$6,762,000 / +0 FTE

Funds are required for inflation adjustments in non-labor expenses such as GSA rent, postage, supplies and equipment.

Implement Single Note Inspection for \$100 and 200 Notes -\$10,200,000 / -0 FTE

BEP is implementing this additional production process that will increase manufacturing efficiencies.

50 Subject \$5 Note Production Begins -\$3,707,000 / -0 FTE

Implementing 50 Subject \$5 note production will improve manufacturing efficiencies and increase productivity.

Authorize and Implement Phased Retirement -\$700,000 / -5 FTE

Offering a Phased Retirement program at BEP will allow managers to provide mentoring opportunities for employees while increasing access to the decades of institutional knowledge and experience that these experienced employees can provide.

Consolidate Transactional HR Services - \$200,000 / -1 FTE

BEP will provide employees with standardized and centralized human resources (HR)

processes by consolidating transactional HR services with a Shared Service Provider.

DC Production Facility Replacement +\$16,820,000 / +0 FTE

These funds will be used to develop the requirements to support the new facility project.

Western Currency Facility Expansion +\$46,976,000 / +0 FTE

Expansion of the Western Currency Facility is needed to meet redesign currency program requirements.

Legislative Proposals

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

BEP also requests legislative authority to purchase land and construct a new, smaller, more efficient currency production facility in the National Capital Region with a goal of reducing the federal footprint. The FRB supports this project. Without this new authority, BEP would have to renovate the existing Main and Annex Buildings to accommodate the state-of-the-art equipment necessary to produce the next family of redesigned notes.

BEP Performance Highlights

Performance Measure		FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Budget Activity		Actual	Actual	Actual	Target	Target
Manufacturing	Manufacturing Costs For Currency (Dollar Costs Per Thousand Notes Produced)	42.35	44.25	43.58	50.0	48.0
Manufacturing	Manufacturing Costs For Currency (Dollar Costs Per Thousand Notes Produced)	42.35	44.25	43.58	50.0	48.0
Manufacturing	Percent of Currency Notes Delivered Returned Due to Defects	0.0000003	0.0000003	0.0000008	0.0001	DISC
Manufacturing	Currency Notes Delivered Returned Due to Defects (parts per million)	N/A	N/A	N/A	N/A	<1 ppm
Manufacturing	Best Places to Work in Federal Government Ranking	74	97	38	Upper Quartile	Upper Quartile
Manufacturing	Lost Time Accident Rate per 100 Employees	1.65	1.77	1.60	1.80	1.90

Key: DISC – Discontinued

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. The measure is based on contracted price factors, productivity improvements and the mix of denominations ordered. Actual performance against standard cost depends on BEP's ability to meet spoilage, efficiency and capacity utilization goals. In FY 2017 the cost of manufacturing was lower than anticipated; the actual result realized was \$43.58 per 1,000 notes produced against a target of \$48.00. BEP's target for this performance metric in FY 2018 and FY 2019 is \$48.00 per 1,000 notes produced.

The Percent of Currency Notes Returned Due to Defects is an indicator of BEP's ability to provide a quality product. BEP's FY 2017 target for this performance metric was 0.0001 percent, and the actual result realized for this measure was 0.0000008 percent. This performance indicator will be replaced in FY 2019 with Currency Notes Returned Due to Defects (parts per million (ppm)). BEP's target for this performance metric will be held constant at <1 ppm for FY 2018 and FY 2019.

BEP's Best Places to Work in the Federal Government Ranking is based on the results of the Partnership for Public Service data on three questions in the Federal Employee Viewpoint Survey. BEP's FY 2017 ranking was 38 out of 150. The Partnership will issue updated rankings early in FY 2018 including more agency components. BEP will continue to target an improvement and strives to be in the upper quartile in rank.

The Lost Time Accident Rate per 100 employees measures BEP's ability to reduce injuries and illnesses in the workplace. BEP's FY 2017 Lost Time Accident rate was at 1.60 cases per 100 employees, lower than the target of 1.80 cases per 100 employees. BEP 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's target will be held at 1.80 cases per 100 employees for FY 2018 and will increase to 1.90 cases per 100 employees in FY 2019.