

Department of the Treasury  
Bureau of Engraving and  
Printing

Congressional Budget  
Justification and Annual  
Performance Plan and Report

FY 2023

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## **Section I – Budget Request**

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### **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 requiring 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 2: Enhance National Security, Goal 3: Financial Systems Vulnerabilities, Goal 4: Combat Climate Change, and Goal 5: Modernize Treasury Operations.

BEP's FY 2023 President's Budget request funds the following projects:

**1. Washington, 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 Washington, D.C. facility. Additionally, 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 between USDA and Treasury was finalized in early 2020. The formal transfer of administrative control from USDA to Treasury is expected to occur in 2022. The FY 2023 current estimate includes \$12M in base funding and \$885M in increase funding for a total of \$897M for the next phase of the replacement facility project which was originally planned for FY 2022. In 2021, BEP began early site development construction activities estimated at \$33 million to include the removal of hazardous building materials, demolition of twenty-two former agriculture research buildings and minor utility system relocations to support the BEP development. BEP's final environmental impact statement was issued in FY 2021. A replacement 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 reduce its annual operating costs by at least \$38 million through production, material handling, and other operational/support efficiencies.

**2. Western Currency Facility Expansion:** BEP began expanding the Western Currency Facility (WCF) in FY 2018 to house and support the new equipment required for the next generation of currency design. 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 production requirements of the next family of U.S. currency banknotes that focus on the integration of strong new security features. The expansion work continued through FY 2022. BEP anticipates additional costs related to contract overhead and material price escalation in FY 2023. The project completion date has been extended to FY 2023 mainly due to unforeseen site conditions, electrical issues, and weather delays.

**3. Banknote Design and Development:** In FY 2023, BEP will continue to work on this multi-year project with the Federal Government's Advanced Counterfeit Deterrent (ACD) Steering Committee to develop improved security features for the next family of updated notes. The ACD Committee is an inter-agency group established to monitor and explore existing and emerging technologies to deter counterfeiting and a raised tactile feature to provide meaningful access to blind and visually impaired individuals. The committee includes representatives from BEP, the Department of the Treasury, the U.S. Secret Service, and the FRB. 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. 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. The current note release sequence is as follows: \$10, \$50, \$20, \$5, \$100.

**4. 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 FRB's annual currency order, the FRB and BEP developed 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. In FYs 2022 and 2023, the major retooling initiatives include:

- Continuation of the upgrade and complete automation of the \$100 finishing line to integrate Single Note Inspection technology. The capability to inspect single notes provides a significant improvement over BEP's traditional sheet inspection process. Spoilage will be reduced significantly, and processing efficiency will increase resulting in cost savings.
- Replace obsolete electrical and mechanical parts on existing presses and upgrade the inspection system to meet present and future currency printing requirements, as well as to extend the life of electrical and mechanical systems in the existing machinery.
- The LEPE Inspection and Electrical Upgrades project is to make improvements to the existing system in operation to bring them up to the new capabilities that are included on the next generation LEPE system mentioned above.

**5. Human Capital/Talent Management:**

The BEP will continue with its FY 2022 strategic initiatives into FY 2023 by updating its hiring and recruiting plan to ensure the bureau accomplishes talent management initiatives, while filling

personnel gaps in needed mission critical occupations. Throughout FY 2021, the BEP continued to fill gaps in both STEM and cybersecurity positions by utilizing a variety of hiring authorities and participating in four virtual fairs that specifically targeted STEM positions in the federal government. Additionally, the BEP attended 12 virtual and two in-person recruitment events in the Washington D.C. and Dallas/Ft. Worth locations to attract potential candidates in targeted demographic and underrepresented areas. STEM positions will continue to be highlighted in FY 2023 by the remaining targeted fields/occupations in our annual Recruitment, Hiring, and Outreach Plan and by our continued participation in upcoming recruitment events/career fairs that highlight our STEM and mission critical occupations. In FY 2021 the BEP hired 33 new hires in the STEM field; and in the first quarter of FY 2022, three STEM positions have been filled. In addition, BEP hired 25 employees in identified mission critical occupations.

Throughout FY 2022, BEP continues its efforts focusing on employee engagement by educating the workforce on important topics such as: increasing employee satisfaction; building and sustaining high trust and accountability; improving interpersonal and cross-functional communications; improving employee appreciation; and strengthening meaningful connections. Additionally, BEP’s Office of Human Resources is assisting with developing Employee Engagement action plans promoting increased innovativeness, collaboration, and diversity in thought.

In FY 2023, BEP will continue its focus on employee engagement by educating the workforce on important engagement topics, reevaluating the current Engagement Strategy, recruiting new volunteers to implement the engagement initiatives, and promote direct communications with BEP executive leadership reinforcing their voices are heard.

## 1.1 – Resources Detail Table

Dollars in Thousands

Budgetary Resources	FY 2021		FY 2022		FY 2023		FY 2022 to FY 2023	
	Actual		Revised Estimate		Estimate		% Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
<b>Revenue/Offsetting Collections</b>								
Currency Program	1,829	\$1,212,649	1,860	\$1,066,911	1,860	\$1,139,803	0.00%	6.56%
Other Programs	0	2,207	0	3,000	0	3,000	NA	0.00%
DC Replacement Facility	3	33,875	3	11,769	3	897,048	0.00%	7522.13%
<b>Total Revenue/Offsetting Collections</b>	<b>1,832</b>	<b>\$1,248,731</b>	<b>1,863</b>	<b>\$1,081,680</b>	<b>1,863</b>	<b>\$2,039,851</b>	<b>0.00%</b>	<b>88.58%</b>
<b>Obligations</b>								
Manufacturing								
Direct Manufacturing	861	571,892	876	508,996	876	531,984	0.00%	4.52%
Indirect Manufacturing Support	968	642,964	984	560,915	984	610,819	0.00%	8.90%
DC Replacement Facility	3	33,875	3	11,769	3	897,048	0.00%	7522.13%
<b>Total Expenses/Obligations</b>	<b>1,832</b>	<b>\$1,248,731</b>	<b>1,863</b>	<b>\$1,081,680</b>	<b>1,863</b>	<b>\$2,039,851</b>	<b>0.00%</b>	<b>88.58%</b>
<b>Net Results</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>NA</b>	<b>NA</b>

## 1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Materials	Operating & Capital	Total
<b>FY 2022 Original Estimate</b>	<b>1,863</b>	<b>\$374,278</b>	<b>\$1,569,975</b>	<b>\$1,944,253</b>
<b>Program Changes</b>				
Program Decreases:	0	(42,413)	(886,494)	(928,907)
Currency Program	0	(42,413)	0	(42,413)
Decrease in Travel	0	0	(1,215)	(1,215)
Washington D.C. Replacement Facility	0	0	(885,279)	(885,279)
Program Increases:	0	0	66,334	66,334
Additional overtime required to meet YCO	0	0	7,500	7,500
Service Contracts	0	0	53,584	53,584
WCF Building Expansion	0	0	5,250	5,250
Subtotal Program Changes	0	(42,413)	(820,160)	(862,573)
<b>FY 2022 Revised Estimate</b>	<b>1,863</b>	<b>\$331,865</b>	<b>\$749,815</b>	<b>\$1,081,680</b>
<b>Changes to Base</b>				
Maintaining Current Levels (MCLs)	0	0	19,110	19,110
Pay Annualization (2.7% average pay raise)	0	0	2,002	2,002
Pay-Raise (4.6% average pay raise)	0	0	9,620	9,620
Non-Pay	0	0	7,488	7,488
Subtotal Changes to Base	0	0	19,110	19,110
<b>FY 2023 Current Services</b>	<b>1,863</b>	<b>\$331,865</b>	<b>\$768,925</b>	<b>\$1,100,790</b>
<b>Program Changes</b>				
Program Decreases:	0	0	(17,469)	(17,469)
Manufacturing Support	0	0	(12,769)	(12,769)
WCF Building Expansion	0	0	(4,700)	(4,700)
Program Increases:	0	43,261	913,269	956,530
Currency Program	0	43,261	0	43,261
Retooling	0	0	19,750	19,750
Washington D.C. Replacement Facility	0	0	885,279	885,279
Facilities Support	0	0	825	825
Information Systems	0	0	3,300	3,300
Security and Accountability	0	0	4,115	4,115
Subtotal Program Changes	0	43,261	895,800	939,061
<b>FY 2023 Estimate</b>	<b>1,863</b>	<b>\$375,126</b>	<b>\$1,664,725</b>	<b>\$2,039,851</b>

### C – Budget Increases and Decreases Description

**Program Decreases .....-\$928,907,000 / -0 FTE**

Currency Program -\$42,413,000 / -0 FTE

The yearly currency order (YCO) is 7.2B notes in FY 2022.

Travel Decrease -\$1,215,000 / -0 FTE

The decrease is due to COVID travel restrictions.

DC Replacement Facility -885,279,000 / -0 FTE

The obligation for the next phase of DC Replacement Facility project is delayed to FY 2023.

**Program Increases .....+ \$66,334,000 / +0 FTE**

Additional Overtime +\$7,500,000 / +0 FTE

The overtime in FY 2021 was trending at a higher rate due to COVID. BEP anticipates the higher overtime rate to continue into FY 2022.

Service Contracts +53,584,000 / +0 FTE

Large service contracts awarded in FY 2021 include asbestos abatement service, repairing annex building exterior façade, banknote design and development, and cybersecurity.

WCF Expansion +5,250,000 / +0 FTE

The increase is due to equitable adjustments and claims.

**Maintaining Current Levels (MCLs) .....+\$19,110,000 / +0 FTE**

Pay Annualization (2.7% average pay raise) +\$2,002,000 / +0 FTE

Funds are required for annualization of the January 2022 2.7% average pay raise.

Pay Raise (4.6% average pay raise) +\$9,620,000 / +0 FTE

Funds are required for a 4.6% average pay raise in January 2023.

Non-Pay +\$7,488,000 / +0 FTE

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

**Program Decreases .....-\$17,469,000 / -0 FTE**

Manufacturing Support -\$12,769,000 / -0 FTE

This reflects decrease of planned obligation for Manufacturing Support.

WCF Building Expansion -\$4,700,000 / -0 FTE

This reflects decrease of anticipated obligations from \$13M in FY 2022 to \$8.3M in FY 2023.

**Program Increases .....+\$956,530,000 / +0 FTE**

Currency Program Increase +\$43,261,000 / +0 FTE

This reflects currency order commitment increase from 7.2B to 7.6B notes.

Retooling +19,750,000 / + 0 FTE

This increase is for planned obligation for new equipment for the DC Replacement Facility and WCF.

Washington, DC Replacement Facility +885,279,000 / +0 FTE

This increase is for obligations related to construction activities originally planned in FY 2022.

Facilities Support +\$825,000 / +0 FTE

This increase is for planned obligations for facilities support.

Information Systems +\$3,300,000 / +0 FTE

This increase is for planned obligations for IT hardware and software upgrades.

Security and Accountability +\$4,115,000, +0 FTE

This increase is for planned obligations for new traceability project and security equipment.

### 1.3 – Object Classification (Schedule O)

Dollars in Thousands

Object Classification	FY 2021 Actual Obligations	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
11.1 - Full-time permanent	169,368	189,926	195,230
11.3 - Other than full-time permanent	268	200	206
11.5 - Other personnel compensation	0	5,698	8,757
11.6 – Overtime	44,505	32,800	33,716
<b>11.9 - Personnel Compensation (Total)</b>	<b>214,141</b>	<b>228,624</b>	<b>237,909</b>
12.0 - Personnel benefits	76,133	83,690	86,027
13.0 - Benefits for former personnel	36	3	3
<b>Total Personnel and Compensation Benefits</b>	<b>\$290,310</b>	<b>\$312,317</b>	<b>\$323,939</b>
21.0 - Travel and transportation of persons	442	750	765
22.0 - Transportation of things	824	821	846
23.1 - Rental payments to GSA	3,710	3,124	3,218
23.2 - Rental payments to others	780	1,101	832
23.3 - Communication, utilities, and misc. charges	17,977	19,168	19,745
24.0 - Printing and reproduction	3	5	3
25.1 - Advisory and assistance services	29,753	30,938	31,868
25.2 - Other services	171,317	123,291	127,001
25.3 - Other purchases of goods & serv from Govt accounts	33,650	34,731	915,310
25.4 - Operation and maintenance of facilities	658	76,372	78,668
25.5 - Research and development contracts	3,357	3,557	3,664
25.7 - Operation and maintenance of equip	24	0	0
25.8 - Subsistence and support of persons	152	0	0
26.0 - Supplies and materials	579,007	351,362	394,623
31.0 – Equipment	83,834	123,958	139,179
32.0 - Land and structures	32,749	0	0
42.0 - Insurance claims and indemnities	184	185	190
<b>Total Non-Personnel</b>	<b>\$958,421</b>	<b>\$769,363</b>	<b>\$1,715,912</b>
<b>Total Budgetary Resources</b>	<b>\$1,248,731</b>	<b>\$1,081,680</b>	<b>\$2,039,851</b>
<b>Full-time Equivalents (FTE)</b>	<b>1,832</b>	<b>1,863</b>	<b>1,863</b>

### D – Appropriations Language and Explanation of Changes

BEP does not require annual appropriations language.

### E – Legislative Proposals

BEP has no legislative proposals.

## **Section II – Annual Performance Plan and Report**

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### **A – Strategic Alignment**

BEP's vision is to be the world 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 2022-2026 strategic goals:

- Goal 2: Enhance National Security
  - Cyber Resiliency of Financial Systems and Institutions
- Goal 3: Financial System Vulnerabilities:
  - Financial Innovation
- Goal 4: Combat Climate Change
  - Sustainable Treasury Operations
- Goal 5: Modernize Treasury Operations
  - Recruit and Retain a Diverse and Inclusive Workforce
  - Better Use of Data

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. In addition, BEP is working to align budget activities and performance measures to the new Treasury FY 2022-2026 Strategic Plan.

In accordance with the Government Performance and Results Act Modernization Act of 2010 (GPRAMA), the Department of the Treasury has finalized the FY 2022 – 2026 Departmental Strategic Plan. Bureau of Engraving and Printing will publish a component plan that aligns bureau activities and priorities to the Department's by the 3rd quarter of FY 2022.

## B – Budget and Performance by Budget Activity

### 2.1 – Manufacturing Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Revised Estimate	FY 2023 Estimate
Expenses/Obligations	\$712,920	\$914,134	\$955,212	\$878,611	\$1,248,731	\$1,081,680	\$2,039,851
<b>Budget Activity Total</b>	<b>\$712,920</b>	<b>\$914,134</b>	<b>\$955,212</b>	<b>\$878,611</b>	<b>\$1,248,731</b>	<b>\$1,081,680</b>	<b>\$2,039,851</b>
<b>Full-time Equivalents (FTE)</b>	<b>1,818</b>	<b>1,748</b>	<b>1,727</b>	<b>1,740</b>	<b>1,832</b>	<b>1,863</b>	<b>1863</b>

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Currency Notes Delivered Returned Due to Defects (parts per million)	B	.0031	.009	.02	.0016	<1ppm	<1ppm	<1ppm
FEVS Satisfaction Index <sup>1</sup>	N/A	73	74	74	NR	>65%	>65%	>65%
Lost Time Accident rate (per 100 employees)	1.36 <sup>2</sup>	0.78 <sup>2</sup>	1.48	1.01	1.59	< 1.8	< 1.8	< 1.8
Manufacturing Costs for Currency (Dollars per Thousand Notes Produced)	\$43.58	\$47.41	\$50.33	\$56.19 <sup>3</sup>	\$61.81	\$64.33	\$63.07	\$65.00
Yearly Currency Order	N/A	N/A	100%	100%	100%	100%	100%	Disc

Key: B – Baseline; NR – Not Received

1 FEVS Satisfaction scores are keyed to the year of survey, not the year results are received.

2 Lost Time Accident Rates are adjusted following adjudication of accident reports received during each fiscal year.

The FY 2017 and 2018 numbers shown reflect these adjustments.

3 Target Manufacturing Cost in FY 2020 was increased from \$55.73 to \$59.65 in Jun 2020 in response to an increase in FY 2020 order due to pandemic demand.

### Manufacturing Budget and Performance

(\$2,039,851,000 from reimbursable sources)

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

#### Description of Performance:

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 was able to exceed the established target in FY 2021, with an actual result of 0.0016 ppm notes returned due to a defect. BEP’s target for this performance metric will be held constant at <1 ppm for FY 2022 and FY 2023.

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 Satisfaction Index with a target of 65 percent or greater. In FY 2022 and 2023, 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 2021 Lost Time Accident rate was at 1.59 cases per 100 employees, lower than the target of 1.80 cases per 100 employees. This performance resulted from increased focus on following safe work practices and avoiding hazards. For FY 2022, 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 2022 and FY 2023.

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 2021 cost was \$61.81 per 1,000 notes produced. BEP's target for this performance metric is \$63.07 in FY 2022. The notional target for FY 2023 is set at \$65.00 per 1,000 notes produced. This target will be refined once the FY 2023 currency order is received.

The Yearly Currency Order (YCO) measures BEP's success in delivering the total number of currency notes ordered by the Federal Reserve Board annually, this is being discontinued in FY 2023.

The FY 2021 order met its target of delivering 100 percent of the currency notes ordered, with BEP delivering 7.0B notes. Recent currency orders now include a minimum quantity of notes by denomination, as well as a maximum. In FY 2022, the minimum quantity requested is 6.876B notes.

### **C – Changes in Performance Measures**

For FY 2023, with the publication of Treasury's Strategic Plan for FY 2022-2026, BEP will work this year to baseline performance against the new strategic objectives. This could result in changes to performance measures in the FY 2024 budget.

## **Section III – Additional Information**

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### **A – Summary of Capital Investments**

A summary of capital investments, including major information technology and non-technology investments can be viewed and downloaded at:

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