

Bureau of Engraving and Printing

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2022	FY 2023	FY 2024	FY 2023 to FY 2024	
	Actual Obligations	Revised Estimate	Estimate	\$ Change	% Change
Manufacturing	\$1,026,215	\$1,052,807	\$1,203,054	\$150,247	14.3%
DC Replacement Facility	\$11,769	\$25,957	\$1,243,699	\$1,217,742	4691.4%
Total Program Operating Level	\$1,037,984	\$1,078,764	\$2,446,753	\$1,367,989	126.8%
Total Full-time Equivalents (FTE)	1,848	1,873	1,888	15	0.8%

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 2024 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 Washington, D.C. (DC) facility. Additionally, a provision in the Agriculture Improvement Act of 2018 (P.L. 115-334) authorizes 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. The formal transfer of administrative control from USDA to Treasury occurred in 2022. A replacement facility, with an estimated total cost of \$1.9B, will save an estimated \$568 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. The FY 2024 budget estimate reflects the BEP's continuing commitment to the next generation of currency manufacturing and building a state-of-the-art currency manufacturing facility. The FY 2024 budget estimate includes \$1,244M in obligations for the next phase of the replacement facility project.

2. Yearly Currency Order (YCO) Reduction: The BEP has finalized the FY 2023 YCO with the FRB with an initial production plan of 4.9B down from the previous estimate of 7.6B notes in the FY 2023 President's Budget. The FY 2024 budget estimate reflects an YCO of 6.8B notes. The reduction in the FY 2023 YCO production is driven by: 1) increased testing requirements as we prepare for the eventual release of the next generation of currency notes which is impacting the ability to produce a higher level of notes; 2) required maintenance, which was deferred due to pandemic, must now be completed; and 3) transitioning additional denominations to 50-subject sheets to increase capacity and improve efficiency.

3. Banknote Design and Development: BEP will continue to work with the Federal Government's Advanced Counterfeit Deterrent 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. The current note release sequence continues to be as follows: \$10, \$50, \$20, \$5, \$100.

4. Retooling: BEP continues to conduct 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 BEP will meet the FRB's annual currency order, 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 FY 2024, the major retooling initiatives include:

- Continuation of the upgrade and complete automation of the \$100 finishing line to integrate Single Note Inspection technology.
- Replace obsolete electrical and mechanical parts on existing presses and upgrade the inspection system.
- Conduct print trial to qualify prospective press vendors for acquisition of presses for the DC replacement facility.
- Make improvements to the existing system in operation to bring them up to the new capabilities that are included on the next generation Large Examining and Printing Equipment Inspection system.

5. Human Capital/Talent Management: The FY 2024 budget estimate and revised FY 2023 budget estimate reflect 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. Over 50 percent of BEP workforce is eligible for retirement in the coming years. The additional 15 FTE will enable BEP to ensure a successful knowledge transfer by near-retirement employees and support the development of the next generation of currency.

Budget Highlights

Dollars in Thousands

Bureau of Engraving and Printing	FTE	Amount
FY 2023 President's Budget	1,863	\$2,039,851
Program Changes:		
Program Decreases	0	(\$1,016,485)
DC Replacement Facility	0	(\$871,091)
Currency Program Decrease	0	(\$126,321)
Overtime	0	(\$19,073)
Program Increases:	10	\$55,398
FTE Increase	10	\$1,596
Manufacturing Capital Increase	0	\$52,587
Travel Increase	0	\$1,215
FY 2023 Revised Estimate	1,873	\$1,078,764
Changes to Base:		
Maintaining Current Levels (MCLs):	0	\$41,546
Pay Annualization (4.6% average pay raise)	0	\$3,725
Pay Raise (5.2% average pay raise)	0	\$11,395
Non-Pay	0	\$26,426
Subtotal Changes to Base	0	\$41,546
FY 2024 Current Services	1,873	\$1,120,310
Program Changes:		
Program Decreases	0	(\$20,000)
WCF Expansion	0	(\$20,000)
Program Increases:	15	\$1,346,443
DC Replacement Facility	0	\$1,217,742
Currency Program Increase	0	\$116,196
Overtime	0	\$10,000
FTE Increase	15	\$2,505
FY 2024 Estimate	1,888	\$2,446,753

Budget Adjustments

FY 2023 Adjustments

Program Decreases-\$1,016,485,000 / -0 FTE

DC Replacement Facility, -\$871,091,000/ -0 FTE

The major obligation for the next phase will shift to FY 2024.

Currency Production, -\$126,321,000/ -0 FTE

The YCO has adjusted from 7.6B notes to 4.9B notes due to deferred maintenance requirements, testing, and integrating new equipment.

Overtime, -\$19,073,000/ -0 FTE

Overtime requirement due to COVID is no longer needed. In addition, it has been adjusted for the revised YCO.

Program Increases+ \$55,398,000 / +10 FTE
FTE Increase, +\$1,596,000/ +10 FTE

To support backfill hires for near-retirement employees to avoid losing critical institutional knowledge. Additional resources are also required to support the next generation of notes and to comply with Executive Order 14035 on diversity, equity, inclusion, and accessibility.

Manufacturing Capital Investments, +\$52,587,000/ +0 FTE

To support the following capital projects: \$30M for currency production/retooling; \$6M for facilities support; \$3.4M for information systems; \$6.8M for manufacturing support; and \$6.3M for security and accountability.

Travel, +\$1,215,000/ +0 FTE

To restore travel requirements to pre-pandemic levels as pandemic travel restrictions ease.

Maintaining Current Levels (MCLs)+\$41,546,000 / +0 FTE

Pay Annualization (4.6%) +\$3,725,000 / +0 FTE

Funds are required for annualization of the January 2023 4.6% average pay raise.

Pay Raise (5.2% in FY 2024) +\$11,395,000 / +0 FTE

Funds are required for a 4.0% average pay raise in January 2024.

Non-Pay (2.0% in FY 2024) +\$26,426,000 / +0 FTE

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

Program Decreases.....-\$20,000,000 / -0 FTE

WCF Expansion, -\$20,000,000 / -0 FTE

The WCF Expansion is scheduled to be completed in 2023.

Program Increases+\$1,346,443,000 / +15 FTE

DC Replacement Facility, +\$1,217,742,000 / +0 FTE

Construction for the new DC Replacement Facility will start in FY 2024. This represents the latest estimate which is under review by the FRB and will be updated if necessary.

Currency Production, +\$116,196,000 / +0 FTE

To reflect the increase of YCO from the FY 2023 level of 4.9B notes to FY 2024 level of 6.8B notes.

Overtime, +\$10,000,000 / +0 FTE

Additional overtime is needed to meet the estimated YCO increase in FY 2024.

Knowledge Transfer / Additional Skill Set FTE, +\$2,505,000 / +15 FTE

Additional funds are required to enable knowledge transfer by backfilling near-retirement employees and support the development of the next generation of notes.

Legislative Proposals

The BEP does not have any legislative proposals.

Performance Highlights

Budget Activity	Performance Measure	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
		Actual	Actual	Actual	Target	Target
Manufacturing	Currency Notes Delivered Returned Due to Defects (parts per million)	0.02	0.0016	16.6	<1ppm	<1ppm
Manufacturing	FEVS Satisfaction Index ¹	74	71	NA	>65%	>65%
Manufacturing	Lost Time Accident rate (per 100 employees) ²	1.01	1.59	0.95	< 1.8	< 1.8
Manufacturing	Manufacturing Costs for Currency (Dollars per Thousand Notes Produced)	56.19 ³	61.81	63.96	65.00	TBD

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.

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.

Description of Performance

(\$2,446,753,000 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 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 be removed from circulation in the full serial number range. As of October 21, 2022, 114,000 such notes have been removed and shredded. We expect this removal to take several years. As the root cause has been corrected, BEP's target for this performance metric will be held constant at <1 ppm for FY 2023 and FY 2024.

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 Global Satisfaction Index with a target of 65 percent or greater. In FY 2023 and 2024, 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 2022 Lost Time Accident rate was at 0.95 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 2023, 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 2023 and FY 2024.

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 2022 cost was \$63.96 per 1,000 notes produced. BEP's target for this performance metric is \$63.07 in FY 2023. The notional target for FY 2024 is set at \$67.01 per 1,000 notes produced.