

Department of the Treasury
Bureau of Engraving and
Printing

Congressional Budget
Justification and Annual
Performance Plan and Report

FY 2024

Table of Contents

Section I – Budget Request.....	3
A – Mission Statement.....	3
B – Summary of the Request	3
1.1 – Resources Detail Table	5
1.2 – Budget Adjustments Table.....	5
C – Budget Increases and Decreases Description.....	5
1.3 – Object Classification (Schedule O) Obligations	7
D – Appropriations Language and Explanation of Changes	7
E – Legislative Proposals.....	7
Section II – Annual Performance Plan and Report.....	8
A – Strategic Alignment	8
B – Budget and Performance by Budget Activity	9
2.1. – Manufacturing Resources and Measures	9
Section III – Additional Information	10
A – Summary of Capital Investments.....	10

Section I – Budget Request

A – Mission Statement

To develop and produce United States (U.S.) 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 dyes; 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: 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 \$568M 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 \$38M 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 notes 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 for 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:

- Continue to 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. Additional spoilage is expected, as well as achieving additional efficiency resulting in additional 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.
- 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 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.

1.1 – Resources Detail Table

Dollars in Thousands

Budgetary Resources	FY 2022		FY 2023		FY 2024		FY 2023 to FY 2024	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Revenue/Offsetting Collections								
Currency Program	1,845	\$1,025,190	1,870	\$1,049,807	1,885	\$1,200,054	0.8%	14.3%
Other Programs	0	\$1,025	0	\$3,000	0	\$3,000	0.0%	0.0%
DC Replacement Facility	3	\$11,769	3	\$25,957	3	\$1,243,699	0.0%	4691.4%
Total Revenue/Offsetting Collections	1,848	\$1,037,984	1,873	\$1,078,764	1,888	\$2,446,753	0.8%	126.8%
Obligations								
Manufacturing								
Direct Manufacturing	869	\$483,088	880	\$500,860	887	\$566,331	0.8%	13.1%
Indirect Manufacturing Support	976	\$543,127	990	\$551,947	998	\$636,723	0.8%	15.4%
DC Replacement Facility	3	\$11,769	3	\$25,957	3	\$1,243,699	0.0%	4691.4%
Total Expenses/Obligations	1,848	\$1,037,984	1,873	\$1,078,764	1,888	\$2,446,753	0.8%	126.8%
Net Results	0	0	0	0	0	0	0.0%	0.0%

1.2 – Budget Adjustments Table

Dollars in Thousands

	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	10	\$1,596
Capital Investments	0	\$52,587
Travel	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)
Western Currency Facility (WCF) Expansion	0	(\$20,000)
Program Increases:	15	\$1,346,444
DC Replacement Facility	0	\$1,217,742
Currency Program Increase	0	\$116,197
Overtime	0	\$10,000
FTE Increase	15	\$2,505
FY 2024 Estimate	1,888	\$2,446,753

C – Budget Increases and Decreases Description

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 requested 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 requested for a 5.2% average pay raise in January 2024.

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

Funds are requested 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.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2022 Actual Obligations	FY 2023 Revised Estimated Obligations	FY 2024 Estimate
11.1 - Full-time permanent	190,383	196,507	208,381
11.3 - Other than full-time permanent	263	206	215
11.5 - Other personnel compensation	0	8,757	9,129
11.6 - Overtime	45,910	14,643	25,690
11.9 - Personnel Compensation (Total)	236,556	220,113	243,415
12.0 - Personnel benefits	85,478	86,346	90,668
13.0 - Benefits for former personnel	47	3	3
Total Personnel and Compensation Benefits	\$322,081	\$306,462	\$334,086
21.0 - Travel and transportation of persons	842	1,980	2,020
22.0 - Transportation of things	611	846	863
23.1 - Rental payments to GSA	6,960	3,218	3,282
23.2 - Rental payments to others	924	832	849
23.3 - Communication, utilities, and misc. charges	16,723	19,745	20,140
24.0 - Printing and reproduction	187	3	3
25.1 - Advisory and assistance services	593	31,868	32,505
25.2 - Other services	161,358	127,001	129,541
25.3 - Other purchases of goods & serv from Govt accounts	13,016	44,219	1,242,845
25.4 - Operation and maintenance of facilities	108,968	78,668	80,241
25.5 - Research and development contracts	2,658	3,664	3,738
25.7 - Operation and maintenance of equip	23	0	0
25.8 - Subsistence and support of persons	1	0	0
26.0 - Supplies and materials	314,544	268,303	397,965
31.0 – Equipment	70,655	191,765	198,481
32.0 - Land and structures	17,794	0	0
42.0 - Insurance claims and indemnities	46	190	194
Total Non-Personnel	\$715,903	\$772,302	\$2,112,667
Total Budgetary Resources	\$1,037,984	\$1,078,764	\$2,446,753
Full-time Equivalents (FTE)	1,848	1,873	1,888

Amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.

D – Appropriations Language and Explanation of Changes

The BEP does not require annual appropriations language.

E – Legislative Proposals

The BEP has no legislative proposals.

Section II – Annual Performance Plan and Report

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**
 - Strategic Objective 2.1: Cyber Resiliency of Financial Systems and Institutions

- **Goal 3: Protect Financial Stability and Resiliency**
 - Strategic Objective 3.3: Financial Innovation

- **Goal 4: Combat Climate Change**
 - Strategic Objective 4.4: Sustainable Treasury Operations

- **Goal 5: Modernize Treasury Operations**
 - Strategic Objective 5.1: Recruit and Retain a Diverse and Inclusive Workforce
 - Strategic Objective 5.2: Future Work Routines
 - Strategic Objective 5.3: 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 (GPRAMA) of 2010, the Department of the Treasury published its FY 2022-2026 Strategic Plan in FY 2022. BEP also published a component plan that aligns BEP activities and priorities with the Department's Strategic Plan.

B – Budget and Performance by Budget Activity

2.1. – Manufacturing Resources and Measures

Dollars in Thousands

Resource Level	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Revised Estimate	FY 2024 Estimate
Expenses/Obligations	\$914,134	\$955,212	\$878,611	\$1,248,731	\$1,037,984	\$1,078,764	\$2,446,753
Budget Activity Total	\$914,134	\$955,212	\$878,611	\$1,248,731	\$1,037,984	\$1,078,764	\$2,446,753
Full-time Equivalents (FTE)	1,748	1,727	1,740	1,832	1,848	1,873	1,888

Performance Measure	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2022 Target	FY 2023 Target	FY 2024 Target
Currency Notes Delivered Returned Due to Defects (parts per million)	.0031	.009	.02	.0016	16.6	<1ppm	<1ppm	<1ppm
FEVS Satisfaction Index ¹	73	74	74	71	NA	>65%	>65%	>65%
Lost Time Accident rate (per 100 employees) ²	0.78	1.48	1.01	1.59	0.95	<1.8	<1.8	<1.8
Manufacturing Costs for Currency (Dollars per Thousand Notes Produced)	\$47.41	\$50.33	\$56.19 ³	\$61.81	\$63.96	\$63.07	\$65.00	TBD

Key: TBD – To Be Decided

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 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

(\$2,446,753,000 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. BEP expects 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 1.8 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 1.8 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.

Section III – Additional Information

A – Summary of Capital Investments

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

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