

Bureau of Engraving and Printing

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2020	FY 2021	FY 2022	FY 2021 to FY 2022
	Actual	Revised Estimate	Estimate	% Change
Manufacturing	\$873,561	\$1,039,054	\$1,047,205	0.78%
DC Replacement Facility	\$5,050	\$29,940	\$897,048	2896.15%
Total Cost of Operations	\$878,611	\$1,068,994	\$1,944,253	81.88%
Full-time Equivalents (FTE)	1,740	1,863	1,863	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's FY 2022 request funds the following projects:

- 1. Replacement Production 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 of the 2018 Farm Bill 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. BEP is conducting a suitability assessment of the site with support from the U.S. Army Corps of Engineers. 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 is anticipated in late 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.

In 2021, BEP plans to begin early site development construction activities estimated at \$30 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. Contracts for this work will be awarded in late summer 2021. FY 2022 funding in the amount of \$897 million will include the award of the construction contract for the replacement facility. Specifically, it will fund the structure of the building. The contract will cover the construction of a smaller, more efficient facility to support current and future manufacturing processes.

- 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 is expected to be completed in FY 2022. The FY 2022 projected cost for the WCF is \$1 million for construction close-out activities.

3. **Banknote Design and Development:** In FY 2022, BEP will continue to work on this multi-year project with the Federal Government's Advanced Counterfeit Deterrent (ACD) Steering Committee to research and 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 the counterfeiting of U.S. currency. It includes representatives from BEP, the Department of the Treasury, the U.S. Secret Service, and the Federal Reserve Board (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.
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 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.
5. **Human Capital/Talent Management:** The BEP will continue its designated talent management initiatives, while filling personnel gaps in needed STEM and cybersecurity skill sets. Throughout FY 2021, BEP will rebrand employee engagement by educating the workforce on important engagement topics, reevaluating the current Engagement Strategy, recruiting new volunteers to implement the engagement initiatives, and promoting direct communications with BEP executive leadership to reinforce that their voices are heard. BEP will also continue to develop, execute, and communicate the results of Employee Engagement Plans and the annual Federal Employee Viewpoint Survey (FEVS) results.

Budget Highlights

Dollars in Thousands

	FTE	Materials	Operating & Capital	Total
FY 2021 Original Estimate	1,863	\$248,921	\$638,479	\$887,400
Program Changes				
Program Increases	0	140,079	41,515	181,594
Currency Program (6.8B to 7.6B)	0	120,079	41,515	161,594
Currency Paper Production COOP	0	20,000	0	20,000
Subtotal Program Changes	0	140,079	41,515	181,594
FY 2021 Revised Estimate	1,863	\$389,000	\$679,994	\$1,068,994
Changes to Base				
Maintaining Current Levels (MCLs)	0	5,278	11,145	16,423
Pay Annualization (1.0% average pay raise)	0	0	726	726
Pay Raise (2.7% average pay raise)	0	0	5,894	5,894
FERS Contribution Increase	0	0	2,010	2,010
Non-Pay	0	5,278	2,515	7,793
Subtotal Changes to Base	0	5,278	11,145	16,423
FY 2022 Current Services	1,863	\$394,278	\$691,139	\$1,085,417
Program Changes				
Program Decreases	0	(20,000)	(25,247)	(45,247)
Currency Paper Production COOP	0	(20,000)	0	(20,000)
Facilities Support	0	0	(4,890)	(4,890)
Manufacturing Support	0	0	(10,512)	(10,512)
WCF Building Expansion	0	0	(3,770)	(3,770)
Security and Accountability	0	0	(6,075)	(6,075)
Program Increases	0	0	904,083	904,083
Washington D.C. Replacement Facility	0	0	867,108	867,108
Retooling	0	0	36,975	36,975
Subtotal Program Changes	0	(20,000)	878,836	858,836
Total FY 2022 Estimate	1,863	\$374,278	\$1,569,975	\$1,944,253

Budget Adjustments

FY 2021 Adjustments

Program Increases.....+\$181,594,000 / +0 FTE

Currency Program +161,594,000 / +0 FTE

This increase is to reflect the currency order commitment increase from 6.8B to 7.6B notes.

Currency Paper Production COOP +\$20,000,000 / +0 FTE

This increase is for the one-time COOP improvement to the currency paper production.

Maintaining Current Levels (MCLs)+\$16,423,000 / +0 FTE

Pay Annualization (1.0%) +\$726,000 / +0 FTE

Funds are required for annualization of the January 2021 1.0% average pay raise.

Pay Raise (2.7% in 2022) +\$5,894,000 / +0 FTE
Funds are required for a 2.7% average pay raise in January 2022.

FERS Contribution Increase +\$2,010,000 / +0 FTE
Funds are required for the Federal Employee Retirement System (FERS) contribution rates effective FY 2022.

Non-Pay +\$7,793,000 / +0 FTE
Funds are required for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

FY 2022 Program Decreases..... -\$45,247,000 / -0 FTE

Currency Paper Production COOP -\$20,000,000 / -0 FTE
This is a reduction for the FY21 COOP improvement to the currency paper production.

Facilities Support -\$4,890,000 /-0 FTE
WCF vault automated racking system and shipping roof replacement.

Manufacturing Support -\$10,512,000 /-0 FTE
Barcoding and RFID implementation and inspection equipment.

WCF Building Expansion -\$3,770,000 / -0 FTE
Construction will be completed in FY 2022.

Security and Accountability -\$6,075,000 / -0 FTE
Radio system upgrade for both facilities.

FY 2022 Program Increases.....+\$904,083,000 / +0 FTE

Washington DC Replacement Facility +867,108,000 / +0 FTE
This amount reflects the increase of planned obligation for the new DC facility for FY 2022.

Retooling +\$36,975,000 / +0 FTE
This increase reflects the planned capital spending for Physical Vapor Deposition chrome system, offset press replacement and acquisition of additional Large Examining and Printing Equipment (LEPEs) and upgrade of existing LEPEs now in production. (LEPEs combine three previously separate processes of inspection, printing serial numbers and seals and final packaging).

Legislative Proposals

BEP has no legislative proposals.

Performance Highlights

Budget Activity	Performance Measure	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Target	FY 2022 Target
Manufacturing	Currency Notes Delivered Returned Due to Defects (Parts per Million)	.0031ppm	.09ppm	.02ppm	<1ppm	<1ppm
Manufacturing	FEVS Satisfaction	74	74	74	>65%	>65%
Manufacturing	Lost Time Accident Rate per 100 Employees	0.78 ¹	1.48	1.01	<1.8	<1.8
Manufacturing	Manufacturing Costs For Currency (Dollar Costs Per Thousand Notes Produced)	\$47.41	\$50.33	\$56.19	\$64.33	\$65.00

¹ Lost Time Accident Rates are adjusted following adjudication of accident reports received during each fiscal year. The FY 2018 actual shown reflects this adjustment.

Description of Performance

(\$1,944,253,000 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 2020 due to improved quality assurance processes with an actual result of 0.02 ppm notes returned due to a defect. BEP's target for this performance metric will be held constant at <1 ppm for FY 2021 and FY 2022.

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. In FY 2021 and 2022, 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 and illnesses in the workplace. BEP's FY 2020 Lost Time Accident rate was at 1.01 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, avoiding hazards, and being a Director's priority. 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. A 1.8 case rate represents approximately one injury per facility per month, which is quite low. Therefore, BEP's target will be held at 1.80 cases per 100 employees for FY 2021 and FY 2022.

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. Actual performance against standard costs depends on BEP's ability to meet spoilage, efficiency, and capacity utilization goals. The final FY 2020 cost was \$56.19 per 1,000 notes

produced. BEP's target for this performance metric in FY 2021 is \$64.33. The target for FY 2022 is set at \$65.00 per 1,000 notes produced and will be refined once the currency order is received.

The Yearly Currency Order measures BEP's success in delivering the total number of currency notes ordered by the Federal Reserve Board annually. In FY 2020, BEP met its target of delivering 100 percent of the currency notes ordered, including a 20% increase mid-year due to increased demand during the COVID-19 pandemic. In FY 2021, BEP has committed to deliver 7.6B notes. Additionally, the FRB will accept any additional production up to a total of 9.6B notes. Should production exceed the commitment of 7.6B notes, the Yearly Currency Order figure reported will be greater than 100% (applicable to FY 2021 only).