

## Bureau of Engraving and Printing

### *Program Summary by Budget Activity*

Dollars in Thousands

Budget Activity	FY 2021	FY 2022	FY 2023	FY 2022 to FY 2023	
	Actual	Revised Estimate	Estimate	\$ Change	% Change
Manufacturing	\$1,214,856	\$1,069,911	\$1,142,803	\$72,892	6.81%
DC Replacement Facility	33,875	11,769	897,048	\$885,279	7522.13%
<b>Total Cost of Operations</b>	<b>\$1,248,731</b>	<b>\$1,081,680</b>	<b>\$2,039,851</b>	<b>\$958,171</b>	<b>88.58%</b>
<b>Full-time Equivalents (FTE)</b>	<b>1,832</b>	<b>1,863</b>	<b>1,863</b>	<b>0</b>	<b>0.00%</b>

### *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: 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 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:

- Upgrade and complete automation of the \$100 finishing line to integrate Single Note Inspection (SNI) technology.
- Replacement of obsolete electrical and mechanical parts on existing presses and upgrade to the inspection system.
- The LEPE Inspection and Electrical Upgrades for improvements and increased capabilities to the existing system in operation.

**5. Human Capital/Talent Management:** The BEP will continue with its FY 2022 strategic initiatives into FY 2023 by updating the 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 2022 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.

## Budget Highlights

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 (2.0%)	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>\$1,110,790</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 Estimated</b>	<b>1,863</b>	<b>\$375,126</b>	<b>\$1,664,724</b>	<b>\$2,039,851</b>

## Budget Adjustments

**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.

Washington, 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%) +\$2,002,000 / +0 FTE

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

Pay Raise (4.6% in FY 2023) +\$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 obligation 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 Washington, DC Replacement Facility and WCF.

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

This increase is for obligations 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.

### Legislative Proposals

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BEP has no legislative proposals.

### Performance Highlights

Budget Activity	Performance Measure	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
		Actual	Actual	Actual	Target	Target
Manufacturing	Currency Notes Delivered Returned Due to Defects (Parts per Million)	.009	.02	.0016	<1ppm	<1ppm
Manufacturing	FEVS Satisfaction <sup>1</sup>	74	74	NR	>65%	>65%
Manufacturing	Lost Time Accident Rate per 100 Employees <sup>2</sup>	1.48	1.01	1.59	< 1.8	< 1.8
Manufacturing	Manufacturing Costs for Currency (Dollar Costs Per Thousand Notes Produced)	\$50.33	\$56.19 <sup>3</sup>	\$64.33	\$63.07	\$65.00

Key: B – Baseline; NR – Not Received

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

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

<sup>3</sup> 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

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

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 1.80 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 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.