

United States Mint

Program Summary by Budget Activity

Dollars in Thousands

| Budget Activity | FY 2015 | FY 2016 | FY 2016 | FY 2016 TO FY 2017 | |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|-------------|
| | Actual | Estimated | Estimated | \$ Change | % Change |
| Manufacturing | \$2,937,553 | \$2,896,207 | \$2,956,207 | \$60,000 | 2.0% |
| Total Cost of Operations | \$2,937,553 | \$2,896,207 | \$2,956,207 | \$60,000 | 2.0% |
| FTE | 1,651 | 1,874 | 1,874 | 0 | 0.0% |

Summary

The United States Mint (Mint) supports the Department of the Treasury's strategic objectives to: facilitate commerce by providing trusted and secure U.S. currency, products, and services for use by the public (1.4); promote efficient use of resources through shared services, strategic sourcing, streamlined business processes, and accountability (5.3); and create a culture of service through relentless pursuit of customer value (5.4).

The Mint operates under the United States Mint's Public Enterprise Fund (PEF). As authorized by Public Law 104-52 (31 U.S.C. § 5136), the PEF makes amounts available without further appropriation. Proceeds from the sales of circulating coins to the Federal Reserve Banks and numismatic items to the public are the source of funding for operations. Both operating expenses and capital investments are associated with the production of circulating and numismatic coins and coin-related products. Revenues in excess of amounts required by the PEF are transferred to the Treasury General Fund.

The Mint's key priorities for FY 2017 include:

- Circulating - Efficiently and effectively mint and issue approximately 16.9 billion circulating coins in FY 2017 to meet the needs of commerce.
- Numismatic Program Bullion Products – Mint and issue bullion coins to meet customer demand efficiently and effectively.
- Other Numismatic Products - Produce and distribute numismatic products in sufficient quantities, through appropriate channels, to make them accessible, available, and affordable to people who choose to purchase them. Design, strike and prepare for presentation Congressional Gold Medals.

FY 2017 United States Mint estimated total revenues are \$3,443,193,000, total expenses are \$2,956,207,000, of which \$40,500,000 are for capital investments, and net results are \$486,986,000 in earnings.

Mint FY 2017 Budget Highlights

Dollars in Thousands

| United States Mint | FTE | Materials | Operating & Capital | Total |
|-----------------------------------------------------------------|--------------|--------------------|---------------------|--------------------|
| FY 2016 Estimated | 1,874 | \$2,460,000 | \$436,207 | \$2,896,207 |
| Changes to Base: | | | | |
| Maintaining Current Levels (MCLs): | - | - | \$6,791 | \$6,791 |
| Pay-Raise | - | - | \$2,079 | \$2,079 |
| Pay Annualization | - | - | \$691 | \$691 |
| Non-Pay | - | - | \$4,021 | \$4,021 |
| Efficiency Savings: | - | - | (\$6,791) | (\$6,791) |
| Reduction – Absord MCLs | - | - | (\$6,791) | (\$6,791) |
| Subtotal Changes to Base | - | - | \$0 | \$0 |
| Total FY 2017 Base | 1,874 | \$2,460,000 | \$436,207 | \$2,896,207 |
| Program Changes: | | | | |
| Program Increases: | | | | |
| Circulating and Protection Capital Limitation Increase | - | - | \$10,000 | \$10,000 |
| Metal due to Forecast Increase in Circulating Coin Production | - | \$40,000 | - | \$40,000 |
| Metal Due to Forecast Increase in Numismatic/Bullion Production | - | \$10,000 | - | \$10,000 |
| Subtotal FY 2017 Program Changes | - | \$50,000 | \$10,000 | \$60,000 |
| Total FY 2017 Estimated | 1,874 | \$2,510,000 | \$446,207 | \$2,956,207 |

FY 2017 Budget Adjustments

Adjustments to Estimates

Maintaining Current Level (MCLs)

Pay-Raise +\$2,079,000 / +0 FTE

Funds are required for the proposed January 2017 pay-raise.

Pay Annualization +\$691,000 / +0 FTE

Funds are required for annualization of the proposed January 2016 pay-raise.

Non-Pay +\$4,021,000 / +0 FTE

Funds are required for inflation adjustments in non-labor costs such as travel, contracts, rent, supplies, and equipment.

Efficiency Savings

Operating Cost Savings -\$6,791,000 / +0 FTE

The Mint will absorb annual inflationary costs within the current operating budget by effective cost management across all departments within the Mint.

Program Increases

Circulating and Protection Capital Limitation Increase +\$10,000,000 / +0 FTE

The bureau has identified an urgent need to increase its legislative limit by \$10 million. This will raise the current limit from \$20 million to \$30 million beginning in FY 2017. The increased capital limit will allow the Mint to execute a comprehensive capital strategy that focuses on safety, equipment replacements, protection, and facility improvements.

Metal Due to Forecast Increase in Circulating Coin Production +\$40,000,000 / +0 FTE

The Mint forecasts that demand for circulating coins will remain strong in FY 2016 and 2017, at 16.3 billion coins and 16.9 billion coins, respectively. To meet the growth in demand, a \$40 million increase for metal purchases is required.

Metal Due to Forecast Increase in Numismatic and Bullion Coin Production +\$10,000,000 / +0 FTE

The Mint forecasts that the FY 2017 numismatic coin production cost will experience a slight growth of \$20 million and the FY 2017 bullion coin production cost will be \$10 million lower than the FY 2016 projected level. The net effect is \$10 million increase in required metal purchases.

Explanation of Budget Activities

Manufacturing (\$2,956,207,000 from revenue/offsetting collections)

The Mint has one budget activity: manufacturing. This budget activity encompasses the bureau's two major programs: circulating coinage and numismatic coin products including bullion coins, collector coins and national medals.

Circulating Coinage Program

Circulating coinage includes the penny, nickel, dime, and quarter-dollar coins.

The United States Mint delivers circulating coinage to the Federal Reserve Banks at face value for subsequent distribution to the commercial banking system as required to transact commerce.

The Mint will continue to mint and issue quarter-dollar coins honoring America's national parks and other national sites in accordance with the America's Beautiful National Parks Quarter Dollar Coin Act of 2008 (Public Law 110-456). In 2017, the Mint will release quarters honoring Effigy Mounds National Monument (Iowa), Frederick Douglass National Historic Site (District of Columbia), Ozark National Scenic Riverways (Missouri), Ellis Island National Monument (Statue of Liberty) (New Jersey), and George Rogers Clark National Historical Park (Indiana).

Numismatic Program

Bullion Coin Program

The United States Mint produces bullion coins under American Eagle, American Buffalo, and America the Beautiful Silver Bullion Coin Programs to fulfill investor demand. Bullion coins are largely bought by precious metal dealers and sold to consumers who desire precious metals as part of an investment portfolio. The demand for bullion coins is greatly influenced by the performance of other investment options, such as equities markets or currency markets, and therefore is highly unpredictable. The content and purity of the precious metal in the bullion coins are backed by the United States Government.

Other Numismatic Products

The United States Mint produces and distributes numismatic products, including proof and uncirculated versions of coins, directly to the public. For some numismatic products, authorizing legislation specifies program requirements, such as design theme, mintage level and duration of product availability. Other programs are structured by law to grant the Secretary of the Treasury discretion in determining product specifications. The Numismatic Program includes the American Eagle Program, the American Buffalo Program, the America the Beautiful Quarters Program, the Presidential and Native American \$1 Coin Programs, recurring programs, and commemorative coins and medals.

In FY 2017, the Mint has authorization to mint two commemorative coins, the Lions Club International Commemorative Coin (Public Law 112-181) and the Boys Town Centennial Commemorative Coin (Public Law 114-30).

The Mint will continue to mint and issue numismatic versions of \$1 coins honoring the Nation's past Presidents in accordance with the Presidential \$1 Coin Act of 2005 (Public

Law 109-145). In 2016, the Mint will release Presidential \$1 Coins honoring Presidents Richard M. Nixon, Gerald R. Ford, and Ronald Reagan.

The Presidential \$1 Coin Program ends in 2016. The Mint will also continue to mint and issue \$1 coins celebrating the important contributions made by Indian tribes and individual Native Americans to the development and history of the United States in accordance with the Native American \$1

Coin Act (Public Law 110-82).

In FY 2017, the Mint's total estimated budgetary requirements for operating, metal and capital investments are \$2,956 million.

Legislative Proposals

Mint repeats a proposal from the FY 2016 President's Budget, to eliminate the 20 percent requirement in the Native American \$1 Coin Act.

Mint Performance by Budget Activity

| Budget Activity | Performance Measure | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
|-----------------|----------------------------------------|---------|---------|---------|---------|---------|
| | | Actual | Actual | Actual | Target | Target |
| Manufacturing | Customer Satisfaction Index (%) | 92.6 | 89.8 | 89.5 | 90.0 | 90.0 |
| Manufacturing | Numismatic Sales Units (Million Units) | 5.51 | 5.7 | 5.4 | 4.6 | 4.1 |
| Manufacturing | Safety Incident Recordable Rate | 2.9 | 3.31 | 3.42 | 2.96 | 2.96 |
| Manufacturing | Seigniorage per Dollar Issued (\$) | .24 | .37 | .49 | .47 | .46 |

Key: DISC - Discontinued

Description of Performance

Customer Satisfaction Index (CSI)

The Mint conducts a quarterly Customer Satisfaction Measure Tracking Survey among a random sample of active numismatic customers. The survey is intended to capture customer satisfaction with the Mint's service and product quality. The CSI is a quantitative score of survey results. The Mint's CSI reached 89.5 percent in FY 2015, below the target of 90.0 percent.

Numismatic Sales Units

The numismatic sales units metric measures the public demand for coin products sold from numismatic operations. It quantifies the demand for the Nation's official numismatic products. Numismatic sales units totaled 5.4 million in FY 2015, falling short of the 5.6 million target. The decrease mainly resulted from lower customer demand.

Safety Incident Recordable Rate

Safety incident recordable rate is the number of injuries and illnesses meeting the Occupational Health and Safety Administration recording criteria per 100 full-time workers. The safety incident recordable rate was 3.42 recordable injuries and illnesses per 100 full-time workers in FY 2015, above the 2.96 target but below the industry average rate of 5.9 for forging and stamping manufacturers.

Seigniorage per Dollar Issued

Seigniorage is the financial return on circulated coinage shipped to the FRB and the public. It measures the cost-effectiveness of the United States' circulating coinage. Seigniorage per dollar issued was \$0.49 in FY 2015, above the performance target of \$0.24. Results exceeded the target mainly due to a 57 percent increase in FRB orders for circulating quarter-dollar coins above forecast along with lower metals costs and reduced general and administrative costs.