United States Mint

FY 2014
President's Budget

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Section 1 – Purpose

1A – Mission Statement

Serve the American people by manufacturing and distributing circulating, precious metal and collectible coins and national medals, and providing security over assets entrusted to us.

1.1 – Resource Detail Table

Dollars in Thousands

United States Mint Budgetary Resources	FY 2012 Actual		FY 2013 Estimated		FY 2014 Estimated		FY 2012 to FY 2014 $ Change		FY 2012 to FY 2014 % Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Revenue/Offsetting Collections										
Other Income										
Circulating		494,370		483,000		545,000		50,630		10.24%
Bullion/Numismatic		3,480,700		3,164,000		2,537,000		(943,700)		-27.11%
Total Revenue/Offsetting Collections		**3,975,070**		**3,647,000**		**3,082,000**		**(893,070)**		**-22.47%**
Expenses/Obligations										
Manufacturing										
Circulating	837	365,813	893	459,833	923	531,212	86	165,399	10.27%	45.21%
Bullion/Numismatic	951	2,740,491	951	3,065,345	951	2,406,328	0	(334,163)	N/A	-12.19%
Total Expenses/Obligations	**1,788**	**3,106,304**	**1,844**	**3,525,178**	**1,874**	**2,937,540**	**86**	**(168,764)**	**4.81%**	**-5.43%**
Net Results		**868,766**		**121,822**		**144,460**		**(724,306)**		**-83.37%**

Coin Shipments (Units In Millions/Coins)	FY 2012 Actual	FY 2013 Estimated	FY 2014 Estimated
Circulating:			
One Cent	5,835	5,800	6,000
5-Cent	1,006	900	900
Dime	1,658	1,300	1,400
Quarter	486	1,000	1,200
Half-Dollar	0	0	0
Dollar	97	0	0
Total Circulating	**9,082**	**9,000**	**9,500**

Budget Breakdown (Dollars in Thousands)	FY 2012 Actual	FY 2013 Estimated	FY 2014 Estimated
Administrative Operating Costs	$373,976	$374,920	$375,605
Metals and Materials Costs	$2,701,345	$3,120,234	$2,531,467
Capital Investments	$30,983	$30,024	$30,468
Total Resources	**$3,106,304**	**$3,525,178**	**$2,937,540**

1B – Vision, Priorities and Context

The United States Mint manufactures and distributes domestic circulating coinage, bullion coin products, numismatic coinage and national medals in the most cost effective and efficient manner possible. In addition, the United States Mint provides security for assets, including the government's reserves of gold bullion, silver bullion, coins and coinage metals. The United

States Mint is the world's largest coin manufacturer with facilities in California, Colorado, Kentucky, New York, Pennsylvania, and Washington, D.C. The United States Mint supports the Department of the Treasury's strategic goal to enhance U.S. competitiveness and promote international financial stability and balanced global growth.

Vision

The United States Mint's vision is to become the finest mint in the world, through excellence in its people, products, customer service and workplace. The United States Mint has the following four strategic goals to help it fulfill its vision and mission: 1) meet the Nation's need for circulating coins; 2) meet public demand for bullion coins; 3) responsibly expand the numismatic program; and 4) foster a safe, engaged, productive and valued workforce.

FY 2014 Priorities

- Circulating Program - Efficiently and effectively mint and issue approximately 9.5 billion circulating coins in FY 2014 to meet the needs of commerce.

- Numismatic Program

  Bullion Coins – Mint and issue bullion coins while employing precious metal purchasing strategies that minimize or eliminate the financial risk that can arise from adverse market price fluctuations.

  Other Numismatic Products - Produce and distribute numismatic products in sufficient quantities, through appropriate channels, and at the lowest prices practicable, to make them accessible, available, and affordable to people who choose to purchase them. Design, strike and prepare for the presentation of Congressional Gold Medals.

- Protection - Secure the Nation's gold reserves, silver reserves and other assets.

Context

Since 1996, the United States Mint operations have been funded through the Public Enterprise Fund (PEF), established by section 522 of Public Law 104–52 (codified at section 5136 of Title 31, United States Code). The United States Mint generates revenue through the sale of circulating coins to the Federal Reserve Banks (FRB), numismatic products to the public and bullion coins to authorized purchasers. All circulating, bullion and numismatic operating expenses and capital investments incurred for the United States Mint's operations and programs are paid out of the PEF. By law, all funds in the PEF are available without fiscal year limitation. Revenues determined to be in excess of the amount required by the PEF are transferred to the United States Treasury General Fund as off-budget or on-budget receipts. Off-budget receipts consist of seigniorage, the net return from circulating operations, which in the Federal budget is used to reduce the government's need to borrow. This results in a reduction in interest on the Federal debt from the borrowing that seigniorage displaces. The net returns from numismatic program operations, including bullion coin program operations, are recorded as on-budget receipts in the Federal budget, and are available to be used to fund Federal Government operations and programs.

The United States Mint's budget receipts and outlays reflect the demand for and sales of circulating, bullion and numismatic coin products. In accordance with the PEF statute, proceeds from sales provide the United States Mint's funding source, fully covering budget outlays, which adjust as the necessary resources are engaged to fulfill prevailing demand. The vast majority (approximately 86 percent in FY 2014) of planned budget outlays are for procurement of metals and materials for conversion into finished goods. Accordingly, each fiscal year's budget outlays principally reflect the production volumes that correspond to prevailing demand, as well as raw material costs driven by prices on open commodities markets. The economic environment can significantly affect the United States Mint's budget outlays by influencing these two external factors.

The numismatic program, including the bullion coin program, is designed to ensure the United States Mint does not incur any losses from operations. Product pricing and metal purchasing policies ensure that all raw materials, production and overhead expenses are fully covered by sales revenue. Circulating financial performance has been affected by the costs of the inputs for producing the coinage. Since FY 2006, commodity prices for copper nickel and zinc have been at levels at which costs of the one-cent coins (pennies) and 5-cent coins (nickels) have exceeded their face value. The United States Mint expects the costs of these commodities to remain at levels that result in continued losses from issuing pennies and nickels to the FRBs at face value. The outlook for circulating financial performance is also diminished because of issuance of $1 coins to the FRB for circulation was suspended on December 13, 2011, and $1 coins were the highest earning circulating denomination with the most seigniorage per unit. Since the suspension's implementation, positive seigniorage from minting and issuing dimes and quarters has fully offset the losses the United States Mint incurs from minting and issuing pennies and nickels. FRB demand for quarters has been very low the last two years, as FRB inventories have exceeded targeted levels. FRB inventories for these denominations have since come into alignment with targeted ranges; it is therefore likely that quarter shipments will increase over the next two years and will continue to offset some of the seigniorage foregone by the suspension of circulating $1 coin shipments.

Circulating

On December 13, 2011, the Secretary of the Treasury directed the United States Mint to suspend minting and issuing Presidential $1 Coins for circulation because the FRBs already held more than adequate supplies of $1 coins in their inventories to meet foreseeable demand. The Mint has experienced a decline in seigniorage generated from circulating operations; FRB inventories of $1 coins have also stopped increasing.

FY 2014 coin production projections are based on current economic data and forecasts of FRB coin orders to maintain inventories within desired levels. Circulating coin production for FY 2014 is forecasted at 9.5 billion coins—approximately a 6 percent increase over the FY 2013 projection of 9.0 billion coins. Penny and dime coin shipments are expected to increase three and eight percent, respectively, in FY 2014 over FY 2013. Increases in penny demand will also adversely affect seigniorage, as the penny is minted and issued at a cost above its face value. The United States Mint anticipates a 20-percent increase in quarter-dollar coin shipments, the largest projected increase among the coin denominations in FY 2014. This should positively affect the amount of seigniorage generated.

Numismatic Program

Bullion Coins

The United States Mint, as the world's largest producer of gold and silver bullion coins, employs precious metal purchasing strategies that minimize or eliminate the financial risk that can arise from adverse market price fluctuations.

Bullion coin demand reached historic highs in FY 2011. Since that time, bullion demand has gradually declined. The estimates included in this budget are based on the assumption that bullion coin revenue is expected to continue to decline as gold and silver prices ease and investor demand weakens. Specifically, budget estimates assume gold demand will be 852 thousand ounces in FY 2013 and decline to 516 thousand ounces in FY 2014. Silver demand is anticipated to be 34 million ounces in FY 2013 and to decline to 30 million ounces in FY 2014.

Other Numismatic

In FY 2011, numismatic revenue increased considerably because of three primary factors: (1) higher commodity prices prevailed for precious metals; (2) the release of both 2010 and 2011 American Eagle gold, silver and platinum coin products within the 2011 fiscal year, which was atypical and will not be repeated in subsequent fiscal years; and (3) the United States Mint offered a greater proportion of its numismatic products for sale earlier in the calendar year rather than later. As a result, numismatic revenue increased dramatically.

Numismatic revenue is expected to decline from the FY 2011 peak of $721.7 million and return to levels commensurate with prior years. The numismatic revenue for FY 2012 was $481.1 million, a 33 percent decline in revenue from the unusual revenue peak experienced in FY 2011. In FY 2013 and FY 2014, numismatic revenues are projected to be $450.1 million for each year, six percent below the revenue of FY 2012.

Section 2 – Budget Adjustments and Appropriation Language

The United States Mint's FY 2014 budget request includes resource requirements for increased circulating coin demand. Circulating coin production for FY 2013 is forecasted at 9.0 billion (a 17-percent increase over the original forecast of 7.7 billion coins). In FY 2014, demand forecasts indicate that required circulating coin production will be 9.5 billion, a six percent increase over FY 2013. This outlook reflects an increase in FRB demand in order to maintain inventories at targeted levels.

The United States Mint's FY 2013 President's Budget has been adjusted to reflect a $101 million increase in metal purchases necessary to accommodate the increased coin production forecast. The Mint's FTE level also increased as additional labor is required to meet coin demand. Conversely, the FY 2013 President's Budget was reduced by $27.2 million to reflect cost-reduction strategies designed to lower overhead and sales, general, and administrative (SG&A) costs. The United States Mint is committed to implement both labor and non-labor initiatives to produce administrative operating cost savings wherever possible.

In addition, the Mint has also taken measures to execute the provisions of Executive Order 13589, *Promoting Efficient Spending*, as well as activities included in the Administrative Efficiency Initiative, and more recent guidance to reduce travel costs. Specific cost reductions are mandated for travel, printing, professional and technical services, office supplies and publications, employee IT devices, executive fleet services, and extraneous promotional items. Under these provisions, the United States Mint has developed policy guidelines and controls to reduce its administrative spending levels. As a result, the United States Mint's FY 2014 budget request reflects notable administrative costs savings.

2.1 – Budget Adjustments Table

Dollars in Thousands

United States Mint	FTE	Materials	Operating & Capital	Total
FY 2012 Actual	**1,788**	**$2,694,145**	**$412,159**	**$3,106,304**
FY 2013 Estimated	**1,844**	**$3,120,234**	**$404,944**	**$3,525,178**
Changes to Base:				
Maintaining Current Levels (MCLs):	-	-	$6,129	$6,129
Pay-Raise	-	-	$1,761	$1,761
Non-Pay	-	-	$4,368	$4,368
Efficiency Savings:	-	($607,286)	($7,000)	($614,286)
Labor Costs (reduction expected as result of VERA/VSIP)	-	-	($7,000)	($7,000)
Forecast Reduction in Purchase of Metal Raw Materials for Bullion in 2014	-	($607,286)	-	($607,286)
Subtotal Changes to Base	-	($607,286)	($871)	($608,157)
Total FY 2014 Base	**1,844**	**$2,512,948**	**$404,073**	**$2,917,021**
Program Changes:				
Program Increases:	30	$18,519	$2,000	$20,519
Metal labor overhead from increased forecast in circulating coin in 2014	30	$18,519	$2,000	$20,519
Total FY 2014 Estimated	**1,874**	**$2,531,467**	**$406,073**	**$2,937,540**

2A – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) .... +$6,129,000 / +0 FTE

The funding level required to continue the United States Mint's operations with no increase to program resources is +$6.1 million to fund both pay and non-pay budget requirements. This includes $1.8 million for pay and $4.3 million for non-pay categories, excluding metal purchases.

<u>Pay-Raise +$1,761,000 / +0 FTE</u>

The President's Budget proposes a 1 percent pay-raise for federal employees in 2014.

<u>Non-Pay +$4,368,000 / +0 FTE</u>

Funds are required for inflation adjustments in non-labor expenses such as GSA rent adjustments, postage, supplies, and equipment.

The United States Mint's core missions are to cost-effectively mint and issue circulating coins and prepare and distribute numismatic products to meet the needs of its customers and the nation. During the past few years, the United States Mint implemented and realized several efficiencies, savings and reductions. In a continued effort to contain costs, for FY 2014, the bureau proposes the following:

Efficiency Savings .... -$614,286,000 / +0 FTE

<u>Forecast Reduction in Purchase of Metal Raw Materials for Bullion in 2014 -$607,286,000 / +0 FTE</u>

Embedded Content[ALTCHUNKEND MOD_NAME_BINARYForecast Reduction in Purchase of Metal Raw Materials for Bullion in 2014] failed. SQLERRM:ORA-01403: no data foundThe overall numismatic program, including bullion coin programs, experienced increases in sales in FY 2010 and FY 2011. Revenue for these programs is trending lower in FY 2012. In FY 2013 and 2014, sales are expected to continue to decline. As a result, metal purchase projections are down for FY 2014.

<u>Labor Costs (reduction expected as result of VERA/VSIP) -$7,000,000 / +0 FTE</u>

As a result of process improvements, efficiency gains and reduced production levels, the United States Mint's staffing levels have gradually declined over time. In FY 2013, the United States Mint plans to achieve additional reductions in staffing and labor costs through implementation of voluntary early retirement authority and voluntary separation incentive program offers, a hiring freeze, and natural attrition. In FY 2014, annualized labor reductions are expected to be realized from the efforts taken in FY 2012 and FY 2013.

Program Increases .... +$20,519,000 / +30 FTE

<u>Metal labor overhead from increased forecast in circulating coin in 2014 +$20,519,000 / +30 FTE</u>

Circulating coin production for FY 2013 is forecasted at 9.0 billion, a 17 percent increase over the original forecast of 7.7 billion. In FY 2014, the United States Mint is forecasting circulating coin production at 9.5 billion, a six percent increase over FY 2013. The United States Mint plans to meet this projected increase in demand by increasing metal purchases accordingly, adding 30 temporary direct labor manufacturing positions, and increasing variable production costs. This proposed increase will enable the United States Mint to achieve its Strategic Goal to meet the Nation's need for circulating coins.

2.2 – Operating Levels Table

Dollars in Thousands

United States Mint Object Classification	FY 2012 Actual	FY 2013 Estimated	FY 2014 Estimated
11.1 - Full-time permanent	141,577	142,201	141,136
11.3 - Other than full-time permanent	253	203	273
11.5 - Other personnel compensation	8,846	10,140	11,136
11.9 - Personnel Compensation (Total)	**150,676**	**152,544**	**152,545**
12.0 - Personnel benefits	45,555	45,513	45,732
13.0 - Benefits for former personnel	1,050	2,400	1,019
Total Personnel and Compensation Benefits	**$197,281**	**$200,457**	**$199,296**
21.0 - Travel and transportation of persons	2,098	1,945	1,945
22.0 - Transportation of things	29,849	26,016	26,260
23.1 - Rental payments to GSA	985	251	243
23.2 - Rental payments to others	12,099	17,107	17,272
23.3 - Communication, utilities, and misc charges	12,192	8,618	8,715
24.0 - Printing and reproduction	1,125	1,431	1,531
25.1 - Advisory and assistance services	48,140	28,583	28,863
25.2 - Other services	21,456	44,380	44,789
25.3 - Other purchases of goods & serv frm Govt accounts	22,382	18,405	18,658
25.4 - Operation and maintenance of facilities	0	1,843	0
25.5 - Research and development contracts	2,205	0	1,991
25.7 - Operation and maintenance of equip	6,419	7,371	7,503
26.0 - Supplies and materials	14,094	15,813	15,906
26.7 - Raw Materials	2,701,345	3,120,234	2,531,467
31.0 - Equipment	24,246	2,699	2,626
32.0 - Land and structures	10,388	30,024	30,468
42.0 - Insurance claims and indemnities	0	1	7
Total Non-Personnel	**2,909,023**	**3,324,721**	**2,738,244**
Total Budgetary Resources	**$3,106,304**	**$3,525,178**	**$2,937,540**
Budget Activities:			
Manufacturing	3,106,304	3,525,178	2,937,540
Total Budgetary Resources	**$3,106,304**	**$3,525,178**	**$2,937,540**
FTE	**1,788**	**1,844**	**1,874**

2B – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY UNITED STATES MINT PUBLIC ENTERPRISE FUND **Federal Funds** Pursuant to section 5136 of title 31, United States Code, the United States Mint is provided funding through the United States Mint Public Enterprise Fund for costs associated with the production of circulating coins, numismatic coins, and protective services, including both operating expenses and capital investments: Provided, That the aggregate amount of new liabilities and obligations incurred during fiscal year 2014 under such section 5136 for circulating coinage and protective service capital investments of the United States Mint shall not exceed $19,000,000.	

2C – Legislative Proposals

Coinage Materials Modernization Act (CMMA)

The Coin Modernization, Oversight and Continuity Act (Public Law 111-302), which was signed into law on December 14, 2010, provides the Secretary research and development authority; it does not give the Secretary the flexibility and agility to approve coinage materials that would result in significant long- and short-term savings to the taxpayers. Requiring legislation for each change in coin composition will greatly slow the process. As metal prices are extremely volatile, the delay incurred by proposing and passing legislation could result in the new compositions being outdated by the time of their enactment.

Commodity metal prices have been at levels sufficient for production costs to exceed the face value of pennies and nickels since FY 2006. These same metal prices have also reduced the seigniorage realized from other circulating coinage denominations from levels generated in the past. Should the total cost of producing coins ever exceed their face value (thereby reducing seigniorage), the United States Mint has reserved $377.5 million in its PEF to pay for capital expenditures and unplanned expenses. Although unlikely, if results are worse than expected and the United States Mint is required to exhaust the $377.5 million in its PEF, the United States Mint could eventually require an appropriation or borrowing authority to fund circulating operations.

The United States Mint is proposing legislative changes that would modernize the Nation's coinage materials for the first time since 1965. Specifically, these changes would amend 31 U.S.C. § 5112(a)-(c) to grant the Secretary the same authority he currently possesses with respect to the $1 coin—that is, the authority to prescribe the weights and compositions of all circulating coins, and to provide the Secretary flexibility to change the composition of coins to more cost-effective materials.

The proposed amendments would allow the Secretary to explore, analyze, and approve new, less expensive materials for all circulating coins based on factors that he determines to be appropriate. Such factors may include physical, chemical, metallurgical and technical characteristics; material, fabrication, minting, and distribution costs; material availability and sources of raw materials; coinability; durability; effects on sorting, handling, packaging and vending machines; risks to the environment and public safety; appearance; resistance to counterfeiting; and commercial and public acceptance.

Sec. 122. (a) Sections 2 and 3 of Public Law 111-302 are hereby repealed.
(b) Section 5112 of Title 31, United States Code, is amended as follows:
(1) Subsection (a)(2) is amended by striking " and weighs 11.34 grams."
(2) Subsection (a)(3) is amended by striking " and weighs 5.67 grams."
(3) Subsection (a)(4) is amended by striking " and weighs 2.268 grams."
(4) Subsection (a)(5) is amended by striking " and weighs 5 grams."
(5) Subsection (a)(6) is amended by—
(A) striking "except as provided under subsection (c) of this section, "; and
(B) striking " and weighs 3.11 grams."
(6) Subsection (b) is amended by striking the first, second, third, fourth, sixth, seventh, and eighth sentences, and striking "metallic, ".
(7) Subsection (c) is amended to read as follows: "The Secretary shall prescribe the weight and the composition of the dollar, half-dollar, quarter-dollar, dime, 5-cent, and one-cent coins. In prescribing the weight and the composition of the dollar, half-dollar, quarter-dollar, dime, 5-cent and one-cent coins, the Secretary shall consider such factors that the Secretary considers, in the Secretary's sole discretion, to be appropriate."
(c) Section 5113(a) of Title 31, United States Code, is amended by—
(1) striking "and " and inserting after "dime" ", 5-cent, and one-cent"; and
(2) striking the second and third sentences.

Section 5112(r)(5) of Title 31, United States Code, is amended by inserting "for circulation" and after both instances of "minted and issued".

This legislative proposal seeks to limit the requirement that the number of $1 coins minted and issued in a year with the Sacagawea design on the obverse be not less than 20 percent of the total number of $1 coins minted and issued for circulation. Approval of this proposal would allow the United States Mint to mint and issue all $1 coins in amounts necessary to meet public demand for coins of each particular design. In late 2011, to address the excessive $1 coin inventories at the FRBs, the Secretary of the Treasury suspended the minting of Presidential $1 Coins for circulation. As a result, the United States Mint will fulfill all demand for new Presidential $1 Coins through its numismatic sales channels until the FRBs have drawn down these excessive inventories. Numismatic demand for new Native American $1 Coins, however, is significantly lower than numismatic demand for Presidential $1 Coins, making it impracticable for the United States Mint to comply with the 20-percent requirement. As a consequence, limiting the 20-percent requirement to circulating coins is sensible at this time because it avoids the need to mint and issue Native American $1 Coins in excess of the amounts that numismatic customers demand.

Cooperative Efforts
For FY 2014, Treasury proposes to remove section 113 from the FY 2013 bill which requires approval of Congressional committees prior to implementing cooperative arrangements between the United States Mint and the Bureau of Engraving and Printing (BEP). This change would increase Treasury's flexibility to use the Economy Act to implement potential cooperative efforts such as shared administrative services that could reduce unnecessary duplication of effort and thus improve cost efficiency at the BEP and at the United States Mint. Treasury would still consult with the Committees on any major reorganization as required by section 608.

[SEC. 113. None of the funds appropriated or otherwise made available by this or any other Act or source to the Department of the Treasury, the Bureau of Engraving and Printing, and the United States Mint, individually or collectively, may be used to consolidate any or all functions of the Bureau of Engraving and Printing and the United States Mint without the explicit approval of the House Committee on Financial Services; the Senate Committee on Banking, Housing, and Urban Affairs; and the Committees on Appropriations of the House of Representatives and the Senate.]

Section 3 – Budget and Performance Plan

3A – Manufacturing
($2,937,540,000 from expenses/obligations):

The United States Mint has one budget activity: Manufacturing. This budget activity supports Treasury's strategic goal to enhance U.S. competitiveness and promote international financial stability and balanced global growth. This budget activity encompasses the bureau's three major programs: circulating coinage, bullion coins, and numismatic coin products. The owner of the Manufacturing budget activity is the United States Mint's Acting Director, Richard A. Peterson.

Circulating Coinage Program
Circulating coinage includes the one-cent (penny), 5-cent (nickel), dime, and quarter-dollar coins. The minting of Presidential $1 Coins for circulation was suspended in December 2011. This suspension is expected to extend through FY 2014. As such, this budget submission does not include cost estimates for $1 coins.

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

The United States 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 2013, the United States Mint will release coins in the America the Beautiful Quarters Program honoring White Mountain National Forest (New Hampshire), Perry's Victory and International Peace Memorial (Ohio), Great Basin National Park (Nevada), Fort McHenry National Monument and Historic Shrine (Maryland) and Mount Rushmore National Memorial (South Dakota). In 2014, the United States Mint will release quarters honoring Great Smokey Mountains National Park (Tennessee), Shenandoah

National Park (Virginia), Arches National Park (Utah), Great Sand Dunes National Park (Colorado) and Everglades National Park (Florida).

Numismatic Program

Bullion Coins

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.

While the American Eagle Gold and Silver Bullion Coin Programs have operated for decades and the American Buffalo Gold Bullion Coin Program has operated for several years, the more recent America's Beautiful National Parks Quarter Dollar Coin Act of 2008 required the United States Mint to mint and issue five-ounce silver bullion coins replicating each of the designs featured on the United States Mint America the Beautiful Quarters® coins. The bullion coins are three inches in diameter and have a face value of a quarter-dollar. These are the first five-ounce, three-inch silver bullion coins produced by the United States Mint.

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.

Recurring numismatic programs include high quality, specially presented products based on circulating coinage. These products include proof sets, silver proof sets, uncirculated sets, quarter-dollar coin sets and $1 coin sets. These products are designed for mass market appeal.

While the minting of Presidential $1 Coins for commerce has been suspended, the United States 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 2013, the United States Mint will release Presidential $1 Coins honoring Presidents William McKinley, Theodore Roosevelt, William Howard Taft, and Woodrow Wilson. The United States Mint will release in 2014 Presidential $1 Coins honoring Presidents Warren G. Harding, Calvin Coolidge, Herbert Hoover, and Franklin D. Roosevelt.

In 2013 and 2014, the United States 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).

Commemorative coins are authorized by law to recognize and honor people, places, events, institutions, and other subjects of historic or national significance. Each coin is minted and issued by the United States Mint in a limited quantity and is available only for a limited time. Included in the price is a surcharge that is authorized to be paid to the designated recipient organizations, which must use the proceeds for the purposes specified in the enabling legislation.

The American Eagle Proof and Uncirculated Coin Programs consist of the United States Mint's premier collectible products. These coins contain platinum, gold and silver and are issued in proof or uncirculated quality. Currently, the bureau offers American Eagle Gold Proof Coins with one-tenth, one-quarter, one-half or one ounce of precious metal content. The bureau's gold uncirculated quality versions are issued with one ounce of gold content. American Eagle Silver Proof and Uncirculated Coins are issued with one ounce of silver metal content. Currently, the bureau offers only our platinum coins in proof quality with one ounce of platinum metal content.

Total Budgetary Requirements *(all programs)*

In FY 2014, the United States Mint's total estimated budgetary requirements for operating, metal and capital investments are $2,938 million.

Manufacturing Budget and Performance Plan

The United States Mint developed several key performance measures to gauge progress in achieving each strategic goal and assess its Manufacturing Budget Activity performance.

Seigniorage per Dollar Issued

Seigniorage per dollar issued is the financial return on circulating operations, calculated as seigniorage divided by the total face value of circulated coinage shipped to the FRBs and the public. It measures the cost-effectiveness of the United States' circulating coinage. This measure incorporates the cost of the metal composition of coins as specified by law, and gauges the United States Mint's efficiency in manufacturing and distributing circulating coins to meet the needs of the Nation. The strategic goal for this program is "Meet the nation's need for circulating coins."

The main factors that affect performance are the volume of coinage demanded by the FRBs, the denomination mix of coins demanded, the costs of metal materials used to mint the coins and the United States Mint's production costs. Most of these drivers are external factors, reflecting the Nation's economic activity and the resulting need for coins to transact commerce. The realized cost for fabricated metal strips and blanks fluctuates as supply and demand pressures influence metal market prices.

At the end of FY 2012, seigniorage per dollar issued was $0.21, above the performance target of $0.17. Performance results are exceeding the target because the metals prices are lower than originally predicted. Volume demanded is also higher than originally forecast, causing fixed costs to be spread over more units.

The United States Mint expects seigniorage per dollar issued to further decrease in FY 2013 because it will be the first full fiscal year with no contribution from the $1 coin to seigniorage since production was suspended in December 2011. However, by FY 2014, seigniorage per dollar issued is expected to increase, as the FRBs are projected to order a larger volume of coins, including an increase in orders for quarter-dollars which generate more seigniorage from each unit than the lower-value coin denominations. The performance target for seigniorage per dollar issued is $0.17 for FY 2013 and $0.23 for FY 2014.

The United States Mint plans to achieve performance targets as a result of normal manufacturing operations. Measures designed to improve cost performance such as implementation of a two-shift per day operation at the United States Mint's manufacturing plants (down from three shifts per day) were implemented in 2011 and 2012. This reduced overhead expenses and energy expenses. Ongoing efforts to achieve greater efficiency include reduced labor costs through staff restructuring, procurement savings initiatives, and improved inventory management. These efforts are intended to improve performance, assuming the main external factors of cost and volume hold constant.

Customer Satisfaction Index (CSI)
The United States 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 United States Mint's service and product quality. The CSI is a quantitative score of survey results.

The main factors driving CSI performance are customers' ordering experience, the availability of products that customers want, and the United States Mint's performance in delivering high-quality products that meet customers' expectations. Product availability reflects internal factors, such as production or supply chain management, and external factors, such as legislative mandates. Customers' ordering experience reflects the customer interaction with the United States Mint through information technology systems and customer service representatives.

At the end of FY 2012, the CSI reached 90.0 percent, below the target of 92.0 percent. Customer service performance is tracking lower than expected primarily because of some customers' experiences with the current on-line order management system, especially its performance during the launch of one of the new products – the American Eagle 25th Anniversary Set. There was also a slight decrease in customer satisfaction ratings of numismatic product quality in the third quarter.

The performance target for CSI is 90.0 percent in FY 2013 and 90.0 percent in FY 2014. The United States Mint plans to achieve performance targets by modernizing its order management system. A modern, more flexible information technology infrastructure with improved capabilities will be needed to meet customer expectations in current and future numismatic markets. We will also continue efforts to monitor and improve our quality controls so that we meet or exceed customer expectations for our products. Funding for customer service improvement initiatives or investments is covered by the prices charged to sell the coinage and coin products.

Safety Incident Recordable Rate
The safety incident recordable rate is the number of injuries and illnesses meeting the Occupational Safety and Health Administration recording criteria per 100 full-time workers. It measures the occurrence of work-related incidents involving death, lost time and restricted work, loss of consciousness and medical treatment.

The safety incident recordable rate is a measure of the safety of United States Mint operations. Lower injury rates not only are indicative of a safer work place for the United States Mint's employees, but also reduce the cost of operations by diminishing lost work-hours and workers' compensation claims.

In FY 2012, the total recordable case rate was 3.5 recordable injuries and illnesses per 100 full-time workers, above the 3.24 target but below the industry average rate of 7.8 for forging and stamping manufacturers. Material handling is the primary cause of injuries. Strains, sprains and tears, typically an indication of ergonomic hazards, accounted for the majority of injuries in FY 2012. The United States Mint created management safety steering teams to continually reinforce a culture of operating safely for all its employees. The bureau is also launching facility-specific leading measures to gain a more detailed understanding of the drivers of recordable safety incidents.

The performance target for safety incident recordable rate is 3.14 in FY 2013 and 3.05 in FY 2014. The United States Mint plans to achieve performance targets by formalizing additional safety performance measures piloted in FY 2012. These internal safety measures will provide useful information for driving improvement and reducing risks of major hazards. The United States Mint also aims to reduce incidents resulting from material handling, which make up approximately half of total incidents each year.

Vigilance in maintaining a safe workplace is expected of all United States Mint employees and managers. Any investments and expenses for safety programs are applied to the costs of United States Mint products. Funding for safety-specific initiatives or investments is covered by the prices charged to sell the coinage and coin products.

Numismatic Sales Units
The numismatic sales units metric indicates the number of coin products sold to the public from numismatic operations. It quantifies the demand for the Nation's official numismatic products. The strategic goals for this program are "Meet public demand for bullion coins" and "Responsibly expand the numismatic program." Increases in units sold allow the United States Mint to potentially reduce product unit costs and thus reduce the sales price, because fixed costs would be spread over a greater number of units. Increased unit sales would also indicate greater awareness of and demand for the Nation's coin products produced by the United States Mint.

Numismatic unit sales are affected by both external and internal factors. External factors, such as overall economic conditions, may alter the public's consumption behavior. Internal factors, such as the design and quality of products, can also affect sales. In addition, robust marketing campaigns may increase awareness of United States Mint products.

Numismatic sales units totaled 5.6 million in FY 2012. Sales were below the target of 7.0 million for two reasons. First, sales of 2010 numismatic gold coin products in 2011 were atypically high, because of pent-up demand after they were not offered in FY 2010. There was no comparable situation early in FY 2012, as the 2011 gold coins were sold throughout the previous year. Second, annual core numismatic sets went on sale later in 2012 than they did in 2011.

The performance target for numismatic sales units is 5.2 million in FY 2013 and 5.2 million in FY 2014. The United States Mint plans to achieve the FY 2014 performance target by providing high quality products, enhancing customer service, and exploring new products to appeal to a broader range of customers.

3.1.1 – Budget Activity Budget and Performance Plan

Dollars in Thousands

Manufacturing Budget Activity								
Resource Level	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimated	FY 2014 Estimated
Expenses/Obligations	$2,002,796	$2,014,698	$2,215,903	$3,624,483	$4,623,384	$3,106,304	$3,525,178	$2,937,540
Budget Activity Total	**$2,002,796**	**$2,014,698**	**$2,215,903**	**$3,624,483**	**$4,623,384**	**$3,106,304**	**$3,525,178**	**$2,937,540**

Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Target	FY 2014 Target
Customer Satisfaction Index (%)	N/A	N/A	88.3	86.1	91.7	90.0	90.0	90.0
Numismatic Sales Units (Million Units)	N/A	N/A	N/A	N/A	7.3	5.6	5.2	5.2
Safety Incident Recordable Rate	N/A	N/A	N/A	2.29	2.74	3.5	3.14	3.05
Seigniorage per Dollar Issued ($)	N/A	N/A	.55	.49	.45	.21	.17	.23

Key: N/A - Not in Effect; DISC - Discontinued; B - Baseline

Prior to FY 2012, the Mint reported activities related to protecting its facilities, assets and employees in a separate "Protection" budget activity. These activities, and the resources to support them, are now reported under the Manufacturing budget activity.

For detailed information about each performance measure, including definition, verification and validation, please go to: http://www.treasury.gov/offices/management/dcfo/accountability-reports/

Section 4 – Supplemental Information

4A – Capital Investment Strategy

The United States Mint is a non-appropriated manufacturing bureau whose primary mission is to produce coinage to effectively enable commerce. Its capital investment requirements are predominantly for manufacturing-type equipment. Capital investments, along with the Mint's operating expenses, are paid out of its PEF. The aggregate amount of new liabilities and obligations incurred during the budget fiscal year for capital investments in circulating coinage operations and protective service conforms to a legislative limitation for these capital projects. As such, the United States Mint's long-range planning process is designed to address its capital needs while maintaining spending within legislative limitations.

The United States Mint's manufacturing capital investment projects focus on manufacturing improvements such as development of new coin designs, automation of packaging lines, and facilities safety and improvements. In addition, the United States Mint's capital investments also encompass a robust IT portfolio that focuses on the optimization of formal governance structures to manage IT investments and programs in an effort to emphasize reductions in system redundancy and to modernize the IT system infrastructure. Enterprise architecture reviews ensure alignment of IT investments to bureau strategic plans and strategic enterprise direction of Treasury. IT investments are closely monitored for cost, schedule and performance to ensure expected results and benefits are achieved.

The full FY 2014 Capital Investment Plan for the United States Mint is available on the Treasury website (link).
http://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx