

Department of the Treasury
United States Mint

Congressional Budget
Justification and Annual
Performance Plan and Report

FY 2021

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Section I – Budget Request

A – Mission Statement

The United States Mint (Mint) enables America’s economic growth and stability by protecting assets entrusted to us and manufacturing coins and medals to facilitate national commerce.

B – Summary of the Request

In Fiscal Year (FY) 2021, the Mint’s total estimated budgetary requirements for operations, metal, and capital investments are \$2.55 billion. This budget will support the production of 14 billion circulating coins, as well as the production of bullion and other numismatic products sufficient to meet customer demand. The Mint has one budget activity: manufacturing, which encompasses the bureau’s two major programs, circulating coinage and numismatic products (including bullion coins, collector coins, and national medals).

To maintain its reputation as one of the finest mints in the world, the Mint is committed to operating according to the core values of service, quality, and integrity. The Mint has three strategic goals to help fulfill its mission and values: 1) Advancing our circulating mission through innovation and technology; 2) Fostering a safe, flexible, diverse and engaged workforce; 3) Introducing diverse products to new customers and revitalizing the Mint customer base through the use of industry-proven marketing approaches. The Mint is currently updating their goals and expects to release a new plan in FY 2020. The goals in the plan align with Treasury Strategic Goal 1: Boost U.S. Economic Growth and Goal 5: Achieve Operational Excellence.

Mint operations are funded through the Mint Public Enterprise Fund (PEF), 31 U.S.C. § 5136. The 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 and numismatic operating expenses, along with capital investments incurred for the 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.

Circulating

Circulating coin production projections are based on current economic data and forecasts of FRB coin orders. Circulating coin production for FY 2020 and FY 2021 is forecasted at 14.0 billion coins for each year. This level reflects an 11 percent increase for FY 2020 and FY 2021 in shipments of all coin denominations, as compared to 12.5 billion in FY 2019. Circulating financial performance continues to be adversely affected by rising production costs. FY 2019 unit costs increased for all denominations compared to the prior year. The unit cost for both pennies (1.99 cents) and nickels (7.62 cents) remained above face value for the 14th consecutive fiscal year.

Numismatic Program

The numismatic program, which includes bullion coins, is designed to prepare and distribute premium products to collectors and those who desire quality versions of coinage. Numismatic products are priced to cover metal and production costs.

Bullion Coins

The bullion coin program provides the public a means to acquire precious metal coins as part of an investment portfolio. In FY 2019, bullion demand increased to 18.8 million ounces from the 15.3 million ounces sold in FY 2018. Demand for bullion is forecasted at 29.6 million ounces for both FY 2020 and FY 2021. Bullion revenue is forecasted to be \$1.6 billion in FY 2020 and FY 2021.

Numismatic (Collector Coins and Medals)

The numismatic program provides high-quality versions of circulating coinage, precious metal coins, commemorative coins, and national medals for sale to the public. Numismatic revenue increased by 19.3 percent from \$293.1 million in FY 2018 to \$349.6 million in FY 2019 due to a \$6.9 million increase from annual core sets and a \$40.5 million increase from commemorative coin products. Total units increased by 28 percent from 3.3 million in FY 2018 to 4.3 million in FY 2019. FY 2020 and FY 2021 numismatic revenues are projected to be \$311 million each year, based on projected demand for numismatic products of 3.8 million in both FY 2020 and FY 2021.

1.1 – Resource Detail Table

Dollars in Thousands

Budgetary Resources	FY 2019		FY 2020		FY 2021		FY 2020 to FY 2021	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Revenue/Offsetting Collections								
Other Income								
Circulating	0	\$798,100	0	\$840,000	0	\$840,000	NA	0.00%
Bullion/Numismatic	0	\$1,032,300	0	\$1,929,081	0	\$1,929,081	NA	0.00%
Total Revenue/Offsetting Collections	0	\$1,830,400	0	\$2,769,081	0	\$2,769,081	NA	0.00%
Expenses/Obligations								
Manufacturing								
Circulating	829	531,265	902	761,339	921	\$764,159	2.11%	0.37%
Bullion/Numismatic	707	1,024,197	769	1,776,457	784	\$1,783,038	1.95%	0.37%
Total Expenses/Obligations	1,536	1,555,462	1,671	2,537,795	1,705	\$2,547,197	2.03%	0.37%
Net Results	1,536	\$274,938	1,671	\$231,286	1,705	\$221,884	2.03%	-4.07%
Coin Shipments (Units In Millions/Coins)	FY 2019	FY 2020	FY 2021	% Change				
Circulating:								
One Cent	7,315	8,500	8,500	0.0%				
5-Cent	1,153	1,300	1,300	0.0%				
Dime	2,215	2,400	2,400	0.0%				
Quarter	1,783	1,800	1,800	0.0%				
Half-Dollar	-	-	-	0.0%				
Dollar	-	-	-	0.0%				
Total Circulating	12,465	14,000	14,000	0.0%				
Budget Category	FY 2019	FY 2020	FY 2021	% Change				
	Budget	Estimate	Estimate					
Administrative Operating Costs	\$396,691	\$417,295	\$406,697	-2.5%				
Capital Investments	\$38,358	\$40,500	\$60,500	49.4%				
Metals and Materials Costs	\$1,120,413	\$2,080,000	\$2,080,000	0.0%				
Total Budgetary Resources	\$1,555,462	\$2,537,795	\$2,547,197	0.4%				

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Materials	Operating & Capital	Total
FY 2020 Original Estimate	1,705	\$2,270,000	\$458,168	\$2,728,168
Program Changes				
Program Decreases:	(34)	(\$190,000)	(\$7,669)	(\$197,669)
Metal Due to Forecasted Decrease in Circulating Coin Metal Prices	0	(\$30,000)	\$0	(\$30,000)
Metal Due to Forecasted Decrease in Bullion Production	0	(\$160,000)	\$0	(\$160,000)
FTE Reduction	(34)	\$0	(\$4,097)	(\$4,097)
Operating Efficiencies	0	\$0	(\$3,572)	(\$3,572)
Program Increases:	0	\$0	\$7,296	\$7,296
FedRAMP Remediation Activities	0	\$0	\$4,000	\$4,000
Pay Raise (3.1% average pay raise)	0	\$0	\$3,296	\$3,296
Subtotal Program Changes	(34)	(\$190,000)	(\$373)	(\$190,373)
FY 2020 Revised Estimate	1,671	\$2,080,000	\$457,795	\$2,537,795
Changes to Base				
Maintaining Current Levels (MCLs)	0	\$0	\$10,856	\$10,856
Pay Annualization (2020 3.1% average pay raise)	0	\$0	\$1,629	\$1,629
Pay Raise (1.0% average pay raise)	0	\$0	\$1,588	\$1,588
FERS Contribution Increase	0	\$0	\$2,686	\$2,686
Non-Pay	0	\$0	\$4,953	\$4,953
Workforce and Succession Planning	34	\$0	\$4,901	\$4,901
Efficiency Savings	0	\$0	(6,355)	(\$6,355)
Cyber Security	0	\$0	(\$1,500)	(\$1,500)
Operating Efficiencies	0	\$0	(\$4,855)	(\$4,855)
Subtotal Changes to Base	34	\$0	\$9,402	\$9,402
FY 2021 Current Services	1,705	\$2,080,000	\$467,197	\$2,547,197
FY 2021 Estimate	1,705	\$2,080,000	\$467,197	\$2,547,197

C – Budget Increases and Decreases Description

Program Decreases.....-\$197,669,000 / -34 FTE

Metals Due to Forecasted Increase in Circulating Coin Metal Prices -\$30,000,000 / -0 FTE

FY 2020 forecasted circulating coin production will remain constant at 14.0 billion coins for the year. However, metal prices are forecasted to decrease. The net result is an overall decrease to circulating coin program costs.

Metals Due to Forecasted Decrease in Bullion/Numismatic Production -\$160,000,000 / -0 FTE

FY 2020 forecasted demand for the bullion coin program decreased by 7 percent, causing a decrease of \$200 million in bullion coin program costs. Conversely, numismatic program sales are forecasted to increase by 6 percent, causing a nominal increase of \$40 million in metal costs. The net result of the numismatic and bullion program is an overall decrease in program costs.

FTE Reduction -\$4,097,000 / -34 FTE

Salary savings will be realized through natural attrition across all directorates.

Operating Efficiencies -\$3,572,000 / -0 FTE

The Mint will reduce its operating budget by continuing to monitor costs and implement various savings strategies.

Program Increases..... +\$7,296,000 / +0 FTE

FedRAMP Remediation Activities +\$4,000,000 / +0 FTE

The Federal Risk Authorization Management Program (FedRAMP) certification is mandatory for cloud providers who wish to provide services to the Federal government. PFS (Priority Fulfillment Services), the service provider for the Mint's OMS II system, has identified system gaps that are non-compliant with FedRAMP requirements. In an effort to address these gaps, funding is needed to provide remediation solutions to bring PFS and the Mint's OMS II system into compliance.

Pay Raise (3.1% in 2020) +\$3,296,000 / +0 FTE:

Funds are required for a 3.1% average pay raise in January 2020.

Maintaining Current Levels (MCLs)..... +\$10,856,000 / +0 FTE

Pay Annualization (3.1%) +\$1,629,000 / +0 FTE

Funds are required for annualization of the January 2020 3.1% average pay raise.

Pay Raise (1.0% in 2021) +\$1,588,000 / +0 FTE

Funds are required for a 1.0% average pay raise in January 2021.

FERS Contribution Increase +\$2,686,000 / +0 FTE

Funds are required for the Federal Employee Retirement System (FERS) contribution rates effective FY 2021.

Non-Pay +\$4,953,000 / +0 FTE

Funds are required for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Workforce and Succession Planning..... +\$4,901,000 / +34 FTE

Workforce and Succession Planning +\$4,901,000 / +34 FTE

The Mint has implemented initiatives to increase its FTE level. These initiatives include using intern programs to transfer knowledge and reduce risks from retirement eligible workforce, fill key vacancies more timely, and using flexible hiring authorities to shorten the lengthy hiring process where appropriate.

Efficiency Savings -\$6,355,000 / -0 FTE

Cyber Security -\$1,500,000 / -0 FTE

The cyber security program will reduce contract spending by insourcing some security assessment and authorization (SA&A) and audit management functions. Areas of focus include supporting FedRAMP activities in the OMS II program, and conducting risk assessments for industrial control systems.

Operating Efficiencies -\$4,855,000 / -0 FTE

The Mint will continue to reduce costs through continuous monitoring and implementing cost savings strategies as appropriate. These strategies include prioritizing Mint activities to ensure operating costs are maintained.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2019 Actual Obligations	FY 2020 Estimated Obligations	FY 2021 Estimated Obligations
11.1 - Full-time permanent	130,300	145,071	152,240
11.3 - Other than full-time permanent	0	161	161
11.5 - Other personnel compensation	13,149	11,900	12,000
11.9 - Personnel Compensation (Total)	143,449	157,132	164,401
12.1 - Personnel benefits	49,767	52,018	55,553
13.0 - Benefits for former personnel	71	1,019	1,019
Total Personnel and Compensation Benefits	\$193,287	\$210,169	\$220,973
21.0 - Travel and transportation of persons	2,035	2,957	2,957
22.0 - Transportation of things	28,009	21,651	21,400
23.2 - Rental payments to others	11,429	3,086	3,086
23.3 - Communication, utilities, and misc charges	17,141	18,860	18,960
24.0 - Printing and reproduction	1,606	3,366	3,366
25.1 - Advisory and assistance services	64,047	61,486	54,900
25.2 - Other services	22,559	39,931	25,180
25.3 - Other purchases of goods & serv frm Govt accounts	18,647	20,547	20,586
25.4 - Operation and maintenance of facilities	8,091	3,965	3,965
25.5 - Research and development contracts	297	900	900
25.6 - Medical care	958	735	735
25.7 - Operation and maintenance of equip	8,834	7,059	7,059
26.0 - Supplies and materials	17,537	19,003	19,050
26.7 - Raw Materials	1,120,413	2,080,000	2,080,000
31.0 - Equipment	29,156	32,266	52,266
32.0 - Land and structures	11,416	11,814	11,814
Total Non-Personnel	1,362,175	2,327,626	2,326,224
Total Budgetary Resources	\$1,555,462	\$2,537,795	\$2,547,197
Full-time Equivalents (FTE)	1,536	1,671	1,705

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
<p style="text-align: center;">DEPARTMENT OF THE TREASURY United States Mint <i>Federal Funds</i></p> <p>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 [2020] 2021 under such section 5136 for circulating coinage and protective service capital investments of the United States Mint shall not exceed [\$30,000,000] \$50,000,000. (<i>Department of the Treasury Appropriations Act, 2020.</i>)</p>	<p>The increased capital limit will provide capital investment purchasing flexibility to procure the necessary equipment for production, safety, security, and technology improvements.</p>

For more detailed information, please reference Section III p. 14.

E – Legislative Proposals

Capital Legislative Increase

The Mint’s investments in capital are a critical part of regular manufacturing operations. To continue effective coin production, equipment replacements and facility maintenance is mandatory. Over time, the legislative limit on the Mint’s capital budget has proven insufficient. Rather than upgrading and replacing worn and obsolete equipment as needed, under the current funding limit, capital projects must be prioritized and funded based on budget availability. This process has caused many needed projects to be postponed to out-years. Continuing to defer replacement of equipment presses, for example, creates the risk of additional downtime due to unexpected failures. This could substantially impact production schedules. Deferred replacement of presses also creates a cost risk associated with contracting the manufacturer to make emergency repairs. As such, the Mint’s need for capital investments becomes more critical each year. The current limitation of \$30 million for circulating and protection capital is below the amount needed to meet capital investment requirements.

The bureau has identified an urgent need to increase its legislative limit by \$20 million. This will raise the current limit from \$30 million to \$50 million beginning in FY 2021. The increased capital limit will allow the Mint to execute a comprehensive capital investment strategy that focuses on safety, equipment replacements, protection, and facility improvements (see additional details in Section III).

Alternative Metal Composition

This proposal would give the Secretary the authority to prescribe the compositions of the 5-cent, dime, and quarter-dollar coins, provided that the new metal compositions do not affect the Electromagnetic Signature (EMS), the color, and weight of the coins. By authorizing the Secretary the flexibility and agility to implement small changes to the copper-nickel circulating

coin metal compositions, the Mint could realize incremental material savings with little or no impact to the vending industry and general public.

New Proposal: Circulating Commemorative Coin Redesign

Estimated revenue: Approximately \$8 billion over the life of the program, depending on program specifics

Circulating commemorative coin programs are very popular and generate significant revenue for the United States Mint and ultimately the general fund of the Treasury. To better advance the hobby of collecting coins and medals, the Mint requires authority for circulating commemorative programs that are shorter term in nature; are based on subject matter that will drive the program through sustainable, recognizable, and relatable themes; and that can appeal to a broad range of Americans and attract new collectors, especially youth.

The proposed Circulating Commemorative Coin Redesign Act (CCCRA) proposes new circulating and numismatic programs. In particular, the CCCRA would introduce a new quarter and half dollar program following the current America the Beautiful (AtB) Quarters Program, which will end in 2021. Because the AtB Quarters Program is scheduled to be discontinued in 2021, authorizing new circulating commemorative coin programs will contribute to the longevity and long-term growth of the Mint, serve the public interest, and deliver increased revenue to the Mint and the Department of the Treasury General Fund that otherwise may not be realized.

The Mint is proposing a new series of themes for circulating coins as a compelling way to engage young collectors and grow the Mint's circulating and numismatic revenue. The themes proposed are quarter dollars and half dollars that represent historical milestones.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

The Mint aligns with the following Department of the Treasury FY 2018-2022 strategic plan goals:

- Goal 1: Boost U.S. Economic Growth
 - Objective 1.3 Trusted Currency and Services: Deliver trusted currency and services that enable citizens and businesses to participate in the economy.
- Goal 5: Achieve Operational Excellence
 - Objective 5.1 Workforce Management: Deliver trusted currency and services that enable citizens and businesses to participate in the economy.
 - Objective 5.2 Treasury Infrastructure: Better enable mission delivery by improving the reliability, security, and resiliency of Treasury’s infrastructure.
 - Objective 5.3 Customer Value and Experience: Enhance the experience of interacting with Treasury by providing high quality products and services and by delivering excellent customer service.

Circulating Coinage Program

Circulating coinage includes the minting and issuing of pennies, 5-cent coins, dimes, and quarter dollars. The Mint delivers circulating coinage to the FRBs in quantities to support their service to commercial banks and other financial institutions. These financial institutions then meet the coinage needs of retailers and the public. The Mint recognizes revenues from the sale of circulating coins at face value when they are shipped to the FRBs.

The Mint will continue to mint and issue circulating quarter-dollar coins honoring America’s national parks and other national sites, in accordance with the America the Beautiful National Parks Quarter Dollar Coin Act of 2008 (Public Law 110-456). In 2020, the Mint will release quarters honoring National Park of American Samoa (American Samoa), Weir Farm National Historic Site (Connecticut), Salt River Bay National Historical Park and Ecological Preserve (United States Virgin Islands), Marsh-Billings-Rockefeller National Historical Park (Vermont), and Tallgrass Prairie National Preserve (Kansas). In 2021, the program will end with one final quarter honoring Tuskegee Airmen National Historic Site (Alabama).

Numismatic Program

Bullion Coins

The Mint produces and issues gold, silver, platinum, and palladium bullion coins to authorized purchasers through the American Eagle, American Buffalo, and America the Beautiful Silver Bullion Coin Programs. The authorized purchasers agree to maintain an open, two-way market for these coins, ensuring their availability for consumers who desire them for investment portfolios. Demand for bullion coins is greatly influenced by the performance of other investment options, such as equities 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 Mint’s numismatic program provides high-quality versions of circulating coinage, precious metal coins, commemorative coins, and national medals for sale 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 Mint will continue to mint and issue \$1 coins commemorating 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 addition, the Mint started the American Innovation \$1 Coin Program (Public Law 115-197) in 2018. This is a multi-year \$1 coin series to honor innovation and innovators for each of the 50 states, the District of Columbia and the five U.S. territories – Puerto Rico, Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands. Four new \$1 coins with distinctive reverse designs will be released each year through 2032, in the order the states ratified the Constitution of the United States or were admitted to the Union. Once a coin is issued for each state, coins will be released for the District of Columbia and the territories.

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 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, assuming all legal requirements have been met. Recipient organizations must use the proceeds for the purposes specified in the enabling legislation. In 2021, the Mint has authorization to mint a commemorative coin honoring Christa McAuliffe (Public Law 116-65).

B – Budget and Performance by Budget Activity

2.1.1 – Manufacturing Resources and Measures

Dollars in Thousands

Resource Level	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
Expenses/Obligations	\$2,937,553	\$3,272,106	\$2,203,909	\$1,424,770	\$1,555,462	\$2,537,795	\$2,547,197
Budget Activity Total	\$2,937,553	\$3,272,106	\$2,203,909	\$1,424,770	\$1,555,462	\$2,537,795	\$2,547,197
Full-time Equivalents (FTE)	1,657	1,695	1,645	1,545	1,536	1,671	1,705

The FY 2015 - FY 2019 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

Measure	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2019 Target	FY 2020 Target	FY 2021 Target
Customer Satisfaction Index (%)	89.5	91	91.7	93.6	93.6	90.0	90.0	90.0
Numismatic Sales Units (Million Units)	5.4	4.2	3.9	3.3	4.3	3.9	3.8	3.0
Safety Incident Recordable Rate	3.42	2.53	1.96	1.90	1.45	2.39	2.32	2.25
Seigniorage per Dollar Issued (\$)	0.49	0.52	0.45	0.37	0.40	0.36	0.36	0.36

Manufacturing Budget and Performance

(\$2,547,197,000 from offsetting collections) The Mint will mint and issue circulating coins and produce numismatic products, including bullion, to meet demand.

Description of Performance:

Several key performance measures are used to gauge the bureau's progress in achieving its strategic goals and to assess its Manufacturing Budget Activity performance.

Customer Satisfaction Index (CSI)

The Mint conducts a quarterly survey of a random sample of active numismatic customers. The survey is intended to capture customer satisfaction with the Mint's service performance as a coin products supplier and with the quality of specific products. The CSI metric is a quantitative score summarizing the survey's results into one consolidated value. This metric gauges performance results in the effort to achieve the Mint's internal strategic plan goal, "Improve mission critical activities and governance," and the Mint's internal strategic objective linked to this goal, "Drive a customer-centric organization." This also aligns with the Treasury Department strategic objective linked to this goal, "5.3 Customer Value and Experience."

In FY 2019, the CSI was 93.6 percent, exceeding its 90.0 percent target. The Mint was able to exceed its target by providing high-quality products, adding innovative features, and improving the Mint's customer loyalty program. The Mint anticipates that the CSI will remain steady and, thus, has set the target at 90.0 percent for FY 2020 and FY 2021.

Numismatic Sales Units

The numismatic sales unit metric measures public demand for coin products sold from numismatic operations. This metric also measures performance results achieving the Mint's internal strategic plan goal, "Improve mission critical activities and governance" and the Mint's internal strategic objective linked to this goal, "Drive a customer-centric organization." This also aligns with the Treasury Department strategic objective linked to this goal, "5.3 Customer Value and Experience."

Numismatics product sales for FY 2019 totaled 4.3 million units, exceeding the 3.9 million target. The Mint's numismatic unit sales grew substantially in FY 2019, driven by the popular Apollo 11 program, but the environment for numismatic sales overall remains challenging. The performance target for numismatic sales units is 3.8 million for FY 2020 and 3.0 million for FY 2021. Targets are representative of the programs for that year. Therefore, targets vary year over year. To meet these targets, the Mint will continue to provide high-quality products and maintain outstanding customer service, and deepen engagement with coin collectors.

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, or medical treatment. The safety incident recordable rate indicates performance results in the effort to achieve the Mint's internal strategic plan goal, "Foster a safe,

flexible, diverse, and engaged workforce,” and the corresponding Mint internal strategic objective linked to this goal, “Continue to cultivate a safe working environment.” These also align with the Treasury Strategic Goal “5.1 Workforce Management.”

In FY 2019, the total recordable case rate reached 1.45, well below the Mint’s 2.39 FY 2019 target, and significantly below the most recent industry average rate of 4.9 for comparable private sector manufacturing operations. During FY 2019, the Mint continued implementing and updating risk management guidelines to prioritize resources and mitigate risks in advance of injuries or catastrophic events at each plant. Mint facility leadership and employees continue to interact on a daily basis on the importance of safety. The performance targets for the safety incident recordable rate are 2.32 for FY 2020 and 2.25 for FY 2021.

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 circulating coins shipped to the FRBs. Seigniorage is the difference between the face value and cost of producing circulating coinage. It measures the cost effectiveness of minting and issuing the United States’ circulating coinage. It also measures performance results in achieving the Mint’s internal strategic plan goal, “Improve mission critical activities and governance,” as well as the Mint’s internal strategic objective linked to the goal, “Improve mission critical activities and governance.” This also aligns with the Treasury Strategic Goal “1.3 Trusted Currency and Services.” At the end of FY 2019, Seigniorage per Dollar Issued was \$0.40, above the FY 2019 performance target of \$0.36. The FY 2019 increase is a result of lower metal costs for all denominations. The Seigniorage per Dollar Issued performance targets are set at \$0.36 for both FY 2020 and FY 2021.

C– Evidence-Building Activity

United States Mint Evidence-Based Activities

The United States Mint complies with the requirements of the Foundations for Evidence-Based Policymaking Act of 2018, Public Law 115-435. As the Nation’s sovereign coin manufacturer that enables commerce and financial stability, the Mint values service, quality, and integrity, while using modern manufacturing practices with increasing operational effectiveness. Like other world-class manufacturing organizations, the Mint drives improvements with data, metrics, and evidence along four operational activities—namely, safety in the work environment, quality products, on-time delivery to our customers and cost management. Over the last five years, the Mint completed an average of fifteen data-driven projects per year. Projects used charters, measurement system analysis, process maps, cause and effect matrices, failure mode analysis and design of experiments. The projects yield safer work places, higher customer satisfaction, lower cost and higher quality. To sustain improvements, the Mint conducts Management Reviews and internal audits to follow a Plan-Do-Check-Act System to evaluate and adjust our activities based upon the evidence outcomes.

Lean Six Sigma

To achieve greater effectiveness, the Mint uses Lean Manufacturing, Six Sigma, and Enterprise Risk Management methods. These three key methods or approaches empower all employees at the Mint to improve the bureau in statistical, data-driven ways. Over the last five years, the Mint completed an average of fifteen data-driven projects per year. Projects used charters,

measurement system analysis, process maps, cause and effect matrices, and failure mode analysis. The projects yield safer work places, higher customer satisfaction, lower cost, and higher quality. To sustain improvements, the Mint conducts Management Reviews and internal audits to follow a Plan-Do-Check-Act System to evaluate and adjust our activities based upon the evidence outcomes.

Numismatic Program

The Mint has employed Evidence-Based decision making to the Numismatic and Bullion Program. In late 2018, the Mint initiated an in-depth review of existing and potential future customer base and the types of products and marketing that would attract both groups. Out of this exercise, the Mint developed a five-year Sales and Marketing Plan (2020 - 2024), which will be used to inform the decision making process around new product development, sales and marketing activities, and new coin programs. Concurrent to this exercise, the Mint used real time market research and many of the insights gained from the holistic look at the program to develop and propose new coin programs and associated legislation moving into 2022-2030.

Section III – Additional Information

A – Summary of Capital Investments

The Mint's capital investment requirements are predominantly for manufacturing-type equipment. Capital investments, along with its operating expenses, are paid out of the Mint's PEF. Current annual appropriations legislation caps the aggregate amount of new liabilities and obligations incurred during a fiscal year for capital investments in circulating coinage operations and protective service at \$30 million.

The Mint's manufacturing capital investment projects focus on safety, equipment replacement, protection, and facility improvements.

In addition, the Mint's capital investments encompass a robust information technology (IT) portfolio of investments and programs that modernize and secure the bureau's infrastructure. The bureau's governance structures ensure that the IT portfolio is managed in accordance with cost, schedule, risk, and performance goals, and that expected results and benefits are achieved. Enterprise architecture reviews assess and reinforce alignment to the bureau's strategic plan and the strategic enterprise direction of the Department of the Treasury.

In accordance with the Statement of Federal Financial Accounting Standard (SFFAS) No. 6, the Condition Index and the Deferred Maintenance assessments for purposes of Federal Real Property Profile, the Mint has no deferred maintenance for its equipment. Maintenance is scheduled and performed regularly to keep the manufacturing equipment operating at optimal levels.

Proposal: Capital Investments Increase

The Mint's need for capital investments is a critical part of regular ongoing manufacturing operations. Capital costs do not remain constant but increase over time. Therefore, a static capital limit does not allow the systematic replacement of production equipment and/or proper maintenance of Mint facilities. Because of this, the Mint is proposing to increase its legislative limit to \$50 million in FY 2021.

The current \$30 million capital limit impacts the bureau’s ability to efficiently procure the equipment necessary for effective production operations by delaying projects to out-years. As a result, some production equipment is past its useful life. Continuing to defer needed equipment purchases could cause equipment such as steam heat exchangers to experience catastrophic failures in the form of pipe bursts if not properly replaced on schedule. Ventilation deficiencies could cause carbon monoxide buildup and other occupancy issues. The increased capital limit will allow the Mint to execute a comprehensive capital investment strategy that addresses these and other issues.

Currently, the Mint has a detailed ten-year plan that is a living document in constant update and use. The plan lists individual projects annually over a ten-year period. However, during the year, as emergent needs arise and/or when planned projects are no longer applicable (i.e. increased/reduced production capacity, old technology replaced by new methods or production practices change), changes are made to the plan and serves as the basis for subsequent years’ capital plans. Internal reviews are conducted to ensure that all desired projects are listed and prioritized, as each year’s requirements continue to exceed our funding level. Throughout the year, the project list is scrutinized and reprioritized as higher priority projects emerge. The detailed master plan is summarized by source of funds – Circulating/Protection and Numismatic – and the following categories: ESHE (Environmental, Safety, Health and Energy), Improvements, Equipment, Facility, Protection, and Information Technology. The table below reflects the current plan by category.

CIRCULATING/PROTECTION	FY 2020	FY 2020 (Add'l \$20M) **	FY 2021
Environmental Safety, Health and Energy	-	-	\$500,000
Improvements	\$2,005,500	\$4,350,000	\$4,825,000
Equipment	\$16,723,661	\$30,935,950	\$29,469,785
Facility	\$5,440,000	\$5,085,000	\$4,635,000
Protection	\$2,800,000	\$4,500,000	\$6,250,000
Information Technology	\$3,000,000	\$4,960,000	\$4,000,000
Total	\$29,969,161	\$49,830,950	\$49,679,785

**The Mint’s capital investment plan if legislation were approved to increase the limit to \$50 million in FY 2020.

Environment, Safety, Health & Energy (ESHE)

This is our highest priority category and consists of projects that have a direct impact on the health and safety, environment and energy savings of the manufacturing facilities. Because ESHE is our highest priority, these projects tend to be approved ahead of other categories, leaving this category with few unfunded projects. Typical investments include:

- Multi-year projects to improve the seismic survivability of a 1935 building
- Waste water treatment upgrades
- Platform and ladder safety improvements

Improvements

This is our lowest priority and are projects identified by the manufacturing sites which would enhance or provide different production capabilities. These do not include incremental capacity or capability increases, but include:

- Hydraulic stamping press
- Ready to strike blank preparations
- Flexible robotic packaging system
- Ultrasonic cleaner for precious metal blanks

Equipment

Projects under this category are to *sustain* our current production capabilities and capacities. It includes replacement of equipment that is beyond its useful life and creates increased downtime and maintenance costs, can no longer be supported by the OEM for repair parts, or electronic component obsolescence. Some project examples include:

- Blanking press replacements
- Circulating stamping press replacements
- Circulating furnace line replacement
- Coin counters
- Proof press replacements
- Replacement die coating system (used for proof polish dies)
- Replacement die shop equipment – machine centers, grinders, lasers and heat treatment furnaces
- Replacement packaging line (uncirculated sets)
- Spaleck burnishers
- Replacement cartoning line

Facility

These are projects related to maintaining the four manufacturing sites in good repair and condition. They include the building, roof, elevators and utility systems such as electrical, piping and HVAC, as well as:

- Power system replacement
- Elevators
- Replace compressed air system and piping
- HVAC replacement
- Steam condensate piping replacement
- Facility renovations (restrooms, locker rooms and offices)

Protection

Projects include the protection of Mint employees and assets, including gold and silver reserves, through the use of state-of-the-art security equipment and technology for essential protection functions such as access control, intrusion detection, and surveillance of property. Projects also include building and grounds improvements. Protection projects include:

- Employee entrance remodel
- Perimeter bollards

- Observation post
- X-ray machines
- Radar intrusion detection

Information Technology

The Mint's Information Technology plan includes projects required to support the Mint's business initiatives, and maintain and upgrade the current infrastructure capabilities, such as:

- Riverbed Wide Area Network (WAN) Optimizer
- Network Security/Data Center storage replacement
- Uninterrupted Power Supply (UPS) upgrade
- Mobile App development and roadmap

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

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