

United States Mint

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2012	FY 2013	FY 2014	FY 2012 TO FY 2014	
	Actual	Estimated	Estimated	\$ Change	% Change
Manufacturing	\$3,106,304	\$3,525,178	\$2,937,540	(\$168,764)	-5.43%
Total Cost of Operations	\$3,106,304	\$3,525,178	\$2,937,540	(\$168,764)	-5.43%
FTE	1,788	1,844	1,874	86	4.81%

Summary

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.

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. 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 United States Treasury General Fund.

The United States Mint's key priorities for FY 2014 include:

- Circulating - Efficiently and effectively mint and issue approximately 9.5 billion

circulating coins in FY 2014 to meet the needs of commerce.

- Numismatic Program
Bullion – 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 presentation Congressional Gold Medals and commemorative coins, as required by law.

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

FY 2014 United States Mint estimated total revenues are \$3,082,000,000, total expenses are \$2,937,540,000, of which \$30,468,000 are for capital investments, and net results are \$144,460,000 in earnings.

US Mint FY 2014 Budget Highlights

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

FY 2014 Budget Adjustments

Maintaining Current Level (MCLs)

Pay-Raise +\$1,761,000 / +0 FTE

Estimate for the proposed January 2014 pay raise.

Non-Pay +\$4,368,000 / +0 FTE

Estimate for non-labor costs such as travel, contracts, rent, supplies and equipment.

Efficiency Savings

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

The 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.

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

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

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

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.

Explanation of Budget Activities

Manufacturing (\$2,937,540,000 from revenue/offsetting collections)

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 goal owner for the Manufacturing budget activity is the United States Mint Acting Director, Richard 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 near the end of calendar year 2011.

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 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 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 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.

While the minting of Presidential \$1 Coins for commerce has been suspended, 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). The 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).

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

Legislative Proposals

Sec. 122. 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. The 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.

20 percent requirement in the Native American \$1 Coin Act

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 \$1 coins only in amounts necessary to meet public demand for coins of each particular design.

Cooperative Efforts

For FY 2014, Treasury proposes to remove section 113 from the FY 2012 bill which requires approval of Congressional committees prior to implementing cooperative arrangements between the 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 Mint. Treasury would still consult

with the Committees on any major reorganization as required by section 608.

US Mint Performance by Budget Activity

Budget Activity	Performance Measure	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
		Actual	Actual	Actual	Target	Target
Manufacturing	Customer Satisfaction Index (%)	86.1	91.7	90.0	90.0	90.0
Manufacturing	Numismatic Sales Units (Million Units)	N/A	N/A	5.6	5.2	5.2
Manufacturing	Seigniorage per Dollar Issued (\$)	.49	.45	.21	.17	.23

Key: DISC - Discontinued and B - Baseline

Description of Performance

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 \$0.21 in FY 2012, above the performance target of \$0.17. Results exceeded the target because the metals prices are lower and volume demanded is higher than originally predicted.

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 United States Mint's service and product quality. The CSI is a quantitative score of survey results. The United States Mint's CSI reached 90.0 percent in FY 2012, below the target of 92.0 percent.

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. 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.

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 3.5 recordable injuries and illnesses per 100 full-time workers in FY 2012, above the 3.24 target but below the industry average rate of 7.8 for forging and stamping manufacturers.