

United States Mint

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2022	FY 2023	FY 2024	FY 2023 to FY 2024	
	Actual Obligations	Revised Estimate	Estimate	\$ Change	% Change
Manufacturing	\$5,206,028	\$4,676,182	\$4,684,722	\$8,540	0.18%
Total Cost of Operations	\$5,206,028	\$4,676,182	\$4,684,722	\$8,540	0.18%
Full-time Equivalents (FTE)	1,587	1,705	1,705	0	0.00%

Summary

In Fiscal Year (FY) 2024, the United States Mint's (Mint) total estimated budgetary requirements for operations, metal, and capital investments are \$4.7 billion. This budget will support the production of 14.4 billion circulating coins, as well as the production of bullion coins 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) Advance our circulating mission through innovation and technology; 2) Foster a safe, flexible, diverse, and engaged workforce; and 3) Introduce diverse products to new customers while simultaneously expanding the current Mint customer base through the use of industry-proven marketing approaches.

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 (FRBs), 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. The Mint's key priorities for FY 2024 include:

- Circulating Coins - Efficiently and effectively mint and issue approximately 14.4 billion circulating coins in FY 2024 to meet the needs of commerce.
- Numismatic Program Bullion Products - Mint and issue bullion coins to meet customer demand efficiently and effectively.
- Other Numismatic Products - Produce and distribute numismatic products in sufficient quantities, through appropriate channels, to make them accessible, available, and affordable to people who choose to purchase them. Design, strike, and prepare for presentation Congressional Gold Medals.

Budget Highlights

Dollars in Thousands

United States Mint	FTE	Materials	Operating & Capital	Total
FY 2023 President's Budget	1,705	\$2,860,000	\$537,145	\$3,397,145
Program Changes				
Program Increases:	0	\$1,217,700	\$61,337	\$1,279,037
Metal Due to Forecasted Increase in Bullion and Numismatic Production	0	\$1,217,700	\$0	\$1,217,700
ARC Services (Procurement Insight Tool plus Inflation)	0	\$0	\$3,247	\$3,247
Catalogs and Other Direct Mail	0	\$0	\$2,238	\$2,238
Advertising	0	\$0	\$3,680	\$3,680
Numismatic Capital Increase	0	\$0	\$8,500	\$8,500
IT Services	0	\$0	\$9,089	\$9,089
Enterprise Sales and Marketing	0	\$0	\$17,223	\$17,223
Operating Cost	0	\$0	\$17,360	\$17,360
Subtotal Program Changes	0	\$1,217,700	\$61,337	\$1,279,037
FY 2023 Revised Estimate	1,705	\$4,077,700	\$598,482	\$4,676,182
Changes to Base				
Maintaining Current Levels (MCLs)	0	\$0	\$19,910	\$19,910
Pay Annualization (4.6%)	0	\$0	\$2,950	\$2,950
Pay Raise (5.2%)	0	\$0	\$10,121	\$10,121
Non-Pay (2%)	0	\$0	\$6,839	\$6,839
FY 2024 Current Services	1,705	\$4,077,700	\$618,392	\$4,696,092
Program Changes				
Program Decreases	0	\$0	(\$11,370)	(\$11,370)
ARC Services (Procurement Insight Tool plus Inflation)	0	\$0	(\$1,500)	(\$1,500)
Enterprise Sales and Marketing	0	\$0	(\$9,870)	(\$9,870)
Subtotal Program Changes	0	\$0	(\$11,370)	(\$11,370)
FY 2024 Estimate	1,705	\$4,077,700	\$607,022	\$4,684,722

FY 2024 Budget Adjustments

Adjustment to Estimate

Program Increases..... +\$1,279,037,000 / +0 FTE

Metal due to Forecasted Increase in Bullion Demand +\$1,217,700,000 / +0 FTE

FY 2023 forecasted bullion coin demand is projected to remain at the elevated levels experienced in FY 2022, and metal prices are also anticipated to remain high.

ARC Services +\$3,247,000 / +0 FTE

The bureau is looking to add the Insight Tool to its Administrative Resource Center (ARC) contract for enhanced procurement activities. The tool will provide more robust analytics, reporting, and dashboard capabilities. Increases in operating costs and labor rates are also anticipated in the ARC service agreement.

Catalogs and Direct Mail +\$2,238,000 / +0 FTE

This funding will assist with efforts to expand the customer base. An increase in mailings of catalogs and other direct mail pieces are targeted to draw additional customers as various audiences are reached.

Advertising +\$3,680,000 / +0 FTE

In accordance with the Treasury Strategic Plan and the President’s Management Agenda, customer experience is important to the Mint. It will be further enhanced through digital advertising and increased information with the goal of customer acquisition.

Numismatic Capital Increase +\$8,500,000 / +0 FTE

Investments in capital are a critical part of regular manufacturing operations. To continue effective coin production, equipment replacements and facility maintenance are mandatory. An increase to numismatic capital investments is required to effectively support equipment and facility maintenance needs that have been deferred in prior years, including a proof press overhaul as well as an HVAC renovation at the San Francisco Mint.

IT Services +\$9,089,000 / +0 FTE

This funding is for costs related to information technology systems’ cyber security (\$3.7M), application development (\$700K), enterprise architecture (\$1.2M), and infrastructure operations (\$3.5M).

Enterprise Sales and Marketing +\$17,223,000 / +0 FTE

The Mint’s current Order Management System services contract is in its final year. The increase would support contract transition from the current vendor. Support includes reporting, project plans, meetings, testing plans, data migration, and project management. Onboarding activities of the new vendor include discovery, design, execution, testing, and training.

Operating Costs +\$17,360,000 / +0 FTE

Several of the Mint’s service and utility contracts are experiencing significant increases in costs. Higher fuel prices and shortages of goods have resulted in increased utility costs and have caused many vendors to cover these costs by passing them on to the customer. Some of these contracts include: all utilities – steam, electricity, gas and water; building and equipment maintenance; janitorial services; and production supplies.

Maintaining Current Levels (MCLs)..... +\$19,910,000/ +0 FTE

Pay Annualization (4.6%) +\$2,950,000 / +0 FTE

Funds are required for annualization of the January 2023 4.6 percent average pay raise.

Pay Raise (5.2%) +\$10,121,000 / +0 FTE

Funds are required for a 5.2 percent average pay raise in January 2024.

Non-Pay (2.0%) +\$6,839,000 / +0 FTE

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

Program Decreases..... -\$11,370,000/ -0 FTE

ARC Services -\$1,500,000 / -0 FTE

Implementation of the Procurement Insight Tool will be completed in FY 2023. These costs are being reduced from the base; however, related maintenance costs remain.

Enterprise Sales and Marketing -\$9,870,000 / -0 FTE

The costs associated with this contract are anticipated to be reduced since much of the transition expense will occur in FY 2023. As the new system will include various improvements and capabilities, budget year and out year costs will continue to reflect this requirement.

Legislative Proposals

Alternative metal compositions for circulating coins

The Coin Modernization, Oversight, and Continuity Act of 2010 (Public Law 111-302) (Act) authorized the Department of the Treasury to conduct research and development activities with regard to alternative metallic materials for circulating coins. The Act also requires a biennial report to Congress that includes information on the production costs for circulating coins, recommendations for changes to coin composition, and recommendations for changes to coin production. The budget proposes enabling changes to coin metal composition if they: a) reduce cost; b) are seamless; and c) have as minimal an adverse impact as possible on stakeholders and the public. Two alternative compositions to the current cupronickel alloy used in nickels, dimes, quarters, and half dollars are currently under consideration at the Mint for movement: 80/20 composition, which has been fully tested; and, a leaner potentially seamless alternative, C99750T-M, which is still in development.

While the Mint continues its extensive research, it recommends this proposal to give the Secretary of the Treasury (Secretary) the authority to prescribe the metal compositions of circulating coins under certain conditions. Currently, the metal composition of each coin is prescribed by statute. A revision to current law that would authorize the Secretary to have flexibility and agility to implement small changes to the circulating coin metal compositions could result in incremental material savings for the Mint with little or no impact to stakeholders, including the vending industry and general public.

Performance Highlights

Performance Measure	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2022	FY 2023	FY 2024
	Actual	Actual	Actual	Actual	Actual	Target	Target	Target
Seigniorage per Dollar Issued (\$)	0.37	0.40	0.47	0.37	0.30	0.33	0.34	0.34
Safety Incident Recordable Rate	1.90	1.45	2.29	0.71	1.29	2.26	2.10	2.04
Customer Satisfaction (%)	93.6	93.6	91.7	84.5	80.2	84.5	84.5	84.5
Numismatic Sales Units (million units)	3.3	4.3	3.4	3.7	4.7	3.5	3.5	3.5
Circulating Ship Complete on Time (%)	100	100	100	100	100	97.5	97.5	97.5

Description of 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 to “Revitalize

products and customer base” and the Mint’s internal strategic objective linked to this goal, “Customer experience.”

In FY 2022, the CSI was 80.2 percent, which failed to reach its 84.5 percent target. The Mint fell short of the target as a result of operational changes necessitated by the COVID-19 pandemic and related causes, and the trend continued in FY 2022. Warehouse and fulfillment operations continue to suffer due to both social distancing requirements and several COVID-19 outbreaks. These constraints have been exacerbated by serious labor shortages, and continue to negatively impact time-to-deliver metrics.

Additionally, the Mint is still experiencing a shortage of silver blanks, making it impossible for the Mint to fully meet consumer demand for some of its most popular products. As a result, the Mint has experienced a large spike in call volume and email traffic from customers. This shortage remains outside of the Mint’s control, and will likely continue to hinder attempts to improve customer satisfaction in FY 2023. As we work to address these challenges, the Mint proposes the CSI target of 84.5 remains for both FY 2023 and FY 2024.

Numismatic Sales Units

The numismatic sales unit metric measures public demand for coin products sold from numismatic operations. This metric also measures performance results in achieving the Mint’s internal strategic plan goal to “Revitalize products and customer base.” The Mint’s numismatic products include annual proof and uncirculated sets, gold coins, silver coins, and products derived through legislation such as commemorative coins. The degree of popularity of commemorative coins and other coin programs featuring unique gold, silver, platinum, and palladium coins can at times strongly impact the comparability of year-over-year sales results.

Numismatic product sales for FY 2022 totaled 4.7 million units, exceeding its 3.5 million unit target primarily as a result of the delivery of the 2021 Morgan and Peace products in November 2021, along with the residual impact of the American Eagle gold and silver redesign and continued strong demand for silver products across all programs. In FY 2023, the Mint expects muted demand for numismatic products. While the extension of the popular Morgan and Peace program is expected to generate substantial interest, economic headwinds and inflation, combined with price increases (driven by increased costs for most inputs), may depress overall demand. The Mint proposes a target of 3.5 million numismatic sales units for both FY 2023 and FY 2024, which is in line with pre-COVID trends and represents a return to normal sales levels.

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 to “Foster a safe, flexible, diverse, and engaged workforce.”

In FY 2022, the total recordable case rate reached 1.29, well below the Mint’s FY 2021 target of 2.26, and still significantly below the most recently published industry average rate of 5.2

published in 2015 by the U.S. Bureau of Labor Statistics for the comparable Non-Automotive Metal Stamping industry. During FY 2022, 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 regarding the importance of safety. The performance targets for the safety incident recordable rate are 2.10 for FY 2023 and 2.04 for FY 2024.

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, "Advancing the circulating mission through innovation and technology."

At the end of FY 2022, Seigniorage per Dollar Issued was \$0.30, slightly below the FY 2022 performance target of \$0.33 as a result of a decrease in circulating units shipped. FY 2023 and FY 2024 target increases are a result of projected increases in production volumes. Circulating shipments are expected to increase by nearly 14 percent to 14.4 billion coins in FY 2023. The seigniorage per dollar issued performance targets are set at \$0.34 for both FY 2023 and FY 2024.

Circulating On-time Delivery

Circulating On time Delivery is the percentage total of scheduled circulating coin orders shipped on time to the FRBs. Each month, the FRB provides the Mint a report detailing the next month's requirements for coinage. Based on this report, the Mint establishes a shipment schedule that is captured in its manufacturing system. Changes to the schedule are only made when the FRB provides formal documentation of a requested adjustment to scheduled orders. The Mint will continue to respond to FRB orders as needed, as well as make every effort to have the appropriate amount of coinage available to accommodate timely shipments. Performance over the past few years has consistently averaged around 100 percent. On time delivery for FY 2022 was 100 percent. The Mint is proposing performance targets for circulating on-time delivery remain at 97.5 percent for both FY 2023 and FY 2024.