

Department of the Treasury
United States Mint

Congressional Justification
and
Annual Performance
Report and Plan

FY 2018

Table of Contents

Section I – Purpose.....	3
A – Mission Statement.....	3
B – Summary of the Request	3
1.1 – Resource Detail Table.....	5
1.2 – Budget Adjustments Table.....	5
C – Budget Increases and Decreases Description.....	6
1.3 – Operating Levels Table	8
D – Appropriations Language and Explanation of Changes	9
E – Legislative Proposals.....	9
Section II – Annual Performance Plan and Report.....	10
A – Strategic Alignment	10
B – Budget and Performance by Budget Activity	11
2.1 Manufacturing Resources and Measures	11
Section III – Additional Information	14
A – Summary of Capital Investments.....	14

Section I – Purpose

A – Mission Statement

Enable 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 FY 2018, the United States Mint’s (Mint) total estimated budgetary requirements for operating, metal, and capital investments are \$2.7 billion. This budget will support the production of 16 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).

The Mint’s vision is to be the finest mint in the world, through excellence in its people, products customer service and workplace. The Mint has three strategic objectives to help fulfill its vision and mission: 1) foster a safe, flexible, diverse, and engaged workforce; 2) improve enterprise management and governance; and 3) integrate technology into operations and support lines.

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 2017 and FY 2018 is forecasted at 16.0 billion coins. This level reflects a 1.9 percent decrease in all coin denomination shipments as compared to 16.3 billion in FY 2016.

Circulating financial performance continues to be 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 Mint expects the costs of these commodities to remain at levels that result in continued losses from issuing pennies and nickels to the FRB at face value. Positive seigniorage from minting and issuing dime and quarter-dollar coins has fully offset the losses the Mint incurs from minting and issuing pennies and nickels.

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 from authorized purchasers. Investors purchase bullion coins not only for their intrinsic metal value, but also because the United States guarantees each coin's metal weight, content, and purity. The main objective of the bullion coin program is to meet demand and ensure that the program recovers its costs.

In FY 2016, bullion demand declined to 45.2 million ounces from the 49.7 million ounces sold in FY 2015. Demand for bullion is forecasted to decline in FY 2017 to 43.8 million ounces and to 41.7 million ounces in FY 2018. As a result, bullion revenue is forecasted to be \$1.9 and \$1.8 billion in FY 2017 and FY 2018, respectively.

Numismatic (Collector Coins and Medals)

The numismatic (collector coins and medals) program provides high-quality versions of circulating coinage, precious metal coins, commemorative coins, and medals for sale to the public. Most of the Mint's recurring products, such as the uncirculated coin sets and proof sets, are required by Federal statute. Others, such as commemorative coins and Congressional Gold Medals, are required by individual public laws.

Numismatic revenue decreased by nine percent from \$453 million in FY 2015 to \$413 million in FY 2016. The decrease was driven primarily by lower customer demand for numismatic products. Total units decreased by 22 percent from 5.4 million in FY 2015 down to 4.2 million in FY 2016. FY 2017 and FY 2018 numismatic revenues are projected to be \$391 million and \$273 million, respectively, as demand for numismatic products is projected to continue to decrease.

1.1 – Resource Detail Table

Dollars in Thousands

United States Mint Budgetary Resources	FY 2016		FY 2017		FY 2018		FY 2017 to FY 2018			
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Revenue/Offsetting Collections										
Other Income										
Circulating	0	1,104,156	0	1,046,400	0	1,046,400	0	0	N/A	0.0%
Bullion/Numismatic	0	2,498,317	0	2,242,034	0	2,051,826	0	-190,208	N/A	-8.5%
Total Revenue/Offsetting Collections	0	3,602,473	0	3,288,434	0	3,098,226	0	-190,208	N/A	-5.8%
Expenses/Obligations										
Manufacturing										
Circulating	964	525,535	1,042	729,548	1,042	700,644	0	-28,904	0.0	-4.0%
Bullion/Numismatic	728	2,746,571	759	2,076,404	759	1,994,140	0	-82,264	0.0	-4.0%
Total Expenses/Obligations	1,692	3,272,106	1,801	2,805,952	1,801	2,694,784	0	-111,168	0.0	-4.0%
Net Results		330,367		482,482		403,442		-79,040		-16.4%

Coin Shipments (Units in Millions/Coins)	FY 2016	FY 2017	FY 2018	% Change
Circulating:				
One Cent	9,114	9,440	9,440	0.0%
5-Cent	1,578	1,280	1,280	0.0%
Dime	3,134	2,880	2,880	0.0%
Quarter	2,482	2,400	2,400	0.0%
Half-Dollar	-	-	-	0.0%
Dollar	-	-	-	0.0%
Total Circulating	16,308	16,000	16,000	0.0%

Budget Category	FY 2016 Actual	FY 2017 Estimated	FY 2018 Estimated	% Change
Administrative Operating Costs	376,089	\$405,452	\$414,284	2.18%
Capital Investments	\$29,415	\$40,500	\$40,500	0.0%
Metals and Materials Costs	\$2,866,602	\$2,360,000	\$2,240,000	-5.1%
Total Resources	\$3,272,106	\$2,805,952	\$2,694,784	-4.0%

1.2 – Budget Adjustments Table

Dollars in Thousands

United States Mint	FTE	Materials	Operating & Capital	Total
FY 2017 Original Estimate	1,874	\$2,510,000	\$446,207	\$2,956,207
Adjustment to Estimate - Cyber Security Initiative	10		\$8,577	\$8,577
Adjustment to Estimate - Metal due to forecasted decrease in circulating coin production		(\$100,000)		(\$100,000)
Adjustment to Estimate - Metal due to forecasted decrease in numismatic/bullion production		(\$50,000)		(\$50,000)
Adjustment to Estimate - Staffing Streamline	(83)		(\$8,832)	(\$8,832)
Revised - FY 2017 Estimated Resources	1,801	2,360,000	445,952	2,805,952
Changes to Base:				
Maintain Current Levels (MCLs)			\$8,832	\$8,832
Pay-Raise			3,100	3,100
Pay Annualization			1,136	1,136
Non-Pay			4,597	4,597
Subtotal, Changes to the Base			\$8,832	\$8,832
Total FY 2018 Base	1,801	2,360,000	454,784	2,814,784
Program Changes				
Program Decreases:				
Metals due to forecasted decrease in bullion production		(\$140,000)		(\$140,000)
Program Increases:				
Metals due to forecasted increase in circulating coin metals prices		\$20,000		\$20,000
Subtotal FY 2018 Program Changes		(\$120,000)		(\$120,000)
Total FY 2018 Estimate	1,801	2,240,000	454,784	2,694,784

C – Budget Increases and Decreases Description

FY 2017 Revised Estimated Resources-\$150,255,000 / -73 FTE

Cyber Security Enhancements, +\$8,577,000 / +10 FTE

In support of the Government-wide cyber security initiative, the Mint's FY 2017 budget includes 10 additional FTEs, as well as funding to enhance the bureau's cyber security infrastructure to meet new standards. The additional funds are for a new cyber security contract that will support security engineering and compliance activities (\$5M), capital equipment (\$2.1M), and personnel (\$1.5M).

Metal due to forecasted decrease in circulating coin metal prices, -\$100,000,000 / -0 FTE

Current metal price forecasts show a significant decrease in FY 2017. Copper, zinc, and nickel prices have all declined when compared to the original forecast. This lower cost for metal, coupled with a forecasted decrease in demand, results in a \$100 million decrease in base metal purchases.

Metal due to forecasted decrease in numismatic/bullion coin production, -\$50,000,000 / -0 FTE

FY 2017 numismatic/bullion costs have decreased due to a forecasted decline in numismatic and bullion demand, coupled with an anticipated reduction in metal prices. Demand for bullion is forecasted to decline primarily because interest rates are expected to continue to increase.

Staffing Streamline, -\$8,832,000 / -83 FTE

To align with the Administration's initiative to improve government efficiency and effectiveness, the Mint is implementing a staffing streamlining effort to ensure it has the appropriate staffing levels for maximum efficiency.

FY 2018 Budget Increases and Decreases Description..... -\$111,168,000/ -0 FTE

Maintaining Current Levels (MCLs)+\$8,832,000 / +0 FTE

Pay-Raise +\$3,100,000 / +0 FTE

Funds are required for the proposed January 2018 pay-raise.

Pay Annualization +\$1,136,000 / +0 FTE

Funds are required for the annualization of the January 2017 pay-raise.

Non-Pay +\$4,597,000 / +0 FTE

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

Program Decreases-\$140,000,000 / -0 FTE

Metal due to forecasted decrease in numismatic/bullion coin production, -\$140,000,000 / -0 FTE

Forecasted demand for the numismatic program continues to decrease in FY 2018. The Presidential \$1 Coin Program ended in 2016, and the first full-year impact will be in FY 2018.

Program Increases +\$20,000,000 / +0 FTE

Metal due to forecasted increase in circulating coin metal prices, \$20,000,000 / +0 FTE

FRB demand for circulating coins will remain flat in FY 2018 at 16.0 billion coins; however, metal prices are forecasted to rise modestly, causing an increase in overall production costs for the circulating program. Increases in metals prices result in a \$20 million increase for metal purchases.

1.3 – Operating Levels Table

Dollars in Thousands

Dollars in Thousands

US Mint Object Classification	FY 2016 Actual	FY 2017 Estimated	FY 2018 Estimated
11.1 - Full-time permanent	131,831	143,068	147,165
11.3 - Other than full-time permanent	930	161	161
11.5 - Other personnel compensation	13,397	12,729	12,729
11.9 - Personnel Compensation (Total)	146,159	155,958	160,055
12.1 - Personnel benefits	49,952	50,564	51,729
13.0 - Benefits for former personnel	53	1,019	1,019
Total Personnel and Compensation Benefits	\$196,164	\$207,541	212,803
21.0 - Travel and transportation of persons	1,653	2,649	2,703
22.0 - Transportation of things	32,101	28,702	28,702
23.2 - Rental payments to others	14,508	14,445	14,445
23.3 - Communication, utilities, and misc charges	13,825	17,358	17,358
24.0 - Printing and reproduction	962	1,050	1,550
25.1 - Advisory and assistance services	40,392	42,340	52,810
25.2 - Other services	21,740	37,574	28,797
25.3 - Other purchases of goods & serv frm Govt accounts	18,004	20,372	21,372
25.4 - Operation and maintenance of facilities	5,438	3,185	3,185
25.5 - Research and development contracts	1,201	1,913	1,913
25.6 - Medical care	758	460	460
25.7 - Operation and maintenance of equip	6,807	7,887	7,887
26.0 - Supplies and materials	2,886,027	2,377,928	2,257,928
31.0 - Equipment	25,088	30,734	31,057
32.0 - Land and structures	7,438	11,815	11,814
Total Non-Personnel	3,075,942	2,598,411	2,481,981
Total Budgetary Resources	\$3,272,106	\$2,805,952	2,694,784
FTE	1,692	1,801	1,801

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
<p style="text-align: center;">DEPARTMENT OF THE TREASURY UNITED STATES MINT PUBLIC ENTERPRISE FUND Federal Funds</p> <p><i>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 2018 under such section 5136 for circulating coinage and protective service capital investments of the United States Mint shall not exceed \$30,000,000.</i></p> <p>Note.—A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations Act, 2017 (P.L. 114–254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution.</p>	<p>The increased capital limit will allow the Mint to execute a comprehensive capital strategy that focuses on safety, equipment replacements, protection, and facility improvements.</p>

E – Legislative Proposals

The Mint’s investments in capital are a critical part of regular manufacturing operations. As coin demand from the FRB increases, the Mint’s need for capital investments becomes more critical. The current limitation of \$20 million for circulating and protection capital is below the amount needed to meet capital investment requirements.

The legislative limit is linked to the annual depreciation level, which has been the unofficial baseline since 2002. Because the capital limit is linked to depreciation, the limit has decreased over time as the depreciation level declines. Fewer capital purchases were made in prior years due to cost savings efforts during times of low coin demand (2007 – 2010). This in turn caused lower depreciation levels for capital spending authority. As a result, capital needs during a period of high FRB demand are not able to be fully met.

The bureau has identified an urgent need to increase its legislative limit by \$10 million. This will raise the current limit from \$20 million to \$30 million beginning in FY 2018. 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.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

The Department of the Treasury FY 2018-2022 strategic plan is under development and the Annual Performance Report will be updated in the FY 2019 Budget to reflect the new priorities. This budget activity encompasses the bureau's two major programs: circulating coinage and numismatic products, including bullion coins, collector coins, and national medals.

Circulating Coinage Program

Circulating coinage includes the minting and issuing of pennies, nickels, 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's Beautiful National Parks Quarter Dollar Coin Act of 2008 (Public Law 110-456). In 2017, the Mint will release quarters honoring Effigy Mounds National Monument (Iowa), Frederick Douglass National Historic Site (District of Columbia), Ozark National Scenic Riverways (Missouri), Ellis Island (Statue of Liberty National Monument) (New Jersey), and George Rogers Clark National Historical Park (Indiana). In FY 2018, the Mint will release quarters honoring Pictured Rocks National Lakeshore (Michigan), Apostle Islands National Lakeshore (Wisconsin), Voyageurs National Park (Minnesota), Cumberland Island National Seashore (Georgia), and Block Island National Wildlife Refuge (Rhode Island).

Numismatic Program

Bullion Coins

The Mint produces and issues gold, silver, and platinum bullion coins to authorized purchasers through the American Eagle, American Buffalo, and America the Beautiful Silver Bullion Coin Programs to fulfill investor demand. 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 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). The Presidential \$1 Coin Program ended in 2016.

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 FY 2017, the Mint is scheduled to mint commemorative coins for two programs: the Lions Club International Commemorative Coin (Public Law 112-181) and the Boys Town Centennial Commemorative Coins (Public Law 114-30). In FY 2018, the Mint has authorization to mint commemorative coins for two programs: the World War I American Veterans Centennial Commemorative Coin (Public Law 113-212) and the Breast Cancer Awareness Commemorative Coin (Public Law 114-148).

B – Budget and Performance by Budget Activity

2.1 Manufacturing Resources and Measures

Dollars in Thousands

Resource Level	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimated	FY 2018 Estimated
Expenses/Obligations	\$3,806,838	\$3,525,178	\$2,861,632	\$2,937,553	3,272,106	\$2,805,952	\$2,694,784
Budget Activity Total	\$3,806,838	\$3,525,178	\$2,861,632	\$2,937,553	\$3,272,106	\$2,805,952	\$2,694,784
FTE	1,788	1,705	1,661	1,657	1,692	1,801	1,801

Measure	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2016 Target	FY 2017 Target	FY 2018 Target	FY 2012 - FY 2016 Trend
Customer Satisfaction Index (%)	90.0	92.6	89.8	89.5	91.0	90.0	90.0	90.0	
Numismatic Sales Units (Million Units)	5.6	5.51	5.7	5.4	4.2	4.6	4.4	3.5	
Safety Incident Recordable Rate	3.5	2.9	3.31	3.42	2.53	2.96	2.83	2.75	
Seigniorage per Dollar Issued (\$)	.21	.24	.37	.49	.52	.47	.48	.49	

Key: DISC - Discontinued; B - Baseline

Manufacturing Budget and Performance

(\$3,098,226,000 from offsetting collections) The Mint will mint and issue circulating coins and produce numismatic, including bullion, products 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 is a single quantitative score of the survey results. The Mint's strategic plan goal for this performance measure is "Improve enterprise management and governance."

By the end of FY 2016, the CSI reached 91.0 percent, exceeding its 90.0 percent target. The Mint anticipates the FY 2017 and 2018 CSI ratings will remain steady. The performance target for CSI is 90.0 percent for both FY 2017 and FY 2018.

Numismatic Sales Units

The numismatic sales unit metric measures public demand for coin products sold from numismatic operations. The Mint's strategic plan goal for this performance measure is "Improve enterprise management and governance."

In FY 2016, the Mint sold 4.2 million units, nine percent below the fiscal year target of 4.6 million units. The primary drivers were lower customer demand for silver coin products and a decline in unit sales of the American Eagle Silver (AE) dollar coin due to legislative restrictions on the design of coins sold during 2016 (Public Law 114-94). This Act included the stipulation that proof and uncirculated versions of the AE coins issued in 2016 "shall have a smooth-edge incused with a designation that notes the 30th anniversary of the first issue of the coins." Due to this provision, during calendar year 2016, the Mint could not issue or sell any proof or uncirculated AE coins that had their usual reeded edge.

Lower unit sales were also seen in the Presidential and First Spouse Coin product category. Demand for commemorative coin products and annual recurring sets also dropped during FY 2016.

Accordingly, numismatic unit sales performance targets have been established at 4.4 million units for FY 2017 and 3.5 million units for FY 2018. The Mint will continue its efforts in the areas of products, promotion, distribution, and systems to achieve responsible growth in numismatic product sales while ensuring the program remains profitable.

Safety Incident Recordable Rate

The safety incident recordable rate is the number of injuries and illnesses meeting the Occupational Safety and Health Administration (OSHA) 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. This measure supports the Mint's strategic goal, "Foster a safe, flexible, diverse, and engaged workforce."

By the end of FY 2016, the total recordable case rate reached 2.53, which is below the 2.91 FY 2016 target and significantly below the industry average rate of 5.9 for metal forging and stamping manufacturers. During FY 2016, the Mint continued implementing and updating risk management guidelines to prioritize resources, mitigating risks in advance of injuries or catastrophic events at each plant. Mint plant 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 2.83 for FY 2017 and 2.75 for FY 2018.

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. It measures the cost effectiveness of minting and issuing the United States' circulating coinage.

At the end of FY 2016, seigniorage per dollar issued was \$0.52, above the FY 2016 performance target of \$0.47. FY 2016 results exceeded the target as a result of a one percent increase in circulating shipment volumes combined with a 10 percent decrease in cost of goods sold.

FY 2017 and FY 2018 seigniorage per dollar issued performance targets are set at \$0.48 and \$0.49, respectively.

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. Legislative language caps the aggregate amount of new liabilities and obligations incurred during a fiscal year for capital investments in circulating coinage operations and protective service.

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. This IT portfolio 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 the bureau's strategic plan and the strategic enterprise direction of the Department of the Treasury. IT investments are closely monitored for cost, schedule, and performance to ensure expected results and benefits are achieved.

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.

A summary of capital investment resources, including major information technology and non-technology investments, can be viewed and downloaded at <https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx>. This website also contains a digital copy of this document.