

United States Mint

FY 2015

President's Budget

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## Section 1 – Purpose

### 1A – Mission Statement

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

### 1.1 – Resource Detail Table

Dollars in Thousands

United States Mint	FY 2013		FY 2014		FY 2015		FY 2014 to FY 2015			
Budgetary Resources	Actual		Estimated		Estimated		\$ Change		% Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
<b>Revenue/Offsetting Collections</b>										
Restoration of Sequestration Reduction*		0		24,297		0		(24,297)		-100.00%
Other Income										
Circulating		578,022		616,203		646,000		29,797		4.84%
Bullion/Numismatic		3,757,047		3,399,237		3,141,513		(257,724)		-7.58%
<b>Total Revenue/Offsetting Collections</b>		<b>4,335,069</b>		<b>4,039,737</b>		<b>3,787,513</b>		<b>(252,224)</b>		<b>-6.24%</b>
<b>Expenses/Obligations</b>										
Manufacturing										
Circulating	972	623,796	1,065	578,604	1,065	584,354	0	5,750	N/A	0.99%
Bullion/Numismatic	733	3,534,807	809	3,313,169	809	2,987,097	0	(326,072)	N/A	-9.84%
<b>Total Expenses/Obligations</b>	<b>1,705</b>	<b>4,158,603</b>	<b>1,874</b>	<b>3,891,773</b>	<b>1,874</b>	<b>3,571,451</b>	<b>0</b>	<b>(320,322)</b>	<b>N/A</b>	<b>-8.23%</b>
<b>Rescissions/Cancellations</b>										
Sequestration Reduction		(24,297)		0		0		0		N/A
<b>Total Rescissions/Cancellations</b>		<b>(24,297)</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>N/A</b>
<b>Net Results</b>		<b>4,359,366</b>		<b>4,039,737</b>		<b>3,787,513</b>		<b>(252,224)</b>		<b>6.24%</b>

\*Although shown as unavailable in the appendix, these funds are available in FY 2014.

Coin Shipments (Units In Millions/Coins)	FY 2013	FY 2014	FY 2015	
<b>Circulating:</b>				
One Cent	6,610	6,250	6,300	0.80%
5-Cent	1,123	1,100	1,100	0.00%
Dime	1,901	1,855	1,855	0.00%
Quarter	1,062	1,350	1,370	1.48%
Half-Dollar	0	0	0	0.00%
Dollar	0	0	0	0.00%
<b>Total Circulating</b>	<b>10,696</b>	<b>10,555</b>	<b>10,625</b>	<b>0.66%</b>

	FY 2013	FY 2014	FY 2015
Budget Category	Actual	Estimated	Estimated
Administrative Operating Costs	\$370,408	\$446,405	\$386,683
Capital Investments	\$28,464	\$30,468	\$30,468
Metals and Materials Costs	\$3,759,731	\$3,414,900	\$3,154,300
<b>Total Resources</b>	<b>\$4,158,603</b>	<b>\$3,891,773</b>	<b>\$3,571,451</b>

## **1B – Vision, Priorities and Context**

The United States Mint (Mint) manufactures and distributes domestic circulating coinage, and numismatic products (including bullion coins and national medals) in the most cost effective and efficient manner possible. In addition, the Mint provides security for assets, including the government's reserves of gold bullion, silver bullion, coins, and coinage metals. The Mint is the world's largest coin manufacturer with facilities in California, Colorado, Kentucky, New York, Pennsylvania, and Washington, D.C. The Mint supports the Department of the Treasury's strategic goals to promote domestic economic growth and stability and create a 21<sup>st</sup> century approach to government by improving efficiency, effectiveness, and customer interaction.

### **Vision**

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

### **FY 2015 Priorities**

- Circulating Program - Efficiently and effectively mint and issue approximately 10.6 billion circulating coins in FY 2015 to meet the needs of the United States.
- Numismatic Program:
  - a. Bullion Products - Mint and issue bullion coins to meet customer demand efficiently and effectively.
  - b. 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 and strike Congressional Gold Medals.
- Protection - Secure the Nation's gold reserves, silver reserves, and other assets.

### **Context**

Since 1996, the Mint operations have been funded through the United States Mint Public Enterprise Fund (PEF), as codified at 31 U.S.C. § 5136. The Mint generates collections 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 and 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. Collections determined to be in excess of the amount required by the PEF are transferred to the United States Treasury General Fund as non-budget amounts or budget receipts. Non-budget amounts are seigniorage, the net income from circulating operations, which in the Federal budget is used to reduce the government's need to borrow. This results in a reduction in interest on the Federal debt from the borrowing that seigniorage displaces. The net income from numismatic program operations, including bullion coin program operations, is recorded as budget receipts in the Federal budget, and is available to be used to fund Federal Government operations and programs.

The Mint's budget collections and outlays reflect the demand for, and sales of, circulating coins and numismatic products. In accordance with the PEF statute, proceeds from sales provide the Mint's funding source, fully covering budget outlays, which adjust as the necessary resources are engaged to fulfill prevailing demand. The vast majority (approximately 88 percent in FY 2015) of planned budget outlays are for procurement of metals and materials for conversion into finished goods. Accordingly, each fiscal year's budget outlays principally reflect the production volumes that correspond to prevailing demand, as well as raw material costs driven by prices on open commodities markets. The economic environment can significantly affect the Mint's budget outlays by influencing these two external factors.

### **Circulating**

The FY 2015 circulating coin production projections are based on current economic data and forecasts of FRB coin orders. Circulating coin production for FY 2015 is forecasted at 10.6 billion coins. The Mint anticipates a 29 percent increase in quarter-dollar coin shipments of 1.37 billion in FY 2015 as compared to 1.06 billion in FY 2013. This should increase the amount of seigniorage generated by this denomination.

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 FRBs at face value. Positive seigniorage from minting and issuing dimes and quarters has fully offset the losses the Mint incurred from minting and issuing pennies and nickels. This situation is expected to continue in FY 2015.

In FY 2015, the US Mint will assess the future of currency as it relates to coinage, including the penny. The production and circulation of currency in the United States have been largely unchanged for decades, despite the growth in electronic financial transactions. Treasury is undertaking a comprehensive review of U.S. currency, including a review of both the production and use of coins, in order to efficiently promote commerce in the 21st century. These studies will analyze alternative metals, Mint facilities, and consumer behavior and preferences, and will result in the development of alternative options for the penny and the nickel.

### **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. The Mint has implemented strategies to increase the program's efficiency and effectiveness while controlling costs and keeping prices as low as practicable.

### ***Bullion Coins***

The bullion coin program provides the public a means to acquire precious metal coins from authorized purchasers as part of an investment portfolio. 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.

Bullion coin demand reached historic highs of 45.3 million ounces sold in FY 2011, but declined to 34.9 million ounces in FY 2012 from the unprecedented high level. In FY 2013, bullion coin demand rebounded and reached an all-time record of 45.9 million ounces – surpassing FY 2011 demand. Gold bullion coin revenues were \$1.96 billion in FY 2013, up three percent from \$1.90 billion compared to FY 2011. Budget estimates assume gold demand will be nearly 1.1 million ounces in FY 2014 and experience a slight decline to 975 thousand ounces in FY 2015. Silver demand is anticipated to be 36 million ounces in FY 2014 and a slight decline to 34 million ounces in FY 2015.

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

### ***Numismatic (Collector) Coins***

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. A main objective of this program is to increase our customer base and foster sales while controlling costs and keeping prices as low as possible. 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.

FY 2013 revenue increased by six percent to \$512 million from \$481 million in FY 2012, driven by a 34 percent increase in gold and platinum coin products. In FY 2014 numismatic revenues are projected to be \$402 million. In FY 2015 numismatic revenue is forecast at \$444 million, a 10 percent increase over FY 2014. Gold and platinum coin products are the largest contributor to the increase in revenue.

## Section 2 – Budget Adjustments and Appropriation Language

### 2.1 – Budget Adjustments Table

Dollars in Thousands

United States Mint	FTE	Materials	Operating & Capital	Total
<b>FY 2014 Estimated</b>	<b>1,874</b>	<b>\$3,414,900</b>	<b>\$476,873</b>	<b>\$3,891,773</b>
Changes to Base:				
Maintaining Current Levels (MCLs):	-	-	\$8,078	\$8,078
Pay-Raise	-	-	\$2,343	\$2,343
FERS Contribution Increase	-	-	\$2,220	\$2,220
Non-Pay	-	-	\$3,515	\$3,515
Non-Recurring Costs:	-	-	(\$63,000)	(\$63,000)
Mint Organizational Facilities Study	-	-	(\$1,000)	(\$1,000)
OMS II Investment (Prior Year Element)	-	-	(\$60,000)	(\$60,000)
Public Coin Usage Study	-	-	(\$1,000)	(\$1,000)
R&D Reduced Requirements	-	-	(\$1,000)	(\$1,000)
Efficiency Savings:	-	-	(\$4,800)	(\$4,800)
OMS II Savings	-	-	(\$4,800)	(\$4,800)
Subtotal Changes to Base	-	-	(\$59,722)	(\$59,722)
<b>Total FY 2015 Base</b>	<b>1,874</b>	<b>\$3,414,900</b>	<b>\$417,151</b>	<b>\$3,832,051</b>
Program Changes:				
Program Decreases:	-	(\$264,100)	-	(\$264,100)
Forecast Reduction in Required Purchase of Metal				
Raw Materials	-	(\$264,100)	-	(\$264,100)
Program Increases:	-	\$3,500	-	\$3,500
Metal Due to Forecast Increase in Circulating Coin				
Production	-	\$3,500	-	\$3,500
<b>Total FY 2015 Estimated</b>	<b>1,874</b>	<b>\$3,154,300</b>	<b>\$417,151</b>	<b>\$3,571,451</b>

### 2A – Budget Increases and Decreases Description

**Maintaining Current Levels (MCLs)** ..... +\$8,078,000 / +0 FTE

Pay-Raise +\$2,343,000 / +0 FTE

Funds are required for the proposed January 2015 pay-raise and the annualization of the 2014 pay-raise.

FERS Contribution Increase +\$2,220,000 / +0 FTE

This increase is to fully fund a 1.3 percent increase in the FERS retirement system as determined by the Office of Personnel Management's (OPM) actuaries.

Non-Pay +\$3,515,000 / +0 FTE

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

**Non-Recurring Costs** ..... -\$63,000,000 / +0 FTE

Mint Organizational Facilities Study -\$1,000,000 / +0 FTE

The Mint will execute an independent study to evaluate its optimal organization and facility structure. The study will be completed in FY 2014. No FY 2015 funding is required for the non-recurring item.

Public Coin Usage Study -\$1,000,000 / +0 FTE

The Mint will perform a study on the public's use of coins and its impact on the Mint's long-term strategy. The study will be concluded in FY 2014. As such, there will not be a need to renew the funding for studies in FY 2015.

OMS II Investment (Prior Year Element) -\$60,000,000 / +0 FTE

The Mint is replacing an obsolete, at-risk order management system with an improved order management system that has increased functionality, efficiency, and customer service capabilities. Investment in the order management system is accomplished in FY 2014 and is a one-time cost with only operating and maintenance costs in the out-years, which are absorbed in the Mint's annual budgets. As a result, the investment amount is reduced from the Mint's budget base in FY 2015.

R&D Reduced Requirements -\$1,000,000 / +0 FTE

The Mint anticipates reduced R&D expenditures in FY 2015. The R&D center will be established and recommendations for the next generation of circulating coinage will have been developed.

**Efficiency Savings .....-\$4,800,000 / +0 FTE**

OMS II Savings -\$4,800,000 / +0 FTE

Implementation of the new order management system is projected to reduce costs for the Mint and provide customers with an experience that keeps pace with advancements in both technology and functionality in the retail industry. Lower operational and maintenance costs are expected to result in savings from this system implementation.

**Program Decreases .....-\$264,100,000 / +0 FTE**

Forecast Reduction in Required Purchase of Metal Raw Materials -\$264,100,000 / +0 FTE

The overall numismatic program, including bullion coin programs, experienced increases in sales in FYs 2013 and 2014. Sales projections for the bullion program are expected to decline slightly in FY 2015. As a result, metal purchases for bullion coinage production are projected to be lower in FY 2015 compared to FY 2014.

**Program Increases .....+\$3,500,000 / +0 FTE**

Metal Due to Forecast Increase in Circulating Coin Production +\$3,500,000 / +0 FTE

The Mint forecasts that demand for circulating coins will continue to increase in FY 2015. In FYs 2014 and 2015, the Mint forecasts coin demand to increase to 10.6 billion coins annually. To meet the growth in demand, the Mint will need a \$3.5 million increase for metal purchases.



## 2.2 – Operating Levels Table

Dollars in Thousands

United States Mint Object Classification	FY 2013 Actual	FY 2014 Estimated	FY 2015 Estimated
11.1 - Full-time permanent	137,974	145,277	146,569
11.3 - Other than full-time permanent	1,416	161	161
11.5 - Other personnel compensation	11,003	9,951	10,060
<b>11.9 - Personnel Compensation (Total)</b>	<b>150,393</b>	<b>155,389</b>	<b>156,790</b>
12.0 - Personnel benefits	47,104	48,171	50,919
13.0 - Benefits for former personnel	1,038	1,019	1,019
<b>Total Personnel and Compensation Benefits</b>	<b>\$198,535</b>	<b>\$204,579</b>	<b>\$208,728</b>
21.0 - Travel and transportation of persons	1,355	1,864	1,897
22.0 - Transportation of things	32,291	26,846	27,319
23.1 - Rental payments to GSA	453	272	278
23.2 - Rental payments to others	13,037	14,414	14,662
23.3 - Communication, utilities, and misc charges	10,815	14,181	14,431
24.0 - Printing and reproduction	1,158	1,555	1,582
25.1 - Advisory and assistance services	37,083	94,118	28,267
25.2 - Other services	22,689	37,627	38,318
25.3 - Other purchases of goods & serv frm Govt accounts	20,178	20,396	20,764
25.4 - Operation and maintenance of facilities	4,402	4,250	3,250
25.5 - Research and development contracts	1,925	1,898	1,947
25.7 - Operation and maintenance of equip	7,764	7,511	8,048
26.0 - Supplies and materials	15,026	14,695	14,954
26.7 - Raw Materials	3,759,731	3,414,900	3,154,300
31.0 - Equipment	1,714	2,199	2,238
32.0 - Land and structures	28,464	30,468	30,468
42.0 - Insurance claims and indemnities	1,983	0	0
<b>Total Non-Personnel</b>	<b>3,960,068</b>	<b>3,687,194</b>	<b>3,362,723</b>
<b>Total Budgetary Resources</b>	<b>\$4,158,603</b>	<b>\$3,891,773</b>	<b>\$3,571,451</b>
<b>Budget Activities:</b>			
Manufacturing	4,158,603	3,891,773	3,571,451
<b>Total Budgetary Resources</b>	<b>\$4,158,603</b>	<b>\$3,891,773</b>	<b>\$3,571,451</b>
<b>FTE</b>	<b>1,705</b>	<b>1,874</b>	<b>1,874</b>

\*There are some variances between this chart and the FY 2015 President's Budget Appendix for BOCs 26, 26.7, 31 and 32. These figures are more up-to-date than the budget appendix.

## 2B – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
<p>DEPARTMENT OF THE TREASURY UNITED STATES MINT PUBLIC ENTERPRISE FUND Federal Funds</p> <p>Pursuant to section 5136 of title 31, United States Code, the Mint is provided funding through the United States Mint Public Enterprise Fund (PEF) for costs associated with the production of circulating coins, numismatic coins, and protective services, including both operating expenses and capital investments. The aggregate amount of new liabilities and obligations incurred during fiscal year 2015 under such section 5136 for circulating coinage and protective service capital investments of the United States Mint shall not exceed [\$19,000,000] \$20,000,000.</p>	

## 2C – Legislative Proposals

### Silver Proof Set Coin Composition

As previously included in the Mint's FY 2013 President's Budget, the bureau recommends pursuing a change to the law such that the coins in silver proof sets would be required to be no less than 90 percent silver. Under current law, the half-dollar, quarter-dollar, and dime coins in silver proof sets "shall be made of an alloy of 90 percent silver and 10 percent copper." Allowing the Mint to have flexibility in this composition improves efficiency in the process of manufacturing silver proof sets and lowers the Mint's production costs for these products. This translates into savings that would be passed on to the customer, as well as efficiency gains that may result in production cost savings.

*Sec. 123. (a) Section 5112(t)(6)(B) of Title 31, United States Code, is amended by striking "90 percent silver and 10 percent copper" and inserting in its place "no less than 90 percent silver."*

*(b) Section 5132(a)(2)(B)(i) of Title 31, United States Code, is amended by striking "90 percent silver and 10 percent copper" and inserting in its place "no less than 90 percent silver."*

### Eliminate the 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. Approval of this proposal would allow the Mint to mint and issue all \$1 coins in amounts necessary to meet public demand for coins of each particular design. In late 2011, to address the excessive \$1 coin inventories at the FRBs, the Secretary of the Treasury suspended the minting of Presidential \$1 Coins for circulation. As a result, the demand for new Presidential \$1 Coins comes only through the Mint's numismatic sales channels. Numismatic demand for new Native American \$1 Coins is significantly lower than numismatic demand for Presidential \$1 Coins, making it impracticable for the Mint to comply with the 20-percent requirement. Limiting the 20 percent requirement to circulating coins, as proposed, is sensible at this time because it avoids the need to mint and issue Native American \$1 Coins in excess of the amounts that numismatic customers demand. It also prevents the Mint from having

to manufacture and store excessive inventories of Native American \$1 Coins, which would only serve to increase costs to numismatic customers.

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

## **Section 3 – Budget and Performance Plan**

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### **3A – Manufacturing**

*(\$3,571,451,000 from expenses/obligations):*

The Mint has one budget activity: manufacturing. This budget activity encompasses the bureau's two major programs: circulating coinage and numismatic coin products including bullion coins and national medals. The owner of the manufacturing budget activity is the Mint's Deputy Director, Richard A. Peterson.

#### **Circulating Coinage Program**

Circulating coinage includes the penny, nickel, dime, and quarter-dollar coins.

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

The 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 Mint will release quarters honoring Great Smoky Mountains National Park (Tennessee), Shenandoah National Park (Virginia), Arches National Park (Utah), Great Sand Dunes National Park (Colorado), and Everglades National Park (Florida). In 2015, the Mint will release quarters honoring Homestead National Monument of America (Nebraska), Kisatchie National Forest (Louisiana), Blue Ridge Parkway (North Carolina), Bombay Hook National Wildlife Refuge (Delaware), and Saratoga National Historical Park (New York).

#### **Numismatic Program**

##### ***Bullion Coins***

The 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 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 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, commemorative coins, and medals.

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). In 2014, the Mint will release Presidential \$1 Coins honoring Presidents Warren G. Harding, Calvin Coolidge, Herbert Hoover, and Franklin D. Roosevelt. The Mint will release in 2015 Presidential \$1 Coins honoring Presidents Harry S. Truman, Dwight D. Eisenhower, John F. Kennedy, and Lyndon B. Johnson. The Mint will also continue to mint and issue \$1 coins celebrating the important contributions made by Indian tribes and individual Native Americans to the development and history of the United States in accordance with the Native American \$1 Coin Act (Public Law 110-82).

Commemorative coins are authorized by law to recognize and honor people, places, events, institutions, and other subjects of historic or national significance. Each coin is minted and issued by the 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.

#### **Total Budgetary Requirements (*all programs*)**

In FY 2015, the Mint's total estimated budgetary requirements for operating, metal, and capital investments are \$3,571 million.

#### ***Description of Performance:***

The Mint uses several key performance measures to gauge progress achieving its strategic goals and to assess its Manufacturing Budget Activity performance.

#### **Seigniorage per Dollar Issued**

Seigniorage per dollar issued is the financial return on circulating operations, calculated as seigniorage divided by the total face value of circulated coinage shipped to the FRBs. It measures the cost effectiveness of minting and issuing the United States' circulating coinage. The Mint's strategic goal for this program is "Meet the nation's need for circulating coins." This performance measure supports Treasury's strategic objective 1.4, "Facilitate commerce by providing trusted and secure United States currency and financial products and services for use by the public."

The FY 2013 seigniorage per dollar issued was \$0.24, above the performance target of \$0.17. Performance results exceeded the target mainly due to increased FRB demand for quarter-dollars and dimes; lower costs than forecast for copper, nickel, and zinc; and reduced general and administrative expenses.

The performance target for seigniorage per dollar issued is \$0.24 for both FY 2014 and FY 2015. This estimate is based on expected production costs, including an increase in projected metal prices for copper, nickel, and zinc compared to FY 2013.

The Mint will maintain a focus on achieving greater efficiency by identifying Lean Six Sigma process improvements in coinage production and inventory management.

### **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 and product quality. The CSI is a quantitative score of survey results. The Mint's strategic goal for this program is to "Responsibly expand the numismatic program." This performance measure supports Treasury's strategic objective 5.4, "Create a culture of service through relentless pursuit of customer value."

Customers rated the Mint favorably at 92.6 percent in FY 2013, above the target of 90.0 percent. The CSI has improved for six consecutive quarters. Key drivers contributing to the CSI results were customers' satisfaction with new special collectible coin sets and new functionality and design in the Mint's on-line product catalogue.

The performance target for CSI is 90.0 percent for both FY 2014 and FY 2015. The Mint plans to achieve these performance targets by modernizing its order management system. The new system will provide improved functionality and customer service capabilities.

### **Safety Incident Recordable Rate**

The safety incident recordable rate is the number of injuries and illnesses meeting the Occupational Safety and Health Administration recording criteria per 100 full-time workers. It measures the occurrence of work-related incidents involving death, lost time and restricted work, loss of consciousness and medical treatment. The Mint's strategic goal for this is "Foster a safe, engaged, productive and valued workforce."

The FY 2013 total recordable case rate was 2.90, below the 3.14 target and below the industry average rate of 7.8 (according to the Bureau of Labor Statistics) for forging and stamping manufacturers. Material handling injuries (sprains and strains) accounted for the majority of reported incidents for the year.

The performance target for safety incident recordable rate is 3.05 for both FY 2014 and FY 2015. To help achieve these targets, the Mint created management safety steering teams to continually reinforce a culture of operating safely for all its employees. The Mint will track facility-specific leading metrics for internal use to gain a more detailed understanding of the drivers of recordable safety incidents.

### **Numismatic Sales Units**

The numismatic sales units metric measures public demand for coin products sold from numismatic operations. The Mint's strategic goal for this program is to "Responsibly expand the numismatic program." Increased unit sales would demonstrate greater public awareness of, and demand for, coin products produced by the Mint. Increases in units sold would also potentially reduce product unit costs, as fixed costs would be spread over a greater number of units.

The Mint sold 5.5 million units in FY 2013, exceeding the target of 5.2 million units. The increase mainly resulted from strong Presidential \$1 Coin product sales above forecast by 23 percent; silver coin product sales, above forecast by 26 percent; and gold and platinum coin product sales, which were 78 percent above forecast.

For FY 2014 and 2015, performance targets have been established at 5.4 million units and 5.6 million units respectively. The Mint will continue efforts in the areas of products, promotion, distribution, and systems to achieve responsible growth in numismatic product sales.

### 3.1.1 – Manufacturing Budget and Performance Plan

(Dollars in Thousands)

<b>Manufacturing Budget Activity</b>								
<b>Resource Level</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated</b>	<b>Estimated</b>
Expenses/Obligations	\$2,014,698	\$2,282,497	\$3,670,761	\$4,674,890	\$3,106,304	\$4,158,643	\$3,891,773	\$3,571,451
<b>Budget Activity Total</b>	<b>\$2,014,698</b>	<b>\$2,282,497</b>	<b>\$3,670,761</b>					

<b>Measure</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Target</b>	<b>Target</b>
Customer Satisfaction Index (%)	N/A	88.3	86.1	91.7	90.0	92.6	90.0	90.0
Numismatic Sales Units (Million Units)	N/A	N/A	N/A	7.3	5.6	5.5	5.4	5.6
Safety Incident Recordable Rate	N/A	N/A	2.29	2.74	3.5	2.9	3.05	3.05
Seigniorage per Dollar Issued (\$)	N/A	.55	.49	.45	.21	.24	.24	.24

Key: DISC - Discontinued and B - Baseline

## Section 4 – Supplemental Information

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### 4A – Summary of Capital Investments

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

The Mint's manufacturing capital investment projects focus on manufacturing improvements, such as development of new coin designs, automation of packaging lines, and facilities' safety and improvements.

In addition, the Mint's capital investments encompass a robust information technology (IT) portfolio that focuses on the optimization of formal governance structures to manage IT investments and programs in an effort to emphasize reductions in system redundancy and to modernize the IT system infrastructure. Enterprise architecture reviews ensure alignment of IT investments to the bureau's strategic plans 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. 42, the Condition Index and the Deferred Maintenance and Repairs assessments for purposes of Federal Real Property Profile, the Mint has no deferred maintenance and repairs for its property, plant and equipment. Maintenance and repairs are scheduled and performed regularly to keep the manufacturing property, plant and equipment operating at optimal levels.

#### Total Capital Investments Plan

Capital IT/Non-IT Summary Category	FY 2013 Estimated	FY 2014 Estimated	FY 2015 Estimated
<i>Non-IT Investments</i>	<i>\$27,809,000</i>	<i>\$28,343,000</i>	<i>\$29,168,000</i>
<i>IT Investments</i>	<i>\$2,215,000</i>	<i>\$2,125,000</i>	<i>\$1,300,000</i>
<b>Total Investments</b>	<b>\$30,024,000</b>	<b>\$30,468,000</b>	<b>\$30,468,000</b>

A summary of capital investment resources, including major information technology and non-technology investments, can be viewed/downloaded at: <http://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx>