

United States Mint

Program Summary by Budget Activity

(Dollars in thousands)

Budget Activity	FY 2008	FY 2009	FY 2010		
	Obligated	Estimated	Estimated	\$ Change	% Change
Manufacturing	\$2,015,699	\$2,055,945	\$1,981,643	(\$74,302)	(3.6%)
Protection	\$42,598	\$47,441	\$48,424	\$983	2.1%
Total Cost of Operations	\$2,058,297	\$2,103,386	\$2,030,067	(\$73,319)	(3.5%)
Capital Investments (Not included in Total Cost of Operations above)	\$34,499	\$36,810	\$38,512	1,702	4.6%

Explanation of Budget Estimate

The United States Mint manufactures and delivers domestic circulating coinage, numismatic coinage, and bullion products. Furthermore, the United States Mint provides security for assets, including the government's stock of gold bullion, silver bullion, coins and coinage metals.

The United States Mint's key priorities for FY 2010 include:

- Efficiently and effectively produce and distribute approximately 8.5 billion coins to meet demand for circulating coins during FY 2010 to enable commerce, an important strategic objective for the Department of the Treasury.
- Mint and issue Presidential \$1 Coins for circulation to honor the following Presidents: Zachary Taylor, Millard Fillmore, Franklin Pierce and James Buchanan.
- Mint and issue coins and products required by the America's Beautiful National Parks Quarter-Dollar Coin Act.
- Mint and issue the Native American \$1 Coin.
- Prepare and distribute recurring numismatic and bullion products and sets, as well as other numismatic items, in

quantities sufficient to make them accessible, available, and affordable to Americans who choose to purchase them.

- Mint for sale to the public the American Veterans Disabled for Life Commemorative Coin and the Boy Scouts of America Centennial Commemorative Coin.

FY 2010 United States Mint estimated total revenues are \$2,449,400,000, total expenses are \$2,030,067,000, capital investments are \$38,512,000, and net results are \$419,333,000.

Purpose of Program

Since FY 1996, the United States Mint has been operating under the United States Mint's Public Enterprise Fund (PEF). As authorized by Public Law 104-52 (31 U.S.C. § 5136), the PEF eliminates the need for appropriations. Proceeds from the sales of circulating coins to the Federal Reserve Banks and numismatic items to the public are the source of funding for operations. Both operating expenses and capital investments are associated with the production of circulating and numismatic coins and coin-related products and protective services. Revenues in excess of amounts required by the PEF are transferred to the United States Treasury General Fund.

Explanation of Budget Activities

Manufacturing (\$1,981,643,000 from reimbursable programs) The United States Mint manufactures and sells products. For budget reporting purposes, these products are grouped into two programs: Circulating Coinage and Numismatic Program.

Circulating Coinage includes the one-cent coin, 5-cent coin, dime, half-dollar and dollar used to enable the conduct of trade and commerce. The primary mission of the United States Mint is to enable commerce by minting and issuing circulating coinage to meet the needs of the United States. The United States Mint delivers the circulating coinage to the Federal Reserve Banks for distribution as demanded by commerce.

Beginning in 2010 through 2018, the United States Mint will mint and issue “America’s Beautiful National Parks Quarter Dollar Coins” in accordance with Public Law 110-456. This program honors national parks and sites in each of the 50 states in the order in which they were first established as a national park or site. Similar to the issuance of the 50 State Quarters Program, five different coin designs will be issued each year of this program.

The Numismatic Program prepares and distributes a variety of numismatic products 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 recurring programs, commemorative coins, and medals. The United States Mint also produces bullion

coins under American Eagle and American Buffalo Programs to fulfill investor demand. The current FY 2010 budget estimate includes resource needs of \$1,405 million to generate \$1,422 million in revenues from the sale of these products.

Protection (\$48,424,000 from reimbursable programs) The United States Mint secures over \$200 billion in market value of the nation’s gold reserves, silver, and other assets. The United States Mint Police protects United States Mint assets while safeguarding its employees against potential threats at its facilities across the country. The United States Mint Police addresses possible threats by ensuring good perimeter security at all sites, and increasing coordination with various Federal, state and local law enforcement agencies. It also ensures that proper policies are in place, and procedures followed, in handling the assets used to produce and transport coinage.

Legislative Proposals

The United States Mint has no legislative proposals for FY 2010.

Capital Investments Summary

The United States Mint’s FY 2010 circulating and protection capital request is \$20.5 million, which is \$6.2 million below the projected circulation and protection depreciation (capital limit) amount of \$26.7 million.

Each year, the United States Mint commits funds for capital projects to maintain, upgrade or acquire physical structures, equipment, physical security, and information technology systems. Total capital projects are estimated

to be \$38.5 million in FY 2010. This includes approximately \$12.5 million for circulating projects, \$8.0 million for security

improvement projects, and \$18.0 million for numismatic projects.

Mint Performance by Budget Activity

Budget Activity	Performance Measure	FY 2006	FY 2007	FY 2008		FY 2009	FY 2010
		Actual	Actual	Actual	Target Met?	Target	Target
Manufacturing for Mint	Conversion cost per 1000 coin equivalents (\$) (E)	7.55	7.23	8.46	No	N/A	N/A
Protection for Mint	Protection cost per square foot (\$) (E)	32.49	31.75	31.76	Yes	31.75	31.70

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Cust. Satisfaction

Description of Performance

Conversion Cost per 1,000 Coin Equivalents

The United States Mint's costs vary by the volume and mix of products sold each year. This makes it difficult to compare operating results from year to year. A Coin Equivalent (CE) calculation is used to convert production output to a common denominator based on a fixed product cost ratio. In FY 2008, the conversion cost was \$8.46 per 1000 CEs, 11 percent above the baseline of \$7.62. CE production decreased to 21.3 billion in FY 2008 from 24.0 billion in FY 2007, because of significantly lower FRB orders for circulating coins. As a result, this FY 2008 performance measure was not met.

Cost per Square Foot

Protection cost per square foot is the Office of Protection's total operating cost divided by the United States Mint's area of usable space, which is 90 percent of the total square footage. The cost per square foot provides a measurement of efficiency over time. Total square footage of usable space at the United States Mint is a stable figure and will only change significantly with major events such as the addition, removal or expansion of a facility. Protection cost per square foot for FY 2008 was \$31.76, below the target of \$32.50.