

Overview

Mission Statement

The mission of the United States Mint is to manufacture and distribute circulating coins, precious metal and collectible coins, and national medals to meet the needs of the United States.

Program Summary by Budget Activity

Dollars in Thousands

	FY 2010 Actual	FY 2011 Estimated	FY 2012 Estimated	Change FY10 to FY12	
				\$ Change	% Change
Manufacturing	\$3,602,988	\$2,457,862	\$2,515,589	(\$1,087,399)	(30.2%)
Protection	\$43,979	\$51,016	\$0	(\$43,979)	(100.0%)
Total Operating Resources	\$3,646,967	\$2,508,878	\$2,515,589	(\$1,131,378)	(31.0%)
Capital Investments	\$23,794	\$30,830	\$30,296	\$6,502	27.3%
Total Resources	\$3,670,761	\$2,539,708	\$2,545,885	(\$1,124,876)	(30.6%)
Total FTE	1,778	1,873	1,873	95	5.3%

The Department of the Treasury is eliminating the Protection budget activity and consolidating it into the Manufacturing budget activity beginning in FY 2012.

FY 2012 Priorities

- Circulating - Efficiently and effectively produce and distribute approximately 9.6 billion circulating coins in FY 2012 to meet the needs of commerce, an important strategic objective for the Department of the Treasury. Honor national parks and other national sites through effective administration of the United States Mint America the Beautiful Quarters Program in compliance with the America's Beautiful National Parks Quarter Dollar Coin Act of 2008.
- Bullion - Prepare and distribute bullion coins while employing precious metal purchasing strategies that minimize or eliminate the financial risk that can arise from adverse market price fluctuations.
- Numismatic - Prepare and distribute numismatic products in sufficient quantities 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 - Continue to secure over \$320 billion in market value of the nation's gold reserves, silver and other assets.

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Section 1 – Purpose

1A – Description of Bureau Vision and Priorities

The United States Mint supports the Department of the Treasury’s strategic objective to promote trust and confidence in U.S. currency worldwide by enabling commerce through safe, secure U.S. notes and coins. To do this, the United States Mint manufactures and delivers domestic circulating coinage, bullion coin products, numismatic coinage and national medals. The United States Mint provides security for assets, including the government’s reserves of gold bullion, silver bullion, coins and coinage metals.

The United States Mint is the world’s largest coin manufacturer with operations in California, Colorado, Kentucky, New York, Pennsylvania and Washington, D.C. The United States Mint is committed to achieving efficient operations and providing value to the American people. Its vision is “to be recognized as the finest mint organization in the world, through excellence in our people, products, customer service and workplace.”

Priorities

The priorities for the United States Mint are organized around three primary responsibilities: enabling commerce by minting and issuing circulating coinage; manufacturing, marketing and selling bullion products; and manufacturing, marketing and selling numismatic products. The United States Mint is also responsible for protecting and safeguarding the Nation’s gold reserves, silver and other assets held in United States Mint custody.

During its annual strategic planning cycle, the United States Mint establishes annual action items, and implements work plans to make continuous progress in achieving objectives and goals. This approach allows budgets, employees’ work objectives, and performance plans to be linked to desired outcomes. Employing this strategic framework, the United States Mint gauges its progress more effectively and communicates the results to the American public. Strategic priorities include multi-year initiatives to ensure long-term operational goals are efficiently and effectively achieved. The United States Mint’s strategic priorities for FY 2012 include implementation of employee development training to further develop employee skills while also appropriately rewarding individual and collective accomplishments.

Circulating

The United States Mint is the Nation’s sole manufacturer of legal tender coinage. The efficient and effective production and distribution of circulating coinage for the Nation to conduct trade and commerce is the United States Mint’s highest priority.

In April 2010, the United States Mint launched the America the Beautiful Quarters Program, a 12-year initiative to honor national parks and other national sites from all 50 states, the District of Columbia and U.S. territories. In accordance with the America’s Beautiful National Parks Quarter Dollar Coin Act of 2008 (P. L. 110-456), the United States Mint will issue five quarters each year with different national sites depicted on the reverse, in the order which the selected locations were first established as national sites. The United States Mint is committed to

effective administration of the America the Beautiful Quarters Program with the goal of generating similar results to its successful predecessor, the 50 State Quarters[®] Program.

Bullion

The United States Mint, the world's largest producer of gold and silver bullion coins, is committed to producing and distributing bullion coins and employing precious metal purchasing strategies that minimize or eliminate the financial risk that can arise from adverse market price fluctuations. In particular, gold prices have steadily climbed over time, recently peaking at over \$1,400 per ounce. This reflects the volatility of precious metal prices, which tend to rise during unstable economic conditions, and decline in steadier, healthier economic environments.

Numismatic

The United States Mint prepares and distributes numismatic products for collectors and other members of the public who desire high-quality versions of the Nation's coinage. Making numismatic products accessible, available, and affordable to people who choose to purchase them is the highest priority of the United States Mint's numismatic operations.

As required by legislation, the United States Mint designs, strikes and prepares for presentation Congressional gold medals and commemorative coins to officially honor people, places and events. In FY 2012, the United States Mint will produce the United States Army Commemorative Coin (P.L. 110-450).

Going Green

Producing circulating, bullion, and numismatic coins and medals is an energy intensive process. The United States Mint is in full support of the Department of the Treasury's commitment to comply with environmental and energy statutes, regulations, and executive orders. Accordingly, the United States Mint plans the following "Green" initiatives:

- Comprehensive energy audits and retro-commissioning of its manufacturing facilities;
- Energy reduction projects;
- Increased use of renewable energy where possible; and
- Undertaking Leadership in Energy and Environmental Design (LEED) and Energy Star certification for leased building and owned property where feasible.

The United States Mint headquarters in Washington, D.C. is working to achieve Energy Star Certification. By making small changes like replacing light switches with motion sensors and converting to automatic paper towel dispensers (which halved paper towel usage), the headquarters building is experiencing significant savings. The headquarters building's cleaning contractor only uses "green" materials (such as recycled paper products and environmentally friendly cleaning products), and its construction contractors are required to use green products when feasible. By adding weather stripping, insulation and energy efficient light bulbs, the United States Mint saves money and is reducing its carbon footprint. In FY 2010, the headquarters building total savings from "Green" initiatives totaled \$196,000.

The United States Mint is making a concerted effort to convert its Denver facility to greener energy by contracting with an energy provider that employs wind and solar energy rather than fossil fuels. When fully implemented, this 100 percent renewable energy purchase is targeted to reduce greenhouse gas (GHG) emissions by 14.72 percent.

The Denver and Philadelphia field sites are implementing an energy retrofit to install low pressure steam boilers. These are targeted to reduce costs and provide cleaner energy output. Conversion from purchased steam to site generated steam reduces GHG emissions by 12.23 percent.

After completing a study of the West Point facility, the United States Mint is working to bring the West Point building into compliance with LEED certification standards. The LEED system helps building owners measure operations, improvements and maintenance on a consistent scale, with the goal of maximizing operational efficiency while minimizing environmental impacts. LEED standards also address whole-building cleaning and maintenance issues (including chemical use), recycling programs, exterior maintenance programs and systems upgrades.

1B – Program History and Future Outlook

Since FY 1996, the United States Mint has operated under the United States Mint Public Enterprise Fund (PEF). As authorized by Public Law 104-52 (codified at 31 U.S.C. § 5136), the PEF eliminates the need for appropriations. Proceeds from the sales of circulating coins to the Federal Reserve Banks (FRB), bullion coins to authorized purchasers, and numismatic items to the public are paid into the PEF, providing a continuous source of funding. All operating expenses and capital investments incurred for the United States 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 over and above costs are transferred to the United States Treasury General Fund as off-budget and on-budget receipts. Off-budget receipts consist of seigniorage, the net return from circulating operations, which in the federal budget is used to reduce needed borrowing by the government, resulting in a reduction in interest on the federal debt from the borrowing it displaces. The net return from bullion and numismatic program operations are recorded as on-budget receipts in the federal budget, and are used to fund Federal Government operations and programs.

The United States Mint's budget receipts and outlays reflect the demand for and sales of circulating, bullion and numismatic coin products. In accordance with the PEF legislation, proceeds from sales provide the United States 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 2010) of budget outlays are for procurement of metals and materials for conversion into finished goods. Accordingly, the value of each fiscal year's budget outlays principally reflects the production volumes that correspond to prevailing demand as well as prevailing raw material purchase costs driven by prices on open commodities markets. The economic environment can significantly impact the United States Mint's budget outlays by affecting these two external factors.

Circulating: Beginning in FY 2009, slowing economic activity considerably reduced demand for circulating coins. Commercial banks and other financial institutions curtailed orders for coins

and returned excess coins to the FRB. The FRB decreased orders for newly minted coins in response to these conditions. As a result, circulating coin volumes fell sharply in FY 2009 and remained low in the first half of FY 2010. In response, the United States Mint opted not to renew appointments for temporary personnel and instituted a hiring freeze which resulted in a reduction of 53 personnel through attrition and approximately \$5 million in cost savings. However, reductions in labor expenses only slightly offset rising metal expenses. FRB orders rebounded in the second half of FY 2010 and as a result the United States Mint began rehiring some temporary employees to meet demand. Total circulating revenue declined 20.5 percent to \$618.2 million in FY 2010 from \$777.6 million in FY 2009.

While circulating volumes and revenue declined, market prices for base metals (copper, nickel and zinc) climbed from five-year lows in FY 2009 to levels near the high price ranges experienced in FY 2007. This increased expenses for fabricated blanks and strip for circulating coin production, eroded seigniorage and drove up unit costs for all denominations. The average daily spot price for copper and zinc increased 56.9 percent and 52.4 percent, respectively, from FY 2009 to FY 2010. The average daily spot price for nickel rose 55.8 percent over the same time period. Seigniorage per dollar issued fell nearly 11 percent to \$0.49 in FY 2010 from \$0.55 in FY 2009. Base metal expenses and the mix of circulating coin denominations ordered by the FRB largely determine seigniorage per dollar issued. The total unit cost for all denominations increased from FY 2009. The unit cost to produce the one-cent coin (penny) and 5-cent coin (nickel) denominations were \$0.0162 and \$0.0603 respectively in FY 2009. In FY 2010, one-cent coin unit costs were \$0.0179 and the 5-cent coin unit costs were \$0.0922, remaining above face value for the fifth consecutive fiscal year.

Improving economic conditions, particularly strong growth in retail sales activity, prompted stronger demand for circulating coins beginning in mid-FY 2010. Shipments to the FRB in the second half of FY 2010 were three times those in the first half of the fiscal year. While beneficial to the United States Mint's financial position, such extreme shifts in orders for coins present challenges to the United States Mint's circulating production operations. The United States Mint attempts to smooth out production as much as possible, but the volatile nature of coin demand often impedes level-loaded production. Over the past five fiscal years, monthly shipments have ranged from an average low of 650 million coins to an average high of nearly 1.5 billion coins. This is equivalent to going from a 7.8 billion coin annual run rate to a nearly 17.6 billion coin run rate. Fluctuations in coin demand are also unpredictable and can occur with little notice. This was particularly apparent in FY 2010 as the FRB's 12-month orders forecast fluctuated between a low of 2.7 billion coins and a high of 7.3 billion coins. To mitigate volatility in coin demand and the burden it imposes on labor and equipment, the United States Mint is focused on developing a more flexible workforce, increasing automation, equipment standardization and application of Lean Manufacturing principles.

Based on the FY 2011 OMB President's Budget estimates for economic indicators, the United States Mint projects circulating shipments to the FRB will increase slightly to 6.6 billion coins in FY 2011 and 9.6 billion coins in FY 2012. However, most of the volume increase will consist of lower denomination coins as the FRB has accumulated inventories of higher denominations sufficient to fulfill the majority of demand in upcoming years. This shift in the composition of circulating shipments toward lower denominations weakens the financial impact of improving

demand conditions because lower denominations generate less seigniorage. Higher penny and nickel volumes reduce seigniorage as these coins will continue to be manufactured at costs above face value.

Metal market prices are expected to hold at higher levels as the global economy improves. A strategy to mitigate the challenge of rising metal prices is to change the composition of all circulating coinage to less expensive materials. Accordingly, as a result of the passage of The Coin Modernization, Oversight, and Continuity Act of 2010 (P.L. 111-302), the Department of the Treasury has been granted legislative authority to examine options for alternative materials that would ultimately result in significant taxpayer savings without compromising the utility of coins. This legislation authorizes the Secretary to conduct, explore, analyze, and recommend to Congress new, less expensive materials for all circulating coins. Specifically, the Secretary is granted authority to conduct research and development into new, less expensive materials based on factors that he determines to be appropriate. These factors include, but are not limited to, the physical, chemical, metallurgical and technical characteristics of the coins, as well as any other factors necessary to ensure coinage utility and integrity.

Shipments of quarter and \$1 coin denominations will remain at lower levels to support the America the Beautiful Quarters, Presidential \$1 Coin and Native American \$1 Coin programs. Even at relatively small quantities, shipments of the \$1 coin highly influence total circulating revenue and seigniorage. The \$1 coin generated 67 percent of total circulating revenue in FY 2010. The United States Mint's \$1 Coin Direct Ship and Bulk Bag Programs contributed to these results by providing alternative channels for banks, small retailers and the public to obtain \$1 coins. These two programs generated \$92.8 million of revenue in FY 2010.

Bullion: In FY 2010, demand for the United States Mint's gold and silver bullion coins reached a new high, surpassing the unprecedented demand of FY 2009. Bullion sales totaled 35.8 million ounces in FY 2010, up 29.7 percent from 27.6 million total ounces in FY 2009. The United States Mint achieved record sales by working extensively with suppliers to significantly expand precious metal planchet supply. Accordingly, bullion revenue reached a record high of \$2,855.4 million, a \$1,160.6 million (68.5 percent) increase over FY 2009 total bullion revenue of \$1,694.8 million. Efficient use of production capacity allowed the United States Mint to achieve significant bullion production volume without incurring additional operating costs. The United States Mint expects demand for bullion coins to remain strong for a sustained period until economic conditions stabilize and investors are drawn toward alternative investments.

The United States Mint was mandated to mint and issue American Eagle gold and silver bullion coins in quantities sufficient to meet public demand. When demand soared to unprecedented levels, the bureau worked extensively with suppliers and maximized production capacity to fulfill this mandate. While enabling the United States Mint to achieve record bullion coin sales, these efforts negatively affected numismatic sales and customer satisfaction levels. To mitigate this challenge, the bureau sought and has been granted legislative authority through passage of The Coin Modernization, Oversight, and Continuity Act of 2010 (P.L. 111-302), which permits the Secretary of the Treasury to mint and issue proof and uncirculated versions of the American Eagle coins in qualities and quantities the Secretary determines are appropriate to meet demand.

Offering for sale the full range of numismatic products fosters the health of the marketplace for numismatic customers in the United States.

Numismatic: In FY 2010, numismatic revenue totaled \$413.1 million, down 6 percent from \$440.0 million in FY 2009. The slight decline in revenue reflects that fewer product lines were available for sale in each year. Additionally, poor economic conditions may have suppressed consumer spending on collectibles as sales of available products declined from prior years. Despite reduced revenue, numismatic program net income and seigniorage increased by more than 21 percent to \$49.8 million in FY 2010 from \$41.1 million in FY 2009. This growth resulted from a shift in sales toward high margin products.

1C – Industry Outlook

The United States Mint's future outlook is impacted by a variety of factors including the price of metals, circulating coin demand, customers' interest in numismatic and bullion products, and economic trends. The enactment of legislation in recent years has allowed the United States Mint to expand product lines in both numismatic and circulating segments. While sales of new and core recurring products continue, the United States Mint recognizes the need to continually improve its portfolio of products. This includes utilizing more efficient production capacity, developing additional production techniques and accommodating new designs and products, while analyzing the market and communicating with the public.

The United States Mint has established four strategic goals as its underlying foundation to address these challenges, today and into the future:

- Effectively met all circulating demand;
- Effectively managed bullion and numismatic programs;
- A safe, engaged, productive, and valued workforce;
- Leadership and organizational excellence.

Section 2 – Budget Adjustments and Appropriation Language

2.1 – Budget Adjustments Table

Dollars in Thousands

United States Mint	FTE	Amount
FY 2010 Actual	1,778	\$3,646,967
FY 2011 Estimated	1,873	\$2,539,708
Changes to Base:		
Maintaining Current Levels (MCLs):	-	\$26,277
Maintain Current Levels	-	\$26,277
Efficiencies, Savings & Base Reductions:	-	(\$20,100)
Postpone Low Priority Capital Projects	-	(\$12,900)
Procurement Efficiencies and IT Savings	-	(\$7,200)
Subtotal FY 2012 Changes to Base	-	\$6,177
Total FY 2012 Base	1,873	\$2,545,885
Total FY 2012 Estimated	1,873	\$2,545,885

Totals include capital investments since a FY 2012 savings proposal involves capital investment savings.

2A – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) +\$26,277,000 / +0 FTE

Maintain Current Levels +\$26,277,000 / +0 FTE

Funds are required for inflation adjustments in non-labor expenses such as rent adjustments, postage, raw materials and inventories, supplies and equipment, health benefits and the increase in Federal Employee Retirement System participation. No inflation adjustment is requested for pay in FY 2012.

Efficiencies, Savings & Base Reductions -\$20,100,000 / +0 FTE

The United States Mint is committed to minimizing costs while keeping product quality and customer service at peak levels. To support efforts to reduce operational funding requirements, the United States Mint puts forward the following cost savings proposals:

Capital Projects Postponed to Out-years -\$12,900,000 / +0 FTE

The United States Mint reduced its FY 2012 capital budget \$12.9 million by delaying several capital projects to out-years. The agency's capital plan includes funding for various equipment replacement, building maintenance and safety projects. The plans are developed based on factors such as equipment lifecycle, production needs and facility assessments. Careful consideration is given to each project and projects are then prioritized. The capital projects given a lesser priority were identified as those to be postponed to subsequent years with little or no impact to equipment life or employee safety. Examples of projects of a lesser priority that were removed from FY 2012 include electrical switchboard upgrades at San Francisco and pedestrian and parking improvements at West Point.

Contract Savings – Procurement/IT -\$7,200,000 / +0 FTE

Procurement Savings: In FY 2010, the United States Mint achieved \$47.6 million in non-metal procurement savings through acquisition improvement plans. The United States Mint will continue efforts to achieve procurement savings by combining multiple contracts, renegotiating current contract terms and ensuring greater competition where possible through FY 2012.

Through these efforts, United States Mint expects to achieve an estimated \$5.7 million in procurement savings in FY 2012.

Information Technology (IT) Savings: The United States Mint has employed improved Information Technology strategies that are yielding cost savings in IT consulting services/systems support services, IT maintenance contract consolidation, and IT telecommunications consolidation. These initiatives are projected to save over \$1.5 million in FY 2012.

Efficiency Savings / Productivity Improvements	Brief Description	FY 2012 Projected Savings
Efficiency Savings	Capital projects postponed to outyears	\$12.9 million
Efficiency Savings	Contract Savings - Procurement/IT	\$7.2 million

2.2 – Operating Levels Table

Dollars in Thousands

United States Mint	FY 2010 Obligated	FY 2011 Estimated	FY 2012 Estimated
FTE	1,778	1,873	1,873
Object Classification			
11.1 - Full-time permanent	\$141,336	\$146,405	\$146,405
11.1 - Other than Full-Time Permanent	\$741	\$781	\$781
11.5 - Other personnel compensation	\$12,342	\$11,132	\$11,132
11.9 - Personnel Compensation (Total)	\$154,419	\$158,318	\$158,318
12 - Personnel benefits	\$43,564	\$44,661	\$44,661
13 - Benefits for former personnel	\$800	\$1,050	\$1,050
21 - Travel and transportation of persons	\$2,648	\$3,630	\$3,703
22 - Transportation of things	\$29,889	\$33,310	\$33,976
23.1 - Rental payments to GSA	\$389	\$394	\$402
23.2 - Rental payments to others	\$22,170	\$26,634	\$27,167
23.3 - Communication, utilities, and misc charges	\$13,188	\$11,392	\$11,620
24 - Printing and reproduction	\$1,941	\$2,424	\$2,472
25.1 - Advisory and assistance services	\$49,009	\$47,081	\$48,023
25.2 - Other services	\$59,081	\$60,516	\$61,726
25.3 - Other purchases of goods and services from Govt. accounts	\$23,680	\$21,994	\$22,434
25.5 - Research and development contracts	\$2,500	\$2,260	\$2,305
25.7 - Operation and maintenance of equip	\$9,311	\$11,295	\$11,521
26 - Supplies and materials	\$10,663	\$16,454	\$16,783
26.7 - Raw Materials	\$3,221,125	\$2,064,623	\$2,066,759
31 - Equipment	\$2,559	\$2,835	\$2,662
42 - Insurance claims and indemnities	\$31	\$7	\$7
Total Budget Authority	\$3,646,967	\$2,508,878	\$2,515,589
Capital Investments	\$23,794	\$30,830	\$30,296
Total Budget Authority including Capital	\$3,670,761	\$2,539,708	\$2,545,885
Budget Activities			
Manufacturing	\$3,602,988	\$2,457,862	\$2,515,589
Protection	\$43,979	\$51,016	\$0
Total Budget Authority	\$3,646,967	\$2,508,878	\$2,515,589

2.3 – Resource Detail Table

Dollars in Thousands

	FY 2009			FY 2010			FY 2011			FY 2012		% Change FY 2011 to FY 2012	
	FTE	AMOUNT		FTE	AMOUNT		FTE	AMOUNT		FTE	AMOUNT	FTE	AMOUNT
Budgetary Resources:													
Revenue / Offsetting Collections													
Circulating		\$ 777,600		\$ 618,200		\$ 638,100		\$ 787,300					23.4%
Numismatic/Bullion		\$ 2,134,800		\$ 3,268,500		\$ 2,090,200		\$ 1,958,400					-6.3%
Total Revenue / Offsetting Collections		\$ 2,912,400		\$ 3,886,700		\$ 2,728,300		\$ 2,745,700					0.6%
Unobligated balances, Start of year		-		-		-		-					0.0%
Recoveries of prior year obligations		-		-		-		-					0.0%
Net transfers (includes capital transfers)		-		-		-		-					0.0%
Total budgetary resources available		\$ 2,912,400		\$ 3,886,700		\$ 2,728,300		\$ 2,745,700					0.6%
Expenses/Obligations													
Circulating	671	\$ 154,183	648	\$ 439,488	693	\$ 589,887	828	\$ 612,067		19.5%			3.8%
Numismatic/Bullion	815	\$ 2,061,000	792	\$ 3,163,500	843	\$ 1,867,975	1,045	\$ 1,903,522		24.0%			1.9%
Protection	326	\$ 43,318	338	\$ 43,979	337	\$ 51,016	-	\$ -		-100.0%			-100.0%
Total Expenses / Obligations	1,812	\$ 2,258,501	1,778	\$ 3,646,967	1,873	\$ 2,508,878	1,873	\$ 2,515,589		0.00%			0.3%
Net Operating Results		\$ 653,899		\$ 239,733		\$ 219,422		\$ 230,111					4.9%
Capital Investments		\$ 23,996		\$ 23,794		\$ 30,830		\$ 30,296					-1.7%
Coin Shipments (In Millions)													
Circulating:													
One Cent		3,218		3,487		4,139		5,497					
5-Cent		207		359		657		1,138					
Dime		358		886		1,214		2,329					
Quarter		965		253		250		250					
Half-Dollar		-		-		-		-					
Dollar		459		414		380		380					
Total Circulating		5,207		5,399		6,640		9,594					

2B – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
<p>DEPARTMENT OF THE TREASURY UNITED STATES MINT PUBLIC ENTERPRISE FUND</p> <p>Federal Funds</p> <p>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. The aggregate amount of new liabilities and obligations incurred during fiscal year [2011] 2012 under such section 5136 for circulating coinage and protective service capital investments of the United States Mint shall not exceed [\$25,000,000] \$20,000,000.</p>	

2C – Legislative Proposals

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

This legislative proposal seeks to eliminate 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 in a year. Proposed amendment: Section 5112(r) of title 31, United States Code, is amended by striking paragraph (5). Approval of this proposal would allow the United States Mint to mint and issue all \$1 coins in amounts necessary to meet public demand for coins of each particular design. It would also eliminate the excessive expense of minting and issuing Native American \$1 Coins in amounts that exceed the public demand for them.

Section 3 – Budget and Performance Plan

This table lists all FY 2012 resources by strategic goal, objective and outcome outlined in the FY 2007-2012 Treasury Department Strategic Plan. The Treasury Strategic Plan provides a description of what the agency intends to accomplish over the next five years.

For detailed information about the FY 2007-2012 Treasury Strategic Plan, please go to:
<http://www.treasury.gov/about/budget-performance/strategic-plan/Pages/index.aspx>

3.1 – Budget by Strategic Outcome

Dollars in Thousands

Treasury Strategic Outcome	FY 2010 Actual	FY 2011 Estimated	FY 2012 Estimated	% Change FY10 to FY12
Commerce enabled through safe, secure U.S. notes and coins	3,670,761	2,539,708	2,545,885	-30.6%
Total	\$3,670,761	\$2,539,708	\$2,545,885	-30.6%

Totals include capital investments since a FY 2012 savings proposal involves capital investment savings.

3A - Manufacturing (\$2,515,589,000 from reimbursable programs, not including capital):

The United States Mint manufactures and sells coin products. For budget reporting purposes, these products are grouped into two programs: Circulating Coinage and Numismatic Programs.

Circulating Coinage

The United States Mint enables commerce by minting and issuing circulating coinage to meet the needs of the United States. Circulating coinage includes the penny (one-cent), nickel (five-cent), dime (ten cent), quarter-dollar, half-dollar and dollar denominations. The United States Mint delivers the circulating coinage to the Federal Reserve Banks, at face value, for distribution as demanded by commerce.

The current FY 2012 budget estimate includes resource needs of \$612.1 million to produce and ship 9.6 billion coins and generate receipts of \$787.3 million in face value.

Beginning in 2010 through 2020, the United States Mint will mint and issue commemorative quarter-dollar coins honoring 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). This program honors national parks and sites in the order in which they were first established as a national park or site. Similar to the issuance of coins under the 50 State Quarters Program, quarter-dollar coins featuring five different coin designs will be issued each year of this program.

In 2011, the United States Mint will release quarters honoring Gettysburg National Military Park in Pennsylvania, Glacier National Park in Montana, Olympic National Park in Washington, Vicksburg National Military Park in Mississippi, and Chickasaw National Recreation Area in Oklahoma. In 2012, the United States Mint will release quarters honoring El Yunque National Forest in Puerto Rico, Chaco Culture National Historical Park in New Mexico, Acadia National Park in Maine, Hawaii Volcanoes National Park in Hawaii, and Denali National Park in Alaska.

Numismatic Program

For budget reporting purposes, the Numismatic program includes numismatic and bullion products. The current FY 2012 budget estimate for numismatic and bullion products includes resource needs of \$1,903.5 million to generate \$1,958.4 million in revenues from the sale of these products.

The United States Mint prepares 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 Program, the recurring product programs, commemorative coins, and medals.

Recurring numismatic product programs include high quality, specially presented products based on circulating coinage. These products include proof sets, uncirculated sets, quarter-dollar coin sets, and \$1 Coin sets for the public.

Commemorative coins are authorized by Congress to celebrate and honor American people, places, events and institutions. Each is minted and issued by the United States Mint in limited quantity and is available only for a limited time. Included in the price is a surcharge that is authorized to be paid to designated recipient organizations for projects that benefit the community. In FY 2012, the United States Mint will produce the United States Army Commemorative Coin (P.L. 110-450). Surcharges from the sale of each coin are authorized to be paid to the Army Historical Foundation to support the construction of the National Museum of the United States Army at Fort Belvoir, VA.

The United States Mint also produces bullion coins under American Eagle and American Buffalo Programs to fulfill investor demand.

The American Eagle Program consists of the United States Mint's premier collectible products. These coins contain platinum, gold, and silver and are issued in proof or uncirculated quality. Gold proof coins are issued with one-tenth, one-quarter, one-half or one ounce of gold content. Gold uncirculated coins are issued with one ounce of gold content. Silver proof and uncirculated coins are issued with one ounce of silver content. Platinum proof coins are issued with one ounce of platinum content.

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 bullion coins are backed by the United States Government.

3.2.1 Manufacturing Budget and Performance Plan

Manufacturing Budget Activity					
Resource Level	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Estimated	FY 2012 Estimated
Appropriated Resources	\$0	\$0	\$0	\$0	\$0
Reimbursable Resources	\$2,014,698	\$2,215,903	\$3,602,988	\$2,457,862	\$2,515,589
Total Resources	\$2,014,698	\$2,215,903	\$3,602,988	\$2,457,862	\$2,515,589

Budget Activity Total	\$2,014,698	\$2,215,903	\$3,602,988	\$2,457,862	\$2,515,589
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Measure	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Target	FY 2012 Target
Circulating On-Time Delivery	N/A	N/A	99.8	97.5	97.5
Customer Satisfaction Index (%) (Oe)	87.5	88.3	86.1	88.0	88.0
Numismatic Customer Base (Units)(Ot)	1.27	1.06	0.799	0.976	0.976
Safety Incident Recordable Rate	N/A	N/A	2.29	3.34	3.34
Seigniorage per Dollar Issued (\$) (E)	0.55	0.55	0.49	0.41	0.41

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

Description of Performance

The United States Mint developed several key performance measures to gauge the progress of achieving each of its strategic goals. The following performance measures are monitored to assess the United States Mint's performance for Manufacturing and Sales.

Customer Satisfaction Index (CSI)

A United States Mint contractor conducts a quarterly Customer Satisfaction Measure (CSM) Tracking Survey among a random sample of active customers. The CSM Survey is intended to capture customer satisfaction with the United States Mint's performance as a coin supplier and the quality of specific products. The CSI is a single quantitative score of CSM Survey results. In FY 2010, the United States Mint's results were 86.1 percent, below the target of 88 percent and down from the FY 2009 year-end result of 88.3 percent. Survey results indicate that customer satisfaction declined largely because of the unavailability of American Eagle numismatic precious metal products as well as weakening satisfaction with the United States Mint's communication with customers. In accordance with legislative mandates, the United States Mint suspended sales of these products in calendar year 2009 to allocate planchet supply to bullion coin production. CSI results are likely to improve upon the availability of these products for sale. The Coinage Modernization, Oversight and Continuity Act of 2010 (P. L. 111-302) now permits the Secretary of the Treasury to mint and issue proof and uncirculated versions of the American Eagle coins in qualities and quantities the Secretary determines are appropriate to meet numismatic product demand even if all demand for bullion is not satisfied. Also, the

United States Mint has increased communication channels to communicate with customers in order to improve quality, consistency, timeliness and responsiveness to customer needs.

Numismatic Customer Base

The numismatic customer base consists of the total number of unique purchasers (in millions) with a purchase of at least one numismatic product during the fiscal year. The numismatic customer base measure provides information on the continued and new demand for numismatic products. The numismatic customer base totaled 798,515 in FY 2010, below the target of 976,000. By the close of FY 2010, the United States Mint had sufficiently expanded gold and silver planchet supply to fulfill bullion demand and redirect a portion of blanks for numismatic products. Releasing popular gold and silver numismatic products is expected to improve customer retention and acquisition as well as customer satisfaction in FY 2011 and beyond. This measure is currently being reexamined for its usefulness.

Seigniorage per Dollar Issued

Seigniorage per dollar issued is the return to circulating operations, calculated as seigniorage divided by the total face value of circulated coinage shipped to Federal Reserve Banks. Seigniorage per \$1 issued was \$0.49 in FY 2010, below the performance target of \$0.53. Base metal expenses and the mix of circulating coin ordered by the FRB largely determine seigniorage per dollar issued performance. To mitigate the challenge of rising metal prices, the United States Mint and the Department of the Treasury have been granted legislative authority to examine options for changing the composition of circulating coinage to less expensive materials.

Circulating On-Time Delivery

On-time delivery to the Federal Reserve Banks (FRB) is the percentage of total scheduled orders shipped on time to the FRB. The United States Mint is responsible for providing the Nation's coinage in sufficient quantity to meet the needs of commerce. To accomplish this mission, the United States Mint must supply coinage in the quantities and timelines specified by the FRB. The FRB is then responsible for distributing coinage to the commercial banking sector. The United States Mint's shipped 99.8 percent of scheduled orders on time to the FRB in FY 2010. This was a baseline year for the performance measure, thus there was no target in FY 2010. The bureau continuously monitors the circulating supply chain to ensure circulating coins are timely and accurately provided to the FRB. This measure is currently being reexamined for its usefulness.

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. This definition follows Part 1904 of Title 29, Code of Federal Register (29 CFR 1904). The safety incident recordable rate fell to 2.29 in FY 2010, below the target of 3.86. The United States Mint will continue to place a high priority on ensuring employee safety.

3B - Protection (No funding):

The Department of the Treasury is eliminating the Protection budget activity, and consolidating it into the Manufacturing budget activity beginning in FY 2012. During the past 13 years since the Protection budget activity was created, the Department has determined that it fails to serve a meaningful purpose on a standalone basis and unnecessarily complicates budgetary and other financial reporting.

3.2.2 Protection Budget and Performance Plan

Protection Budget Activity

Resource Level	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Estimated	FY 2012 Estimated
Appropriated Resources	\$0	\$0	\$0	\$0	\$0
Reimbursable Resources	\$42,598	\$43,318	\$43,979	\$51,016	\$0
Total Resources	\$42,598	\$43,318	\$43,979	\$51,016	\$0

Budget Activity Total	\$42,598	\$43,318	\$43,979	\$51,016	\$0
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Measure	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Target	FY 2012 Target
Protection Cost per Square Foot \$(E)	31.76	31.57	32.26	DISC	DISC

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

Description of Performance

Protection Cost per Square Foot

Protection cost per square foot is the Protection Department's total operating cost divided by the area of usable space of the United States Mint. Usable space is defined as 90 percent of total square footage. Operating costs exclude depreciation. Total square footage of usable space is relatively constant and only changes with major events such as the addition or removal of a facility. The measure indicates the Protection Department's cost efficiency in safeguarding the United States Mint facilities, employees and over \$320 billion in market value of the nation's gold reserves, silver and other assets. Protection cost per square foot was \$32.26 in FY 2010, \$0.51 above the target of \$31.75. This measure is discontinued in FY 2011 because it has proven to have limited usefulness.

For detailed information about each performance measure, including definition, verification and validation, please go to: <http://www.treasury.gov/offices/management/dcfo/accountability-reports/>

Section 4 – Supporting Materials

4A – Human Capital Strategy Description

In response to the President’s government-wide focus on human capital strategies and procedures, the United States Mint’s Human Capital Strategy addresses various components, including improving employee engagement, current and future staffing issues and wellness requirements. The United States Mint is creating goals and objectives for these initiatives in close coordination with the Department of the Treasury’s Office of the Deputy Assistant Secretary for Human Resources and Chief Human Capital Officer (DASHR/CHCO), and with its shared human resources (HR) service provider, the Bureau of Public Debt (BPD) Administrative Resource Center (ARC).

Hiring Reform

The United States Mint fully supports the Administration’s hiring reform goals and is actively working to streamline the recruitment and selection process to recruit and retain highly qualified individuals. As the United States Mint implements changes in support of those goals, it will continue to evaluate a variety of metrics and adjust implementation plans as necessary. The United States Mint will continue to increase consistency in the hiring and selection process across field sites, and provide training for hiring managers.

Hiring of Individuals with Disabilities

The United States Mint is committed to recruiting, hiring, and retaining talented individuals with disabilities and targeted disabilities. The United States Mint is also committed to increasing representation of people with disabilities in all levels of its workforce. To achieve this goal, the United States Mint plans to:

1. Train managers and supervisors on the Schedule A hiring authority for persons with disabilities.
2. Issue a memorandum from the Director or Deputy Director to managers and supervisors, encouraging them to increase the use of Schedule A in filling vacancies.
3. Participate in a minimum of one job fair that has a focus on employment of people with disabilities.

Based upon the new Presidential Executive Order (13548) dated July 26, 2010, the United States Mint plans to implement requirements as appropriate to achieve a model workplace.

Veterans' Employment

The United States Mint's FY 2010 Disabled Veterans Affirmative Action Plan (DVAAP) establishes a list of resources to recruit disabled veterans and attend career fairs and similar events focused on recruitment of disabled veterans. The United States Mint has also taken advantage of the Department of Defense "Operation Warfighter" Program to provide service members with volunteer work assignments. The United States Mint has a DVAAP Program Manager and Selective Placement Coordinator who provide outreach for disabled veterans. As a result of these efforts 36 percent of all individuals hired during FY 2010 had veteran's preference.

Improving Employee Engagement and Satisfaction

Employee satisfaction is critical to the execution of circulating, bullion and numismatic operations and the overall success of the United States Mint. Recent external and internal surveys indicate that employees perceive significant deficiencies in the United States Mint's work environment and leadership. To counter declining employee satisfaction, the United States Mint has implemented a comprehensive human capital plan that encompasses the root causes for employee dissatisfaction; enhancing leadership skills through required annual training programs; establishment of a "Total Rewards System" to institute performance as the driving force in determining rewards and recognition; formation of employee engagement teams to identify, address, and remedy sources of dissatisfaction within workgroups; proactive emphasis on the communication of goals, priorities and results throughout the organization; and establishment of a coaching culture to improve performance and employee development, to create high-trust work relationships and continually improve job performance.

The United States Mint measures employee satisfaction by surveying its workforce. Typically, employees participate in three surveys each year: The Employee Viewpoint Survey (EVS) administered by the Office of Personnel Management, and two Employee Pulse-Check Surveys, which are internally administered by the United States Mint.

All of the United States Mint's FY 2009 survey results identified areas for improvement, including employee engagement and employee satisfaction. Employee satisfaction and positive perceptions of the workplace varied greatly across departments and locations.

To address these areas, the United States Mint has embarked on a process to involve more employees with identification of concerns and development of ways to remedy the three major concerns identified by the surveys: Communication between employees, supervisors and management; recognition for a job well done; and teamwork. The "Top Three Engagement Process" was created to address these concerns. The process will foster employee-driven solutions and improvements in the three areas through employee teams gathering suggestions and feedback from coworkers and developing plans of action, in conjunction with management, to improve the workplace at headquarters and field sites. Best practices and most effective tactics will be shared throughout the United States Mint.

To improve communication, the United States Mint's Director and Deputy Director conduct open question-and-answer sessions during quarterly "town hall" meetings. The Deputy Director holds "stand-up" meetings with the many department workgroups at headquarters and each shift at the manufacturing facilities to share organizational progress and challenges. Periodic newsletters communicate news topics to employees, and supervisors are required to hold regular staff meetings and conduct individual "coaching" sessions every 4-5 weeks with each employee to further promote communication and transparency.

A "Total Rewards System" for all employees is being developed to further improve employee engagement and satisfaction. In the past, the United States Mint relied on its "Goalsharing" Program to recognize achievement. While the Goalsharing Program proved effective, it only partially addressed employee recognition. To effect more comprehensive employee recognition, the United States Mint management, employees and its labor union are working together to design and implement a Total Rewards System which will provide managers with multiple tools for attracting, motivating and retaining its employees. These tools will include both monetary and non-monetary incentives, and are intended to reward employees' time, talents and efforts to help achieve business results.

Improving Employee Wellness

As a manufacturing entity, the United States Mint focuses on ensuring employee wellness and safety. From 2005 through 2008, The United States Mint's recordable accident case rate increased each year. To reverse this upward trend, in FY 2009 the United States Mint began emphasizing safety performance and communicating preventative information at each facility. As a result the United States Mint reduced its number of work-related injuries or illnesses and the number of lost workdays. Lost time accidents fell by 45 percent from 20 cases in FY 2008 to 13 in FY 2009 to 11 in FY 2010. As a result of these efforts, the safety incident recordable rate achieved was 2.29 in FY 2010, notably better than the FY 2010 performance target of 3.86. The United States Mint also initiated processes to control exposure to severe hazards and conducted extensive safety compliance audits. The United States Mint's senior leadership is committed to increased employee participation in telework, work/life balance and wellness programs.

Labor Management Forums

Some provisions of the current United States Mint collective bargaining agreement are being renegotiated. Once these are resolved, United States Mint management will work with the labor union to establish a United States Mint labor-management forum.

4.1 – Summary of IT Resources Table

Dollars in Thousands

Information Technology Investments							
Major IT Investments / Funding Source	Budget Activity	FY 2010		FY 2011 Estimated	% Change from FY10 to FY11	FY 2012 Estimated	% Change from FY11 to FY12
		Obligations	% Change from FY09 to FY10				
Retail Sales System	Manufacturing	\$10,453	-41.2%	\$14,506	38.8%	\$14,520	0.1%
Subtotal, Major IT Investments		\$10,453	-41.2%	\$14,506	38.8%	\$14,520	0.1%
Non-Major IT Investments		\$2,570	-16.2%	\$5,428	111.2%	\$4,700	-13.4%
Infrastructure Investments*		\$34,734	-15.8%	\$51,633	48.7%	\$54,823	6.2%
Enterprise Architecture		\$1,134	-38.4%	\$1,093	-3.6%	\$1,121	2.6%
Total IT Investments		\$48,891	-23.5%	\$72,660	48.6%	\$75,164	3.4%

4B – Information Technology Strategy

In February 2010, the Department of Treasury launched “One Treasury” IT Services, which will provide a consistent standard for IT services across the Department of the Treasury. This effort focuses on the simplification of IT solutions, reduction of IT costs, and the implementation of “cloud” computing. “One Treasury” IT Service promotes data center consolidation, web integration, intranet migration to SharePoint Service, and sharing of common data analysis tools.

The United States Mint’s overall IT strategy is tightly aligned with that of the Department of the Treasury and emphasizes technological advancement with reduced system redundancy. In early 2010, the United States Mint conducted a comprehensive IT assessment and analysis to determine current and future business and IT needs. Based on this assessment, the United States Mint enhanced its IT strategic plan and IT roadmap to be executed over the next five years. The United States Mint’s current technology environment contains many applications that are redundant or not used effectively. The IT roadmap will transition the United States Mint’s environment from disparate technologies and silo applications to a single Oracle Enterprise Resource Planning (ERP) system. This will integrate multiple technologies and generate substantial annual savings by eliminating costs necessary to maintain redundant applications in the current environment and integrating all necessary modules into one system that draws data from a common source..

The IT roadmap will also involve web site integration, sales channel unification and data center consolidation. The United States Mint’s external Web presence is divided between commerce and non-commerce sites, which create an inconsistent and inconvenient customer experience. Web site integration will create a unified internet presence and a seamless browsing experience for visitors seeking to purchase numismatic products or obtain public information about the United States Mint. The need for an integrated web presence is supported by ongoing feedback from the public and the results of usability studies conducted on the United States Mint’s web sites. The United States Mint expects web integration to generate cost savings of \$5.1 million over five years by eliminating one of two vendors that currently provide operations support for web sites, and by removing redundant hardware and infrastructure services.

Information about the United States Mint’s numismatic customers is not integrated. Each sales channel is maintained separately, which prevents the United States Mint from cohesively identifying, tracking and communicating with customers. Unifying sales channels and consolidating data into one information repository (the United States Mint’s enterprise data warehouse) will provide for better tracking of customer behavior, improve communication with customers and ultimately augment sales and customer service. Data consolidation will also provide for better information sharing and transparency.

In FY 2012, the United States Mint will focus its ongoing data center consolidation activities on creating an in-house disaster recovery capability; and on continuing its use of virtualization to reduce the overall physical footprint of its infrastructure assets.

The United States Mint utilizes the Prosight IT Portfolio Tracking System provided and hosted by the Department of the Treasury to manage its IT investments. Prosight tracks schedule, cost, goals and performance of all IT investments. The United States Mint examines the status of each investment based on cost, schedule and budget on an ongoing basis, and provides monthly reports

on results to Treasury. Any significant variance triggers a required corrective action plan to bring the investment back into compliance. IT Investments and Projects are reviewed on a weekly basis by the United States Mint's Chief Information Officer to ensure they are within cost, on schedule and meeting established performance metrics. During this review, any high risk investments or projects which are underperforming, over budget and behind schedule are identified. Decisions to terminate an investment require a mutually agreed decision by the customer, the IT Department (ITD) and United States Mint senior executives. The United States Mint also maintains a project status application for all internal projects. The application is available on the United States Mint's intranet, where the application reports monthly progress, and shows whether a project is on schedule. All of the United States Mint's investments are currently meeting cost, schedule and performance goals.

Capital Investments

The United States Mint's capital investment projects focus on manufacturing improvements such as development of new coin designs, automation of packaging lines, and expanded information handling. These investments are designed to reduce costs, shorten the cycle time from product concept to production, and increase flexible response to shifts in market demand. The following major investments are planned for 2012:

Capital Investments

(Dollars in Thousands)

Major Investments	FY 2010 Obligated	FY 2011 Estimated	FY 2012 Estimated
Circulating Capital Investments (Including Protection)			
Circulating Information Technology	306.8	2,250.0	2,250.0
Circulating Building Improvements	5,251.1	6,050.0	5,408.0
Circulating Equipment	7,556.8	15,990.0	12,335.0
Total Circulating (Including Protection)	13,114.7	24,290.0	19,993.0
Numismatic Capital Investments			
Numismatic Information Technology	102.3	750.0	750.0
Numismatic Building Improvements	4,372.2	2,290.0	4,603.0
Numismatic Equipment	6,204.5	3,500.0	4,950.0
Total Numismatic	10,679.0	6,540.0	10,303.0
Total Capital Investments	23,793.7	30,830.0	30,296.0

The United States Mint's FY 2012 circulating and protection capital budget request is \$20.0 million. The United States Mint invests in capital projects to maintain, upgrade or acquire physical structures, equipment, physical security, and to implement its information technology roadmap. Total capital projects are estimated to be \$30.3 million in FY 2012. This includes approximately \$12.3 million for circulating projects, \$7.7 million for security improvement projects, and \$10.3 million for numismatic projects.