

United States Mint

Mission Statement

The men and women of the United States Mint serve the nation by exclusively and efficiently creating the highest quality, most beautiful and inspiring coins and medals that enable commerce; reflect American values; advance artistic excellence; educate the public by commemorating people, places and events; and fulfill retail demand for coins.

Program Summary by Budget Activity

Dollars in Thousands

	FY 2008	FY 2009	FY 2010		
United States Mint	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 Resources	\$2,058,297	\$2,103,386	\$2,030,067	(\$73,319)	-3.5%
Total FTE	1,908	1,947	1,979	(32)	-1.6%

FY 2010 Priorities

- 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 coins and products required by the America's Beautiful National Parks Quarter-Dollar Coin Act.
- Mint and issue the Native American \$1 Coin.
- Mint and issue Presidential \$1 Coins for circulation to honor the following Presidents: Zachary Taylor, Millard Fillmore, Franklin Pierce and James Buchanan.
- 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.

Table of Contents

United States Mint	1
Section 1 – Purpose	3
1A – Description of Bureau Vision and Priorities	3
1B – Program History and Future Outlook.....	3
1C – Industry Outlook	6
Section 2 – Budget Adjustments and Appropriation Language.....	8
2.2 – Operating Levels Table.....	8
2.3 – Resource Detail Table.....	9
2B – Appropriations Language and Explanation of Changes.....	9
2C – Legislative Proposals	9
Section 3 – Budget and Performance Plan	10
3.1 – Budget by Strategic Outcome	10
3.2.1 – Manufacturing Budget and Performance Plan.....	12
3.2.2 – Protection Budget and Performance Plan	13
Section 4 – Supporting Materials	14
4A – Human Capital Strategy Description	14
4.1 – Summary of IT Resources Table	15
4B – Information Technology Strategy	16
4.2 – Program Assessment Table.....	17

Section 1 – Purpose

1A – Description of Bureau Vision and Priorities

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's vision is "to embody the American spirit through the creation of our nation's coins and medals." The United States Mint is committed to achieving efficient operations and providing value to the American people. To support this commitment, the United States Mint established an improved strategic planning/change process that included the identification of Annual Action Items (AAIs). The AAIs are directly linked to the strategic goals and are designed to collectively focus the organization on key issues.

The United States Mint established the following strategic goals to achieve its mission.

- Establish and reinforce the exclusive brand identity of the United States Mint.
- Create and execute the most effective coin and medal portfolio strategy.
- Achieve greater excellence in coin and medal design.
- Increase operational efficiency while meeting the highest quality standards.
- Develop optimal workforce and workplace culture.

1B – Program History and Future Outlook

Since FY 1996, the United States Mint has operated under the United States Mint's 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) 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. By law, all funds in the PEF are available without fiscal year limitation.

The slowing economy greatly affected the United States Mint's financial performance in FY 2008. Circulating coin revenue fell significantly in FY 2008. This is the result of a sharp decline in circulating coin demand and an inventory adjustment by the FRB. A total of 10 billion circulating coins were shipped to the FRB in FY 2008. This is, on average, 4.4 billion fewer coins than were shipped in the past four fiscal years. As a result, circulating revenues decreased from \$1.7 billion in FY 2007 to \$1.3 billion in FY 2008. Despite the significant decline in circulating revenue, the United States Mint transferred \$750 million to the Treasury General Fund (compared to \$825 million in FY 2007).

The dramatic increase in metal prices continues to affect the United States Mint's circulating coin operations. Although nickel and zinc prices declined during FY 2008, the cost of copper increased an additional 10 percent over FY 2007. Rising metal prices have had a significant effect on circulating coinage results. While declining from last year, the unit costs to manufacture the one-cent coin (penny) and 5-cent coin (nickel) are more than their face value for the third consecutive fiscal year. Changing the composition of all circulating coins to less expensive materials would ultimately result in significant taxpayer savings without compromising the utility of these coins. Accordingly, the United States Mint plans to work with the Department of the Treasury and the Congress to examine alternatives to mitigate the effect current metal prices are having on circulating coinage.

The United States Mint's numismatic and bullion sales to the public were strong in spite of the slowing economy. In FY 2008, total numismatic and bullion sales increased to \$1.506 billion, exceeding FY 2007 sales by nearly \$600 million. In particular, the United States Mint experienced unprecedented sales of its gold, platinum, and silver bullion coins in FY 2008. As the economy and financial markets softened, investors sought the perceived safety of precious metals. Total bullion revenue topped \$949 million, a \$593 million (166.4 percent) increase from FY 2007. 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 produced 10.5 million (126.8 percent) more ounces of gold, silver and platinum bullion than fiscal year 2007. Net income from bullion sales increased to \$17.8 million in fiscal year 2008 compared to \$4.6 million in fiscal year 2007, a 287 percent increase.

The overall financial outlook for the United States Mint is expected to weaken in FY 2010. The conclusion of the 50 State Quarters® Program in FY 2009 is likely to negatively affect both circulating and numismatic revenue, seigniorage, and net income. Circulating revenue and seigniorage are projected to decline as collector demand for quarters diminishes and the FRB uses accumulated quarter inventory to meet transactional demand. If the United States Mint's efforts to promote the circulation of \$1 coins are successful, increased transactional demand for \$1 coins would generate additional seigniorage and could offset the loss of seigniorage expected after the conclusion of the 50 State Quarters® program. Numismatic revenue and net income are expected to decline in FY 2010 as the numismatic product lines derived from the 50 State Quarters® Program conclude. Bullion revenue is expected to remain high, but the contribution to net income is relatively small due to the low-margin nature of the program. Bullion demand could decline slightly if the economy strengthens in FY 2010.

Challenges

A changing operating environment is posing new challenges and opportunities for the United States Mint. Future success depends on a variety of factors, including increased collaboration with the FRB, flexibility in the production of circulating coins; robust

circulation of the \$1 coin and strategies for mitigating the effects of commodity and precious metal markets. Some of the key challenges the United States Mint expects to face in the coming years are the following:

- *Promoting Robust Circulation of \$1 Coins* – From the inception of the program, \$1 coin shipments have steadily declined. This decline is largely attributable to weakening collector demand. Depository institutions and retailers consider the \$1 coin more a collectible than legal tender for commerce. To overcome institutional, attitudinal and behavioral barriers to robust circulation of \$1 coins, the United States Mint developed a three-pronged strategy and began testing it in a four-city pilot program. In addition to standard public relations and advertising efforts, the focus is on retail activation by promoting usage directly with large-scale retailers. Achieving steady and sustained transactional demand for \$1 coins is critical to the long-term success of the \$1 Coin Program.
- *Rising Prices of Base Metals Leading to Higher Circulating Production Costs* - As previously stated, the steady and dramatic increases in the prices of zinc, copper, and nickel have increased the cost of producing circulating coinage. This is causing the penny and nickel to cost more than their face value on a per-unit basis. As a result, the United States Mint plans to work with Congress on legislation that would authorize the Secretary of the Treasury to approve alternative coinage materials to mitigate the effect of high metals prices. The United States Mint will continue to produce circulating coinage as currently mandated by Congress.
- *Fluctuating Prices of Precious Metals* – Steady and dramatic increases in prices for gold, silver, and platinum on commodity exchanges have affected numismatic operations. In the case of bullion coins designed for the investor marketplace, the cost of the metal is passed on to the consumer at the time of sale. The effect of rapid price fluctuations for metals as commodities spills over into the market for other numismatic products such as precious metal proof and uncirculated coins. The United States Mint has recently developed a new pricing model designed to address changes in metal prices. The model is transparent to our customers and matches our precious metal buying strategy to numismatic product selling patterns.
- *Conclusion of the 50 State Quarters® and DC and Territories Quarters Programs* – In recent years, there has been an increased demand for numismatic products – much of it because of the popularity of the 50 State Quarters Program. This program ended in 2008, and is followed by a one-year commemorative quarter program to honor the District of Columbia, and the Territories (Puerto Rico, Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands). New legislation for a follow-on program has been passed – America’s Beautiful National Parks Quarter Dollar Coin Act of 2008, which mandates a new rotational-design quarters program that will begin in 2010. While this legislation maintains the continuity of the program, it is not anticipated to evoke the demand and enthusiasm of the 50 State Quarters Program.

- *Meeting Coin Demand Under any Conditions* – Even in a fairly stable economic environment, there will always be variations from month-to-month and year-to-year in the level of coin production needed to enable commerce. Significant shifts in the monthly production levels of circulating coins create an unstable environment that is disruptive to the efficient operation of the manufacturing plants. The United States Mint will level production loads, while continuing to ensure sufficient production needed to enable commerce at any time. The United States Mint is establishing a strategic inventory of coins that will allow it to continue issuing coins during periods when demand exceeds production capacity, mitigate the effects of spikes in circulating coin demand, and will ensure continuity of operations if a disruption in minting processes should occur.

1C – Industry Outlook

With rising metal prices, reduced coin demand and an increased interest in numismatic and bullion products, the recent economy has had a certain effect on United States Mint future outlook. It has, for example, prompted a comprehensive appraisal of circulating coin production and distribution operations. The United States Mint is taking measures to ensure inventory levels are appropriate to respond to coin demand in any economic environment. Furthermore, while sales of numismatic and bullion products have been strong, 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 the following goals as our underlying foundation to address these challenges, today and in the future:

Establish and Reinforce the Exclusive Brand Identity of the United States Mint - The United States Mint is a well-known brand within the numismatic and coin collecting community. However, the United States Mint believes there are opportunities to improve its brand identity among members of the general public. Strengthening the United States Mint brand is essential to making numismatic products more accessible to the public and to the efforts to move \$1 coins from collectors' items to robust general circulation. The current strategic planning process encompasses the design and development of cost-effective programs to reinforce the United States Mint brand.

Create and Execute the Most Effective Coin and Medal Portfolio Strategy – The United States Mint has achieved substantial growth in its numismatic operations over the past several years. Recent legislation has established new coin programs that include products for circulation and for numismatic customers. A key element of the United States Mint strategy is to analyze current and historic products, reassess customer demand, and explore ethnic and geographic markets to develop the optimal product portfolio. A more optimal product portfolio will allow the United States Mint to better serve the needs of the collector marketplace, and will increase awareness and circulation of the new \$1 coin designs.

Achieve Greater Excellence in Coin and Medal Design - The United States Mint recognizes and embraces its responsibility to do more than merely produce coins and medals. Coins are one of the most visible, tangible representations of a nation. Thus, the United States Mint believes its products are exceptional artistic mediums for expressing the national character, memorializing the past, and embodying the future. While prior successes in coin and medal design are noteworthy, the United States Mint strives to reach new levels in design excellence. A concerted, agency-wide plan is necessary to enhance successful programs and realize greater achievements. By assembling exceptional talent, furthering technological advancement, and fostering designs that express the American spirit and values, the United States Mint intends to advance a neo-renaissance of beautiful coin and medal design.

Increase Operational Efficiency While Meeting the Highest Quality Standards - The United States Mint continually strives for efficient coin manufacturing and sales operations. Greater efficiency benefits the American public as well as the Bureau's customers. By reducing production and administrative costs, the United States Mint is able to transfer a larger amount of its excess proceeds from circulating coins to the Treasury General Fund. Greater productivity and efficiency also allow the Bureau to keep the sale price of its numismatic products as low as practicable for our customers.

The United States Mint is researching and developing new technologies and new materials to achieve greater capabilities and efficiencies, and to meet higher quality standards, in the design and manufacturing processes. Initiatives include implementing a new visioning system to mitigate the distribution of error coins to the public, assessing new technologies in digital engraving, and developing a plan to improve the response and capability of die manufacturing operations.

Develop Optimal Workforce and Workplace Culture - The United States Mint continues to strive to develop its workforce to ensure that each employee has the necessary knowledge, skills, and abilities to effectively and meaningfully contribute to the mission. Simultaneously, the Bureau is committed to providing its employees with a healthy and safe workplace that enables them to meet mission requirements in the most efficient and effective manner possible.

Section 2 – Budget Adjustments and Appropriation Language

2.2 – Operating Levels Table

Bureau: United States Mint	FY 2008 Obligated	FY 2009 Estimated	FY 2010 Estimated	% Change FY 2009 to FY 2010
FTE	1,908	1,947	1,979	1.64%
Object Classification:				
11.1 - Full-time permanent	125,795	138,363	143,665	3.83%
11.5 - Other personnel compensation	13,793	12,883	13,441	4.33%
12 - Personnel benefits	39,232	44,038	42,453	-3.60%
13 - Benefits for former personnel	406	1,758	1,695	-3.58%
21 - Travel and transportation of persons	3,080	3,541	3,414	-3.59%
22 - Transportation of things	37,597	29,471	28,410	-3.60%
23.1 - Rental payments to GSA	385	385	394	2.34%
23.2 - Rental payments to others	22,476	22,767	21,947	-3.60%
23.3 - Comm, utilities, and misc charges	14,001	15,781	15,213	-3.60%
24 - Printing and reproduction	4,282	5,502	5,304	-3.60%
25.1 - Advisory and assistance services	55,077	86,679	83,559	-3.60%
25.2 - Other services	61,197	96,310	92,843	-3.60%
25.3 - Other purchases of goods and services from Govt. accounts	9,908	15,593	15,032	-3.60%
25.5 - Research and development contracts	1,457	2,293	2,210	-3.62%
25.7 - Operation and maintenance of equip	18,068	28,434	27,410	-3.60%
26 - Supplies and materials	1,648,792	1,595,931	1,529,552	-4.16%
31 - Equipment	2,710	3,547	3,419	-3.61%
42 - Insurance claims and indemnities	4	110	106	-3.64%
43 - Interest and dividends	37	0	0	0.00%
Total Budget Authority	\$2,058,297	\$2,103,386	\$2,030,067	-3.49%
Budget Activities:				
Manufacturing	2,015,699	2,055,945	1,981,643	-3.51%
Protection	42,598	47,441	48,424	2.10%
Total Budget Authority	\$2,058,297	\$2,103,386	\$2,030,067	-3.49%

2.3 – Resource Detail Table

(Dollars in Thousands)

	FY 2008		FY 2009		FY 2010		% Change FY 2009 to FY 2010	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Budgetary Resources:								
Revenue / Offsetting Collections								
Circulating		\$666,944		\$644,013		\$1,027,054		59.48%
- DC & Territories Quarters		-		312,750		-		-100.00%
Commemorative Quarters (50 States)		627,575		104,250		-		-100.00%
Numismatic		1,505,987		1,519,254		1,422,346		-6.38%
Total Revenue / Offsetting Collections		\$2,800,506		\$2,580,267		\$2,449,400		-7.86%
Unobligated balances, Start of year		0		0		0		0.00%
Recoveries of prior year obligations		0		0		0		0.00%
BA: Offsetting Collections - Anticipated, without advance		0		0		0		0.00%
Total budgetary resources available		\$2,800,506		\$2,580,267		\$2,449,400		-7.86%
Expenditures/Obligations								
Circulating	401	559,782	409	363,829	733	588,497	79.22%	61.75%
- DC & Territories Quarters	0	0	234	184,059	0	0	0.00%	-100.00%
Commemorative Quarters (50 States)	305	378,997	78	61,353	0	0	0.00%	0.00%
Numismatic	859	1,076,920	876	1,446,704	890	1,395,699	1.60%	-3.53%
Protection	343	42,598	350	47,441	356	45,871	1.71%	-3.31%
Total Expenditures / Obligations	1,908	\$2,058,297	1,947	\$2,103,386	1,979	\$2,030,067	2.04%	2.19%
Capital Investments		\$34,499		\$36,810		\$38,512		
Net Results		\$742,209		\$476,881		\$419,333		-10.05%
Coin Shipments (In Millions)								
Circulating:								
One-Cent		5,272		5,715		4,805		
5-Cent		647		465		584		
Dime		1,070		1,078		1,383		
Quarter		2,510		1,668		1,248		
Half-Dollar		-		3		3		
Dollar		475		454		498		
Total Circulating		9,974		9,383		8,521		

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 [2009] 2010 under such section 5136 for circulating coinage and protective service capital investments of the United States Mint shall not exceed [\$42,150,000] \$26,700,000.</p>	

2C – Legislative Proposals

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

Section 3 – Budget and Performance Plan

This table lists all FY 2010 resources by strategic goal, objective and outcome outlined in the FY 2007-2012 Treasury Department Strategic Plan. The Treasury Strategic Plan is a corporate level plan for the Department that 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/offices/management/budget/strategic_plan.shtml

3.1 – Budget by Strategic Outcome

Dollars in Thousands

Treasury Strategic Outcome	FY 2009 Enacted	FY 2010 Request	Percent Change
U.S. notes & coins	2,103,386	2,030,067	-3.5%
Total	\$2,103,386	\$2,030,067	-3.5%

3A – 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

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. Circulating coinage includes the penny, nickel, dime, quarter-dollar, half-dollar and dollar. The United States Mint delivers the circulating coinage to the Federal Reserve Banks for distribution as demanded by commerce.

The current FY 2010 budget estimate includes resource needs of \$588 million to produce and ship 8.5 billion coins and generate \$1,027 million in face value.

By spending \$588 million on circulating coinage in FY 2010, the United States Mint will produce and ship approximately:

- 4.8 billion one-cent coins, generating face value of \$48.0 million,
- 0.6 billion five-cent coins, generating face value of \$29.2 million,
- 1.4 billion dime coins, generating face value of \$138.3 million,
- 1.2 billion quarter-dollar coins, generating face value of \$312.0 million,
- 498 million dollar coins, generating face value of \$498 million.

Beginning in 2009, the United States Mint will mint and issue six quarter-dollar coins to honor the District of Columbia and the five United States Territories: the Commonwealth of Puerto Rico, Guam, American Samoa, the United States Virgin

Islands, and the Commonwealth of the Northern Mariana Islands. These coins will be issued in equal sequential intervals in the order listed. Beginning in 2010 through 2020, 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.

Numismatic Program

The United States Mint 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.

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 precious metal content. Gold uncirculated coins are issued with one ounce of gold content. Silver proof and uncirculated coins are issued with one ounce of silver metal content. Platinum proof coins are issued with one ounce of platinum metal content.

Recurring programs include high quality, specially presented products based on circulating coinage. These products include proof sets, uncirculated sets, quarter sets, and \$1 Coin sets. These products are designed for mass appeal.

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 the designated recipient organizations for projects that benefit the community. In FY 2010, the United States Mint will produce the American Veterans Disabled for Life Commemorative Coin (P.L. 110-277) and the Boy Scouts of America Centennial Commemorative Coin (P.L. 110-363). Each program offers \$1 silver coins for sale to the public.

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 can be greatly affected 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.

In February 2009, the United States Mint began issuing the 2009 Ultra High Relief Double Eagle Gold Coin. This coin promises to fulfill Augustus Saint-Gaudens' vision of an ultra high relief coin that could not be realized in 1907 with his legendary Double Eagle liberty design.

The 2009 Ultra High Relief Double Eagle Gold Coin, which will be 24-karat gold, will reflect the very best product the United States Mint has to offer. This 21st century vision, combined with technological advances in digital design and die manufacturing, enables the United States Mint to realize the previously unattainable goal of making the coin accessible to all Americans.

The United States Mint looks forward to a new era of modern coinage and is eager to continue the tradition of embodying America's spirit and identity through our coins and medals. The coin is a uniquely American artistic expression — created by an American sculptor and crafted by an iconic American institution.

3.2.1 – Manufacturing Budget and Performance Plan

Manufacturing Budget Activity					
Resource Level	FY 2006 Obligated	FY 2007 Obligated	FY 2008 Obligated	FY 2009 Estimated	FY 2010 Estimated
Appropriated Resources	\$0	\$0	\$0	\$0	\$0
Reimbursable Resources	\$1,469,100	\$2,002,796	\$2,015,699	\$2,055,945	\$1,981,643
Total Resources	\$1,469,100	\$2,002,796	\$2,014,698	\$2,055,945	\$1,981,643

Budget Activity Total	\$1,469,100	\$2,002,796	\$2,014,698	\$2,055,945	\$1,981,643
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Manufacturing Budget Activity Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Target	FY 2010 Target
Conversion cost per 1000 Coin Equivalents (\$) (E)	7.55	7.23	8.46	N/A	N/A

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.

3B – 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.

Plans include efforts to leverage new technology to automate entry and exit procedures at United States Mint facilities. Innovative threat assessment strategies will continue to be pursued to effectively prevent and counteract any security threats against its operations.

3.2.2 – Protection Budget and Performance Plan

Protection Budget Activity					
Resource Level	FY 2006 Obligated	FY 2007 Obligated	FY 2008 Obligated	FY 2009 Estimated	FY 2010 Estimated
Appropriated Resources	\$0	\$0	\$0	\$0	\$0
Reimbursable Resources	\$36,917	\$47,007	\$42,598	\$47,441	\$48,424
Total Resources	\$36,917	\$47,007	\$42,598	\$47,441	\$48,424
Budget Activity Total	\$36,917	\$47,007	\$42,598	\$47,441	\$48,424
Protection Budget Activity Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Target	FY 2010 Target
Protection cost per square foot (\$) (E)	32.49	31.29	31.76	32.50	33.00

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

Description of Performance

Protection Cost per Square Foot - Protection cost per square foot is the Office of Protection's total operating cost divided by the United State's Mint's area of usable space, which is 90 percent of the total square footage. The cost per square foot provides a measure 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.

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

Human capital planning has become increasingly critical to the United States Mint in recent years because of declining employee satisfaction, the loss of key personnel to retirement and a changing operational environment. Concerted action is necessary to address these challenges and ensure the United States Mint is positioned to accomplish its mission, now and in the future. Human capital strategies and efforts continue to evolve and include the following:

- Employee Satisfaction Surveys - A semiannual “Employee Pulse-Check Survey” to measure employee satisfaction with the workplace. The results of the Employee Pulse-Check Survey are used to identify opportunities for improvement and to ensure continuous focus on employee satisfaction.
- Leadership Development Program (LDP) - All supervisors, managers and executives attend training sessions focused on management essentials such as communication, teamwork, conflict resolution, human resources and equal employment opportunity responsibilities. Based on the program’s success, the United States Mint plans to implement a three-phased LDP emphasizing interpersonal skills, management change, strategic thinking, and organizational development. By continuing to develop effective and committed leaders, communication will be strengthened across the agency, and a more supportive work environment can be built for all employees.
- Manufacturer Certification and Apprenticeship Program (MCAP) - The MCAP is an on-the-job training and certification program for wage-grade employees in the coin and die divisions of the Philadelphia and Denver facilities. This program addresses the concern that nearly half of the current United States Mint’s workforce will be eligible for retirement in the next five years. The program combines all currently specialized lower grade jobs in two higher grade positions which incorporate all functions necessary to produce either coins or dies. This program is intended to result in a highly skilled and flexible manufacturing workforce. Depending on its success in Philadelphia and Denver, the MCAP may be expanded to other production facilities in the future.
- Preparing for the Future - The United States Mint is assessing its skills and resources necessary to achieve its mission now and in the future. Supervisors and managers identified the ten critical job-related skills needed for each occupation they oversee as well as secondary skills, knowledge and abilities necessary for each occupation. Comparing current with desired skills indicates any gaps to be addressed. This skills gap assessment will guide training and recruiting efforts in upcoming fiscal years. Additional assessments will be conducted in future years to evaluate progress in closing skill gaps.

4.1 – Summary of IT Resources Table

Dollars in Thousands

Information Technology Investments		FY 2008	% Change	FY 2009	% Change	FY 2010	% Change
Major IT Investments / Funding Source		Obligations	from FY07 to FY08	Estimated	from FY08 to FY09	Estimated	from FY09 to FY10
Retail Sales System	Manufacturing and Sales	\$4,900	2.1%	\$9,925	102.6%	\$11,142	12.3%
Subtotal, Major IT Investments		\$4,900	2.1%	\$9,925	102.6%	\$11,142	12.3%
Non-Major IT Investments		\$4,469	-0.7%	\$6,694	49.8%	\$4,700	-29.8%
Infrastructure Investments		\$29,029	-32.2%	\$47,236	62.7%	\$33,795	-28.5%
Enterprise Architecture		\$2,059	58.4%	\$1,459	-29.1%	\$930	-36.3%
Total IT Investments		\$40,457	-24.2%	\$65,314	61.4%	\$50,567	-22.6%

4B – Information Technology Strategy

The United States Mint is a manufacturing agency whose primary mission is to produce coinage to effectively enable commerce. As such, capital investment requirements are predominantly for manufacturing-type equipment, rather than information technology (IT) purchases, as reflected in the chart below.

The United States Mint's capital projects are focused on improving processes, developing new coin design capabilities, and expanding information handling. These investments are designed to reduce costs, shorten the overall time from product concept to production, and achieve greater flexibility to respond to shifts in market demands. The following major IT investment is planned for 2010:

Integrated Retail Information System (IRIS) - Formerly the Retail Sales System (RS2), IRIS was developed in response to a growing need to meet the rapidly expanding numismatic market and provides a more efficient and customer-focused sales system that incorporates all sales channels seamlessly and leverages technology effectively. IRIS was designed to meet high public demand for E-Government services and provide an easy and secure way for customers to order products directly from the United States Mint. An integrated mail order and cataloging system supports the United States Mint's core mission as well as the President's E-Government initiative.

Major Investments	FY 2008 Obligations	FY 2009 Estimated	FY 2010 Estimated
Circulating & Protection Capital Investments			
Circulating Information Technology	0.345	1.847	2.763
Circulating Building Improvements	10.421	3.328	3.015
Circulating Equipment	2.190	4.610	6.674
Protection	0.245	7.000	8.000
Total Circulating and Protection	13.201	16.785	20.452
Numismatic Capital Investments			
Numismatic Information Technology	1.133	0.891	0.779
Numismatic Building Improvements	6.199	10.004	5.681
Numismatic Equipment	13.966	9.130	11.6
Total Numismatic	21.298	20.025	18.060
Total Capital Investments	34.499	36.810	38.512

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.

The 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. Therefore, no additional budget authority is needed in FY 2010 for capital investments.

4.2 – Program Assessment Table

Program Name: Coin Production
OMB Major Findings/Recommendations <ol style="list-style-type: none">1. The Mint has established performance measures focused on customer satisfaction and improving cost efficiencies. For instance, the Mint reports the results of a Federal Reserve Board Customer Satisfaction survey.2. The Mint needs to improve customer satisfaction survey scores.3. The Mint has shown some efficiency improvements in achieving reduced manufacturing costs. The Mint has achieved a 19 percent reduction in manufacturing costs since 1997.
Bureau Actions Planned or Underway <ol style="list-style-type: none">1. Reducing the maintenance down time of coin manufacturing machinery.2. Competing customer service and order mailing staff to determine if contractors could handle these functions more efficiently.3. Establishing a performance target to reduce the time required to process raw materials into produce coins.

Program Name: Numismatic Program
OMB Major Findings/Recommendations <ol style="list-style-type: none">1. The program has made enormous strides over the past several years to streamline the production of numismatic products. Between 1999 and 2003, the Mint reduced costs by 38 percent and reduced workforce by 50 percent. During that same time period, production levels increased by 46 percent.2. The Mint has an excellent internal management structure that is able to receive and analyze real-time financial, production, and other operating data on a daily basis. This enables the Mint to respond quickly to changing production and customer demand.3. The Mint is making significant progress toward meeting its inventory turnover target of 4.2 in 2005, which reflects the number of times per year the Mint works through its inventory. This measure improved 27 percent from 1.96 in 2003 to 2.48 in 2004. By improving performance, the Mint reduces costs associated with inventory and the production planning process runs more efficiently.
Bureau Actions Planned or Underway <ol style="list-style-type: none">1. Continuing substantial progress toward reaching the Mint's target goal for inventory turnover.2. Continuing to streamline the production of numismatic products in order to reduce costs and improve efficiency.

Program Name: Protection Program
OMB Major Findings/Recommendations <ol style="list-style-type: none">1. The United States Mint has developed adequate long-term performance measures with ambitious targets and timeframes. The Mint's target for total losses is \$250,000 in 2005 and \$0 in 20102. The United States Mint's Protection program has a clear purpose, is well planned, and managed effectively. However, it is somewhat duplicative of other Federal efforts aimed at protecting money, such as the Bureau of Engraving and Printing, and the Federal Reserve Police forces.3. The United States Mint regularly achieves its annual performance goals and works with other law enforcement partners to assess threat levels and assist in achieving future goals. The United States Mint is a participant in the multi-agency Counter-Terrorism Program.
Bureau Actions Planned or Underway <ol style="list-style-type: none">1. Continue to assess and implement ways in which the cost of protection per square foot can be minimized.2. Continue to improve employee confidence in the United States Mint protection program.

For a complete list of program results visit the following website:

<http://www.whitehouse.gov/omb/expectmore/all.html>