

# 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.

## Program Summary by Budget Activity

Dollars in Thousands

United States Mint	FY 2007	FY 2008	FY 2009		
	Obligated	Estimated	Estimated	\$ Change	% Change
Manufacturing	\$1,770,265	\$2,129,806	\$2,079,192	(\$50,614)	-2.38%
Protection	43,943	45,520	46,624	1,104	2.43%
<b>Total Resources</b>	<b>\$1,814,208</b>	<b>\$2,175,326</b>	<b>\$2,125,816</b>	<b>(\$49,510)</b>	<b>-2.28%</b>
Capital Investments (Not included in Total Resources Above)	\$22,654	\$44,763	\$37,116	(\$7,642)	-17.0%

## FY 2009 Priorities

- Efficiently and effectively produce and distribute approximately 15.4 billion coins to meet demand for circulating coins during FY 2009 to effectively enable commerce, an important strategic objective for the Department of the Treasury's manufacturing activities.
- Mint and issue Presidential \$1 Coins for circulation to honor Presidents Martin Van Buren, William Henry Harrison, John Tyler and James K. Polk.
- Continue to produce and ship other Presidential \$1 Coin Act products, including the 24-Karat First Spouse Gold Bullion Coins and 24-Karat American Buffalo Gold Bullion Coins, and to mint and issue Native American \$1 Coins.
- Produce and distribute new 2009 coin and commemorative programs including redesigned one-cent coin, new quarters and the Lincoln and Braille commemorative programs.
- Produce and distribute recurring numismatic 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.

## Table of Contents

<b>Section 1 – Purpose</b> .....	<b>1</b>
1A – Description of Bureau Vision and Priorities .....	1
1B – Program History and Future Outlook.....	1
1C – Industry Outlook .....	3
<b>Section 2 – Budget Adjustments and Appropriation Language</b> .....	<b>5</b>
2.2 – Operating Levels Table.....	5
2.3 – Resource Detail Table.....	6
2B – Appropriations Language and Explanation of Changes.....	6
2C – Legislative Proposals .....	6
<b>Section 3 – Budget and Performance Plan</b> .....	<b>7</b>
3.1 – Budget by Strategic Outcome .....	7
3A – Manufacturing.....	7
3.2.1 – Manufacturing Budget and Performance Plan.....	10
3B – Protection .....	11
3.2.2 – Protection Budget and Performance Plan .....	11
<b>Section 4 – Supporting Materials</b> .....	<b>13</b>
4A – Human Capital Strategy Description .....	13
4.1 – Summary of IT Resources Table .....	14
4B – Information Technology Strategy .....	15
4.2 – PART Evaluation Table.....	16

## **Section 1 – Purpose**

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### **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 holding down costs, streamlining operations, and providing value to the American people. Every coin and medal that the United States Mint makes should represent something great about America; (the workers that made it, the flawless quality of "Made in America", and the beautiful designs).

The United States Mint has established the following strategic goals for achieving its mission in line with this vision:

- 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 been operating 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.

The United States Mint's consolidated earned revenue, plus other financing sources (seigniorage), increased to \$2.6 billion in FY 2007 from \$2.3 billion in FY 2006. These results reflect increases in the demand for both circulating and numismatic products. As a result of operations, the United States Mint transferred \$825 million to the Treasury General Fund in FY 2007, compared with \$750 million in FY 2006. This increase is primarily attributable to the release of the first three Presidential \$1 Coins.

Although the challenge of rising metal prices continued to burden the United States Mint's circulating coinage operations in FY 2007, the face value of circulating coins shipped to the Federal Reserve increased to \$1,727.8 million, \$455.9 million higher than \$1,271.9 million in FY 2006. The average market prices through September 2007 for copper, nickel, and zinc increased 7 percent, 78 percent, and 23 percent, respectively, from FY 2006. Rising metal prices have had a significant effect on circulating coinage results and are causing the one-cent coin (penny) and

5-cent coin (nickel) to cost more than their face value to manufacture on a per-unit basis. The United States Mint has been working with the Department of the Treasury and Congress to keep the public informed and to examine alternatives that could mitigate the effect that current metal prices are having on the circulating coinage. In July 2007, the Administration transmitted to Congress a United States Mint legislative proposal that would allow the Secretary of the Treasury to change the composition of coins to less expensive materials. As a result, the “Coinage Materials Modernization Act of 2007” (H.R. 3330 and S. 1986) was introduced. Changing the composition of pennies and nickels to less expensive materials could save the United States Treasury approximately \$100 million a year without compromising the utility of these coins.

The United States Mint’s numismatic and bullion operations’ sales to the public decreased to \$907.6 million from \$1.052 billion in FY 2006. The decrease is attributable to a decline in bullion coin demand.

The United States Mint is positioning itself for a future environment that is expected to bring new challenges and opportunities. Future success depends on further developing coin production expertise, increasing organizational flexibility, and implementing new production technology. To achieve this, innovative new technologies and materials are being considered to increase capability and agility in the design and manufacture of new products and to streamline administrative and related support services.

### *Challenges*

United States Mint operations face key challenges. The new products legislated by the Presidential \$1 Coin Act of 2005, coupled with efforts for the core recurring numismatic products, offer the public many new opportunities for collections, gifts, or investments. Some of the key challenges the United States Mint expects to face in the coming years are:

- Promoting Robust Circulation of \$1 Coins – While first-year orders for the Presidential \$1 Coins approached 1 billion, the coins have not yet entered into general circulation. The United States Mint is finalizing plans to educate more vendors, transit agencies, retailers and citizens on the utility of the \$1 coin to promote general circulation. In addition, continued efforts are needed to facilitate the most efficient and effective distribution from the United States Mint and Federal Reserve into the hands of consumers.
- Rising Prices of Metal Leading to Higher Production Costs – Steady and dramatic increases in the prices of zinc, copper, and nickel have increased the cost of producing circulating coinage. This is causing the one-cent and 5-cent coins to cost more than their face value on a per-unit basis. As a result, the Department of the Treasury is working with Congress to explore alternatives to mitigate the effect of high metals prices, and legislation has been introduced to allow the Secretary of the Treasury to change the metal composition of coins.
- Conclusion of the 50 State Quarters® Program – In recent years, there has been an increased demand for numismatic products – much of it because of the popularity of the 50 State Quarters products. However, this numismatic product line will cease when the 50 State Quarters Program ends in December 2008.

## **1C – Industry Outlook**

Historic coin production levels reflect a long-term underlying increase in the need for circulating coins. While demand in individual years may fluctuate, the United States Mint sees a future in which the demand for circulating coinage is relatively stable from year to year. In this environment, there is opportunity for growth with numismatic coins, as evidenced by the popularity of circulating commemorative programs such as the 50 State Quarters Program and the Westward Journey Nickel Series™. To position operations to accommodate new designs and new products, it is necessary to analyze the market and communicate with the public, in addition to developing the production techniques and capacity.

United States Mint plans for addressing these challenges include the following:

### *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, but its brand identity among the general public and in the commercial marketplace is less pervasive. Strengthening the United States Mint brand is essential to building the numismatic business line. The current strategic planning process encompasses the design and development of cost-effective programs to build the United States Mint brand image into one of the most recognized names in the marketplace. At the same time, the United States Mint will strive to improve customer satisfaction.

### *Create and execute the most effective coin and medal portfolio strategy*

The United States Mint has had substantial growth in its numismatic business over the past several years. While circulating coin demand has remained stable, there are many opportunities to expand the numismatic business to meet the needs of the public. 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. The United States Mint will then create and execute a portfolio strategy that not only meets the needs of the collector marketplace, but also leads to an increased customer base and increased units sold with lower customer acquisition costs.

### *Achieve greater excellence in coin and medal design*

Programs such as the Artistic Infusion Program (AIP) have proven very successful and have increased the quality of designs significantly. The AIP was launched in 2004 to enrich and invigorate the design of the nation's coins and medals. The artists, selected from a nationwide competition, represent a broad range of disciplines from illustration drawing, sculpture, painting, and graphic design. Several Master Designer artists who have been with the program for a number of years have developed into top performers earning an impressive list of design credits. The United States Mint's goal is to continue to develop and mentor new and existing AIP artists to become successful coin and medal designers.

In addition, the United States Mint is placing more emphasis on coinability requirements and has raised the standards for excellence in design overall. Most notably, great strides are being made in the development of 2D digital design and 3D digital sculpting, resulting in consistently higher quality coins and medals.

During the American Numismatic Association convention held in August 2007, the United States Mint received the prestigious “Coin of the Year” award for its Marine Corps 230<sup>th</sup> Anniversary Silver Dollar. Coins from throughout the world are selected on the basis of excellence in artisanship, practicality, and general appeal. With greater emphasis placed on excellence in design, more design awards are anticipated in the near future.

While prior successes in coin and medal design are noteworthy, the United States Mint strives to reach new levels in coin design excellence. By assembling the right talent, providing the right inspiration, communicating American values and evoking the American spirit, the United States Mint will introduce a new era in coin and medal design.

### *Increase operational efficiency while meeting the highest quality standards*

The United States Mint continually strives to improve production and administrative efficiencies. With new designs such as the Presidential \$1 Coin products, it is necessary to have the shortest time to take a coin from authorizing legislation to the finished product for sale. It also maximizes the availability of coins for purchase by the public.

- The United States Mint is researching and developing new technologies and new materials to achieve greater capabilities and efficiencies in the design and manufacturing processes. Initiatives include establishing a technology center at the United States Mint at Philadelphia, assessing new technologies in digital engraving, and developing a plan to improve the response and capability of die manufacturing operations. These initiatives are designed to improve quality and lower the costs per coin.
- Coin manufacturing positions are under review to create a more efficient and effective position management structure. This includes developing a coin and die competency-based certification program to ensure skill proficiency now and for the future.

### *Develop optimal workforce and workplace culture*

- The United States Mint is positioning itself to meet current and future challenges by ensuring its workforce has the necessary skills to perform the duties of the future and to be engaged in accomplishing the mission of the United States Mint. The United States Mint is working towards improving standings in workplace surveys so that all employees contribute and feel valued for their contribution. The United States Mint is committed to ensuring a safe work environment for its employees. While the current accident rate is already low compared to industry standards, the United States Mint will strive to improve on this safety record whenever possible.
- Projected Full Time Equivalent (FTE) levels for both FY 2008 and FY 2009 are increasing slightly to 2,071 and 2,065 from 1,944 actual usage in FY 2007. This reflects increases at the manufacturing facilities to keep up with increased production of new and ongoing programs.

## Section 2 – Budget Adjustments and Appropriation Language

### 2.2 – Operating Levels Table

Dollars in Thousands

Bureau: United States Mint	FY 2007 Obligated	FY 2008 Estimated	FY 2009 Estimated
<b>FTE</b>	<b>1,944</b>	<b>2,071</b>	<b>2,065</b>
<b>Object Classification:</b>			
11.1 - Full-time permanent	118,587	137,207	141,712
11.3 - Other than full-time permanent	0	0	0
11.5 - Other personnel compensation	21,098	15,157	14,987
11.8 - Special personal services payments	0	0	0
12 - Personnel benefits	27,892	44,609	45,960
13 - Benefits for former personnel	883	1,055	125
21 - Travel and transportation of persons	3,235	3,436	3,509
22 - Transportation of things	26,088	28,933	28,803
23.1 - Rental payments to GSA	592	407	408
23.2 - Rental payments to others	13,874	17,584	17,888
23.3 - Comm, utilities, and misc charges	12,959	22,800	23,988
24 - Printing and reproduction	3,167	4,370	4,372
25 - Other contractual Services	0	0	0
25.1 - Advisory and assistance services	44,842	77,413	61,550
25.2 - Other services	29,722	84,805	67,429
25.3 - Other purchases of goods and services from Govt. accounts	0	12,175	12,283
25.4 - Operation and maintenance of facilities	0	0	0
25.5 - Research and development contracts	0	3,000	2,443
25.6 - Medical care	0	0	0
25.7 - Operation and maintenance of equip	21,883	26,408	20,996
25.8 - Subsistence and support of persons	0	0	0
26 - Supplies and materials	1,481,202	1,693,715	1,677,088
31 - Equipment	8,160	2,147	2,165
32 - Land and structures	0	0	0
33 - Investments and loans	0	0	0
41 - Grants, subsidies, and contributions	0	0	0
42 - Insurance claims and indemnities	24	105	110
43 - Interest and dividends	0	0	0
44 - Refunds	0	0	0
<b>Total Budget Authority</b>	<b>\$1,814,208</b>	<b>\$2,175,326</b>	<b>\$2,125,816</b>
<b>Budget Activities:</b>			
Manufacturing	1,770,265	2,129,806	2,079,192
Protection	43,943	45,520	46,624
<b>Total Budget Authority</b>	<b>\$1,814,208</b>	<b>\$2,175,326</b>	<b>\$2,125,816</b>

## 2.3 – Resource Detail Table

	FY 2007 Actual		FY 2008 Estimated		FY 2009 Estimated		% Change FY 2008 to FY 2009	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
<b>Budgetary Resources:</b>								
<b>Revenue / Offsetting Collections</b>								
Circulating		\$1,049,977		\$974,250		\$1,442,940		48.11%
Commemorative Quarters		677,800		748,000		165,500		-77.87%
Numismatic		907,572		1,117,412		1,065,033		-4.69%
<b>Total Revenue / Offsetting Collections</b>		<b>\$2,635,349</b>		<b>\$2,839,662</b>		<b>\$2,673,473</b>		<b>-5.85%</b>
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%
<b>Total budgetary resources available</b>		<b>\$2,635,349</b>		<b>\$2,839,662</b>		<b>\$2,673,473</b>		<b>-5.85%</b>
<b>Expenditures/Obligations</b>								
Circulating	435	472,088	438	613,827	699	923,603	59.59%	50.47%
Commemorative Quarters	323	353,241	330	417,547	83	106,858	-74.85%	-74.41%
Numismatic	818	944,936	920	1,098,432	900	1,048,732	-2.17%	-4.52%
Protection	368	43,943	383	45,520	383	46,624	0.00%	2.43%
<b>Total Expenditures / Obligations</b>	<b>1,944</b>	<b>\$1,814,208</b>	<b>2,071</b>	<b>\$2,175,326</b>	<b>2,065</b>	<b>\$2,125,816</b>	<b>-0.29%</b>	<b>-2.28%</b>
Capital Investments		\$22,654		\$44,763		\$37,116		
<b>Net Results</b>		<b>\$821,141</b>		<b>\$664,336</b>		<b>\$547,657</b>		<b>-3.58%</b>
<b>Coin Shipments (In Millions)</b>								
<b>Circulating:</b>								
One-Cent		8,080		7,660		8,079		
Five-Cent		1,306		1,451		1,413		
Dime		2,342		2,771		2,710		
Quarter		2,799		2,992		2,648		
Half-Dollar		2		6		6		
Dollar		896		545		521		
<b>Total Circulating</b>		<b>15,425</b>		<b>15,425</b>		<b>15,377</b>		
Numismatic		13		14		12		
Bullion		10		10		10		

## 2B – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
<p style="text-align: center;">DEPARTMENT OF THE TREASURY UNITED STATES MINT PUBLIC ENTERPRISE FUND</p> <p style="text-align: center;">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 [2008]2009 under such section 5136 for circulating coinage and protective service capital investments of the United States Mint shall not exceed [\$33,200,000]\$42,150,000. (<i>Department of the Treasury Appropriations Act, 2008.</i>)</p>	

## 2C – Legislative Proposals

The United States Mint has no legislative proposals for FY 2009.



## Section 3 – Budget and Performance Plan

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This table lists all FY 2009 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](http://www.treasury.gov/offices/management/budget/strategic_plan.shtml)

### 3.1 – Budget by Strategic Outcome

Dollars in Thousands

TREASURY Strategic Outcome	FY 2008 Estimated AMOUNT	FY 2009 Estimated AMOUNT	Percent Change AMOUNT
U.S. notes & coins	2,175,326	2,125,816	-2.3%
<b>Total</b>	<b>\$2,175,326</b>	<b>\$2,125,816</b>	<b>-2.3%</b>

**3A – Manufacturing** (\$2,079,192,000 from reimbursable programs): The United States Mint manufactures and sells products. For budget reporting purposes, these products are grouped into three programs: Circulating Coinage, 50 State Quarters, and Numismatic.

#### Circulating Program

Circulating Coinage includes the one-cent coin, 5-cent coin, dime, half-dollar and dollar used to enable the conduct of trade and commerce. The focus of this mission is to produce coins for circulation to meet the needs of the United States in a cost efficient and safe manner using state-of-the-art manufacturing technology and equipment. The United States Mint delivers the circulating coinage to the Federal Reserve Bank for distribution.

The current FY 2009 budget estimate includes resource needs of \$924 million to produce and ship 14.7 billion coins and generate \$1.443 billion in face value (excluding 50 State Quarters).

By spending \$924 million on circulating coinage in FY 2009, the United States Mint will produce and ship approximately:

- 8.1 billion one-cent coins with an aggregate value of \$81 million,
- 1.4 billion 5-cent coins with an aggregate value of \$71 million,
- 2.7 billion dime coins with an aggregate value of \$270 million,
- 2.0 billion quarter-dollar coins (non-50 State Quarters coins) with an aggregate value of \$500 million,
- 521 million dollar coins with an aggregate value of \$521 million.

### *50 State Quarters® Program*

A significant component of operations is the 50 State Quarters Program, which began in 1999 to commemorate and honor each of the 50 states over a ten-year period. Five new commemorative quarter-dollar coins are produced each year. Each quarter's reverse celebrates one of the 50 states with a design honoring that state's unique history, traditions, and symbols. The quarters are released in the same order in which the states ratified the United States Constitution or were admitted into the Union. The releases for calendar year 2008 quarters are Oklahoma, New Mexico, Arizona, Alaska and Hawaii. The quarters are circulating coins; however, by statute, the revenue from this program is considered numismatic for budgetary reporting purposes. The Program is displayed separately in the narrative and the financial schedules to present a clearer picture of its impact. The 50 State Quarters Program will come to an end in December 2008. During the first three months of FY 2009, the United States Mint will continue to produce 2008 50 State Quarters. The United States Mint plans to spend \$107 million to produce and ship approximately 664 million 50 State Quarters coins, generating revenues of \$166 million dollars in FY 2009.

### *Impact of the FY 2008 Consolidated Appropriations Act on Mint*

A provision of the FY 2008 Consolidated Appropriations Act, Public Law (P.L. 110-161) authorizes the Secretary of the Treasury to issue a series of circulating commemorative quarter-dollar coins in calendar year 2009 with reverse designs emblematic of the District of Columbia and each of the United States Territories. In 2009, six quarter-dollar coins will be minted and issued by the United States Mint in honor of 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.

Public Law (P.L. 110-161) also includes an amendment to move the inscription "In God We Trust" from the edge of the Presidential \$1 Coins and Native American \$1 Coins to the face.

### *Numismatic Program*

The Numismatic program includes six types of coin products, which the United States Mint markets and sells to the public, including (1) Bullion Coins, (2) American Eagle Proof Coins, (3) 24-Karat Gold Proof Program, (4) Recurring Coin Programs, (5) Commemorative Coins, and (6) Medals. The program focuses on providing quality products and services, expanding markets and supporting the long-term objectives. The current FY 2009 budget estimate includes resource needs of \$1,049 million to generate \$1,065 million in revenues from the sale of these products.

Bullion coins are largely bought by precious metal dealers and sold to consumers who desire precious metals as part of an investment portfolio. Gold and platinum bullion coins are issued with one-tenth, one-quarter, one-half or one ounce precious metal content. Silver bullion coins are issued with one ounce of silver metal content. 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. As required by law, in 2006, new 24-karat gold bullion coins were introduced as part of the American Buffalo Gold Coin Program, and the coins in this program complement the popular 22-Karat gold bullion coins. 24-karat (99.99 percent fineness) has become the global standard for gold investment coins. The new coins give investors

a second option to purchase gold bullion coins whose content and purity are backed by the United States Government in the global precious metal market.

American Eagle Proof Coin products include platinum, gold, and silver and are issued in proof quality. Gold and platinum proof coins are issued with one-tenth, one-quarter, one-half or one ounce precious metal content. Silver proof coins are issued with one ounce of silver metal content. The proof quality coins are considered numismatic products and are sold directly to consumers from the United States Mint, either as individual coins or in sets.

The 24-Karat Gold Proof coins are collector versions of the official United States Mint American Buffalo Gold Bullion Coins and are available in limited mintages. The obverse features a profile of a Native American. The reverse features an American Buffalo. These are the first 24-karat gold coins ever issued by the United States Government.

The First Spouse Program, which honors our nation's first spouses in the order they served as first spouses, is also a feature product of the 24-karat gold coins produced by the United States Mint. These one-half ounce gold coins are issued on the same schedule as the Presidential \$1 Coins.

Recurring products are circulating-derived products, such as proof sets; uncirculated sets; silver proof sets; and rolls and bags of quarter-dollars, half-dollars, and dollars. 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. For example, the American Bald Eagle Recovery and National Emblem Commemorative Coin Act (Public Law 108-486, dated December 23, 2004), requires the United States Mint to produce three coins in 2008 – one gold, one silver and one clad coin – to celebrate the recovery and restoration of the American bald eagle, the national symbol of the United States.

The United States Mint also produces national medals—selective awards authorized by Congress—to commemorate significant historical events of the nation, or to honor those persons whose superior deeds and achievements have enriched our history, or the world. Some are produced as part of a continuing series, such as the Presidents of the United States, Secretaries of the Treasury, Directors of the Mint, and Historic Buildings of the United States.

### 3.2.1 – Manufacturing Budget and Performance Plan

Manufacturing Budget Activity					
Resource Level	FY 2005 Obligated	FY 2006 Obligated	FY 2007 Obligated	FY 2008 Estimated	FY 2009 Estimated
Appropriated Resources	\$0	\$0	\$0	\$0	\$0
Reimbursable Resources	\$979,159	\$1,469,100	\$1,770,265	\$2,129,806	\$2,079,192
<b>Total Resources</b>	<b>\$979,159</b>	<b>\$1,469,100</b>	<b>\$1,770,265</b>	<b>\$2,129,806</b>	<b>\$2,079,192</b>

<b>Budget Activity Total</b>	<b>\$979,159</b>	<b>\$1,469,100</b>	<b>\$1,770,265</b>	<b>\$2,129,806</b>	<b>\$2,079,192</b>
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Manufacturing Budget Activity					
Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2009 Target
Cost per 1000 Coin Equivalents \$(E)	\$7.42	\$7.55	\$7.23	Discontinued	Discontinued
Cost per 1000 Coin Equivalents (% Deviation From target)(E)	N/A	N/A	N/A	0.00%	0.00%
Order Fulfillment %(Oe)	94.00%	95.00%	98.00%	Discontinued	Discontinued

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

Because of the creation of a new United States Mint Strategic Plan, new performance measures are currently under development. The new measures tie to the strategic goals listed at the beginning of this document. The performance measures listed below are measures that were previously tracked, some of which may not be used in the future.

#### *Description of Performance:*

##### **Conversion Cost per 1,000 Coin Equivalents**

The United States Mint's costs vary by product, and the product mix has been variable over time. This makes it difficult to compare operating results from year to year. The coin equivalent calculation converts the production output to a common denominator based on the circulating quarter. Production costs, excluding metal and fabrication, are then divided by this standardized production level, thus resulting in "conversion costs per 1,000 coin equivalents." This metric allows comparison of performance over time by negating the effects of changes in the product mix. Starting in FY 2008, the target and results will be presented as a percentage difference from the baseline in order to allow for the impact of fixed costs as they get spread over varying levels of production. The dollar value of the target is then dependent upon the actual volume of coin equivalents produced. For example, at a production level of 21.9 billion coin equivalents, the baseline cost target would be \$7.51 per 1,000 coin equivalents. The conversion cost per 1,000 coin equivalents through September FY 2007 was \$7.23, an improvement over the FY 2006 result of \$7.55. The performance measure met the FY 2007 target of \$7.27.

##### **Order fulfillment**

Overall order fulfillment is tracked for the circulating coins shipped to the Federal Reserve and the numismatic coins sold to the public. Order fulfillment is an important aspect of the United States Mint's operations. On-time fulfillment of Federal Reserve orders ensures adequate inventory of coins available for commerce. One important component of customer satisfaction with numismatic coin products is the timely fulfillment of orders. Both components are weighted by their respective share of the total revenues and other financing sources. Order fulfillment through FY 2007 was 98 percent, an increase from 95 percent in FY 2006. This means that 98 percent of the United States Mint's revenue and other financing sources through FY 2007 were

earned from products that were shipped to the customer in a timely fashion, meeting the target of 96 percent.

As previously mentioned, new performance measures are currently under development and the Order Fulfillment measure will be discontinued after FY 2007.

**3B – Protection** (*\$46,624,000 from reimbursable programs*): The United States Mint secures over \$100 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 coordinating 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 2005 Obligated	FY 2006 Obligated	FY 2007 Obligated	FY 2008 Estimated	FY 2009 Estimated
Appropriated Resources	\$0	\$0	\$0	\$0	\$0
Reimbursable Resources	\$34,984	\$36,917	\$43,943	\$45,520	\$46,624
<b>Total Resources</b>	<b>\$34,984</b>	<b>\$36,917</b>	<b>\$43,943</b>	<b>\$45,520</b>	<b>\$46,624</b>

<b>Budget Activity Total</b>	<b>\$34,984</b>	<b>\$36,917</b>	<b>\$43,943</b>	<b>\$45,520</b>	<b>\$46,624</b>
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Protection Budget Activity Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2009 Target
Protection Cost Per Square Foot (\$) (E)	\$32.43	\$32.49	\$31.75	\$32.11	\$32.00
Total Losses (\$) (Oe)	\$1,135	\$0	\$0	\$5,000	\$2,000

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 area of usable space, which is 90 percent of the total square footage. The cost per square foot provides a measurement of efficiency over time. The 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 or removal of a facility. Protection cost per square foot through September 2007 was \$31.75, a decrease from \$32.49 in FY 2006, meeting the performance target of \$32.99.

### **Total Losses**

The United States Mint performs its protection function by minimizing the vulnerability to theft and preventing unauthorized access to critical assets. Total losses measures the dollar amount of losses incurred in cases that have been investigated and closed. The total losses measure includes three categories of losses:

- *Financial Losses*: intentional monetary losses, thefts or fraud from metal reserves, produced coinage, retail sales and other administrative losses
- *Cost of Intrusions*: the cost of repair or recovery from an intentional intrusion, either electronically or physically, into United States Mint systems and facilities
- *Productivity Losses*: the cost of intentional damage or destruction to production capabilities, including related costs for continuity of operations

At the end of FY 2007, the United States Mint initiated a review to examine the policies and procedures that serve as the basis for this measure. The FY 2007 result for the Total Losses measure is pending the outcome of this review. The review is expected to be completed during FY 2008, and the results for FY 2007 will be published in subsequent budget reports and in the FY 2008 annual report.

For detailed information about each performance measure, including definition, verification and validation, please go to:

<http://www.treasury.gov/offices/management/dcfo/accountability-reports/2007-par.shtml>

## **Section 4 – Supporting Materials**

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### **4A – Human Capital Strategy Description**

The United States Mint’s human capital strategies and efforts continue to evolve and include the following initiatives:

- Creating a leadership development program to develop highly skilled supervisors and leaders and proactively plan for succession
- Developing a coin and die competency-based certification program to ensure skill proficiency now and for the future
- Ensuring employees are engaged in the mission

As of September 2007, 46 percent of the United States Mint’s workforce is, or will become, eligible for retirement before FY 2011. Four mission-critical occupations are most affected by imminent retirements and lack of technical expertise and skills: Metal Forming Machine Operators, Coin Assembly Machine Operators, Toolmakers, and Production Machinery Mechanics.

To mitigate this challenge, the United States Mint is developing a Coin and Die Manufacturer Certification Program. Its purpose is to build teams of multi-skilled workers in order to provide more flexibility and efficiency in operations, to identify skills needed for the future and plan for acquiring these skills, and to develop a career ladder program to provide a vehicle for further advancement.

#### 4.1 – Summary of IT Resources Table

Dollars in Thousands

Information Technology Investments							
Major IT Investments / Funding Source	Budget Activity	FY 2006 & Earlier Obligated 1/	FY 2007 Obligated	% Change from FY06 to FY07	FY 2008 Estimated	% Change from FY07 to FY08	FY 2009 Estimated
Retail Sales System	Manufacturing	\$4,800	\$4,850	1.0%	\$4,900	1.0%	\$4,900
<b>Subtotal, Major IT Investments</b>		<b>\$4,800</b>	<b>\$4,850</b>	<b>1.0%</b>	<b>\$4,900</b>	<b>1.0%</b>	<b>\$4,900</b>
<b>Non-Major IT Investments</b>		<b>\$4,600</b>	<b>\$4,540</b>	<b>-1.3%</b>	<b>\$4,700</b>	<b>3.5%</b>	<b>\$4,700</b>
<b>Infrastructure Investments</b>		<b>\$35,900</b>	<b>\$36,677</b>	<b>2.2%</b>	<b>\$35,935</b>	<b>-2.0%</b>	<b>\$35,935</b>
<b>Enterprise Architecture</b>		<b>\$1,100</b>	<b>\$1,302</b>	<b>18.4%</b>	<b>\$3,050</b>	<b>134.3%</b>	<b>\$2,765</b>
<b>Total IT Investments</b>		<b>\$46,400</b>	<b>\$47,369</b>	<b>2.1%</b>	<b>\$48,585</b>	<b>2.6%</b>	<b>\$47,365</b>

1/ This chart includes resources only, and may not reflect total project costs.

2/ This column reflects resources provided to a project in FY 2006 and any previous years.



#### 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 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 major IT investment planned for 2009 is in the Retail Sales System.

The Retail Sales System (RS2) was developed in response to a growing need to meet the rapidly expanding numismatic market and to take advantage of new technology that would better support the United States Mint's business requirements. RS2 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.

#### Capital Investments (Dollars in Millions)

Major Investments	FY 2007 Obligations	FY 2008 Estimated	FY 2009 Estimated
<b>Circulating &amp; Protection Capital Investments</b>			
Circulating Information Technology	1.286	3.012	0.971
Circulating Building Improvements	3.835	4.239	5.061
Circulating Equipment	5.208	7.218	8.617
Protection	2.008	8.940	3.475
<b>Total Circulating and Protection</b>	<b>12.337</b>	<b>23.409</b>	<b>18.124</b>
<b>Numismatic Capital Investments</b>			
Numismatic Information Technology	1.286	3.012	0.970
Numismatic Building Improvements	1.165	6.787	6.668
Numismatic Equipment	7.866	11.555	11.354
<b>Total Numismatic</b>	<b>10.317</b>	<b>21.354</b>	<b>18.992</b>
<b>Total Capital Investments</b>	<b>22.654</b>	<b>44.763</b>	<b>37.116</b>

The United States Mint's FY 2009 circulating and protection capital request is \$18.1 million, which is \$24.1 million below the projected circulation and protection depreciation (capital limit) amount of \$42.2 million.

Each year, the United States Mint commits funds for capital projects to maintain, upgrade or acquire physical structures, equipment, physical security, and information technology systems. Total capital projects are estimated to be \$37.1 million in FY 2009. This includes approximately \$14.6 million for circulating projects, \$3.5 million for security improvement projects, and \$19.0 million for numismatic projects.

## 4.2 – PART Evaluation Table

<b>PART Name: Coin Production</b>
Year PARTed: 2002
Rating: Effective
<b>OMB Major Findings/Recommendations</b>
<ol style="list-style-type: none"> <li>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.</li> <li>2. The Mint needs to improve customer satisfaction survey scores.</li> <li>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.</li> </ol>
<b>Bureau Actions Planned or Underway</b>
<ol style="list-style-type: none"> <li>1. Reducing the maintenance down time of coin manufacturing machinery.</li> <li>2. Competing customer service and order mailing staff to determine if contractors could handle these functions more efficiently.</li> <li>3. Establishing a performance target to reduce the time required to process raw materials into produce coins.</li> </ol>

<b>PART Name: Numismatic Program</b>
Year PARTed: 2004
Rating: Effective
<b>OMB Major Findings/Recommendations</b>
<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ol>
<b>Bureau Actions Planned or Underway</b>
<ol style="list-style-type: none"> <li>1. Continuing substantial progress toward reaching the Mint's target goal for inventory turnover.</li> <li>2. Continuing to streamline the production of numismatic products in order to reduce costs and improve efficiency.</li> </ol>

<b>PART Name: Protection Program</b>
Year PARTed: 2005
Rating: Effective
<b>OMB Major Findings/Recommendations</b>
<ol style="list-style-type: none"> <li>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 2010</li> <li>2. 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.</li> <li>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.</li> </ol>
<b>Bureau Actions Planned or Underway</b>
<ol style="list-style-type: none"> <li>1. Continue to assess and implement ways in which the cost of protection per square foot can be minimized.</li> <li>2. Continue to improve employee confidence in the United States Mint protection program.</li> </ol>

For a complete list of PART results visit the following website:  
<http://www.whitehouse.gov/omb/expectmore/all.html>