

United States Mint

Program Summary by Budget Activity

(Dollars in thousands)

Budget Activity	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 Cost of Operations	\$3,646,967	\$2,508,878	\$2,515,589	(\$1,131,378)	(31.0%)
Capital Investment	\$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%)
Reimbursable 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.

Summary

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.

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

The United States Mint's key priorities for FY 2012 include:

- **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.

FY 2012 United States Mint estimated total revenues are \$2,745,700,000, total expenses are \$2,515,589,000, capital investments are \$30,296,000, and net results are \$230,111,000 in earnings.

Mint FY 2012 Budget Highlights

(Dollars in thousands)

Budget Estimate	Amount
FY 2010 Actual	\$3,646,967
FY 2011 Estimated	\$2,539,708
Changes to Base:	
Maintaining Current Levels (MCLs):	\$26,277
Maintain Current Levels	\$26,277
Efficiencies, Savings & Base Reductions:	(\$20,100)
Contract Savings – Procurement/IT	(\$7,200)
Postpone Low Priority Capital Projects	(\$12,900)
Subtotal FY 2012 Changes to Base	\$6,177
Total FY 2012 Base	\$2,545,885
Total FY 2012 Estimated	\$2,545,885

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

FY 2012 Budget Adjustments

Maintaining Current Levels (MCLs)

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

*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.

*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, the 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 several improved Information Technology strategies that have and are continuing to yield cost savings. IT consulting services/systems support services, IT maintenance contract consolidation, and IT telecommunications consolidation efforts are yielding continued budget savings. These initiatives are projected to save over \$1.5 million in FY 2012.

Explanation of Budget Activities

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.

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.

Numismatic Program

The United States Mint produces numismatic and bullion coins, medals, and other products for sale to collectors and the general public. These coins include annual recurring programs (such as proof and uncirculated sets), silver proof coins, the American Eagle and the American Buffalo precious metal bullion and proof coins, and medals which are legislated to commemorate specific events or individuals. In FY 2012, the United States Mint will produce the United States Army Commemorative Coin (Public Law 110-450).

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.

Legislative Proposals

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

Capital Investments Summary

This 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.

Mint Performance by Budget Activity

Budget Activity	Performance Measure	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Target	FY 2012 Target
Manufacturing	Numismatic Customer Base (Units)(Ot)	1.27	1.06	0.799	0.976	0.976
Manufacturing	Customer Satisfaction Index (%) (Oe)	87.5	88.3	86.1	88.0	88.0
Manufacturing	Safety Incident Recordable Rate (Oe)	N/A	N/A	2.29	3.34	3.34

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

Description of Performance

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.

Numismatic Customer Base

The numismatic customer base consists of the total number of unique purchasers (in millions) within a 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. Performance declined primarily because the bureau was unable to offer key

gold and silver numismatic products for sale. Planchets were diverted to the bullion program in accordance with a statutory requirement to fulfill bullion demand.

By the close of FY 2010, the United States Mint had expanded planchet supply to fulfill bullion demand and redirect a portion of precious metal blanks for numismatic products. Releasing the popular American Eagle 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.

Safety Incident Recordable Rate

Safety incident recordable rate is the number of injuries and illnesses meeting the Occupational Health and Safety Administration recording criteria per 100 full-time workers. 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.