

## United States Mint

### Program Summary by Budget Activity

(Dollars in thousands)

Budget Activity	FY 2009	FY 2010	FY 2011		
	Actual	Estimated	Estimated	\$ Change	% Change
Manufacturing	\$2,215,183	\$1,974,420	\$2,013,908	\$39,488	2.0%
Protection	\$43,318	\$47,744	\$48,699	\$955	2.0%
<b>Total Cost of Operations</b>	<b>\$2,258,501</b>	<b>\$2,022,164</b>	<b>\$2,062,607</b>	<b>\$40,443</b>	<b>2.0%</b>
Capital Investments*	\$23,996	\$49,948	\$54,600	\$4,652	9.3%

\*Not included in Total Cost of Operations above

### Explanation of Budget Estimate

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

The United States Mint's key priorities for FY 2011 include:

- Efficiently and effectively produce and distribute approximately 9.5 billion coins to meet demand for circulating coins during FY 2011 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 Presidential \$1 Coins for circulation to honor the following Presidents: Abraham Lincoln, Andrew Johnson, Ulysses S. Grant and Rutherford B. Hayes
- Mint and issue the Native American \$1 Coin.
- Prepare and distribute recurring numismatic and bullion products and sets, as well as other numismatic items, in quantities sufficient to make them accessible, available, and affordable to Americans who choose to purchase them.

- Continue to secure the nation's gold reserves, silver and other assets.
- Mint for sale to the public the United States Army Commemorative Coin.

FY 2011 United States Mint estimated total revenues are \$2,217,658,000, total expenses are \$2,062,607,000, capital investments are \$54,600,000, and net results are \$155,015,000.

### Purpose of Program

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

### Explanation of Budget Activities

*Manufacturing (\$2,013,908,000 from reimbursable programs)*

The United States Mint manufactures and sells products. For budget reporting purposes, these

products are grouped into two programs: Circulating Coinage and Numismatic Program.

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

Beginning in 2010 through 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 Numismatic program prepares and distributes a variety of numismatic products directly to the public. For some numismatic products, authorizing legislation specifies program requirements, such as design theme, mintage level and duration of product availability. Other programs are structured by law to grant the Secretary of the Treasury discretion in determining product specifications. The Numismatic Program includes the American Eagle Program, the American Buffalo Program, the recurring programs, commemorative coins, and medals. The United States Mint also produces bullion coins under American Eagle and American Buffalo Programs to fulfill investor demand. The current FY 2011 budget estimate includes resource needs of \$1,302 million to generate

\$1,350 million in revenues from the sale of these products.

*Protection (\$48,699,000 from reimbursable programs)* The United States Mint secures over \$240 billion in market value of the nation’s gold reserves, silver, and other assets. The United States Mint Police protects United States Mint assets while safeguarding its employees against potential threats at its facilities across the country. The United States Mint Police addresses possible threats by ensuring good perimeter security at all sites, and increasing coordination with various Federal, state and local law enforcement agencies. It also ensures that proper policies are in place, and procedures followed, in handling the assets used to produce and transport coinage.

#### **Legislative Proposals**

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This legislative proposal would authorize the Secretary of the Treasury to approve alternative coinage materials to mitigate the effect of high metals prices. Specifically, the proposal would allow the Secretary to explore, analyze, and approve new, less expensive materials for all circulating coins based on factors that he determines to be appropriate. These factors include, but are not limited to, the physical, chemical, metallurgical and technical characteristics of the coins, as well as any other factors necessary to ensure the coins' utility and integrity. Once the agency has a comprehensive inventory of factors and their relative significance, the United States Mint would employ an objective, competitive, and public process to solicit and evaluate proposals for new coinage materials. The United States Mint will continue to produce circulating coinage as currently mandated by Congress.

## Capital Investments Summary

The United States Mint's FY 2011 circulating and protection capital request is \$24.9 million, which is less than the projected circulating and protection depreciation (capital limit) amount of \$25.0 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 \$54.6 million in FY 2011. This includes approximately \$16.4 million for circulating projects, \$8.5 million for security improvement projects, and \$29.7 million for numismatic projects.

### Mint Performance by Budget Activity

Budget Activity	Performance Measure	FY 2007 Actual	FY 2008 Actual	FY 2009			FY 2010 Target	FY 2011 Target
				Target	Actual	Met?		
Manufacturing for Mint	Customer Satisfaction Index (%) (Oe)	90.5%	87.5%	88.0%	88.3%	Yes	88%	88%
Manufacturing for Mint	Numismatic Customer Base in millions (Ot)	0.97	1.27	1.4	1.06	No	0.90	1.00
Manufacturing for Mint	Circulating On-Time Delivery (%) (Oe)	N/A	N/A	N/A	N/A	N/A	B	TBD
Protection for Mint	Protection cost per square foot (\$) (E)	31.29	31.76	31.75	31.57	Yes	31.75	31.75

Key: Oe - Outcome Measure, E- Efficiency Measure, OT - Output/Workload Measure, M - Management/Cust.Satisfaction, 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 2009, the United States Mint results were 88.3 percent, exceeding the target of 88 percent and increasing slightly from the FY 2008 result of 87.5 percent.

### *Numismatic Customer Base*

The numismatic customer base consists of the total number of unique purchasers (in millions) with a purchase of at least one numismatic product during the fiscal year. The numismatic customer base measure provides

information on the continued and new demand for numismatic products. The FY 2009 numismatic customer base totaled 1.06 million, below the target of 1.40 million. The United States Mint customer retention and acquisition performance declined because the bureau was unable to offer several core numismatic products for sales after January 2009. Economic conditions may have also curtailed customer spending on collectibles from prior years. The United States Mint began to full satisfy bullion demand in the later months of the fiscal year. Consequently, the bureau hopes to offer some numismatic products for sale in FY 2010 that were unavailable in FY 2009.

### *Circulating On-Time Delivery*

On-time delivery to the Federal Reserve Banks (FRB) is the percentage of total scheduled orders shipped on time to the FRB. The United States Mint is responsible for providing the Nation's coinage in sufficient quantity to meet the needs of commerce. To accomplish

this mission, the United States Mint must supply coinage in the quantities and timelines specified by the FRB. The FRB is then responsible for distributing coinage to the commercial banking sector.

*Cost per Square Foot*

Protection cost per square foot is the Protection Department's total operating cost divided by the United States Mint's area of usable space, which is 90 percent of the total square footage.

The cost per square foot provides a measurement of efficiency over time. Total square footage of usable space at the United States Mint is a stable figure and will only change significantly with major events such as the addition, removal or expansion of a facility. Protection cost per square foot decreased to \$31.57 in FY 2009 from \$31.76 in FY 2008, below the target of \$31.75.