

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 2009	FY 2010	FY 2011		
Resources	Actual	Actual	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%
Total Resources	\$2,258,501	\$2,022,164	\$2,062,607	\$40,443	2.0%
Total FTE	1,812	1,955	1,955	-	0.0%

FY 2011 Priorities

- 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.
- Design, strike and prepare for presentation Congressional Gold Medals, and other national medals, as required by law.
- Continue to secure the nation's gold reserves, silver and other assets.
- Mint for sale to the public the United States Army Commemorative Coin and the Medal of Honor Commemorative Coin.

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Section 1 – Purpose

1A – Description of Bureau Vision and Priorities

The United States Mint manufactures and delivers domestic circulating coinage, numismatic coinage, bullion coin products, and national medals. 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 is the world's largest coin manufacturer with operations in California, Colorado, Kentucky, New York, Pennsylvania, and Washington, D.C. Its 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, a new strategic planning framework which addressed several key questions was implemented in FY 2008:

- *What does the United States Mint want to be?* This question was answered by defining the United States Mint's vision, mission, values, and priorities.
- *How will the United States Mint know when it reached its goals?* Key metrics and indicators were developed to gauge our progress in meeting our goals.
- *Where is the United States Mint now?* The United States Mint performed an honest assessment of our strengths and weaknesses in the seven areas outlined in the Baldrige Quality Award Criteria for High Performance (criteria used for judging within a highly respected award system for industry workplace performance). The United States Mint will periodically reassess its position in these areas.
- *How does the United States Mint achieve its goals?* The United States Mint's five-year plan is broken down into year-by-year action steps. Annually, during the strategic cycle, the United States Mint establishes annual action items, and implements work plans to make continuous progress in achieving objectives and goals. This approach allows the linkage among budgets, all employees' work objectives, and performance plans to the desired outcomes. Through employing this strategic framework, the United States Mint will gauge its progress more effectively and communicate the results to the American public.

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 economic environment significantly affects the United States Mint's financial performance. In FY 2009, slowing economic activity reduced demand for circulating coins to 5.2 billion coins. Commercial banks and other financial institutions curtailed orders for coins and returned excess coins to the Federal Reserve Banks (FRB). The FRB decreased orders for newly minted coins in response to these conditions. As a result, circulating coin revenue fell sharply in FY 2009. Revenue for FY 2009 totaled \$777.6 million, a decrease of 40 percent from FY 2008. Because of the significant decline in circulating revenue, the United States Mint transfers to the Treasury General Fund were \$475 million (compared to \$750 million in FY 2008).

While prices for copper, nickel and zinc remained below levels experienced in prior fiscal years, FY 2009 results showed an upward trend in prices. This increase should continue as the global economy improves. Metal prices have had a significant effect on circulating coinage results. While declining from last year, the unit cost to manufacture the one-cent coin (penny) and 5-cent coin (nickel) denominations remained above 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 Department of the Treasury continues to work with Congress to examine alternatives to mitigate the effect current metal prices are having on circulating coinage.

In FY 2009, demand for the United States Mint's gold and silver bullion coins remained at unprecedented levels. Bullion revenue reached \$1.7 billion, a \$746 million (78.6 percent) increase over FY 2008. Efficient use of production capacity allowed the United States Mint to achieve significant bullion production volume without incurring additional operating costs. The United States Mint expects demand for bullion coins to remain strong for a sustained period until economic conditions improve and investors are drawn toward alternative investments. Numismatic revenue fell to \$440 million from \$557 million in FY 2008. Economic conditions may have suppressed a portion of the public's spending for numismatic products. However, the extent of this is unclear since similar product lines were not available for sale this year compared with last year because precious metal planchets were diverted to fulfill demand for bullion products.

The overall financial outlook for the United States Mint is expected to improve in FY 2011. Circulating revenue and seigniorage are projected to increase as economic activity recovers and coin demand grows with increasing cash transactions. Efforts to promote the \$1 coin circulation and the continuation of the America the Beautiful quarters should augment circulating financial results as well. However, economic conditions can significantly impact the United States Mint's financial results. For example, metal and fabrication costs typically make up the largest portion of circulating expenses and accounted for 53 to 73 percent of total expenses between FY 2004 and FY 2008. Since

global economic conditions determine the demand for and market prices of metals, a robust global economy tends to increase demand for these commodities.

Challenges

A changing operating environment is posing new challenges and opportunities for the United States Mint. Some of the key challenges the United States Mint expects to face in the coming years are the following:

- **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 is taking measures to ensure inventory levels are appropriate to respond to coin demand in any economic environment.
- **Promoting Robust Circulation of \$1 Coins** – From the inception of the program, \$1 coin shipments have steadily declined. This 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 tested it in a four-city pilot program. Key lessons learned from the pilot experience are being used to develop the United States Mint future efforts in this area. 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 current 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 Department of the Treasury continues to work with Congress on legislation that would authorize the Secretary to approve alternative coinage materials to mitigate the effect of high metals prices. This legislative package includes an “approach” that ensures the United States Mint will employ a process for selecting the alternative metal that will seek public and industry comment to ensure that all factors relevant to the acceptability of new coinage materials are considered. These factors include, but are not limited to, physical, chemical, metallurgical and technical characteristics. Once the agency has a comprehensive inventory of these 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.
- **Volatile Precious Metal Markets** - Record growth and volatility in the prices of gold, silver, and platinum present unique challenges to our bullion and

numismatic operations. The bullion markets continued the unprecedented growth that began in FY 2008. Weak equity markets and declines in the United States dollar against most foreign currencies drove investors to commodities as safe havens, especially gold and silver. The United States Mint is one of the world's largest producers of gold and silver coins. However, production capacity and the volume of precious metal blanks provided by suppliers have constrained the number of bullion products the United States Mint can produce and sell in the past.

1C – Industry Outlook

The United States Mint's future outlook is impacted by a variety of factors including the price of metals, circulating coin demand, customers' interest in numismatic and bullion products, and economic trends. For example, the recent economic trends have 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, the enactment of legislation in recent years has allowed the United States Mint to expand product lines in both numismatic and circulating segments. While sales of new and core recurring products has 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:

Enable commerce by efficiently meeting public demand for coins through cost effective and high quality production

The United States Mint continually strives for efficient coin manufacturing and sales operations. Greater efficiency benefits the American public as well as 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. For example in FY 2009, the United States Mint researched a state-of-the-art visual inspection system for circulating coin production. The goal is to use the system to continuously scan circulating coins for obvious visual and dimensional defects. 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 us to keep the sale price of our numismatic products as low as practicable for our customers.

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 numismatic and bullion coin and medal portfolio that satisfies public and investor demand

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.

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.

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. The United States Mint's Human Capital Strategy focuses on the President's key issues such as hiring reform, employee satisfaction and wellness requirements. Simultaneously, the Mint 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

(Dollars in thousands)

	FY 2009 Actual	FY 2010 Estimated	FY 2011 Estimated	% Change FY2010- FY2011
FTE	1,812	1,955	1,955	0.0%
Object Classification:				
11.1 Full-Time Permanent Positions	129,600	143,860	146,738	2.0%
11.1 Other than Full-Time Permanent Positions	799	46	47	2.1%
11.5 Other Personnel Compensation	16,965	11,307	11,533	2.0%
12.0 Personnel Benefits	37,611	45,921	46,840	2.0%
13.0 Benefits to Former Personnel	381	1,050	1,071	2.0%
21.0 Travel	3,370	3,920	3,999	2.0%
22.0 Transportation of Things	32,209	31,470	32,100	2.0%
23.1 Rental Payments to GSA	389	394	394	0.0%
23.2 Rent Payments to Others	21,091	22,987	23,446	2.0%
23.3 Communications, Utilities, & Misc	14,389	16,252	16,586	2.0%
24.0 Printing and Reproduction	4,138	4,803	4,899	2.0%
25.1 Advisory & Assistance Services	30,346	58,670	59,843	2.0%
25.2 Other Services	51,879	62,099	63,338	2.0%
25.3 Purchase of Goods/Serv. from Govt. Accts	19,708	8,768	8,943	2.0%
25.5 Research & Development Contracts	830	1,876	1,914	2.0%
25.7 Operation & Maintenance of Equipment	13,863	12,783	13,039	2.0%
26.0 Supplies and Materials	1,878,752	1,592,344	1,624,192	2.0%
31.0 Equipment	2,179	3,608	3,680	2.0%
42.0 Insurance Claims & Indemn	2	5	5	0.0%
Total Budget Authority	\$2,258,501	2,022,164	\$2,062,607	2.0%
Budget Activities:				
Manufacturing	2,215,183	1,974,420	2,013,908	2.0%
Protection	43,318	47,744	48,699	2.0%
Total Budget Authority	\$2,258,501	\$2,022,164	\$2,062,607	2.0%

2.3 – Resource Detail Table

(Dollars in Thousands)

	FY 2009 Actual		FY 2010 Estimated		FY 2011 Estimated		% Change FY 2010 to FY 2011	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Budgetary Resources:								
Revenue / Offsetting Collections								
Circulating		\$536,350		\$616,000		\$868,440		40.98%
- DC & Territories Quarters		180,938		-		-		0.00%
Commemorative Quarters (50 States)		60,312		-		-		0.00%
Numismatic		2,134,800		1,750,400		1,349,218		-22.92%
Total Revenue / Offsetting Collections		\$2,912,400		\$2,366,400		\$2,217,658		23.07%
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		\$2,912,400		\$2,366,400		\$2,217,658		23.07%
Expenditures/Obligations								
Circulating	381	106,387	724	587,234	724	711,878	0.00%	21.23%
- DC & Territories Quarters	218	35,770	0	0	0	0	0.00%	0.00%
Commemorative Quarters (50 States)	72	12,026	0	0	0	0	0.00%	0.00%
Numismatic	815	2,061,000	881	1,387,186	881	1,302,030	0.00%	-6.14%
Protection	326	43,318	350	47,744	350	48,699	0.00%	2.00%
Total Expenditures / Obligations	1,812	\$2,258,501	1,955	\$2,022,164	1,955	\$2,062,607	0.00%	2.00%
Capital Investments		\$23,996		\$49,948		\$54,600		
Net Results		\$653,899		\$344,236		\$155,051		21.07%

Coin Shipments (In Millions)								
Circulating:								
One-Cent		3,218		3,600		5,874		
5-Cent		207		100		1,013		
Dime		358		1,000		1,208		
Quarter		965		300		1,013		
Half-Dollar		-		-		-		
Dollar		459		400		385		
Total Circulating		5,207		5,400		9,493		

2B – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
<p data-bbox="289 317 1032 384">DEPARTMENT OF THE TREASURY UNITED STATES MINT PUBLIC ENTERPRISE FUND</p> <p data-bbox="570 426 751 457">Federal Funds</p> <p data-bbox="237 499 1076 861">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 [2010] <i>2011</i> under such section 5136 for circulating coinage and protective service capital investments of the United States Mint shall not exceed [\$26,750,000] \$25,000,000.</p>	

2C – Legislative Proposals

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.

Section 3 – Budget and Performance Plan

This table lists all FY 2011 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 a five year time period.

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			
	Estimated	Estimated	Change
U.S. notes & coins	\$2,022,164	\$2,062,607	2.0%
Total	\$2,022,164	\$2,062,607	2.0%

3A – 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

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, five-cent, dime, quarter-dollar, half-dollar and dollar. The United States Mint delivers the circulating coinage to the Federal Reserve Banks, at face value, for distribution as demanded by commerce.

The current FY 2011 budget estimate includes resource needs of \$712 million to produce and ship 9.5 billion coins and generate \$868 million in face value.

By spending \$712 million on circulating coinage in FY 2011, the United States Mint will produce and ship approximately:

- 5.9 billion one-cent coins, generating face value of \$58.6 million,
- 1.0 billion five-cent coins, generating face value of \$50.7 million,
- 1.2 billion dime coins, generating face value of \$120.8 million,
- 1.0 billion quarter-dollar coins, generating face value of \$253.3 million,
- 385 million dollar coins, generating face value of \$385 million.

America the Beautiful Quarters Program

Beginning in 2010 through 2020, the United States Mint will mint and issue commemorative quarter-dollar coins honoring our 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.

The United States Mint recently completed the process to select national sites that will be honored through this program. National sites for consideration include any site under the supervision, management, or conservancy of the National Park Service, the United States Forest Service, the United States Fish and Wildlife Service, or any similar department or agency of the Federal government. The United States Mint consulted with the chief executive of each jurisdiction (*State/District of Columbia/Territory*) and the Secretary of the Interior to ensure the appropriateness of each of the 56 national site recommendations and to validate the date on which each recommended site was established as a national site. The United States Mint then recommended a final candidate list determined to be the most appropriate in terms of natural and historic significance to the Secretary of the Treasury, who approved the final national site list in August 2009. The approved list also established the order in which each quarter-dollar is released.

Numismatic Program

The United States Mint prepares and distributes numismatic products, including proof and uncirculated versions of coins, directly to the public. For some numismatic products, authorizing legislation specifies program requirements, such as design theme, mintage level and duration of product availability. Other programs are structured by law to grant the Secretary of the Treasury discretion in determining product specifications. The Numismatic Program includes the American Eagle Program, the American Buffalo Program, the recurring programs, commemorative coins, and medals. (All American Eagle and American Buffalo numismatic product sales were suspended following the first quarter of FY 2009 in order to divert planchets to meet bullion demand.) 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.

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-dollar coin 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 2011, the United States Mint will produce the United States Army Commemorative Coin (P.L. 110-450).

Bullion coins are largely bought by precious metal dealers and sold to consumers who desire precious metals as part of an investment portfolio. The demand for bullion coins is greatly influenced by the performance of other investment options such as equities markets or currency markets and therefore is highly unpredictable. The content and purity of bullion coins are backed by the United States Government.

3.2.1 – Manufacturing Budget and Performance Plan

(Dollars in Thousands)

Manufacturing Budget Activity					
Resource Level	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Estimated	FY 2011 Estimated
Appropriated Resources	\$0	\$0	\$0	\$0	\$0
Reimbursable Resources	2,002,796	2,014,698	2,215,903	1,974,420	2,013,908
Total Resources	\$2,002,796	\$2,014,698	\$2,215,903	\$1,974,420	\$2,013,908

Budget Activity Total	\$2,002,796	\$2,014,698	\$2,215,903	\$1,974,420	\$2,013,908
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Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2010 Target	FY 2011 Target
Cost per 1000 Coin Equivalents \$(E)	\$8.46	DISC	DISC	DISC	DISC	DISC
Customer Satisfaction Index (%)(Oe)	90.5%	87.5%	88.0%	88.3%	88%	88%
Numismatic Customer Base (Ot)	0.97	1.27	1.40	1.06	0.90	1.00
Numismatic Net Margin (%) (E)	14%	15%	15%	9.4%	DISC	DISC
Seigniorage per Dollar Issued \$(E)	\$0.58	\$0.55	\$0.54	\$0.55	\$0.53	TBD
Absolute Value of Production Percent Deviation from Net-Pay (%) (Oe)	N/A	N/A	B	6.5%	DISC	DISC
Circulating On-Time Delivery (%) (Oe)	N/A	N/A	N/A	N/A	B	TBD

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M – Management/
Customer Satisfaction, DISC – Discontinued, B – Baseline, TBD – To be determined

Description of Performance:

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

Customer Satisfaction Index (CSI)

A United States Mint contractor conducts a quarterly Customer Satisfaction Measure (CSM) Tracking Survey among a random sample of active customers. The CSM Survey is intended to capture customer satisfaction with the United States Mint's performance as a coin supplier and the quality of specific products. The CSI is a single quantitative score of CSM Survey results. In FY 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.

Numismatic Net Margin

Numismatic net margin is the return to numismatic (non-bullion) operations, calculated as program net income divided by total program sales. The numismatic program is managed to a 15 percent net margin overall to ensure sale prices are as low as practicable and returns are sufficient to fund numismatic operating costs. Numismatic net margin was 9.4 percent in FY 2009, below the target of 15 percent. Precious metal supply constraints prevented the United States Mint from selling some of its core numismatic products in FY 2009, significantly inhibiting the bureau's ability to meet the net margin. This measure is discontinued in FY 2010.

Seigniorage per Dollar Issued

Seigniorage per dollar issued is the return to circulating operations, calculated as seigniorage divided by the total face value of circulated coinage shipped to Federal Reserve Banks. Actual results for FY 2009 were \$0.55, above the target of \$0.54. Weakened demand reduced the United States Mint's return from circulating operations in FY 2009. Base metal expenses and the mix of circulating coin ordered by the FRB largely determine seigniorage per dollar issued performance. This measure is discontinued in FY 2010.

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.

3B – 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 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

(Dollars in Thousands)

Protection Budget Activity					
Resource Level	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Estimated	FY 2011 Estimated
Appropriated Resources	\$0	\$0	\$0	\$0	\$0
Reimbursable Resources	47,007	42,598	43,318	47,744	48,699
Total Resources	\$47,007	\$42,598	\$43,318	\$47,744	\$48,699

Budget Activity Total	\$47,007	\$42,598	\$43,318	\$47,744	\$48,699
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Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2010 Target	FY 2011 Target
Protection Cost Per Square Foot \$(E)	\$31.29	\$31.76	\$31.75	\$31.57	\$31.75	\$31.75
Protection Employee Confidence (%) (Oe)	81%	81%	83%	81%	DISC	DISC

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

Description of Performance

Protection Cost per Square Foot

Protection cost per square foot is the Protection Department's total operating cost divided by the area of usable space of the United States Mint. Usable space is defined as 90 percent of total square footage. Operating costs exclude depreciation. Total square footage of usable space is relatively constant and only changes with major events such as the addition or removal of a facility. The measure indicates the Protection Department's cost efficiency in safeguarding the United States Mint facilities, employees and assets.

Protection cost per square foot decreased to \$31.57 in FY 2009 from \$31.76 in FY 2008. The FY 2009 result was \$0.18 below the target of \$31.75.

Employee Confidence in Protection

The Protection Department is responsible for providing a safe and secure workplace for United States Mint employee. The Employee Confidence in Protection measure indicates how well the Protection Department is achieving this objective. It is the percentage of United States Mint employees reporting a favorable response to their confidence in the Protection Department's performance in safeguarding United States Mint assets and assets in the custody of the United States Mint. Survey results indicate that 81 percent of employees reported confidence in the Protection Department's ability to safeguard the United States Mint in FY 2009. This was consistent with FY 2008 performance but below the 83 percent target. This measure is discontinued in FY 2010.

For detailed information about each performance measure, including definition, verification and validation, please go to: <http://treas.gov/offices/management/budget/>

Section 4 – Supporting Materials

4A – Human Capital Strategy Description

In response to the President’s government-wide focus on human capital strategies and procedures, the United States Mint’s Human Capital Strategy addresses hiring reform, employee satisfaction and wellness requirements. The United States Mint is performing its hiring reform initiatives in close coordination with its shared human resources (HR) service provider, the Bureau of Public Debt (BPD) Administrative Resource Center (ARC).

Hiring Reform

- 1) *Map the United States Mint’s current hiring process using the Office of Personnel Management’s (OPM’s) Process Mapping Model:*

The United States Mint is mapping the hiring process for its GS-2210 (Information Technology Specialist) positions. The Department of Treasury identified the GS-2210 series as the benchmark series for modeling its hiring process. The OPM Process Mapping Model requires agencies to recruit vacant positions within 80 days. The Administrative Resources Center (ARC) completed several reports regarding the previous hiring process for GS-2210 (Information Technology Specialist) positions and identified several barriers to the hiring process. ARC worked with the United States Mint to complete an action plan that addressed the barriers. The final results of the initial OPM inquiry and an action plan addressing the barriers were submitted to the Department of Treasury prior to the November 3, 2009 deadline.

- 2) *Review and develop plain language and streamlined job opportunity announcements (JOAs):*

Last year, the United States Mint, through ARC, participated in the Department of the Treasury’s work group to review JOAs, and develop streamlined templates using plain language. The United States Mint plans to use this newly revised template, as part of its hiring improvement process.

- 3) *Notify applicants of their status at four points through USAJobs.gov in a timely fashion:*

The United States Mint uses the applicant notification status feature in “CareerConnector” which automatically posts an applicant’s status in USAJobs at specified points. Additionally, personalized e-mails are sent to candidates informing them of their status at each step of the process as specified by OPM.

- 4) *Engage hiring managers in all critical phases of the hiring process:*

The United States Mint, in coordination with ARC, established procedures to engage managers in specified phases of the hiring process. Examples include: receiving management approval on JOA's before the job announcement is posted, receiving management approval for job analysis, providing managers copies of new hire letters, etc. Also, ARC personnel and the United States Mint HR staff members assist managers and employees throughout the process. This includes providing training, issuing written guidance, assisting managers in providing “specifics” for announcements (e.g. description of the duties, “marketing” material, etc.), and providing reports and data upon request.

Improving Employee Satisfaction and Wellness

To improve employee satisfaction, the United States Mint will establish a Total Rewards System with performance being the driving force in determining compensation and recognition. All stakeholders (to include management, employees, and the union) will have a seat at the table in determining its design and implementation. This system will be built on the principles of fairness and equity. The overall goal of the Total Rewards approach will be to improve operational performance and employee engagement.

Also, the United States Mint has improved supervisory and managerial competencies through its two-year, award-winning Leadership Development Program. This Program fostered skills in coaching, systems thinking, fundamental Human Resource practices (e.g., employee and labor relations), situational leadership and values clarification.

In 2010, the United States Mint will highlight and expand the benefits of working for the federal government. The United States Mint’s ability to recruit, develop, and retain a diverse workforce to execute its mission depends on a fully integrated, corporate-wide human capital program. The human capital goal is to provide a blueprint for the future to ensure the United States Mint hires and retains employees with the right skills to excel in meeting current and future challenges. Successful recruiting, training, career management, compensation, promotion management, performance management, and leadership will contribute toward growing a competent and diverse workforce. Through the strategic management of our human capital, the United States Mint will conduct workforce and succession planning, prioritize and invest in closing skill gaps, align performance with strategic goals, and fully engage its employees in strengthening the workforce.

As a manufacturing entity, the United States Mint also focuses heavily on ensuring employee wellness and safety. Accident rates have decreased dramatically as a result of the United States Mint’s efforts for ensuring a strong and regular emphasis on safety and accident prevention. In the areas of telework, work/life balance and wellness, the United States Mint’s senior leadership is committed to increasing its participation as appropriate.

4.1 – Summary of IT Resources Table

Dollars in Thousands

Major IT Investments / Funding Source	Budget Activity	FY 2009 Actual	% Change from FY08 to FY09	FY 2010 Estimated	% Change from FY09 to FY10	FY 2011 Estimated	% Change from FY10 to FY11
Retail Sales System	Manufacturing and Sales	\$8,978	-9.5%	\$11,812	31.6%	\$14,923	26.3%
Subtotal, Major IT Investments		\$8,978	-9.5%	\$11,812	31.6%	\$14,923	26.3%
Non-Major IT Investments		\$3,065	-31.4%	\$3,829	24.9%	\$4,700	22.7%
Infrastructure Investments		\$31,177	7.4%	\$37,573	20.5%	\$33,795	-10.1%
Enterprise Architecture		\$1,800	-12.6%	\$1,459	-18.9%	\$1,842	26.3%
Total IT Investments		\$45,020	-15.6%	\$54,673	21.4%	\$55,260	1.1%

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 manufacturing operating efficiencies such as developing new coin design capabilities, automating packaging lines, 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 investments are planned for 2011:

Major Investments	FY 2009 Actual	FY 2010 Estimated	FY 2011 Estimated
Circulating & Protection Capital Investments			
Circulating Information Technology	656.3	2,808.4	3,931.5
Circulating Building Improvements	4,142.5	5,808.0	7,055.2
Circulating Equipment	1,457.4	8,885.0	5,460.0
Protection	4,622.1	8,559.0	8,500.0
Total Circulating and Protection	10,878.3	26,060.4	24,946.7
Numismatic Capital Investments			
Numismatic Information Technology	185.1	2,478.0	1,003.0
Numismatic Building Improvements	3,886.4	9,045.0	14,560.3
Numismatic Equipment	9,046.3	12,365.0	14,090.0
Total Numismatic	13,117.8	23,888.0	29,653.3
Total Capital Investments	23,996.1	49,948.4	54,600.0

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. Therefore, no additional budget authority is needed in FY 2011 for capital investments.

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.

4.2 – Program Assessment

In accordance with former OMB guidance, the United States Mint's programs were assessed as follows:

- Coin Production Program – Assessed in 2002
- Numismatic Program – Assessed in 2004
- Protection Program – Assessed in 2005

The United States Mint continues to explore opportunities to improve efficiency and streamline its business processes.