

# United States Mint

## Mission Statement

To apply world-class business practices in making, selling and protecting our nation's coinage and assets.

## Program Summary by Account

Dollars in Thousands

	FY 2006	FY 2007	FY 2008		
	Obligated	Estimated	Estimated	\$ Change	% Change
Manufacturing	\$1,469,100	\$1,911,439	\$1,859,892	(\$51,547)	-2.70%
Protection	36,917	38,121	39,143	1,022	2.68%
<b>Total Cost of Operations</b>	<b>\$1,506,017</b>	<b>\$1,949,560</b>	<b>\$1,899,035</b>	<b>(\$50,525)</b>	<b>-2.59%</b>
Capital Investments	\$21,284	\$38,484	\$38,469	(\$1,015)	2.6%

(Not Included in Total Cost of Operations Above)

## FY 2008 Priorities

- Efficiently and effectively produce and distribute approximately 15.1 billion coins to meet demand for circulation during FY 2008.
- Continue to produce and ship Presidential \$1 Coin Act products, including Presidential \$1 coins for circulation, Sacagawea \$1 coins for circulation, 24-karat First Spouse Gold coins and 24-karat Gold Bullion coins.
- Produce and distribute required numismatic products and sets, as well as other numismatic items, in quantities sufficient to make them available and affordable to Americans who chose to purchase them.
- Produce coins for the final year of the United States Mint 50 State Quarters<sup>®</sup> Program to honor the following states: Oklahoma, New Mexico, Arizona, Alaska, and Hawaii. These five states conclude the 50 State Quarters Program.

## Table of Contents

<b>Section 1 – Purpose .....</b>	<b>2</b>
1A – Description of Bureau Vision and Priorities .....	2
1B – Program History and Future Outlook.....	2
1C – Industry Outlook .....	3
<b>Section 2 – Budget Adjustments and Appropriations Language .....</b>	<b>6</b>
2.2 – Operating Levels Table.....	6
2B – Appropriations Language.....	7
2C – Legislative Proposals.....	7
<b>Section 3 – Budget and Performance Plan .....</b>	<b>8</b>
3.1 – Resource Detail Table.....	8
3A – Manufacturing.....	8
3.2.1 – Manufacturing Budget and Performance Plan .....	11
3B – Protection .....	11
3.2.2 – Protection Budget and Performance Plan .....	12
<b>Section 4 – Supporting Materials .....</b>	<b>13</b>
4.1 – Human Resources Table .....	13
4A – Human Capital Strategy Description .....	13
4.2 – Summary of IT Resources Table .....	14
4B – Information Technology Strategy .....	15
4.3 – 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. Its mission is to apply world-class business practices in manufacturing, selling, and protecting the nation's coinage and assets. The United States Mint's vision is "together, we will provide value to the American people, ensure integrity in our commitments and communications, and achieve world-class performance." The United States Mint remains committed to holding down costs, streamlining operations, and providing value to the American people.

The following priorities have been established toward achieving the mission in line with this vision:

- Increase in Efficiency
- Increase accessibility and awareness of United States Mint products and programs.
- Commitment to Its workforce.

### **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 (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.

The United States Mint's consolidated earned revenue, plus other financing sources (seigniorage), increased to \$2,323.5 million in FY 2006 from FY 2005 consolidated earned revenue plus other financing sources, totaling \$1,771.0 million. These results reflect increases in the demand for both circulating and numismatic products. As a result of operations, the United States Mint transferred \$750 million to the Treasury General Fund in FY 2006.

During FY 2006, the United States Mint's circulating coinage operations faced a challenging environment of rising metal prices. The face value of circulating coins shipped to the Federal Reserve was \$1,271.9 million, slightly higher than \$1,144.8

million in FY 2005. The average market prices through September 2006 for copper, nickel, and zinc increased 83 percent, 27 percent, and 111 percent, respectively, from FY 2005. Rising metal prices had a significant effect on circulating coinage results and are causing the one-cent and five-cent coins to cost more than their face value to manufacture on a per-unit basis. The United States Mint is working with the Department of the Treasury and Congress to keep the public informed and to examine alternatives that could mitigate the impact that current metal prices are having on the circulating coinage. Ultimately, the metal content of all coins is specified by laws passed by Congress. The Constitution gives Congress the power to coin money and to regulate its value.

The United States Mint's numismatic and bullion operations performed strongly in FY 2006, as sales to the public increased to \$1,051.6 million from \$626.1 million in FY 2005. This included sales of the nation's first 24-Karat American Buffalo Gold Coins, introduced to the public six months after enactment of Public Law 109-145 (December 22, 2005).

These successes could not have been possible without the contributions of the workforce. The United States Mint has begun planning for a future environment that is anticipated 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, the United States Mint is looking into exciting new technologies and materials to increase capability and agility in the design and manufacture of new products and to streamline administrative and related support services.

## **1C – Industry Outlook**

United States Mint operations face key challenges. The increased use of electronic transactions, coin counting machines, and improvements to coin distribution channels will likely affect demand for newly minted circulating coins. However, this new environment provides an opportunity for growth in numismatic products. The new products legislated by the Presidential \$1 Coin Act of 2005, coupled with efforts for the core recurring numismatic products, will offer the public many new opportunities for collections, gifts, or investments. Some of the key challenges expected in the coming years are:

- Rising Prices of Metal Leading to Higher Production Costs – Steady and dramatic increases in the prices of zinc, copper, and nickel have raised the cost of producing circulating coinage. This is causing the one-cent and five-cent coins to cost more than their face value on a per-unit basis. The impact this is having is being addressed with the Department of the Treasury and with Congress to explore alternatives to mitigate the impact of high metals prices. Ultimately, the metal content of all coins is specified by laws passed by Congress.
- Potential Downward Trend in Demand for Circulating Coins – Over the past five years, the public's use of credit and debit cards, and other forms of electronic

transactions, has increased substantially. This transformation toward more cash-free transactions could have significant implications for the nation's future demand for circulating coins.

- Conclusion of the 50 State Quarters<sup>®</sup> 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.
- Volatility in Short-Term Coin Production Requirements – With the introduction of the 24-Karat gold bullion program in 2006 and the upcoming Presidential \$1 Coin Program in 2007, the United States Mint is investing in production and packaging equipment in its coin production facilities. However, these production increases will likely be followed by a decline in 2009 – when the 50 State Quarters Program ends.

Plans for FY 2007 and FY 2008 include items that address these challenges:

#### *Increases in Efficiency*

The United States Mint continually tries to improve production and administrative efficiencies. Also, with new product designs such as the Presidential \$1 Coin products, it is necessary to have a quick timeframe to take a product from authorizing legislation to finished product for sale. This also maximizes the availability of products 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.
- In FY 2006, the United States Mint transferred some of its human resource, procurement, and e-travel functions to the Bureau of the Public Debt's Administrative Resource Center (ARC). This takes advantage of economies of scale and other business improvements resulting from increased standardization and transparencies of a shared services environment. In FY 2007, many of the finance and accounting functions will be transferred to ARC along with the operation of its Enterprise Resource Planning system.

#### *Increase Accessibility and Awareness of United States Mint Products and Programs*

The United States Mint sees a future in which the demand for circulating coinage is flat to declining. However, there is opportunity 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<sup>™</sup>. 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.

- In FY 2007, the United States Mint will introduce a Presidential \$1 Coin. This program will increase dollar coin production and result in the production of additional numismatic products. A public awareness and educational outreach effort, consistent with the statutory requirements, will be conducted.
- Investments in equipment during FY 2007 and FY 2008 will allow for new coin designs and new product capabilities, paving the way for growth in revenue by offering new products for the numismatic community. Examples of equipment related to these needs are edge-lettering equipment to comply with certain provisions in the Presidential \$1 Coin Act and to develop other new products; automated packaging equipment; digital engraving to shorten the design process time; die coating equipment to improve die life and meet environmental goals; and laser frosting and automated die polishing equipment to develop new products.

#### *A Commitment To Its Workforce*

In 2006, the United States Mint began to plan to better position itself to meet future challenges. Underlying the challenges and efforts listed above, a transition will be necessary to achieve an organization that can handle the circulating coinage needs efficiently, while offering new products and the capability to grow the numismatic operations. As part of this effort, workforce plans began to be developed to successfully position the organization for the future.

- The United States Mint remains committed to communicating with all employees to ensure that employees are treated fairly and with respect during this time of transformation. Included in plans for FY 2007 and FY 2008 are initiatives to address skill gaps and training needs within functional units and to organize the approach to address any identified changes.
- The United States Mint has had success in focusing the organization on safety and health improvements. This is shown by the reduction in the Lost Time Accident rate per 200,000 hours worked, which improved to 0.79 through September 2006, compared with 0.94 during FY 2005 and 1.36 during FY 2004.

Projected Full Time Equivalent (FTE) levels for both FY 2007 and FY 2008 are increasing slightly to 1,975 from actual usage of 1,927 in FY 2006. This reflects a reduction at Headquarters, which is offset by increases at the manufacturing plants to keep up with increased demand, especially for numismatic products and the new Presidential \$1 coins.

## Section 2 – Budget Adjustments and Appropriations Language

### 2.2 – Operating Levels Table

Dollars in Thousands

Account Title: United States Mint	FY 2006 Obligated	FY 2007 Estimated	FY 2008 Estimated
<b>FTE</b>	<b>1,927</b>	<b>1,975</b>	<b>1,975</b>
<b>Object Classification:</b>			
11.1 Full-Time Permanent Positions.....	\$ 119,009	\$ 125,587	\$ 129,274
11.1 Other than Full-Time Permanent Positions.....	1,447	55	55
11.5 Other Personnel Compensation.....	11,966	15,098	15,416
11.8 Special Personal Services Payments.....	-	-	-
11.9 Personnel Compensation (Total).....	-	-	-
12.0 Personnel Benefits.....	36,525	43,233	44,290
13.0 Benefits to Former Personnel.....	137	1,581	956
21.0 Travel.....	1,276	4,583	3,772
22.0 Transportation of Things.....	42,364	28,169	28,072
23.1 Rental Payments to GSA.....	802	30	28
23.2 Rent Payments to Others.....	19,077	28,169	25,070
23.3 Communications, Utilities, & Misc.....	15,636	26,050	24,569
24.0 Printing and Reproduction.....	2,504	7,774	7,121
25.1 Advisory & Assistance Services.....	60,949	84,954	65,419
25.2 Other Services.....	63,215	93,077	39,264
25.3 Purchase of Goods/Serv. from Govt. Accts...	-	-	-
25.4 Operation & Maintenance of Facilities.....	-	-	-
25.5 Research & Development Contracts.....	-	-	-
25.6 Medical Care.....	-	-	-
25.7 Operation & Maintenance of Equipment.....	15,321	28,989	64,021
25.8 Subsistence & Support of Persons.....	-	-	-
26.0 Supplies and Materials.....	40,885	58,550	54,398
26.0 Metal and Fabrication.....	1,072,665	1,401,707	1,395,521
31.0 Non-Capital Equipment.....	2,219	1,798	1,646
33.0 Investments & Loans.....	-	-	-
41.0 Grants, Subsidies.....	-	-	-
42.0 Insurance Claims & Indemn.....	20	156	143
43.0 Interest and Dividends.....	-	-	-
44.0 Refunds.....	-	-	-
Depreciation	0	0	0
<b>Total Operating.....</b>	<b>\$1,506,017</b>	<b>\$1,949,560</b>	<b>\$1,899,035</b>
<b>Object Classification</b>			
31.0 Capital Equipment.....	16,249	25,296	26,734
32.0 Land and Structures.....	5,035	14,188	11,735
<b>Total Capital.....</b>	<b>\$21,284</b>	<b>\$39,484</b>	<b>\$38,469</b>
<b>Budget Activities:</b>			
Manufacturing and Sales	1,469,100	1,911,439	1,859,892
Protection	36,917	38,121	39,143
<b>Total Budget Authority.....</b>	<b>\$1,506,017</b>	<b>\$1,949,560</b>	<b>\$1,899,035</b>

**2B – Appropriations Language**

<b>Appropriations Language</b>	<b>Explanation of Changes</b>
<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><i>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 under such section 5136 for circulating coinage and protective service capital investments of the United States Mint shall not exceed \$33,200,000.</i></p>	

**2C – Legislative Proposals**

The United States Mint has no legislative proposals for FY 2008.

## Section 3 – Budget and Performance Plan

### 3.1 – Resource Detail Table

Dollars in Thousands

	FY 2006		FY 2007		FY 2008		% Change FY 2007 to FY 2008
	FTE	Actual	FTE	Estimated	FTE	Estimated	%
<b>Revenue:</b>							
Circulating		520,102		980,016		837,587	-14.53%
Comm. Quarters		751,756		680,225		686,575	0.93%
Numismatic		1,051,593		1,050,000		1,050,000	0.00%
<b>Total Revenue</b>		<b>\$2,323,451</b>		<b>\$2,710,241</b>		<b>\$2,574,162</b>	<b>-5.02%</b>
<b>Expenses:</b>							
Manufacturing and Sales							
Circulating		326,463		453,642		408,145	-10.03%
Comm. Quarters		269,206		413,771		410,441	-0.80%
Numismatic		873,431		1,044,026		1,041,306	-0.26%
<b>Subtotal Manufacturing and Sales</b>	<b>1,547</b>	<b>\$1,469,100</b>	<b>1,592</b>	<b>\$1,911,439</b>	<b>1,592</b>	<b>\$1,859,892</b>	<b>0.00%</b>
Protection	380	36,917	383	38,121	383	39,143	0.00%
Capital Investments		21,284		39,484		38,469	-2.57%
<b>Total Operating Expenses + Capital</b>	<b>1,927</b>	<b>\$1,527,301</b>	<b>1,975</b>	<b>\$1,989,044</b>	<b>1,975</b>	<b>\$1,937,504</b>	<b>0.00%</b>
<b>Net Results</b>		<b>\$796,150</b>		<b>\$721,197</b>		<b>\$636,658</b>	<b>-11.72%</b>

Coin Shipments (in Millions)

<b>Circulating:</b>				
Pennies	8,553	7,658	7,599	-0.77%
Nickels	1,461	1,558	1,541	-1.09%
Dimes	3,023	2,754	2,850	3.49%
Quarters	3,007	2,721	2,746	0.92%
Half Dollars	2	-	-	0.00%
Dollars	60	550	400	-27.27%
<b>Total Circulating</b>	<b>16,106</b>	<b>15,241</b>	<b>15,136</b>	<b>-22.87%</b>
Numismatic	13	13	13	0.00%
Bullion	11	11	11	0.00%

**3A – Manufacturing** (\$1,859,892,000 from reimbursable programs): The United States Mint manufactures and sells coin products. For budget reporting purposes, these products are grouped into three programs: Circulating Coinage, 50 State Quarters, and Numismatic.

*Circulating Coinage* includes the one-cent coin, five-cent coin, dime, half-dollar and dollar used to conduct trade and commerce. The focus of this program is to produce and deliver coins for circulation to meet the needs of the United States in a cost efficient and safe manner with state-of-the-art manufacturing technology and equipment. The United States Mint delivers the circulating coinage to the Federal Reserve Banks for distribution as demanded by commerce.

The Resource Detail Table includes metal and manufacturing costs for the forecasted units plus administrative overhead and other non-production costs. These estimates are revised accordingly as economic conditions change and the plan year approaches. The current FY 2008 budget estimate includes resource needs of \$408 million to produce and ship 12.4 billion coins and generate \$838 million in face value.

By spending \$408 million on circulating coinage in FY 2008, the United States Mint will produce and ship approximately:

- 7.6 billion one-cent coins, generating face value of \$76 million.
- 1.5 billion five-cent coins generating face value of \$77 million.
- 2.8 billion dimes, generating face value of \$285 million.
- 400 million dollar coins, generating face value of \$400 million.

In FY 2007, the United States Mint will introduce the Presidential \$1 Coin program which commemorates the service of former Presidents of the United States in the order in which they served the nation. Four different coin designs will be minted each year. The year 2007 will feature Presidents Washington, Adams, Jefferson and Madison. The year 2008 will feature Presidents Monroe, (John Quincy) Adams, Jackson and Van Buren.

#### *50 State Quarters Program*

The 50 State Quarters Program 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 that the states ratified the United States Constitution or were admitted into the Union. The releases for 2007 are Montana, Washington, Idaho, Wyoming, and Utah. The 2008 quarters will depict designs for 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 United States Mint plans to spend \$410 million to produce and ship approximately 2.7 billion quarters, generating revenues of \$687 million in FY 2008.

#### *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 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 2008 budget estimate includes resource needs of \$1,041 million to generate \$1,050 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 or currency markets, and therefore is highly unpredictable. As required by law in 2006, new 24-karat gold bullion coins were introduced, the American Buffalo Gold Coin Program, which 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 backed by the United States Government in the global precious metal market.

American Eagle Proof coins are the United States Mint's premier collectible products. These coins contain 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.

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 designed for mass appeal.

Commemorative coins are authorized by Congress to celebrate and honor American people, places, events, and institutions. Each commemorative program is produced by the United States Mint in limited quantity and is available only for a limited time. Included in the price of commemorative coins is a surcharge that is authorized to be paid to the designated recipient organizations for projects that benefit the community. In FY 2007, the United States Mint will offer the Jamestown 400<sup>th</sup> Anniversary Commemorative Coin and the Little Rock Central High School Desegregation 50<sup>th</sup> Anniversary Commemorative Coin Program. Public Law 108-289, dated August 6, 2004, authorizes the production of a gold \$5 coin and a silver \$1 coin for the Jamestown Commemorative Coin. Public Law 108-146, dated December 22, 2005, authorizes the production of a silver dollar coin for the Little Rock Central High School Desegregation 50<sup>th</sup> Anniversary Commemorative Coin Program. In FY 2008, the United States Mint will offer the American Bald Eagle Recovery and National Emblem Commemorative Coin Program. Public Law 108-486, dated December 23, 2004, authorizes the production of three coins for this program, one gold, one silver and one clad coin.

### 3.2.1 – Manufacturing Budget and Performance Plan

Manufacturing Budget Activity		Includes Strategic Objective F3C				
Resource Level	FY 2004 Obligated	FY 2005 Obligated	FY 2006 Obligated	FY 2007 Estimated	FY 2008 Estimated	
Financial Resources						
Appropriated Resources	\$0	\$0	\$0	\$0	\$0	
Other Resources	956,173	979,159	1,469,100	1,911,439	1,859,892	
<b>Total Operating Level</b>	<b>\$956,173</b>	<b>\$979,159</b>	<b>\$1,469,100</b>	<b>\$1,911,439</b>	<b>\$1,859,892</b>	
Human Resources						
Appropriated FTE	0	0	0	0	0	
Other FTE	1,764	1,681	1,547	1,592	1,592	
<b>Total FTE (direct and reimbursable)</b>	<b>1,764</b>	<b>1,681</b>	<b>1,547</b>	<b>1,592</b>	<b>1,592</b>	
Manufacturing Budget Activity		Includes Strategic Objective F3C				
Measure	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	
Cost per 1,000 Coin Equivalents \$(E)	Target	\$9.78	\$7.03	\$6.62	\$7.27	\$7.15
	Actual	\$7.93	\$7.42	\$7.55		
	Met	Yes	No	No		
Cycle Time	Target	53	53	67	75	67
	Actual	85	69	72		
	Met	No	No	No		
Order Fulfillment %(Oe)	Target	Baseline	0%	95%	96%	96%
	Actual	0%	94%	95%		
	Met	Yes	Yes	Yes		

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

#### *Cost per 1000 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 allows comparison of performance over time by negating the effects of changes in the product mix. The Cost per 1,000 Coin Equivalents for FY 2006 is 7.55, a slight increase from \$7.42 in FY 2005. The performance did not meet the target of \$6.62. This ambitious target was a stretch goal, an 11 percent drop from the FY 2005 actual result, and was set based upon forecasted volume, product mix, and cost estimates. Differences in the actual volumes or the product mix from forecast affects the achievement of specific targets in any given year.

**3B – Protection** (\$39,143,000 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 assets while safeguarding United States Mint employees against potential threats at its facilities across the country. The United States Mint Police addresses possible threats by ensuring good perimeter security at all sites, and increasing coordination with various federal, state and local law enforcement agencies. It also ensures that proper policies are in place, and procedures followed, in handling the assets used to produce and transport coinage.

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

### 3.2.2 – Protection Budget and Performance Plan

Protection Budget Activity Resource Level	Includes Strategic Objective F3C				
	FY 2004 Obligated	FY 2005 Obligated	FY 2006 Obligated	FY 2007 Estimated	FY 2008 Estimated
Financial Resources					
Appropriated Resources	\$0	\$0	\$0	\$0	\$0
Other Resources	38,975	34,984	36,917	38,121	39,143
<b>Total Operating Level</b>	<b>\$38,975</b>	<b>\$34,984</b>	<b>\$36,917</b>	<b>\$38,121</b>	<b>\$39,143</b>
Human Resources					
Appropriated FTE	0	0	0	0	0
Other FTE	351	335	380	383	383
<b>Total FTE (direct and reimbursable)</b>	<b>351</b>	<b>335</b>	<b>380</b>	<b>383</b>	<b>383</b>

Protection Budget Activity Measure		Includes Strategic Objective F3C				
		FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Protection Cost Per Square Foot (\$) (E)	Target	Baseline	\$31.86	\$32	\$32.99	\$32.5
	Actual	\$32.51	\$32.43	\$32.49		
	Met	Yes	No	No		
Total Losses (\$) (Oe)	Target	Baseline	\$250,000	\$15,000	\$10,000	\$5,000
	Actual	\$3,109	\$1,135	\$0		
	Met	Yes	Yes	Yes		

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

*Description of Performance:* Total losses through the third quarter FY 2006 were \$0 (zero) compared with \$1,135 in FY 2005. This exceeds the target of \$15,000. This measures the results of fraud cases (e.g., credit card fraud during the purchase of United States Mint products by the public), theft cases, or intrusions that cause damage to the bureau's property. Cases that have been investigated and closed during the fiscal year are measured.

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

[http://www.treas.gov/offices/management/dcfo/accountability-reports/2006-par/Part\\_IV\\_Appendices.pdf](http://www.treas.gov/offices/management/dcfo/accountability-reports/2006-par/Part_IV_Appendices.pdf)

## Section 4 – Supporting Materials

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### 4.1 – Human Resources Table

#### Changes in Full Time Equivalents

Reimbursable FTE	FY 2006	FY 2007	FY 2008
Base: Year-end Actual from Prior Year	2,015	1,927	1,975

#### Increases:

Reason #1: New Numismatic Production		48	
Subtotal, Increases	0	48	0

#### Decreases:

Reason #1: Normal Attrition	-88	0	0
Subtotal, Decreases	-88	0	0

Year-end Actual/Estimated FTEs	1,927	1,975	1,975
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Budgeted FTEs	1,927	1,975	1,975
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Net Change from prior year SOY to budget year EOY			48
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### 4A – Human Capital Strategy Description

To best position the United States Mint for the future, it created a Workforce Planning Steering Committee which led a major workforce planning effort that included senior leaders and managers to identify human capital needs and workforce levels over the next five years. Workforce planning is on-going, however, the initial results include:

- Identification of human capital needs and workforce levels over the next five years in the context of the strategic plan and projected business environment and direction.
- Comparison of current skill profile to future skill needs and identified skill gaps.
- Recommended strategies to overcome identified skill gaps.
- A forward-looking analysis of factors and expected trends impacting United States Mint specific occupations and the likely affect on employee recruitment, development and retention.

## 4.2 – Summary of IT Resources Table

Dollars in Millions

Information Technology Investments		FY 2005		FY 2006	% Change	FY 2007	% Change	FY 2008	
		Operating Plan	Obligations	Operating Plan	from FY05 Actuals to FY06	Operating Plan	from FY06 to FY07	Request	% Change from FY07 to FY08
<b>Major IT Investments</b>	<b>Budget Activity</b>								
RS2 (ESPII - Electronic Commerce)	Manufacturing and Sales	11.6	10.5	4.8	-54.3%	4.8	0.0%	4.9	2.1%
<b>Total Major IT Investments</b>		<b>\$11.6</b>	<b>\$10.5</b>	<b>\$4.8</b>	<b>-54.3%</b>	<b>\$4.8</b>	<b>0.0%</b>	<b>4.9</b>	<b>2.1%</b>
<b>Non-Major IT Investments</b>		<b>\$4.2</b>	<b>\$3.8</b>	<b>\$4.6</b>	<b>21.1%</b>	<b>5.5</b>	<b>19.0%</b>	<b>5.8</b>	<b>5.6%</b>
<b>Infrastructure Investments</b>		<b>\$36.3</b>	<b>\$33.8</b>	<b>\$37.0</b>	<b>9.5%</b>	<b>\$38.7</b>	<b>4.4%</b>	<b>37.2</b>	<b>-3.8%</b>
<b>Enterprise Architecture</b>		<b>\$1.0</b>	<b>\$1.0</b>	<b>\$1.6</b>	<b>60.0%</b>	<b>\$1.3</b>	<b>-18.8%</b>	<b>1.3</b>	<b>1.5%</b>
<b>Total IT Investments</b>		<b>\$53.1</b>	<b>\$49.1</b>	<b>\$48.0</b>	<b>-2.2%</b>	<b>\$50.2</b>	<b>4.6%</b>	<b>49.2</b>	<b>-2.0%</b>

#### 4B – Information Technology Strategy

The United States Mint’s capital projects are focused on improving processes, developing new coin design capabilities, and expanding information handling. These investments are planned to reduce costs, shorten the overall time from product concept to production, and achieve greater flexibility to respond to shifts in market demands. The following major IT investment is planned for 2008:

##### *Retail Sales System*

The Retail Sales System (RS2), formerly reported as the e-Business Solution Project (eSP), 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 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 both the United States Mint's core mission.

Major Investments	FY 2006 Obligations	FY 2007 Estimated	FY 2008 Estimated
<b>Circulating &amp; Protection Capital Investments</b>			
Circulating Information Technology	\$1.722	2.215	1.264
Circulating Building Improvements	\$1.669	7.080	6.196
Circulating Equipment	\$2.621	7.670	8.555
Protection	\$3.070	9.555	8.940
<b>Total Circulating and Protection</b>	<b>\$9.082</b>	<b>26.520</b>	<b>24.955</b>
<b>Numismatic Capital Investments</b>			
Numismatic Information Technology	\$0.458	2.215	1.264
Numismatic Building Improvements	\$0.478	2.153	2.050
Numismatic Equipment	\$11.266	8.596	10.200
<b>Total Numismatic</b>	<b>\$12.202</b>	<b>12.964</b>	<b>13.514</b>
<b>Total Capital Investments</b>	<b>\$21.284</b>	<b>39.484</b>	<b>38.469</b>

The above FY 2006 totals by budget activity are different than those reflected in the President's Budget due to a data entry error in the MAX system (numbers were transposed). The capital investment obligations reflected in this table are correct.

The United States Mint’s FY 2008 total circulating and protection capital estimate is \$25.0 million, which is \$8.2 million below the total projected circulation and protection depreciation (capital limit) amount of \$33.2 million. Therefore, no additional budget authority for capital investments is needed in FY 2008.

Each year, the United States Mint commits funds for capital projects to maintain, upgrade or acquire physical structures, equipment, physical security, and information technology systems. Total capital projects are estimated to be \$38.5 million in FY 2008. This includes approximately \$16.1 million for circulating projects, \$8.9 million for security improvement projects, and \$13.5 million for numismatic projects.

### 4.3 – 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 measures with ambitious targets and timeframes. The 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</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>