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Statement for the Record
Committee on Financial Services
Subcommittee on Domestic Monetary Policy and Technology
U.S. House of Representatives
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Thank you for giving the United States Mint the opportunity to submit a statement for the record for the April 17, 2012, House Financial Services Subcommittee on Monetary Policy and Technology hearing entitled, "The Future of Money: Coinage Production."

The United States Mint and the Department of the Treasury share Congress's objective of improving government efficiency, and are working to manufacture circulating coinage at the lowest possible cost to the American taxpayer. Under the authority provided by the Coin Modernization, Oversight, and Continuity Act of 2010 (Pub. L. 111-302) (Act), we are currently conducting an extensive research and development (R&D) effort to determine the most cost-effective and fully functional metallic coin composition for each circulating coin. As required by the Act, we will transmit our first biennial report to Congress later this year.

The United States Mint and the Department of the Treasury support the legislative proposal contained in the FY 2013 President's Budget allowing the Secretary of the Treasury flexibility to determine the composition of coinage. The proposal is the optimal method for addressing the current and future challenges related to the costs of coin materials and production, and would reduce costs of circulating coins by millions of dollars annually. We urge the Committee to support this proposal.

Budget Proposal

Raw materials represent a significant part of the cost to manufacture circulating coins. Currently, the alloys for all circulating coins, except for the \$1 coin,¹ are controlled by law (31 U.S.C. § 5112). To reduce costs to the United States Mint, the FY 2013 President's Budget proposes legislation to allow the Secretary flexibility to specify the coinage materials for the one-cent, 5-cent, dime, quarter-dollar, half-dollar, and \$1 coins.²

The most efficient and comprehensive way to reduce circulating costs is to grant to the Secretary the authority to prescribe the weights and compositions for all circulating coins so the Secretary has the flexibility to change the composition of coins to more cost-effective materials. This would allow Treasury to adjust to changes in material prices

¹ The composition of the \$1 coin may be prescribed by the Secretary of the Treasury in accordance with the United States \$1 Coin Act of 1997, Public Law 105-124 (Dec. 1, 1997).

² Although United States \$1 Coin Act of 1997 affords the Secretary discretion on the composition of the \$1 coin, it nevertheless requires the coin to have "similar, metallic anti-counterfeiting properties as" previously issued \$1 coins. The proposed legislation in the President's Budget for FY 2013 would allow the Secretary to consider coinage materials that are nonmetallic.

over time while taking into account the impact of alternative materials on manufacturing processes and equipment. Changes would be made through an objective and open process that considers the public interest and is responsive to future technological developments.

Research and Development

To date, through the R&D process, the United States Mint has identified a number of issues related to future costs of materials, production methods, and emerging technologies that will be reflected in the first biennial report. We are progressing well with our R&D efforts, and will transmit our report to Congress later this year.

The Mint appreciates this Committee's and Congress's continued support. Please let us know if we can be of further assistance.