

## MEMORANDUM

**To:** Members of the Committee on Financial Services

**From:** FSC Majority Staff

**Date:** August 30, 2018

**Subject:** September 5, 2018, Subcommittee on Monetary Policy and Trade Hearing Entitled “The Future of Money: Coins and Banknotes”

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The Subcommittee on Monetary Policy and Trade will hold a hearing entitled “The Future of Money: Coins and Banknotes” at 10:00 a.m. on Wednesday, September 5, 2018, in Room 2128 of the Rayburn House Office Building. This will be a one-panel hearing with the following witnesses:

- Mr. Leonard R. Olijar, Director, Bureau of Engraving and Printing
- Mr. David J. Ryder, Director, United States Mint

This hearing will examine and evaluate the operations of both the U.S. Mint and the Bureau of Engraving and Printing.

The Coinage Act of 1792 established the U.S. Mint to produce circulating coins for the Federal government. It is a bureau within the Treasury Department, headquartered in Washington, D.C., nearly 1,700 employees, that operates four active coin-producing facilities in Philadelphia, Denver, San Francisco, West Point, and also operates the U.S. Bullion Depository at Fort Knox, in Kentucky. The Mint produces and sells its coins to the Federal Reserve at face value, who in turn circulates the coins. The Mint also makes coins and medals for collectors. The Public Enterprise Fund funds the Mint through a “permanent indefinite appropriation” that functions as a revolving fund that enables the Mint to operate without further appropriations. The Mint remits excess revenue from its operations to the Treasury Department’s General Fund.

The Bureau of Engraving and Printing (BEP) traces its origins to the legislation to finance the Civil War. In July 1861, Congress authorized the Secretary of the Treasury to issue paper currency in lieu of coin due to the lack of funds needed to support the conflict. The paper notes were essentially Government “IOUs” and were called Demand Notes because they were payable “on demand” in coin at certain Treasury facilities. The Second Legal Tender Act (July 11, 1862; 12 Stat. 532) authorized the Secretary of the Treasury to engrave and print notes at the

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Treasury Department; the design of which incorporates fine-line engraving, intricate geometric lathe work patterns, a Treasury seal, and engraved signatures to aid in counterfeit deterrence. The BEP now prints banknotes exclusively for the Federal Reserve on a cost-negotiated basis. The BEP is a bureau within the Treasury Department with approximately 1900 employees in Washington, DC and Fort Worth, Texas. The BEP produces a variety of security document for the Federal government and finances its operations through a revolving fund into which it deposits the proceeds of its product sales.