

New Coins to Make Billions for Federal Government -- December 2006

When people ask me why I spend some of my time sponsoring bills such as the 50-state quarter legislation and most recently, the Presidential \$1 Coin Act, I immediately think of the billions of dollars generated in savings for the federal government. The 50-state quarter program alone has saved the government \$6 billion to date and it is estimated the newly redesigned \$1 coin may save at least \$5 billion. Not many Members of Congress -- if any -- can say they've done the same.

The billions of dollars are saved through a process called seigniorage, where the U.S. government earns money on each coin that is produced and enters the public arena through a financial institution or the purchase of a collector's sets from the U.S. Mint. For example, it will cost the U.S. Mint approximately 21 cents, depending on the cost of materials, to make each dollar piece. This means that the government will make 79 cents from each dollar that enters circulation. As the public seeks to collect these new dollar coins, and therefore pulls them out of circulation, more coins will need to be generated to meet the demand - creating the pattern of demand and revenue for the government. Money will also be generated by the sale of the First Spouse gold bullion coins. These savings will reduce interest on the debt, something we should all support.

For this reason, I look forward with excitement to February 2007 when the Presidential \$1 Coin will first be released. The law I wrote creating this program calls for a circulating one-dollar coin program with a regularly changing design, featuring the Presidents of the United States in the order in which they served, with a new design every three months. The reverse of the coin will feature a dramatic image of the Statue of Liberty.

Along with the benefits of the savings to the federal government there are other positive aspects of this new program such as the education the coins provide for children and adults alike and the increase in circulation of the dollar coins.

These new coins will serve as history lessons for countless students throughout the United States -- not only will they learn about the different Presidents and their legacies but also the time period in history during which they served. I have recently visited two schools in Delaware to share the new designs with fourth grade students and I have been pleasantly surprised by their knowledge of the Presidents, and by their excitement for the new coins to collect. Many of the students already collect the 50-state quarters.

Finally, I believe the changing designs on this dollar coin will create demand, keeping the coins in circulation and providing another means for people to use the dollar denomination. The law requires the capability to accept and dispense the new \$1 coin by all Federal Government agencies, the U.S. military, transit systems receiving federal funds, and businesses operating on Federal Government premises by January 1, 2008. Additionally, coins are designed to work with existing vending machines that accept dollar coins. Finally, during a six week period for each \$1 coin release, financial institutions can obtain unmixed quantities of that specific design to provide to customers. Retailers and consumers should talk with their financial institutions about their interest in the new Presidential \$1 Coin Program.

For all these reasons and more, I will continue to be a believer in these programs and encourage everyone to collect the new dollar coins and consequently, a bit of history while helping to save the U.S. government billions of dollars.

