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United States Senate
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS
WASHINGTON, DC 20510–6075

July 12, 2011

The Honorable Ben Bernanke
Chairman
Board of the Governors of
the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

Mr. Richard A. Peterson
Deputy Director
and Acting Director
United States Mint
801 9th Street, NW
Washington, DC 20220

Dear Chairman Bernanke and Acting Director Peterson:

As you know, the Federal Reserve Board's Annual Report on the Presidential $1 Coin program was submitted to the Senate Committee on Banking, Housing, and Urban Affairs on June 28, 2011. The Committee appreciates the efforts undertaken to objectively assess the program and provide us with timely and relevant information. However, the concerns raised in this report with regards to excess dollar coin inventories are troubling, and as such we are requesting additional information to better ascertain any ongoing problems and explore potential improvements to the program.

As mentioned in the report, Reserve banks are currently holding approximately $1.2 billion in dollar coins, and this is expected to increase to over $2 billion by the time the program ends. The report also indicates that "depository institutions have redeposited roughly 40 percent of all Presidential $1 Coins issued." Further, the report recommends that Congress remove a provision of the Presidential $1 Coin Act of 2005 requiring the Fed to make each new Presidential $1 Coin design issued available in unmixed supplies to any institution during an introductory period, adding: "[excess $1 coin] inventory growth, in large part, is because of the introduction period requirement."

We would appreciate more information on the following issues:

- Please list and describe all contributing factors (e.g. requests for coins from the general public, trends in coin usage, production requirements, etc.) that may explain why there's an excessive and growing supply of Presidential $1 Coins.

- What are the annual costs, directly or indirectly, to taxpayers in carrying out the Presidential $1 Coin program?

- Does the Fed or the Mint currently have existing authority to lower the production levels and thereby curtail the growing inventories of unused dollar coins? Since Congress has not mandated a specific introductory period, could a shorter timeframe help reduce the excessive inventory growth?

- If Congress were to remove the introductory period requirement, how would it affect supply and demand for Presidential $1 Coins? By how much would projected excess dollar coin inventories change if this were to take effect?

- The report also notes that "some of the Federal Reserve's largest cash customers have indicated that they are considering whether to continue providing the Presidential $1 Coin to customers." Have any such entities followed through on this decision? Would production levels of Presidential $1 Coin change if they did? And, if they stopped providing them, would their customers still be able to obtain the dollar coins?

As members of the Committee on Banking, Housing, and Urban Affairs, we are committed to eliminating unnecessary waste of taxpayer resources while ensuring that our nation's coinage is produced, issued, and circulated efficiently to satisfy consumer demand and serve the public interest. We look forward to working with you to examine improvements to this program while fully protecting taxpayers. Thank you for your prompt attention to this important matter.

Sincerely,

Tim Johnson
Senator Tim Johnson

Jack Reed
Senator Jack Reed

Jon Tester
Senator Jon Tester