

Congress of the United States
Washington, DC 20510

June 29, 2020

The Honorable Jerome Powell
Chairman, Board of Governors
Federal Reserve System
Eccles Federal Reserve Board Building
Washington, DC 20551

The Honorable Steven Mnuchin
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

RE: Requesting Federal Reserve Guidance on Coin Shortage

Dear Secretary Mnuchin and Chairman Powell:

Following questions in the House Financial Services full committee hearing on June 17, we are continuing to hear from financial institutions and businesses who are concerned about the lack of coins available due to the Federal Reserve beginning to ration coins.

As you know, businesses throughout the economy rely on cash transactions to deliver goods and services every day. Any disruption in the ability of these businesses to get the coins they need to make change and properly serve their customers would create a drag on the U.S. economy and risk severely disrupting commerce across the nation.

Even as electronic payments dominate money usage and banking in the U.S., the use of physical money is still significant. According to the Federal Reserve Bank of San Francisco, Cash Product Office consumers used cash in 26 percent of all transactions in 2018 including 49 percent of all payments under \$10. Just looking at in-person payments, cash represented 35 percent of the total funds transacted by consumers.

Businesses with a large number of small-dollar transactions are particularly reliant on cash. Convenience stores, grocery stores, gas stations and other local businesses need an adequate supply of coins to keep their businesses going. This is particularly true for establishments located in rural and low-income communities where many customers may not have credit cards or ready access to traditional banking services. Households earning less than \$50,000 per year have considerably fewer transactions overall and, as a result, their cash transactions make up a larger share of their total—eight to 16 percentage points higher than those making more than \$50,000.

The U.S. Mint and the Federal Reserve must work together to ensure that enough coins are produced and properly distributed throughout the nation to meet Americans' needs. That is clearly not happening today. We note that the Federal Reserve's notice indicates that its coin inventory has been "reduced to below normal levels." Given the economic dislocation caused by the pandemic, it would seem reasonable for the Federal Reserve to prioritize getting coins into circulation so that cash commerce can continue uninterrupted ahead of concerns about its level of coin inventory held in reserve. Local businesses are struggling to stay afloat even without proper coin supplies.

Please provide us with a plan to address this situation – through increased distribution of coins from the Federal Reserve, increased coin production by the Mint or otherwise – before this becomes a drag on the economy and disrupts transactions. We also request the Federal Reserve issue guidance as well as best practices on operational alternatives for businesses. In a time when pennies are the difference between profit and loss, it is critical that the Federal Reserve take swift action to assist our nation’s banks, businesses, and consumers.

Thank you for your prompt attention to this matter.

Sincerely,



John Rose
Member of Congress



French Hill
Member of Congress



Van Taylor
Member of Congress



Barry Loudermilk
Member of Congress



John R. Carter
Member of Congress



Daniel P. Meuser
Member of Congress



Bill Johnson
Member of Congress



Troy Balderson
Member of Congress



William R. Timmons, IV
Member of Congress



Chuck Fleischmann
Member of Congress



Tom Emmer
Member of Congress



Trey Hollingsworth
Member of Congress