

Rec. IR5: Eliminate the requirement to accept and dispense dollar coins at government business operations.

\$1 Coins from Interim Report p. 25

Problem

Section 5112(p)(1) of Title 31, U.S.C., Denominations, Specifications, And Design Of Coins, requires that business operations performed on federal government premises provide for accepting and dispensing of existing and proposed dollar coins. This policy requires an unnecessary contract clause.

Background

The Presidential \$1 Coin Act of 2005 (Pub. L. No. 109–145) was signed into law in December 2005. The reasoning, as stated in Title I, Section 101(1), was: “There are sectors of the United States economy, including public transportation, parking meters, vending machines and low-dollar value transactions, in which the use of a \$1 coin is both useful and desirable for keeping costs and prices down.” The Act included a provision requiring business operations on government premises to provide for accepting and dispensing any existing and proposed dollar coins as part of operations beginning January 1, 2006.

Findings

The dollar coin requirement in law, as implemented through the FAR, may not have achieved the desired result. A 2013 Government Accountability Office study of the issue noted the U.S. Treasury’s decision to cease production of the coin in 2011 and elaborated on inventory management issues facing the Federal Reserve. These issues were due to two intertwined factors: coin production increases after Congress passed the law and continued lack of broad use by the public. The study suggested that low demand might stem at least in part from the fact that the dollar bill is still available.¹

Conclusions

Although Congress aimed to promote efficiencies by mandating use of dollar coins in business operations on government premises, this goal appears not to have been achieved. The broader point is that although many acquisition requirements, including this one, are designed to further arguably laudable public policy objectives, the aggregate effect of hundreds of similar regulations is costly for DoD.

¹ Government Accountability Office, *U.S. Currency: Coin Inventory Management Needs Better Performance Information*, GAO-14-110, accessed April 20, 2017, <http://www.gao.gov/assets/660/658599.pdf>.

\$1 COIN OPTION 1: MAKE CHANGE FOR DoD ONLY**Recommendations*****Legislative Branch***

- Amend the statutory requirement at 31 U.S.C. § 5112(p)(1) to provide an exception for business operations under DoD contracts.

Executive Branch

- Amend the FAR at 37.116, Accepting and Dispensing of \$1 Coin, and its related clause at 52.237-11, Accepting and Dispensing of \$1 Coin, to exempt DoD.

Implications for Other Agencies

- None.

\$1 COIN OPTION 2: MAKE CHANGE GOVERNMENTWIDE**Recommendations*****Legislative Branch***

- Amend the statutory requirement at 31 U.S.C. § 5112(p)(1) to provide an exception for business operations under contracts with the United States.

Executive Branch

- Delete FAR 37.116 and its related clause at 52.237-11.

Implications for Other Agencies

- All agencies would be relieved of an unnecessary contract clause requirement.