



December 20, 2022

Penny: History and Current Status

The Secretary of the Treasury, through the U.S. Mint, is statutorily authorized to issue specific denominations of circulating coins (31 U.S.C. §5112). Currently, the United States has six circulating coin denominations—dollar, half dollar, quarter dollar, dime, nickel, and penny. Unlike today’s circulating coins, initial coin designs did not feature images of U.S. Presidents; rather, they often featured allegorical images of Liberty (depicted as a woman) and other symbols of the United States.

[I]t had been a practice in Monarchies to exhibit the figures or heads of their Kings upon their coins.... Now as we have no occasion for this aid to history, nor any pretense to call the money of the United States the money of our Presidents ... I am certain it will be more agreeable to the citizens of the United States, to see the head of Liberty on their coin, than the heads of Presidents.

-Representative John Page (VA), *Annals of Congress*, March 24, 1792, p. 484.

Penny Designs

The first penny was issued in 1793 and featured the head of an allegorical woman with flowing hair to symbolize liberty (obverse) and 15 chain links (reverse) meant to symbolize the unity of the states. **Figure 1** shows the design of the first penny issued by the U.S. Mint.

Figure 1. United States Penny, 1793

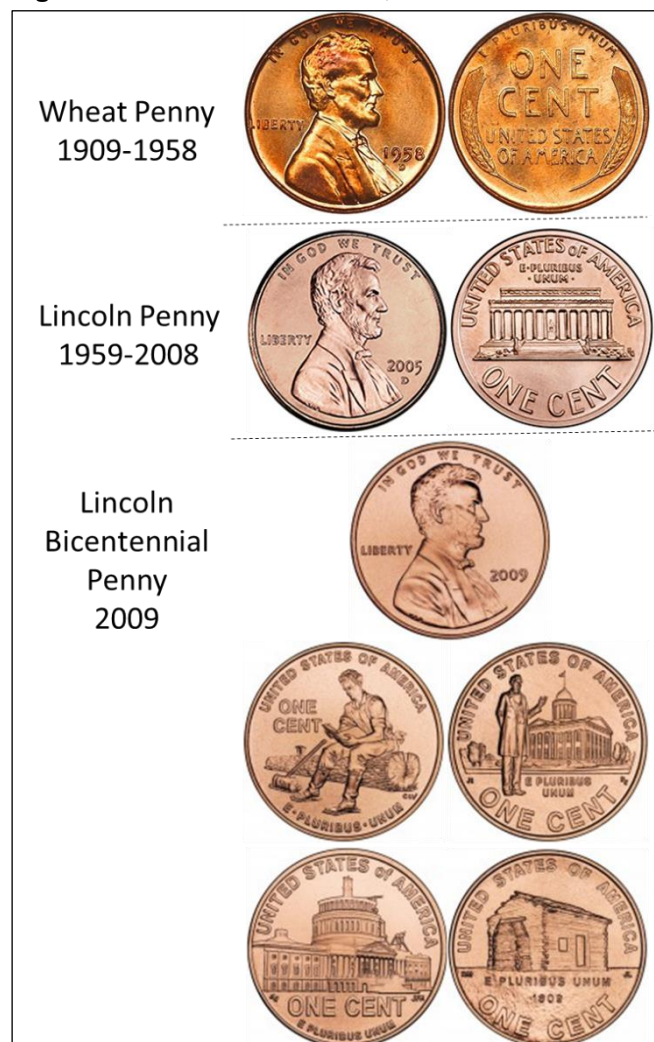


Source: U.S. Mint, “The History of U.S. Circulating Coins,” at <https://www.usmint.gov/learn/history/us-circulating-coins>.

Prior to 1909, the penny’s reverse featured a wreath (which had replaced the linked chains) and the obverse images periodically changed to include several different versions of Liberty (1793-1856), a flying eagle (1856-1858), and the “Indian head” penny (1859-1908).

Beginning in 1909, the penny’s obverse has featured President Abraham Lincoln. That year, the U.S. Mint redesigned the penny’s obverse to honor President Lincoln’s 100th birthday. The reverse featured an image of wheat surrounding the words “One Cent” and “United States of America.” This is known as the “Wheat Penny.” Since then, the penny’s reverse has been redesigned several times, often coinciding with a milestone anniversary of President Lincoln. These redesigns occurred in 1959 for his 150th birthday and in 2009 for his 200th birthday. **Figure 2** shows the 1909-1958, 1959-2008, and 2009 pennies.

Figure 2. United States Pennies, 1909-2009



Source: My Coin Guides, “Lincoln Wheat Cent,” at <https://lincolncents.net/lincoln-wheat-cent>; U.S. Mint, “Lincoln Penny (1959-2008),” at <https://www.usmint.gov/coins/coin-medal-programs/circulating-coins/lincoln-penny-1959-2008>; and “Lincoln Bicentennial One Cent Program,” <https://www.usmint.gov/learn/coin-and-medal-programs/lincoln-bicentennial-one-cent>.

Since 2010, the penny continues to feature President Lincoln on the obverse and a “Union Shield” on the reverse. **Figure 3** shows the 2022 penny.

Figure 3. United States Penny, 2022



Source: U.S. Mint, “Penny,” at <https://www.usmint.gov/coins/coin-medal-programs/circulating-coins/penny>.

Issues for Consideration

In recent Congresses, legislation has been introduced to address the cost of production, metallic content, and the potential elimination of the penny.

Cost of Producing the Penny

The U.S. Mint sells coins at face value to the Federal Reserve Banks for circulation. In its 2021 *Annual Report* (p. 8), the U.S. Mint recorded \$382.2 million in seigniorage (i.e., the difference between the face value and cost of producing circulating coins) and \$106.3 million in net income from numismatic products (i.e., high quality versions of coins for collections). Within the seigniorage amount, the 2021 cost to produce a penny was 2.10 cents, the 16th consecutive year where it cost more than one cent for the U.S. Mint to make a penny, and up 19% over 2020 (p. 10).

Historically, some Members of Congress have introduced legislation to address the cost of the penny. The most frequent proposal is to request the Government Accountability Office (GAO) to study the cost of coin production. None of these measures has been enacted.

GAO officials have testified before Congress on the cost of the penny. For example, during a 1996 House Banking and Financial Services Committee hearing, GAO stated that when discussing the future of the penny, factors such as “government costs, public attitudes, budgetary and operational impacts on the Mint and Mint contractors, and the fairness of rounding prices to the closest 5-cent increment, warrant congressional consideration” (GAO/T-GGD-96-153).

Metallic Content

Congress prescribes the size, weight, and the metallic content for circulating coins (31 U.S.C. §5112). Changes to weight or metallic content would likely require legislation. To assist in the potential determination of future metallic content of circulating coins, the Coin Modernization, Oversight and Continuity Act (P.L. 111-302) gave the Secretary of the Treasury the authority to “conduct any appropriate testing of appropriate coinage metallic materials” [§2(a)(1)] and requires a biennial report to

Congress “analyzing production costs for each circulating coin, cost trends for such production, and possible new metallic materials or technologies for the production of circulating coins” (§3(a)).

The U.S. Mint published the most recent *Biennial Report* in 2020. In regard to the penny, the U.S. Mint evaluated one potential metallic alternative. Currently, the penny consists of copper plated zinc. The *Biennial Report* notes that the U.S. Mint investigated the potential use of copper-plated steel as an alternative. While the U.S. Mint notes that a new penny would likely be seamless (i.e., would work interchangeably in a vending machine or a coin counter with current coins), it “is not expected to yield significant cost savings, as differences in metals costs between zinc and steel are offset by higher fabrications costs associated with plated steel planchets” (p. 7). Unlike the current penny, however, the new metallic blend might “enable multiple suppliers, providing a longer term economic advantage” (p. 7).

Elimination of the Penny

In 2021, the U.S. Mint produced 7.613 billion pennies. Past analysis has found that approximately one-third of pennies circulate. This means that, as one observer put it, “for almost two-thirds of the billions of pennies produced, the trip from the Mint to the Federal Reserve to the commercial banks and finally to the consumers is a one-way trip, and they are not seen again in circulation” (House Financial Services Hearing, *The Future of the 1-Cent Coin*, July 16, 1996, p. 4).

In consideration of the penny’s circulation, various legislative proposals have attempted to (1) temporarily suspend the penny’s production, or (2) eliminate the penny from circulating U.S. currency. Additionally, some of these proposals would prescribe guidelines for rounding cash transactions to the nearest five cents.

Proponents of the penny’s elimination cite the potential to save money, to free up U.S. Mint production capacity to focus on higher-denomination coins that have a higher margin (U.S. Coin Task Force Final Report 2022, p. 17, fn 41), and that other countries (e.g., Canada, Australia, and New Zealand) have eliminated their one-cent equivalent coin. Opponents generally focus on the potential to create a price shift or “rounding tax” on cash transactions (Lobmra, “Eliminating the Penny from the U.S. Coinage System: An Economic Analysis 2001,” *Eastern Economic Journal*, p. 433) and nostalgia for the penny.

For more information on the design of circulating coinage, see CRS In Focus IF11190, *U.S. Dollar Coins: History and Current Status*; CRS In Focus IF11394, *Quarter and Half Dollar Coins: History and Current Status*; CRS In Focus IF11773, *Redesigning Circulating Quarters, Half Dollars, and Dollar Coins: Current and Future Designs*; and CRS Report R45716, *The Potential Decline of Cash Usage and Related Implications*.

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