

WASHINGTON (AP) — American consumers have shown about as much appetite for the \$1 coin as kids do their spinach.

They may not know what's best for them either. Congressional auditors say doing away with dollar bills entirely and replacing them with dollar coins could save taxpayers some \$4.4 billion over the next 30 years.

Vending machine operators have long championed the use of \$1 coins because they don't jam the machines, cutting down on repair costs and lost sales. But most people don't seem to like carrying them.

In the past five years, the U.S. Mint has produced 2.4 billion Presidential \$1 coins. Most are stored by the Federal Reserve, and production was suspended about a year ago.

The latest projection from the Government Accountability Office on the potential savings from switching to dollar coins entirely comes as lawmakers begin exploring new ways for the government to save money by changing the money itself.

The Mint is preparing a report for Congress showing how changes in the metal content of coins could save money.

The last time the government made major metallurgical changes in U.S. coins was nearly 50 years ago when Congress directed the Mint to remove silver from dimes and quarters and to reduce its content in half dollar coins.

Now, Congress is looking at new changes in response to rising prices for copper and nickel.

At a House subcommittee hearing Thursday, Nov. 29 the focus was on two approaches:

—Moving to less expensive combinations of metals like steel, aluminum and zinc.

—Gradually taking dollar bills out the economy and replacing them with coins.

The GAO's Lorelei St. James told the House Financial Services panel it would take several years for the benefits of switching from paper bills to dollar coins to catch up with the cost of making the change.

Equipment would have to be bought or overhauled and more coins would have to be produced upfront to replace bills as they are taken out of circulation.

But over the years, the savings would begin to accrue, she said, largely because a \$1 coin could stay in circulation for 30 years while paper bills have to be replaced every four or five years on average.

Even the \$1 coin's most ardent supporters recognize that they haven't been popular. Philip Diehl, former director of the Mint, said there was a huge demand for the Sacagawea dollar coin when production began in 2001, but as time wore on, people stayed with what they knew best.

"We've never bitten the bullet to remove the \$1 bill as every other Western economy has done," Diehl said. "If you did, it would have the same success the Canadians have had."

Beverly Lepine, chief operating officer of the Royal Canadian Mint, said her country loves its "Loonie," the nickname for the \$1 coin that includes an image of a loon on the back.

The switch went over so well that the country also went to a \$2 coin called the "Toonie."

Rep. Bill Huizenga, R-Mich., affirmed that Canadians have embraced their dollar coins. "I don't know anyone who would go back to the \$1 and \$2 bills," he said.

That sentiment was not shared by some of his fellow subcommittee members when it comes to the U.S. version.

Rep. Lacy Clay, D-Mo., said men don't like carrying a bunch of coins around in their pocket or in their suits. And Rep. Carolyn Maloney, D-N.Y., said the \$1 coins have proved too hard to

distinguish from quarters.

“If the people don’t want it and they don’t want to use it,” she said, “why in the world are we even talking about changing it?”

Several lawmakers were more intrigued with the idea of using different metal combinations in producing coins.

Rep. Steve Stivers, R-Ohio, said a penny costs more than 2 cents to make and a nickel costs more than 11 cents to make. Moving to multiphased steel for coins would save the government nearly \$200 million a year, he said.

The Mint’s report, which is due in mid-December, will detail the results of nearly 18 months of work exploring a variety of new metal compositions and evaluating test coins for attributes as hardness, resistance to wear, availability of raw materials and costs.

Richard Peterson, the Mint’s acting director, declined to give lawmakers a summary of what will be in the report, but he said “several promising alternatives” were found.