

Americans for Common Cents Frequently Asked Questions

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Why does the penny cost so much to make? The question of penny cost really comes down to how the Mint accounts for its overhead costs. In FY 2011, the Mint began allocating costs based on production volumes rather than the amount of direct labor consumed for each denomination. The accounting change dramatically inflated the cost of the penny where the coin image is stamped onto the planchet or “blanks” and transposed significant costs from the other denominations to the penny. This approach actually double charges portions of the penny fabrication process not incurred by the Mint.

How does penny production differ from other coins? Penny “blanks” are purchased from a private sector company which reduces the cost of production and Mint labor costs. The penny only requires approximately 1/3 the operations at the Mint compared to the other coins. A ready to strike (RTS) blank (such as the penny blanks delivered to the Mint) require 12 production operations. In contrast, fabrication from solid strip (which is the process followed for the 5, 10 and 25 cent coins) requires 34 such responsibilities for the Mint, along with a much higher degree of supervision, engineering, and security responsibilities. For more detail, please see the videos below:

How much money would the government save by eliminating the penny? The government won't save money if the penny is eliminated. Such a change would have a massive negative impact on the US Mint's cost structure. For example, many Mint overhead costs would remain and have to be absorbed by other coins. Also, there would be greater demand for expensive nickels which also means more costs. The unit cost to make a nickel in 2023 was 11.54 cents, which is more than double the face value of the nickel itself. The Mint says penny elimination will likely double nickel production so the Mint will lose money making more nickels at the current cost.

Don't pennies just make a one way trip to the dresser drawer or penny jar? No, pennies circulate. Two-thirds of the pennies going out of the banking system come back in every year, indicating that the penny is heavily used in commerce. Why consider removing the supply of a product that is in demand?

Haven't other countries eliminated their low denomination coins without any problems? The US economy is 10 times larger than Canada, 15 times larger than Australia and over 100 times larger than New Zealand. As the largest economy in the world we need to be careful taking actions that might impact inflation or consumer confidence.

Don't businesses lose a bunch of money as people "fumble" for pennies at the cash register? Time wasted at the cash register is perhaps the most outrageous argument penny opponents make. Some have suggested that time at the cash register has a value and there is lost worker productivity making change. First, it's not at all clear that removing pennies and rounding will save any time. In fact there are many reasons to believe the net time associated with carrying out a purchase will, if anything, increase. Second, retail workers at the cash register are not paid according to their productivity. And it takes a leap of logic to link time "wasted" with pennies to a dollar equivalent productivity loss and then suggest time could have been used to clean or restock shelves.

Citation/Source

Americans for Common Cents, accessed 2025. (*Americans for Common Cents (ACC) conducts research and provides information to Congress and the Executive Branch on the value and benefits of the penny.*) <https://pennies.org/frequently-asked-questions/>

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