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Money in the USA



Written by Susan Crean

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Making Money

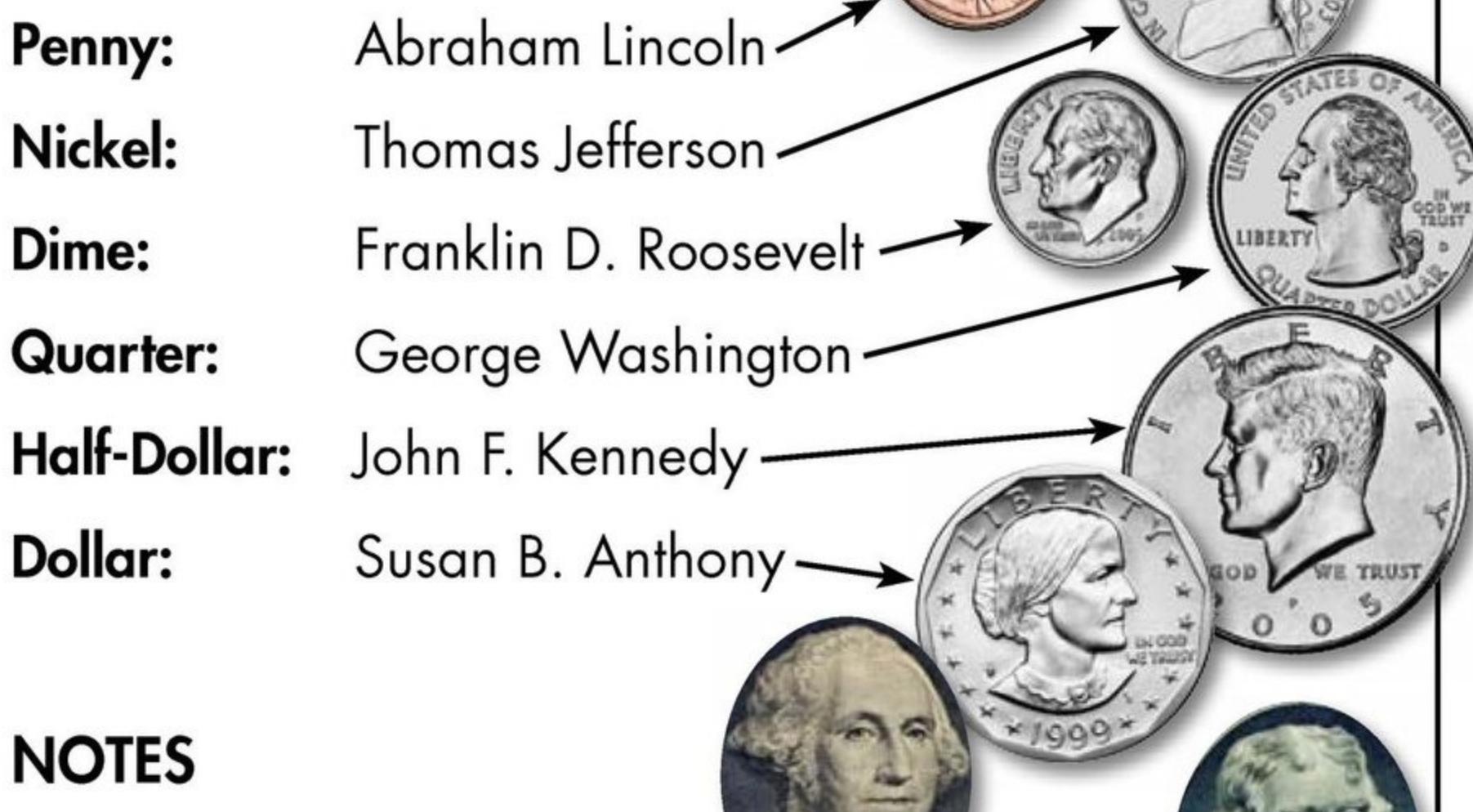
Money is something that people living in the United States today cannot survive without. People use money to purchase things they need to live, such as food and shelter. People also use money to purchase things they want, but do not necessarily need to survive.

The money used in the United States is different from the money of other countries. Each country has its own **currency** system. The system in the United States is based on a decimal system that uses dollars and cents.

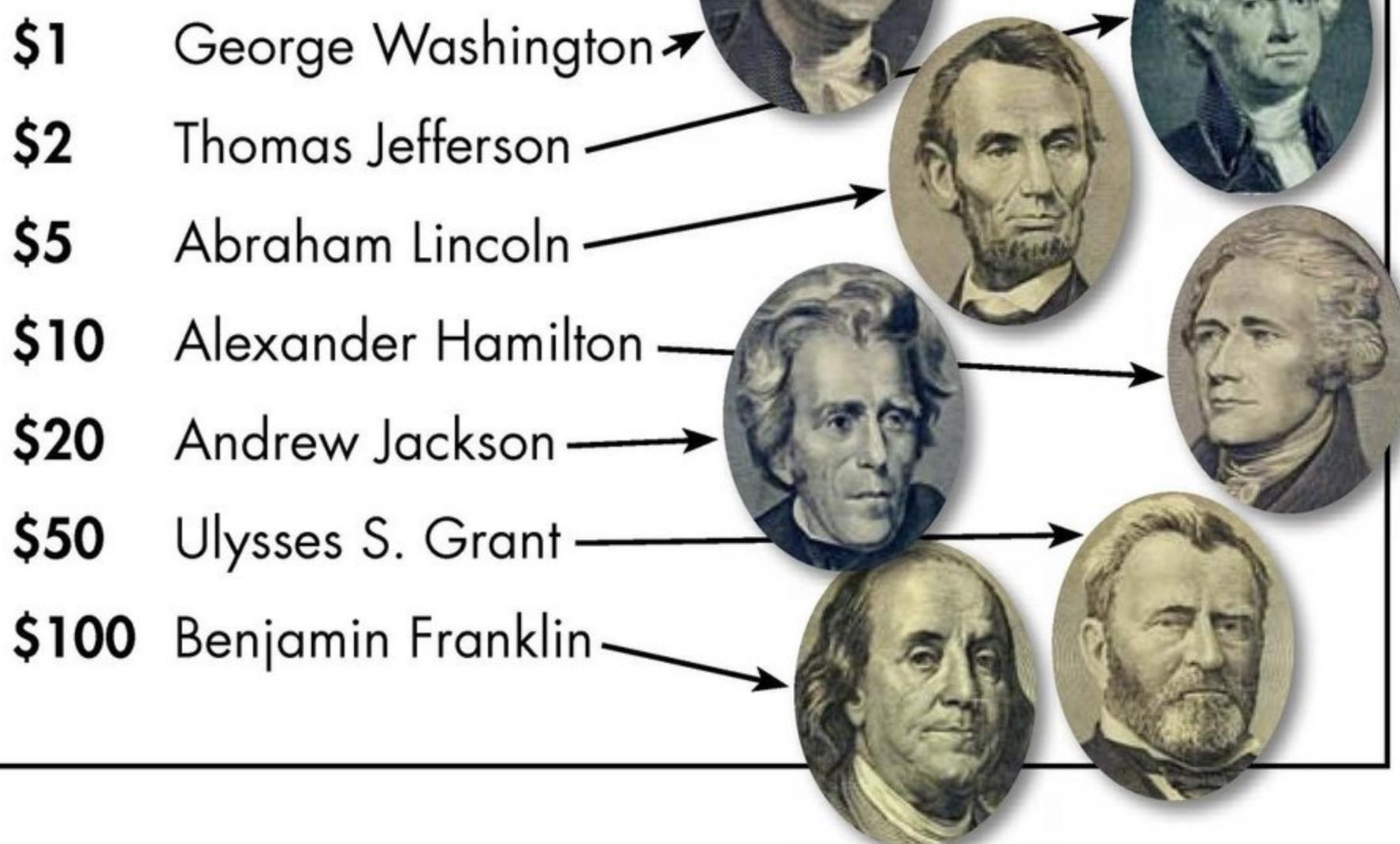


A big central bank, known as the **Federal Reserve**, issues all money in the United States. But the Federal Reserve does not make money. Money is actually made by two other organizations: one is the U.S. Mint, which makes coins, and the other is the Bureau of Engraving and Printing, which makes the notes, or bills.

COINS



NOTES



United States currency has a design that makes it different from other currencies in the world. The money used in the U.S. is highly symbolic of American values and history. For example, all coins and notes feature a portrait of someone important in the history of the United States.

Banking and Mint Marks

Once notes and coins are made, they are shipped to banks that are run by the Federal Reserve, which is the central bank of the United States. Twelve Federal Reserve banks are located across the nation and make up our national bank system.

Just as people might have a checking account at a private bank, private banks have checking accounts with Federal Reserve banks. Private banks use these accounts to buy notes or coins whenever they need them for their customers.



People cash checks and get change in banks through a teller.

The U.S. Mint does not decide which coins to produce and the Bureau of Engraving and Printing does not decide which notes to print. Neither has the authority to start or stop producing a unit of currency. The U.S. Mint produces between 11 billion and 20 billion coins each year while the Bureau of Engraving and Printing produces about 37 million notes each day. Congress decides the **denomination** of the currency to be produced and circulated.



Look at a U.S. dollar or coin and you can tell where it originated. All coins get a “mint mark,” or a letter code that tells where the coin was made. If you see a *P* on the front of a coin, to the right of the portrait, the coin was minted in Philadelphia. A *D* means it came from Denver, an *S*, from San Francisco.

Bank	Letter	Number
Boston	A	1
New York City	B	2
Philadelphia	C	3
Cleveland	D	4
Richmond	E	5
Atlanta	F	6
Chicago	G	7
St. Louis	H	8
Minneapolis	I	9
Kansas City	J	10
Dallas	K	11
San Francisco	L	12

Dollar bills made before 1996 have a regional seal with the name of the Federal Reserve bank that issued the note. Since 1996, notes show the Federal Reserve bank of origin through a new seal that includes a letter and number below the serial number.

Counterfeiting

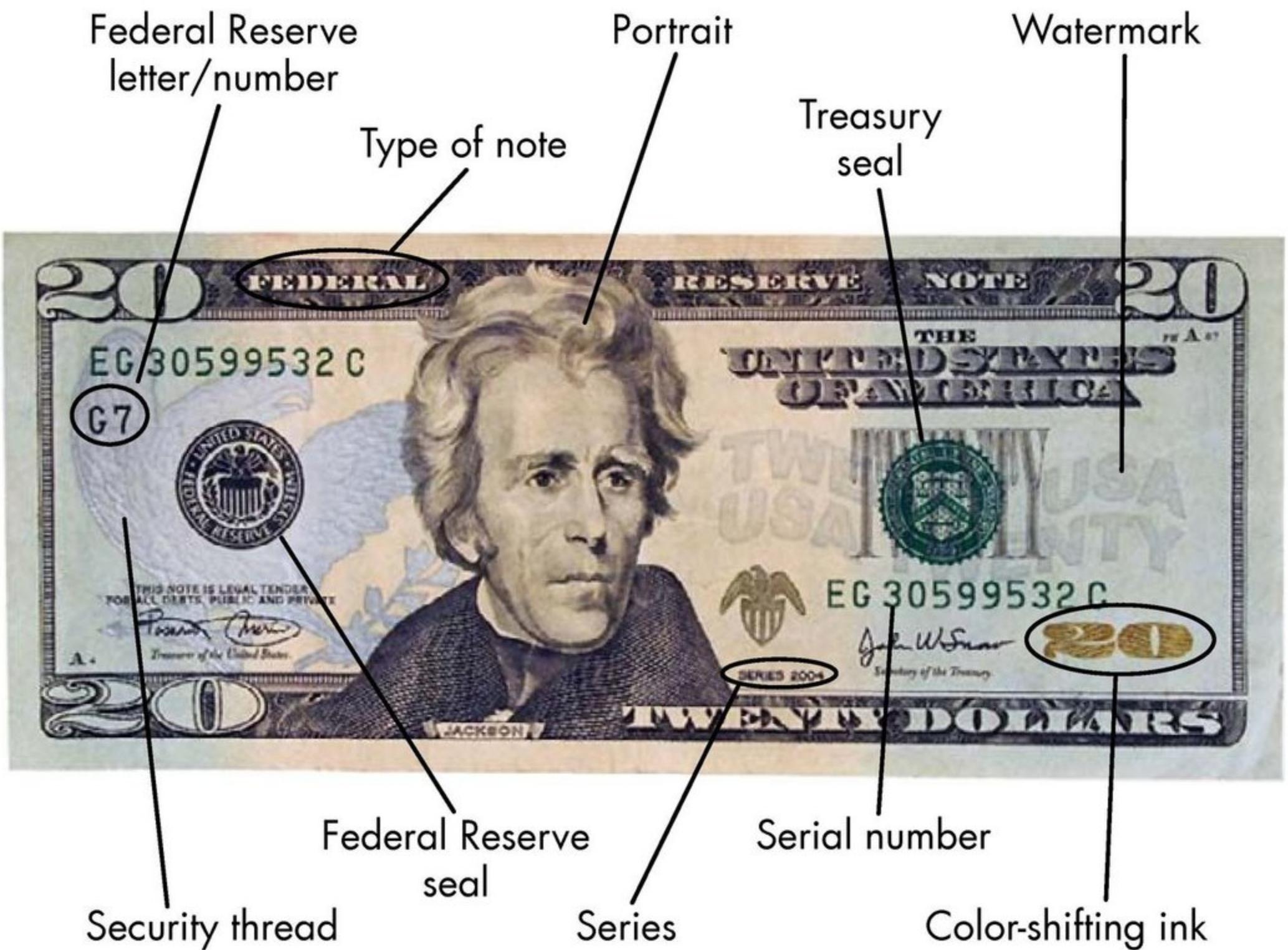
Almost as soon as the Bureau of Engraving and Printing began producing notes, criminals began counterfeiting them. The U.S. Treasury created the Secret Service in 1865 to control counterfeiters. In the United States, counterfeiting is a federal crime that is punishable by up to fifteen years in prison.

Advanced printing methods prompted the U.S. government to change the design of paper money in 1996 to stay ahead of counterfeiters. This was the first significant design change to paper money in sixty-seven years. From now

on, new designs will be created every seven to ten years.



Top, U.S. \$20 before 1996. Middle, U.S. \$20 between 1996 and 2003. Bottom, U.S. \$20 from 2004 to present.



Anyone can learn how to check whether or not notes are counterfeit. The three security features that you can check to authenticate notes are: watermarks, color-shifting ink, and security thread.

The watermark is a faint image in the background of a bill. Color-shifting ink on the numeral in the corner of the bill changes color from copper to green when a note is tilted up and down. Finally, a security thread runs vertically through every new note issued since 1996.

Paper money created since the redesign in 1996 still has the same historical figures and national symbols as the old series. The new bills also are the same size and texture as notes created before 1996.

Like notes, coins have also had design changes over the years. Congress occasionally directs the U.S. Mint to create newly designed editions of coins. Congress also occasionally directs the U.S. Mint to create commemorative coins that are completely new.

California, the 31st state to join the Union, is the 31st state to have a state quarter made in its honor. Every 10 weeks from 1999 to 2008, the design on the reverse side of the quarter changed to honor a different state.





A worker at a mint loads bags of coins to ship to banks.

Perhaps the biggest change in coins over the years has been the **precious metals** of which they are made. Early U.S. coins were made of gold, silver, or copper. In its first year, the U.S. Mint produced 11,178 copper cents. It was not long before the U.S. Mint began producing coins in silver and gold, too.

Today, only very small amounts of copper, nickel, and zinc are used in the making of U.S. coins. Gold is only found in antique coins.



Do You Know?

Coins last longer than bills. The life expectancy for a circulating coin is 30 years, whereas paper money lasts just 18 months!

Recycling Money, Collecting Money

Money does not last forever. Paper money is routinely deposited by private banks into Federal Reserve banks which then destroy notes that are too worn for use. Some paper money is recycled into other products, such as stationery.

As for coins, the U.S. Mint does not repurchase used coins. It will, however, pay for **mutilated** coins, but only for their value as scrap metal. Federal Reserve banks will replace old, worn coins with new coins of the same denomination and will then forward the old coins to the U.S. Mint to be recycled.

Some U.S. money is never spent, exchanged, or recycled. Instead, it is kept in collections by numismatists, or coin collectors. Collectors keep notes and coins in hope that they will increase in value. The U.S. Mint also produces commemorative coins that collectors purchase.

Commemorative coins are special coins that are issued to honor a person, place, institution, or event in history. Collectors may also collect **numismatic** coins that were issued as standard coins. Commemorative and numismatic coins are valued by their rarity, condition, and age.



The first U.S. commemorative coin featured Christopher Columbus. It was made to coincide with the World's Columbian Exposition in Chicago in 1893.

Congress authorizes the U.S. Mint to produce commemorative coins. Congress decides who or what will be featured on commemorative coins as well as how many of these special coins will be produced.

Commemorative coins are not produced for circulation. They can be used as **legal tender**, but their **face value** is not the same as their appraised value. For example, a 1935 Hudson, N.Y., Sesquicentennial half dollar has a face value of 50 cents but was sold for \$1 when it was first issued. Now it sells for

between \$1,000 and \$5,000. Money made from the sale of commemorative coins is used to fund special projects.



The restoration of the Statue of Liberty was partially funded by sales of commemorative coins that had a picture of the Statue of Liberty.

Standardizing Money

When our nation was first formed, its economy depended largely on a mixture of foreign coins. Beginning in 1775, the Continental Congress issued currency to pay for the Revolutionary War. These notes, called Continentals, quickly became devalued because they were easily counterfeited and were not backed by gold or silver.



On April 2, 1792, the United States Congress passed The Mint Act. For the first time, currency in the United States became standardized. Since then, U.S. coin production has grown from 1,500 coins a year to more than 11 billion coins a year, and the United States dollar has become one of the strongest currencies in the world.

The amount and type of money made in the United States has changed over the years. From Congress, to the U.S. Mint and the Bureau of Engraving and Printing, to the Federal Reserve banks, the government keeps coins and notes circulating and the value of U.S. money safe.



Using ATMs is one of the easiest ways to get money.



About \$42 billion per month is spent in U.S. grocery stores.

Many designs on money have changed to honor people and events in U.S. history. Security features have changed to keep counterfeiters from being able to use fake bills. New rules to keep pace with new technology mean the future holds further changes for U.S. currency. However, the function of money in the United States will remain the same.

People will still use money to buy what they need and some of what they want. The use of money has become part of everyday life.

Glossary

counterfeitors (<i>n.</i>)	people who produce false currency (p. 10)
currency (<i>n.</i>)	money, in any acceptable form (p. 5)
denomination (<i>n.</i>)	the face value for a type of currency (p. 8)
face value (<i>n.</i>)	a number or phrase that appears on a coin or note telling its worth (p. 16)
Federal Reserve (<i>n.</i>)	the central bank of the United States (p. 5)
legal tender (<i>n.</i>)	money that people must accept as payment within a country (p. 16)
mutilated (<i>adj.</i>)	badly damaged (p. 14)
numismatic (<i>adj.</i>)	referring to currency collected because of its rarity and historical significance (p. 15)
precious metals (<i>n.</i>)	metals that are highly valued because of their rarity (p. 13)

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