OFFICE OF THE UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

PERSONNEL AND
READINESS

AS

FT
T09748

MAY 13 2004

RECEIVED
04 JUN -2 PM 2:
SPEAKER'S ROOM
U.S. HOUSE OF REP

The Honorable J. Dennis Hastert
Speaker of the House
Washington, DC 20515

Dear Mr. Speaker:

This provides the Department of Defense report on the circulation of the Golden Dollar coin at resale activities on domestic military installations as requested by Senate Report 108-87 on the Department of Defense Appropriations Bill for Fiscal Year 2004.

The Defense Commissary Agency, the Armed Services Exchanges, and the military clubs support the circulation of the Golden Dollar coin in our domestic operations. Most exchange vending and change machines accept and dispense the Golden Dollar coin. The Navy Exchange Service Command (NEXCOM) received a certificate from the U.S. Mint for participation in the Golden Dollar coin program. The U.S.S. Nimitz and U.S.S. Lincoln circulate $6,000 of the coins daily in exchange operations and over 84 percent of NEXCOM vending machines worldwide accept the coins. The Army and Air Force Exchange Service upgraded 95 percent of its vending machines worldwide to accept the coins when the Susan B. Anthony coin was introduced. The Marine Corps reports that 76.4 percent of coin operated machines on their installations accept the coin. Military clubs, like their industry counterparts, are eliminating coin-operated amusement machines, relying instead on smart cards or currency. Club coin counting machines do not accept the coin and circulation does not dictate modification or replacement of the equipment at this time.

The Department of Defense is pleased with the U.S. Mint's support and we have found that the inventory of coins available is sufficient to meet our operating requirements. The commissary, exchange, and club activities do not have the capability to hold large quantities of the coins at their locations, and the quantities held depend on customer acceptance. We rely on installation or local community banking facilities to fulfill our requirements to meet customer demand, and the coins are being introduced in concert with their availability through supporting financial institutions and the U.S. Mint. The resale activities in the continental United States order the coins in advance at no additional charge. Because the minimum 2,000-coin bag threshold exceeds operating requirements at most commissary locations and additional fees are charged for rolled coin, commissaries are not replenishing the coin.

I am sending a similar report to the President of the Senate and the Chairmen of the Senate and House Appropriations Committees, the Senate and House Armed Services Committees, the Senate and House Appropriations Defense Subcommittees, the Senate Armed Services Subcommittee on Personnel, and the House Armed Services Subcommittee on Total Force.

Sincerely,

Charles S. Abell
Principal Deputy