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## 6: Changing Hands

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### Economics

#### CLASS TIME

Five 45- to 50-minute sessions

#### OBJECTIVES

Students will research and present information about the purpose and structure of the Federal Reserve System and its relationship with the United States Department of the Treasury.

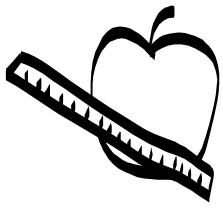
#### NATIONAL STANDARDS

The standards used for these lesson plans reference the “10 Thematic Standards in Social Studies” developed by the National Council for the Social Studies (NCSS) and the “Voluntary National Content Standards in Economics” developed by the National Council on Economic Education (in partnership with the National Association of Economic Educators and the Foundation for Teaching Economics).

- **Social Studies: Production, Distribution and Consumption**—Describe a range of examples of the various institutions that make up economic systems such as households, business firms, banks, government agencies, labor unions, and corporations.
- **Economics: Monetary and Fiscal Policy**—Students will understand that the Federal Reserve System’s monetary policy influences the overall levels of employment, output, and prices. Monetary policies are decisions by the Federal Reserve System that lead to changes in the supply of money and the availability of credit. Changes in the money supply can influence overall levels of spending, employment, and prices in the economy by inducing changes in interest rates charged for credit, and by affecting the levels of personal and business investment spending.

#### TERMS AND CONCEPTS

- The United States Mint 50 State Quarters® Program
- The United States Department of the Treasury
- The United States Mint
- The Bureau of Engraving and Printing
- The Federal Reserve System (“the Fed”)
- Circulating Currency
- Economics



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# Changing Hands

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## SESSIONS 1 AND 2

### Materials

- Copies of the “Quarter Designs” sheet on page 79 (1 per student)
- 1 overhead transparency of the “50 State Quarters® Program Overview” sheet on page 65
- Classroom Social Studies text (1 per student)
- A reserved computer lab with Internet access and printing capabilities
- Copies of the “America’s Money” Web questionnaire (1 per student)

### Procedures

1. Distribute a “Quarter Designs” page to each student. Describe the 50 State Quarters Program, referring to the “50 State Quarters® Program Overview” sheet if necessary.
2. Conduct a discussion about these new coins and the economy. During this discussion, ask the students to guess how many quarters are minted of each state’s design, how putting these coins into circulation affects the economy, and who determines how much money should be in circulation at any one time.
3. Explain to the students that they will be conducting a Web investigation in the computer lab to find the answers to these and many other questions about our country’s financial system.
4. As a class, visit the computer lab.
5. Distribute an “America’s Money” Web questionnaire to each student. Either individually, in pairs, or as a class, read the questionnaire.
6. Explain that the students will research appropriate responses using the resources available online from the Department of the Treasury, the United States Mint, the Bureau of Engraving and Printing, and the Federal Reserve.

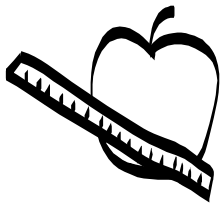
## SESSION 3

### Materials

- Completed copies of the “America’s Money” Web questionnaire
- Chart paper (1 sheet per group)
- Markers (1 per group)

### Procedures

1. Once the students have completed their “America’s Money” Web questionnaires, direct them to independently write an expository paragraph to explain the relationship between the United States Mint, the Bureau of Engraving and Printing, and the Federal Reserve System (“the Fed”).



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# Changing Hands

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2. When the students have completed their paragraphs, place the students into groups of three or four. Distribute a piece of chart paper and a marker to each group.
3. Allow the students to spend 15 to 20 minutes in their groups comparing their questionnaire responses and paragraphs. The students should discuss what they've learned about the Federal Reserve System and record this information on their chart paper. The students should also note any questions that they still have about the Fed.
4. The students should post their charts near their seats.
5. With the whole class, discuss and clarify the questions that students have identified as sources of confusion. The students should take notes on this discussion.

## SESSIONS 4 AND 5

### Materials

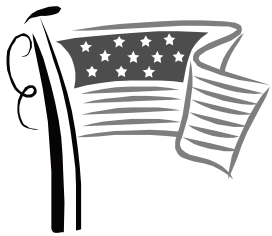
- Completed copies of the “America’s Money” Web questionnaire
- Charts from the previous day
- Writing paper
- “Group Presentation Rubric” (1 per student and 1 per group)

### Procedures

1. Direct the students to reassemble into their groups from the previous day. Distribute a “Group Presentation Rubric” to each group.
2. Explain that each group will need to develop a creative way to present their understanding of the relationship between the United States Mint, the Bureau of Engraving and Printing, and the Federal Reserve System. Possible format ideas for these presentations could include a PowerPoint presentation, a children’s book, a skit, and a rap or other type of song. Their presentations will be graded based on the rubric.
3. Have each group take a turn presenting its material to the class.
4. Complete a “Group Presentation Rubric” for each group.

## EXTENSIONS

- If your school is located near a Federal Reserve Bank, organize a field trip for your students. Before the trip, direct your students to prepare specific and relevant questions to ask.
- Direct your students to make their presentations to other classes. Have the groups respond to questions once they have finished their presentations.
- Direct students to investigate further information regarding the Federal Reserve. The following questions could be addressed: Who is the chairman of the Federal Reserve? Why is his job so important? How is the Federal Reserve Board selected? How do the interest rates, inflation, and recession relate to the Federal Reserve?



# America's Money (1)

## Web Questionnaire

Money doesn't just grow on trees! The money supply of the United States is carefully maintained and influenced through the work of the United States Department of the Treasury (specifically, the United States Mint and the Bureau of Engraving and Printing) and the Federal Reserve System. Using only the approved Internet resources, answer the questions below and carefully explore the relationships between these organizations.

Approved Web sites:

- The United States Department of the Treasury at [www.ustreas.gov](http://www.ustreas.gov)
- The United States Mint at [www.usmint.gov](http://www.usmint.gov)
- The Federal Reserve System at [www.federalreserve.gov](http://www.federalreserve.gov)

1. Describe the role of the United States Mint. To find this information, go to [www.usmint.gov](http://www.usmint.gov) and click on "About the Mint."

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2. What is the 50 State Quarters® Program? To find this information, go to [www.usmint.gov](http://www.usmint.gov) and click on "Mint Programs."

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3. Looking at the coin production figures, how many quarters were made with each of the following states' designs? To find this information, go to [www.usmint.gov](http://www.usmint.gov) and click on "About the Mint," "Coin Production," and then on "production figures."

Delaware	_____	Missouri	_____
Massachusetts	_____	Michigan	_____
New York	_____	Your home state	
Louisiana	_____	(if available)	_____

4. Read about the Federal Reserve System ("the Fed"). *In your own words*, describe the major functions of the Fed. To find this information, go to [www.federalreserve.gov](http://www.federalreserve.gov).

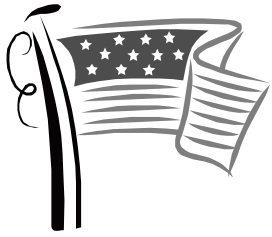
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# America's Money (2)

## Web Questionnaire

5. What is a Federal Reserve Bank? To find this information, go to [www.federalreserve.gov](http://www.federalreserve.gov) and click on "About the Fed" and then "Structure of the Federal Reserve System."

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6. How many Federal Reserve Banks exist? To find this information, go to [www.federalreserve.gov](http://www.federalreserve.gov) and click on "About the Fed" and then "Federal Reserve Districts and Banks."

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7. Where are the banks located? To find this information, go to [www.federalreserve.gov](http://www.federalreserve.gov) and click on "About the Fed" and then "Federal Reserve Districts and Banks."

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8. What does it mean for coins and paper money to be "in circulation"? To find this information, go to [www.usmint.gov](http://www.usmint.gov) and click on "H.I.P. Pocket Change." Click on "Camp Coin" and "Glossary" to find the definition of "circulating coin."

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9. How are the new quarters distributed into circulation? To find this information, go to [www.usmint.gov](http://www.usmint.gov) and click on "FAQs" and select "Circulating Coins" from the drop-down menu.

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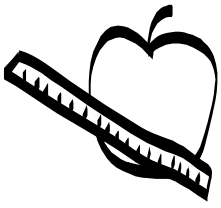
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10. Based on what you've read, when individuals pull coins from the 50 State Quarters® Program out of circulation to add to personal collections, how might this affect our country's national debt?

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# America's Money

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## Web Questionnaire—Key (1)

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1. Describe the role of the United States Mint.

The primary mission of the United States Mint is to produce an adequate volume of circulating coinage for the nation to conduct its trade and commerce.

2. What is the 50 State Quarters® Program?

The 50 States Quarters Program is a 10-year coinage program in which each of the 50 United States is celebrated with its own quarter reverse design.

3. Looking at the coin production figures, how many quarters were made with each of the following states' designs?

Delaware	<u>774,824,000 quarters</u>	Missouri	<u>453,200,000 quarters</u>
Massachusetts	<u>1,163,784,000 quarters</u>	Michigan	<u>459,600,000 quarters</u>
New York	<u>1,275,040,000 quarters</u>	Your home state	
Louisiana	<u>764,204,000 quarters</u>	(If available)	_____

4. Read about the Federal Reserve System ("the Fed"). *In your own words*, describe the major functions of the Fed.

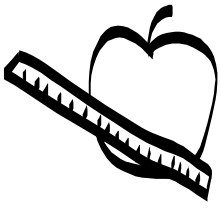
The Federal Reserve System is the central bank of the United States. The Federal Reserve's duties include conducting the nation's monetary policy by influencing money and credit conditions in the economy in pursuit of full employment and stable prices; promoting the stability of the financial system; providing banking services to depository institutions and to the federal government; and ensuring that consumers receive adequate information and fair treatment in their interactions with the banking system.

5. What is a Federal Reserve Bank?

A Federal Reserve Bank is responsible for overseeing the commercial and savings banks of its region to ensure their compliance with regulations.

6. How many Federal Reserve Banks exist?

There are 12 Federal Reserve Banks.



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# America's Money

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## Web Questionnaire—Key (2)

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7. Where are the banks located?

The Federal Reserve Banks are located in Boston (MA), New York (NY), Philadelphia (PA), Cleveland (OH), Richmond (VA), Atlanta (GA), Chicago (IL), St. Louis (MO), Minneapolis (MN), Kansas City (MO), Dallas (TX), and San Francisco (CA). Many of these banks operate branch offices.

8. What does it mean for coins and paper money to be “in circulation”?

Money that is in circulation is the money that is produced for use in commerce (not for collecting).

9. How are the new quarters distributed into circulation?

The United States Mint ships its coins to Federal Reserve Banks, which are responsible for putting coins and paper money into circulation and also for withdrawing them from circulation when they are worn out.

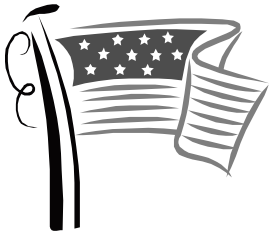
When a private bank needs coins for its customers, it purchases them from a Federal Reserve Bank. Banks have checking accounts at the Federal Reserve Banks, just as you do at your bank. To buy cash for you, your bank uses special checkbook money called a “reserve balance.”

The coins make their way back to the Federal Reserve Bank at some point because banks often accumulate more cash than they need for day-to-day transactions. Each bank deposits the excess cash into its checking account at a branch of the Federal Reserve Bank until its customers need it.

Coins circulate from the Federal Reserve Bank to the private banks to you and back again until they are worn out—unfit for use. The Federal Reserve replaces those coins by ordering new ones from the United States Mint—and once those coins are minted, a new circulation cycle begins. A circulating coin generally lasts 30 years or longer.

10. Based on what you’ve learned, when individuals pull the coins from the 50 State Quarters® Program out of circulation to add to personal collections, how might this affect our country’s national debt?

As these coins are pulled out of circulation, the demand for new currency rises. As the demand rises, the United States Mint produces greater quantities, creating more revenue (from seignorage), which is used to help pay off the nation’s debt.



# Group Presentation Rubric

Group members: \_\_\_\_\_

Project Title: \_\_\_\_\_ Date: \_\_\_\_\_

CATEGORY	CRITERIA				POINTS
	4	3	2	1	
Content	Covers topic in depth with details and examples. Subject knowledge is excellent.	Includes essential knowledge about the topic. Subject knowledge appears to be good.	Includes essential information about the topic but there are 1 or 2 factual errors.	Content is minimal OR there are several factual errors.	
Originality	Presentation is exceptionally creative and works well with the presentation topic.	Presentation is creative and works adequately with the presentation topic.	Presentation is minimally creative and/or does not work well with the presentation topic.	Presentation is not creative and does not work well with the presentation topic.	
Presentation	Well-rehearsed with smooth delivery that holds audience attention.	Rehearsed with fairly smooth delivery that holds audience attention most of the time.	Delivery not smooth, but able to maintain interest of the audience most of the time.	Delivery not smooth and audience attention often lost.	
<b>Total Score</b>					_____/12

**Teacher's Comments:**

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