



Updated February 13, 2023

## Design of United States Paper Currency

Paper money has officially been part of United States currency since the Continental Congress authorized a \$2 note in June 1776. These first notes were designed as “bills of credit” to pay for the defense of the United States during the Revolutionary War.

Between the ratification of the Constitution, which prohibited the coinage of money by the states (Article I, §10), and the Civil War, paper money was not issued by the federal government. Rather, the government intermittently issued “Treasury notes” during periods of financial hardship, including the War of 1812, the Mexican-American War (1846), and the economic panic of 1857.

In 1862, Congress authorized the Secretary of the Treasury to design and print paper currency, popularly known as “greenbacks,” to finance the Civil War (12 Stat. 532). Historically, the smallest denomination issued has been \$1. Laws pertaining to currency, with a couple of exceptions noted below, generally have not specified how paper notes would look.

That the Secretary of the Treasury be, and is hereby authorized, in case he shall think it inexpedient to procure said notes, or any part thereof, ... to be engraved, printed, and executed, in such form as he shall prescribe, at the Treasury Department in Washington, and under his direction; and he is hereby empowered to purchase and provide all machinery and materials, and to employ such persons and appoint such officers as may be necessary for this purpose.

Act of July 11, 1862, §2 (12 Stat. 532)

Historically, U.S. paper currency was designed in large part to meet anticounterfeiting requirements. In 1863, Congress authorized the Treasury to issue circulating notes designed “in the best manner to guard against counterfeiting and fraudulent alterations” (12 Stat. 669). The authority to investigate counterfeiting was transferred to the Department of the Treasury in 1860 (12 Stat. 102).

Throughout the Civil War, counterfeiting was a problem for the federal government. By 1865, between one-third and one-half of all U.S. currency in circulation was counterfeit. Due to this issue, the Secretary of the Treasury established the Secret Service Division (SSD). Today, the U.S. Secret Service (USSS) continues to investigate counterfeiting operations of U.S. currency as part of the Department of Homeland Security (DHS). USSS was transferred from

Treasury to DHS in 2003 with the enactment of the Homeland Security Act (P.L. 107-296).

### Federal Reserve v. United States Notes

Today, all circulating U.S. currency notes are Federal Reserve Notes. These notes are printed by the Bureau of Engraving and Printing (BEP) and placed into circulation by the Federal Reserve. These notes are legal tender (31 U.S.C. §5103) for “all debts, public charges, taxes, and dues.” Currency issued between 1862 and 1971 was known as “United States notes.” Any that remain in circulation continue to be valid and redeemable at full face value.

### Currency Denominations

The Secretary of the Treasury, through the BEP (12 U.S.C. §418), issues Federal Reserve Notes in denominations of \$1, \$2, \$5, \$10, \$20, \$50, and \$100. Historically, \$500, \$1,000, \$5,000, \$10,000, and \$100,000 notes were also issued. Production of large denomination notes (\$500 or larger) stopped during World War II, and on July 14, 1968, the Secretary of the Treasury and the Federal Reserve Board announced that the \$500, \$1,000, \$5,000, and \$10,000 notes would no longer be printed or placed into circulation.

### Design of Notes

The Secretary of the Treasury has broad discretion on the design of notes. For example, in 2013, the \$100 note was redesigned for security reasons. It now features a 3-D security ribbon and a color-shifting Liberty Bell in the “inkwell.” **Figure 1** shows the current design of the \$100 note.

Figure 1. \$100 Note (2013-Present)



Source: BEP, “The \$100 Note,” at <https://www.uscurrency.gov/denominations>.

## Specified Design Features

The law governing paper currency specifies two design features. First, since 1955, all notes must have the inscription “In God We Trust” in a place the Secretary determines. Second, portraits on currency must depict “a deceased individual” with the “name of the individual ... inscribed below the portrait.”

## Featured Portraits

Pursuant to 31 U.S.C. §5114(b), the Secretary of the Treasury may determine which portraits appear on currency and securities, so long as the individual is deceased and the person’s name appears on the bill. **Table 1** lists the individuals who currently appear on currency notes.

**Table 1. Portraits Featured on U.S. Paper Currency**

Bill	Front	Back
\$1	George Washington	Great Seal of the United States
\$2	Thomas Jefferson	Declaration of Independence
\$5	Abraham Lincoln	Lincoln Memorial
\$10	Alexander Hamilton	U.S. Treasury Building
\$20	Andrew Jackson	White House
\$50	Ulysses S. Grant	U.S. Capitol
\$100	Benjamin Franklin	Independence Hall

**Source:** Bureau of Engraving and Printing, “Portraits,” FAQs, at <https://www.moneyfactory.gov/resources/faqs.html>.

**Notes:** Denominations of \$500 or greater are no longer in production or put into circulation by the Federal Reserve. The following individuals appear on those notes: \$500, William McKinley; \$1,000, Grover Cleveland; \$5,000, James Madison; \$10,000, Salmon P. Chase; and \$100,000, Woodrow Wilson. The \$100,000 note never appeared in circulation. Rather, it was used only in transactions between Federal Reserve Banks.

## Anticounterfeiting Features

Each note designed and printed by the BEP contains three levels of security features. *Level 1* features are visible to the note holder and might include subtle background colors, ribbons embedded in the note, or microprinting. *Level 2* features are designed to allow for optical recognition by banks, point-of-sale systems (e.g., a self-checkout machine at a retail store), and automated teller machines (ATMs). *Level 3* features are covert and are not publicly discussed by the Department of the Treasury or the BEP. Due to these currency note security features, the USSS’s latest annual report states that in 2021 it prevented the circulation of over \$51.4 million in counterfeit U.S. currency and arrested 216 counterfeiters.

## Issues for Congress

In recent years, legislation has been introduced to address the design of paper currency. These bills would have prescribed the portraits featured on the currency and the design found on the reverse of Federal Reserve Notes. Additionally, several appropriations measures have included provisions prohibiting the redesign of the \$1 note.

## Changing Portraits

Since the 101<sup>st</sup> Congress, several bills have been introduced to direct the Secretary of the Treasury to feature a new portrait on the front of Federal Reserve Notes. While none of these bills have been considered by either the House or Senate, they have proposed to honor individuals such as former President Ronald Reagan, Harriet Tubman, and other American women.

In 2016, then-Secretary of the Treasury Jacob Lew suggested in several media interviews that a woman (widely reported to be Harriet Tubman) could be featured on future redesigns of the \$10 or \$20 note. Current media reports suggest that Harriet Tubman will be on a redesigned \$20 note, currently scheduled by the BEP for issue in 2030. The Secretary can generally decide to change the portrait featured on a Federal Reserve Note without congressional authorization.

## Changing Reverse Images

Like the portrait, the Secretary has the authority to determine images that appear on the note’s reverse. In some cases, legislation has been introduced to direct the Secretary to include certain images or words. For example, on several occasions, legislation has been introduced to direct the Secretary to incorporate historical items such as the preamble to the Constitution, the Articles of Confederation, and constitutional amendments on paper currency. None of these proposals have been considered by Congress.

## Dollar Note Redesign Prohibition

In many appropriations laws, Congress has included a provision that prohibits the Department of the Treasury or the BEP from redesigning the \$1 note. For example, the most recent inclusion of this provision was in P.L. 117-328 (Div. E, Title I, §116), the Consolidated Appropriations Act, 2023. It said “None of the funds appropriated in this Act or otherwise available to the Department of the Treasury or the Bureau of Engraving and Printing may be used to redesign the \$1 Federal Reserve note.”

This provision was first included in appropriations law in 1999. At that time, the provision’s sponsor thought the cost to redesign the \$1 note would be too high and that businesses (e.g., vending machines, transit systems) might object. Additionally, the \$1 note has historically been the least counterfeited of the Federal Reserve Notes. This provision has been included in appropriations laws each year since its initial inclusion.

For more information on U.S. currency, see CRS In Focus IF10533, *Congressional Involvement in the Design of Circulating Coins*, by Jacob R. Straus; CRS In Focus IF11394, *Quarter and Half Dollar Coins: History and Current Status*, by Jacob R. Straus; and CRS Report RL34603, *The U.S. Secret Service: History and Missions*, by Shawn Reese.

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