

FEDERAL ELECTION COMMISSION

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PROJECTED TAX CHECK-OFF SHORTFALL COULD IMPACT 1992 PRESIDENTIAL FUNDING

WASHINGTON -- Presidential candidates in the next election may not receive their full entitlements of federal matching funds due to expected shortfalls in the tax check-off program, according to revised projections by the Federal Election Commission.

In a letter sent this week, FEC Chairman Lee Ann Elliott alerted the President, Secretary of the Treasury and Congress of the Presidential Tax Check-off Fund's impending situation.

"Legislative action is needed soon to preserve the integrity of the program," said Chairman Elliott. "We urge that Congress and the Administration work together to amend the law to provide for adequate funding for the 1992 election and to secure reliable funding for future Presidential elections."

Previous analysis by the FEC, which monitors and distributes money from the tax check-off fund, had shown that the program could meet financial requirements anticipated for the 1992 presidential race but not the 1996 contest.

FEC's revised projections, however, are based on the latest available data concerning two key factors in the tax check-off fund's financial health: the rate of inflation and taxpayer participation. Steadily declining since a high of 28.7 percent for 1980 tax returns, participation reached an all-time low of 20.1 percent in 1988. And, while payouts are statutorily adjusted each year for inflation, voluntary check-off receipts remain at the 1973 level of \$1 per taxpayer.

Assuming the program's receipts decline \$450,000 per year (as they have averaged from 1983-1989) and the rate of inflation averages 4.5 percent for the next eight years, the Commission estimates a possible deficit of \$201,969 at the end of 1992. The deficit could grow to \$131.5 million by the close of 1996.

As of December 1989, the program's balance was \$82.9 million after distributing more than \$178 million to fund the 1988 presidential election.

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