

FEDERAL ELECTION COMMISSION



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FEC CHAIRMAN REPEATS WARNING: PRESIDENTIAL PUBLIC FUND RUNNING DRY

WASHINGTON -- Public funding of Presidential campaigns, one of the major electoral reforms to come out of the Watergate era, is in grave danger and may not survive. So says Danny Lee McDonald, Chairman of the Federal Election Commission, the agency charged with monitoring the Fund and distributing the public dollars.

Following up on a letter sent to Congress this past April, Chairman McDonald has again written to alert Members that if the trend in decreasing taxpayer contributions to the Presidential Fund continues, "there will be no more funds for Presidential elections."

McDonald noted that \$33,013,987 was checked off by taxpayers on their 1987 tax returns, a slight decline from the previous year. After reviewing the deposits for the first eight months of 1989, McDonald said it was likely that deposits from 1988 tax returns would be even lower than \$33 million.

"While annual deposits have remained relatively stable, the balance of the Fund has shrunk dramatically due to the inflationary pressures on the payouts to candidates," said McDonald. "If the trend continues, by the end of the 1992 election campaign the balance will decline to less than half of what it was at the end of the 1988 campaign." In his letter, the FEC Chairman added that "by the end of the 1996 Presidential campaign, the balance will be in a negative position."

McDonald's April 1989 letter accompanied the agency's package of legislative proposals, sent to Congress each year. One of those proposals warned "that...by 1996...[the] Fund may lack sufficient money to fully fund all phases of the Presidential elections..." and that "Congress may wish to modify the overall scheme for financing Presidential elections."

Earlier projections by the FEC indicated that given a static rate of inflation at only 4% per year, and assuming that only 20-25% of American taxpayers will continue to participate, there would not be enough funds available to finance presidential campaigns in 1996. In fact, there might only be \$140 million available - \$38 million less than the amount distributed in '88.

The attached chart shows monthly deposits into the Fund and yearly expenses and balances since its inception. The charts which follow were sent with McDonald's letter to graphically illustrate the Fund deposits and balances over the years, particularly the balances remaining after the conclusion of each Presidential election campaign.

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October 1989

PRESIDENTIAL FUND — INCOME TAX CHECK-OFF STATUS

CALENDAR YEAR	1989	1988	1987	1986	1985	1984	1983	1982	1981
JANUARY	51,752	\$189,239	\$180,021	\$93,644	\$22,489	\$169,832	\$319,570	\$457,372	\$684,510
FEBRUARY	3,350,332	3,577,465	2,193,576	2,433,902	758,295	3,769,428	4,077,295	3,790,858	4,141,426
MARCH	7,291,448	7,217,318	9,554,967	7,928,518	7,535,879	8,732,837	8,847,655	11,013,954	11,254,856
APRIL	6,300,921	6,998,769	7,148,608	9,944,248	8,590,753	5,482,270	7,527,099	6,338,933	7,424,035
MAY	7,536,090	7,295,836	6,615,806	6,718,371	8,235,644	8,465,697	5,776,132	7,427,745	7,665,407
JUNE	3,903,518	3,216,574	4,071,899	4,092,482	2,988,813	2,757,257	2,987,695	4,145,029	4,592,000
JULY	1,402,031	2,219,724	2,033,012	2,463,593	3,455,350	3,171,247	3,000,431	4,193,252	3,773,686
AUGUST	1,347,288	1,098,980	830,094	947,562	1,910,141	1,113,469	2,071,316	1,049,706	871,842
SEPTEMBER		686,710	100,870	690,992	587,237	669,569	583,082	272,412	300,194
OCTOBER		155,329	550,265	100,254	310,643	208,484	172,454	143,312	140,723
NOVEMBER		279,726	267,286	260,196	229,308	205,530	182,126	129,927	134,997
DECEMBER		80,317	105,541	90,065	90,209	291,141	84,213	61,382	65,376
TOTAL									
CHECK-OFF									
YEAR-TO-DATE	\$31,123,390	\$33,013,997	\$33,651,947	\$35,753,837	\$34,712,761	\$35,036,761	\$35,631,068	\$39,023,882	\$41,049,052
TOTAL REPAYMENTS									
YEAR-TO-DATE	\$5,761.71	\$103,499.76	\$357,307.09	\$61,640.71	\$61,839.97	\$505,807.15	\$21,899.13	\$58,399.69	\$202,287.77
TOTAL DISBURSEMENTS									
YEAR-TO-DATE	\$1,497,563.10	\$158,560,804.63	\$17,784,000.00	\$5,596.22	\$1,617,841.66	\$120,149,788.18	\$11,786,485.65	\$1,070.22	\$630,255.73
FUND BALANCE	\$82,093,937.73	\$52,462,359.12	\$177,905,676.99	\$161,680,422.90	\$125,870,541.41	\$82,713,782.10	\$177,320,982.13	\$153,454,500.65	\$114,373,298.18

NOTES:

ALL MONTHLY DEPOSIT FIGURES HAVE BEEN PROVIDED BY THE U.S. DEPARTMENT OF THE TREASURY. VERIFICATION OF FIGURES FOR 1973 THROUGH 1976 HAS NOT YET BEEN PROVIDED TO THE FEC. THEREFORE, INFORMATION FOR THOSE YEARS IS SUBJECT TO CHANGE. 1973 TAX RETURNS PROVIDED TAXPAYERS THE OPPORTUNITY TO DESIGNATE FUNDS FOR 1972 AND 1973.

ACCORDING TO INTERNAL REVENUE SERVICE INFORMATION, THE PERCENTAGE OF TAX RETURNS PROCESSED INDICATING ONE- OR TWO-DOLLAR DESIGNATIONS WAS:

- 1976 RETURNS—27.5%
- 1977 RETURNS—28.6%
- 1978 RETURNS—25.4%
- 1979 RETURNS—27.4%
- 1980 RETURNS—28.7%
- 1981 RETURNS—27.0%
- 1982 RETURNS—24.2%
- 1983 RETURNS—23.7%
- 1984 RETURNS—23%
- 1985 RETURNS—23%
- 1986 RETURNS—21.7%
- 1987 RETURNS—21%

THESE PERCENTAGES ARE BASED ON RETURNS PROCESSED DURING A FISCAL YEAR. THEREFORE, THE PERCENTAGES ARE NOT DIRECTLY COMPARABLE TO THE CALENDAR YEAR DOLLAR FIGURES IN THE ABOVE CHART.

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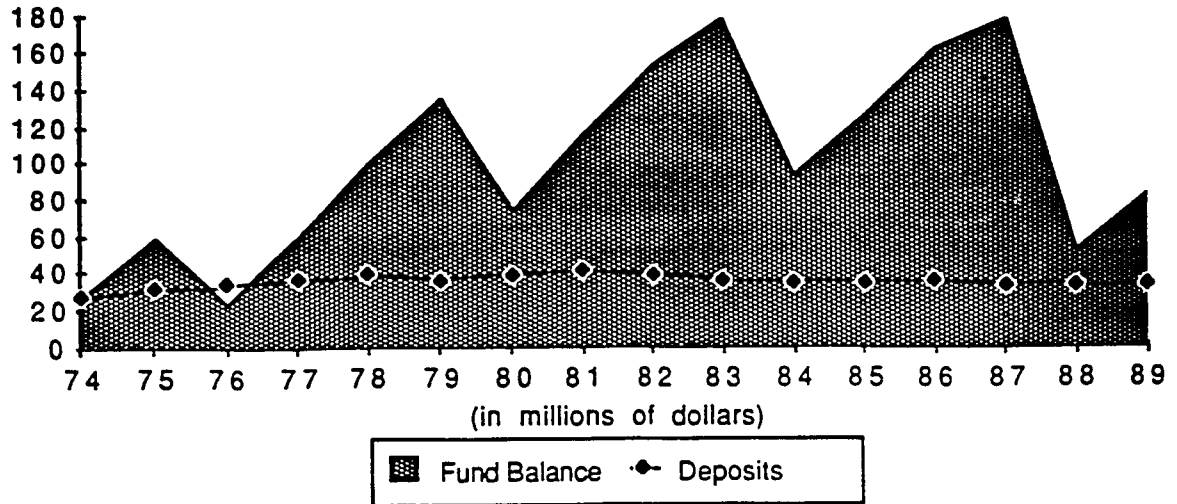
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PRESIDENTIAL FUND -- INCOME TAX CHECK-OFF STATUS

CALENDAR YEAR	1980	1979	1978	1977	1976	1975	1974	1973
JANUARY	\$ 326,184	\$ 482,973	\$ 689,488	\$ 746,685	\$ 876,771			
FEBRUARY	7,247,271	4,583,893	5,986,292	7,811,426	7,487,457			
MARCH	8,625,855	9,637,824	9,006,764	10,472,777	8,828,310			
APRIL	7,186,840	6,713,117	9,765,133	7,054,795	7,090,211			
MAY	6,563,699	6,581,790	5,941,997	6,029,693	6,073,861			
JUNE	3,933,738	4,233,077	4,851,826	3,618,171	2,725,832			
JULY	4,061,737	3,035,907	2,224,813	350,497	323,616			
AUGUST	409,085	264,192	409,288	225,626	128,536			
SEPTEMBER	235,375	166,705	136,750	222,142	88,078			
OCTOBER	109,983	123,841	127,755	40,564	47,965			
NOVEMBER	104,440	83,457	69,867	33,632	36,413			
DECEMBER	34,210	34,571	36,716		24,895			
TOTAL								
CHECK-OFF								
YEAR-TO-DATE	\$38,838,417	\$35,941,347	\$39,246,689	\$36,606,008	\$33,731,945	\$31,656,525	\$27,591,546	\$2,427,000
TOTAL								
REPAYMENTS								
YEAR-TO-DATE	\$1,094,097 68	\$23,473 82	\$163,725 41	\$1,037,029 10	-0-	-0-	-0-	-0-
TOTAL								
DISBURSEMENTS								
YEAR-TO-DATE	\$101,427,115 89	\$1,050,000	\$6,000	\$521,124 42	\$69,467,521 18	\$2,590,502 21	-0-	-0-
FUND								
BALANCE	\$73,752,205 31	\$135,246,806 52	\$100,331,985 70	\$60,927,571 29	\$23,805,658 61	\$59,551,244 79	\$27,591,546	\$2,427,000

Chart A

Presidential Fund Balance and Annual Deposits - 1974-1989



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Chart B
Post Election Balance - Presidential Fund

