

FEDERAL ELECTION COMMISSION

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FOR IMMEDIATE RELEASE:
DECEMBER 5, 1990

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1992 PRESIDENTIAL CANDIDATES MAY BE SHORT CHANGED BY LACK OF DESIGNATED PUBLIC FUNDS

-Candidates Could Be Forced To Alter Strategies-

WASHINGTON -- Earlier projections of a lack of public funds available for the 1996 presidential election have been revised due to the changing economy and estimates now indicate a shortfall will impact the 1992 primary races, according to the Federal Election Commission.

In public session last week, the FEC's Audit Division projected the Presidential Election Campaign Fund's deficit could be \$6 million by the end of the 1992 election year. However, in the crucial first three months of 1992, primary candidates could be short-changed approximately \$15 million depending on how the Treasury Department handles fund disbursements. The overall projected cost for 1992 primary candidates, conventions, and general election candidates is \$187 million.

New regulatory measures, which are currently being formulated by Treasury, appear to be necessary, and may result in short-term or permanent rationing of public funds to qualified primary candidates.

Assuming a fund deficit at the beginning of the 1992 races, the Commission has discussed two alternative plans for distributing available public monies.

A set aside approach would reduce the available pool of money to primary candidates by earmarking funds for future convention and general election disbursements without regard to check off fund receipts during the spring and summer months of 1992. A second plan would rely on the fund's balance and future monthly receipts to pay 85 cents on the dollar of eligible matching funds. If assumptions are correct, the second plan offers more public matching money in the earlier months of the primaries. By the end of the races, however, both alternatives would have distributed equal amounts.

Eligible primary campaigns can receive matching funds for individual contributions of no more than \$250. Election law gives priority to funding national party nominating conventions and general election campaigns over primary campaigns.

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FEC Chairman Lee Ann Elliott said the projected 1992 deficit and subsequent reduction in matching fund entitlements could have a serious impact on presidential campaigns especially in fundraising.

"A legislative solution is the only way to ultimately solve the inherent troubles of the presidential fund," said Chairman Elliott. Elliott noted that the FEC has alerted the President and Congress, and has informally discussed the problem with the Internal Revenue Service and the Department of Treasury.

For the 1996 presidential election, the FEC estimates that, without legislative action, the fund's estimated shortfall could be more than \$150 million.

Several alternative solutions were outlined during the Commission's discussion, including indexing the dollar check off, eliminating convention funding, or administering the fund through an appropriation rather than by taxpayer participation.

Since its inception in 1972, the fund's receipts have remained at a constant dollar-per-check off on tax returns while disbursements - which are indexed to inflation - have dramatically increased each election.

Exacerbating the impact of inflation adjusted payouts is the fact that taxpayer participation in the check off program has steadily dropped from a high on 28.7 percent for 1980 tax returns to 20.1 percent for 1988 returns. (The amount of a taxpayer's tax or refund is not affected by affirmatively marking the check off box on a tax return.)

To study the level of participation, the FEC last week began conducting a series of focus groups in Portland, Oregon, and plans future group meetings in Fort Lee, New Jersey, and Chattanooga, Tennessee. The Commission also plans a public education campaign on the presidential fund.

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