

# FEDERAL ELECTION COMMISSION

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## FEC ALERTS CONGRESS THAT CHECK-OFF FUND IS RUNNING OUT

WASHINGTON -- The Federal Election Commission today alerted Congress that the Presidential Election Campaign Fund is running out of money.

In a letter to members of the Senate and House FEC appropriation and authorization committees, the Commission said, "Unless the system is modified, by 1996 the Fund will lack sufficient monies to finance the Presidential elections." The Commission projects a shortfall of between \$75 and \$100 million. In 1996, upwards of \$250 million will be needed to fund the Presidential primaries, the conventions and the general election, but only between \$150 and \$175 million will be available, according to FEC estimates.

In urging Congress to begin examining ways to ensure the continued viability of the Fund, the FEC said the checkoff mechanism needs change. "Unless Congress acts soon, the public funding program will cease to function as it has over the last 16 years."

The Commission's letter, signed by Chairman Danny L. McDonald, cited two conflicting trends that have contributed to the shortfall. Tax dollars flowing into the Fund have declined, while Fund payouts have sharply increased.

In 1987, some 21 percent of taxpayers checked off \$33 million--down from a high of \$41 million checked off by nearly 29 percent of taxpayers in 1980.

"At the same time," the Commission's letter related, "inflationary adjustments, statutorily required, and a greater number of contributions submitted for matching payments have increased election payouts dramatically. In 1976, \$70 million was paid for Presidential elections. During the 1988 election cycle, the Commission certified more than \$175 million."

"This growing disparity cannot be ignored," the FEC said.

Under current Federal law, in the event of insufficient funds, the general election and the conventions receive first priority. This means that Presidential primary candidates would be the first to suffer if a Fund shortage occurred. Only after the Secretary of Treasury determines there are sufficient funds for the conventions and the general election entitlements may he make funds available for the primary matching program.

The law further provides that, if there are not enough funds to cover the general election entitlements, a pro rata distribution of funds will be made. Under these circumstances, private contributions would be reintroduced into the general election process to make up for any shortfall in the fund.

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