

# FEDERAL ELECTION COMMISSION PR



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## FEC SAYS LEGISLATIVE ACTION NEEDED TO SAVE ELECTION PROGRAM -Testimony Details Presidential Election Fund Woes-

WASHINGTON -- Without legislative action the presidential election public funding program will survive next year's race but collapse during the 1996 contest, the Federal Election Commission testified Wednesday in a U.S. Senate hearing on campaign finance reform.

FEC Chairman John Warren McGarry told the Committee on Senate Rules and Administration that a public funding shortage in the Presidential Election Campaign Fund is imminent. Joining him in testifying was Joan D. Aikens, FEC Vice Chairman.

"The issue is not if the Fund will run out of money, but, when," McGarry said.

The FEC projects potential shortfalls of \$12.6 million during early 1992 presidential primaries and more than \$100 million for the 1996 election.

McGarry told members of the committee that a "structural flaw" in the public funding law will be the major cause of the projected shortages. The flaw, he said, is that payouts from the Fund are indexed to rise with inflation while receipts are not.

"The structural flaw is so fundamental that even if participation increased to its highest previous rate the Fund would still run short in 1996. In the long run, the Fund was doomed to insolvency. The long run will come to pass in 1996 unless the statutory flaw is corrected," said McGarry.

The FEC recommended three possible legislative solutions including indexing receipts from the current \$1 checkoff, authorizing traditional appropriations, or treating the Fund as a non-discretionary account.

On March 5, 1991, the Commission initiated a public education program, including television and radio public service announcements, designed to help educate taxpayers about the public funding program.

The Presidential Election Campaign Fund, which is supported through \$1 contributions voluntarily earmarked by taxpayers on income tax returns, has helped fund primary campaigns, national party conventions and general election campaigns since 1976.

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