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TAXPAYER FINANCING OF ELECTIONS: GOVERNMENT AS A SPECIAL INTEREST (H.R. 1)

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TAXPAYER FINANCING OF ELECTIONS: GOVERNMENT AS A SPECIAL INTEREST

(H.R. 1)

STATUS

On January 15, Representative Abner Mikva (D-Ill.), along with more than 150 cosponsors, introduced H.R. 1, a bill providing for partial government funding of general election campaigns for the House of Representatives. The bill was referred to the Committee on House Administration where hearings were scheduled for March 15, 20, 21, 22, 27 and 28.

BACKGROUND ON FEDERAL FUNDING OF ELECTIONS AND FEDERAL ELECTION LAW

In 1966, Congress passed, and President Johnson signed into law, a measure establishing a Presidential Election Campaign Fund, financed by a voluntary $1 checkoff from income taxes paid by individual taxpayers. But Congress repealed the law at the beginning of the next Congress.

In 1970, Congress approved a bill limiting spending on radio and television political broadcasting, but President Nixon vetoed the bill. The Senate failed to override the veto.

On April 7, 1972, President Nixon signed into law the Federal Election Campaign Act of 1971. Among its provisions, the new law restricted campaign spending for all media -- television, radio, newspapers, magazines, and billboards. The law also placed a ceiling on contributions by any candidate or his immediate family to his own campaign of $50,000 for president or vice-president, $35,000 for senator and $25,000 for representative.

Also in 1971, the Presidential Election Campaign Fund was established into law. The new statute allowed taxpayers to contribute to a general fund for all eligible presidential and vice-presidential candidates by authorizing $1 of their annual income tax payment to be placed in such a fund. In addition, the law provided for the complete federal financing of presidential campaigns for all major party candidates who chose federal financing. The presidential election of 1976 was the first campaign to be so funded.

In 1973, the Senate passed a sweeping bill limiting campaign expenditures and contributions and creating a Federal Election Commission, but the House did not act on the bill. The bill included federal financing of congressional campaigns.

In 1974, comprehensive amendments to the 1971 Federal Election Campaign Act were signed into law. A Senate amendment providing for government financing of congressional campaigns was deleted in conference with the House.

Among its provisions, the new law:

* created a Federal Election Commission;

* established limitations on campaign contributions to candidates by individuals, political parties, and political action committees (whether union-affiliated, corporate-affiliated, or independent);

* prohibited independent expenditures of more than $1,000 on behalf of a candidate;

* repealed the media spending limitations of the 1971 Act;

* retained the limitations on a candidate's personal spending of the 1971 Act;

* provided for optional government financing of presidential conventions and general elections and matching government payments for presidential primary campaigns;

* established spending limitations for all federal elections -- $10 million per candidate for all presidential primaries; $20 million per candidate for the presidential general election; $100,000 or eight cents per eligible voter, whichever was greater, for Senate primaries; $150,000 or twelve cents per eligible voter, whichever was greater, for Senate general elections; $70,000 for House primaries; $70,000 for House general elections.

Provisions of the 1971 Act and its 1974 Amendments were challenged in a suit, Buckley v. Valeo, which the Supreme Court decided on

January 30, 1976. The Court upheld the provisions of the law that set limits on how much individuals and political committees could contribute to candidates, that provided for the public financing of political party conventions and presidential primary and general election campaigns, and that required the disclosure of campaign contributions and campaign expenditures.

But the court found that the composition of the Federal Election Commission violated the Constitution's separation of powers clause because some commissioners were appointed by Congress but exercised executive powers. The Court also overturned limitations on independent expenditures, personal expenditures by candidates on their campaigns, and spending ceilings in congressional races. For presidential campaigns, the court stated that the ceiling on expenditures of those candidates who accepted public financing was constitutional.

Immediately following the Supreme Court's decision, Congress passed the 1976 Amendments to the FEC Act, which were signed into law on May 11, 1976. Besides reconstituting the FEC along the lines laid down by the court, the major provision of the amendments laid down new restrictions on political fund raising by unions and corporations.

During the first session (1977) of the 95th Congress, both houses of Congress turned serious attention to federal financing of congressional races. President Carter, Speaker of the House Tip O'Neil (D-Mass.), and Senate Majority Leader Robert Byrd (D-W.V.) all expressed support for the idea. On June 24, the Senate Rules Committee reported a bill, S. 926, providing for federal financing of Senate general elections only. A provision of the original bill providing for government financing of primary elections was deleted in committee. S. 926, as reported, established a campaign spending ceiling of $250,000 plus ten cents multiplied by each state's voting-age population. Major party candidates would have automatically received 25 percent of their spending ceiling in federal funds, and in addition, would have been eligible for matching funds on all individual contributions of $100 or less up to the spending limit. Only contributions received within fourteen months of the general election would have been matchable.

The bill further provided that candidates accepting federal financing would have been limited to spending only $35,000 of their own money in their campaigns. If a candidate exceeded the personal or total spending limit, his rival would have been eligible for up to 62.5 percent more than the spending limit in matching funds. Third party candidates would not have been eligible for automatic grants but could have received matching funds if they raised $100,000 or 10 percent of the spending limit through individual contributions of $100 or less. Money to finance S. 926 would have come from the Presidential Election Campaign Fund. When the bill came to the floor of the Senate, Republicans and southern Democrats initiated a filibuster which survived three cloture votes and finally succeeded in killing the bill.

In October of 1977, public financing of House elections was revived after 155 Democrat members signed a letter asking that a bill be reported. An unnumbered bill was introduced into the House Administration Committee for markup on October 25. The bill provided up to $25,000 in matching public funds for major party candicates who agreed to limit general election campaign spending to $125,000 plus $25,000 for fund raising costs. Only private contributions of $100 or less would have been matched. If a candidate exceeded the limit, his rival would have been eligible for up to $50,000 more in matching funds. The bill also provided $25,000 per candidate in federal grants for a district-wide mailing to be used between July 1 and two weeks before the election. The grant counted against the spending total.

Third party and independent candidates could receive money only retroactively. To qualify for matching funds, they had to receive at least 5 percent of the vote. Like the Senate plan, the bill was to be financed from the Presidential Election Campaign Fund. But the bill was killed when the committee voted to accept an amendment by Mendel Davis (D-S.C.) to extend federal financing to primaries as well. The amendment would have increased the cost to the government dramatically.

In 1978, during the second session of the 95th Congress, the Democrat leadership made two attempts to bring federal financing of House campaigns directly to the floor of the House. In March, the public financing proposal was attached to a controversial bill (H.R. 11315) lowering the limits on spending by parties and political action committees. By a 198-209 vote, the House refused to approve the rule that would have allowed floor consideration of the bill. Republican members voted unanimously against the rule, 0-140; Southern Democrats also voted against the rule 35-49; Northern Democrats favored the rule, 163-20.

Two major changes were made in the bill after the March defeat. The effective date was pushed back from 1978 to 1980, and the spending limits were raised from $125,000 plus $25,000 for fund raising costs to $150,000 plus $30,000 for fund raising. The rest of the bill remained the same.

On July 19, 1978, during floor consideration of the FEC fiscal 1979 appropriations bill, a motion was made to end debate. Supporters of government financing sought to defeat the motion in order to permit drafting of an alternative rule that would have allowed a House vote on the revised government financing bill. The motion carried 213-196, with the majority, therefore, voting against government financing of House elections. Republicans supported the rule 106-30; Southern Democrats 62-22; but Northern Democrats opposed the rule 45-144.

CURRENT FEDERAL ELECTION LAW

Some relevant definitions from and provisions of the Federal Election Campaign Act of 1971, as amended in 1974 and 1976:

Election. A general, special, primary, or runoff election; a convention or caucus of a political party which has the authority to nominate a candidate; a primary election held for the expression of a preference for the nomination of persons for elections to the office of president; a primary election held for the selection of delegates to a national nominating convention of a political party.

Contribution. A gift, subscription, advance, loan, or deposit of money or anything of value, including in-kind contributions, made for the purpose of influencing an election, but does not include: 1) legal and accounting services; 2) the value of the services of a person who on his own initiative volunteers his services without renumeration; 3) the use of real or personal property of a value up to $500; 4) the value of the discount given on the sale of food or beverages up to the value of $500; 5) unreimbursed travel expenses up to $500; 6) sample ballots listing at least three candidates which are distributed by political parties.

Contribution Limits. An individual can give no more than $5,000 a year to a political action committee, no more than $20,000 a year to the national committee of a political party, no more than $25,000 a year aggregate political contributions. An individual can give $1,000 per election to candidates or their authorized political committees.

Multi-candidate political committees (which includes political party committees) can give no more than $15,000 a year to the national committee of a political party, no more than $5,000 per election to a candidate or his authorized committees. A special exception allows the Democrat and Republican senatorial campaign committees to give $17,500 a year to their senatorial candidates.

Expenditures. A purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value, including costs for fund raising used for the purpose of influencing federal elections, but does not include: 1) any media coverage of a campaign; 2) non-partisan get-out-the-vote drives; 3) internal communications of unions and corporations; 4) political communications not for the purpose of influencing elections; 5) unreimbursed travel expenses up to $500; 6) the use of real or personal property up to a value of $500; 7) the distribution of sample ballots; 8) presidential candidate fund raising costs up to 20 percent of the spending ceiling; 9) legal and accounting services; 10) a loan by a bank to a candidate.

Expenditure Limits. Presidential and vice-presidential candidates are limited to spending no more than $50,000 of their own or their family's money on their campaigns if they accept public financing. Presidential candidates who accept matching funds (which match individual private contributions of $250 or less) can spend no more than $10,000,000 combined public and private money (plus an additional 20 percent for fund raising costs) on their primary campaigns. In addition, there is a per capita spending limitation per state for each candidate campaigning in primaries. The major party general election candidates are limited to a government grant of $20 million plus 20 percent for fund raising costs for their general election campaigns. For congressional campaigns, national and state political party committees can separately spend the greater of $20,000 or two cents multiplied by the voting age population of a state for Senate races, and $10,000 for House races. The national committee of a political party may also spend two cents multiplied by the national voting age population on behalf of its presidential candidate. There is no limitation on "independent expenditures," that is, expenditures by any individual or non-party political committee in support or opposition to a candidate as long as such expenditures are not coordinated with or approved by a candidate or his campaign committees. Unions and corporations may not spend any of their treasury funds directly on behalf of a candidate. But they may use treasury funds in order to set up political committees for the purpose of soliciting campaign funds from their employees, stockholders, or members.

Principal Campaign Committee. The main campaign committee designated by a candidate to administer his campaign. A principal campaign committee normally collects most of the contributions and makes most of the expenditures on behalf of a candidate, although this is no always so.

Authorized Committees. A committee empowered in writing by a candidate to solicit or receive contributions or make expenditures on his behalf. Any authorized committees are in addition to the principal campaign committee. A candidate may authorize as many of these committees as he wants. These committees conduct campaign activities separately from the principal campaign committee. They are normally not as large nor do they play as prominent a role in the campaign as the principal campaign committee.

H.R. 1

H.R. 1 includes two important definitions:

Authorized Committee. For purposes of the bill, an authorized committee would embrace the current law's definitions of both principal campaign committee and authorized committee. All authorized committees would have to abide by the provisions of H.R. 1.

Election. "Any regularly scheduled, special or runoff election which directly results in the election of a person to the office of representative in, or delegate or resident commissioner to, the Congress." Thus any primaries or nomination caucuses or conventions are excluded.

1. Spending Limitations. Limits overall expenditures by a candidate to $150,000 for a general election campaign, plus 20 percent ($30,000) for fund raising costs, and 10 percent ($15,000) for one mailing within the district, for a total of $195,000. To this total, a candidate can contribute and/or loan $25,000 of his personal funds or those of his immediate family.

By way of comparison, under the FEC Act of 1976, presidential nominees, are given 20 percent ($2 million) from the government for fund raising costs over and above the $20 million they receive for the general election campaign. They are given no additional allowances for any mailings. The 1974 Amendments to the FEC Act, since struck down by the Supreme Court and subsequently repealed by Congress, had provided spending limitations of $70,000 per primary or general election to the House, plus a 20 percent ($14,000) exemption above the limit for fund raising costs.

The plan would be optional. If a candidate chose to fund his election completely from private sources and spent more than $75,000 and/or more than $25,000 from his personal funds, and/or received more than $75,000 in contributions, whether he spent that sum or not, (he must notify the FEC within forty-eight hours after any of these three occur), then the expenditure ceiling for his opponent would be lifted.

Once a candidate has agreed to the government funding matching program, he must abide by the restrictions.

In addition, the FEC could suspend the spending ceiling for another reason. If the combination of independent expenditures and internal communications (partisan political communications by unions to their members or corporations to their stockholders) with respect to any one House election exceeded $50,000 and if one of the candidates received the benefit of not more than one-third of this amount, then that candidate could petition the FEC to lift his spending limitation of $150,000.

For example, if the total of independent expenditures and internal communications on behalf of both candidates in an election, as reported by the spenders to the FEC in pre-election reports, was $60,000 -- $45,000 for Candidate X and $15,000 (less than one-third of $60,000) for Candidate Y, then Candidate Y could petition the FEC to lift his spending limit of $150,000. Another example: if the total of independent and internal communication spending was at least $50,000 in support of Candidate X and none in support of Candidate Y, then candidate Y could request the suspension of the spending limit.

2. Matching Funds. Establishes the House of Representatives Election Campaign Fund, a new account of the Presidential Election Campaign Fund, in the U.S. Treasury. Authorizes government payments to match individual contributions of $100 or less received after January 1 of the election year only. No individual's contribution or combination of contributions in excess of $100 would be matched by government funds. Eighty percent of the contributions used for matching funds must come from the individuals residing in the state, not necessarily the congressional district, where the election is held. Loans would not be matched.

A candidate would receive an initial matching payment of $1,000, and then additional matching payments adding up to 40 percent ($60,000) of the spending limit. These additional matching payments would be paid in $10,000 sums matching the receipt of $10,000 in private contributions, except that a candidate could designate "a final matching payment" in order to receive all of the money entitled to him at once.

If a candidate's opponent had rejected the public funding system and had spent more than $25,000 of his own money, and/or received more than $75,000 in private contributions, and/or spent more than $75,000 in his campaign, then that candidate would be eligible for up to $60,000 more in matching funds. In addition, the candidate would be allowed to solicit new contributions, to be matched by federal payments, from individuals who had already contributed the matchable maximum of $100.

If a candidate's opponent incurred the benefit of two-thirds of aggregate internal communications and independent expenditures, that candidate would not be eligible for any more matching funds, but he would not have to abide by the $150,000 spending limit.

Considering all possibilities, the total federal matching payments could not exceed $180,000 for all candidates for any one House seat.

The new House of Representatives Election Campaign Fund would be an additional account in the Presidential Election Campaign Fund (the Fund) which now has three other accounts: the presidential primary matching fund account, the presidential party convention fund account, and the presidential general election fund account. Money for the entire Presidential Election Campaign Fund comes from a system whereby taxpayers may designate one dollar of their income taxes to be placed in the Fund. Current law states that only money from this Fund can be used to pay for the presidential campaigns and conventions.

In presidential years, H.R. 1 requires the Secretary of the Treasury to determine how much will be necessary for the three presidential accounts and then release the remainder for use in the new House account for matching payments. By May 15 in non-presidential years, H.R. 1 requires the Secretary of the Treasury to withhold a sum equal to 60 percent of the amount disbursed for the three presidential accounts in the previous presidential election year and then release the remainder for the House account.

The bill includes an exception for the 1980 elections. In 1980, the May 15 deadline would not apply and the Secretary of the Treasury would disburse amounts from the House account as candidates become eligible to receive them. Thus, in 1980, the House account would have priority over the presidential accounts. The Secretary would be allowed to reimburse the Fund for House account expenses from the amounts checked off by taxpayers in 1981 and 1982.

If in any year other than 1980 the FEC determined that the amount available for the House account would not be sufficient to pay the estimated full entitlements to each eligible candidate, then the FEC would be required to come up with a formula for adjusting the payments to each candidate from the total available to all candidates.

Candidates would receive matching funds as soon as the FEC determined that they were eligible. But no candidate could receive matching funds before August 1, 1980.

No unopposed candidate could receive matching funds. Matching funds could not be used to repay loans or to make payments to the candidate, the candidate's immediate family, or to any organization ten percent of which is owned by the candidate or members of his immediate family. All matching funds would have to be deposited in a separate checking account which contains matching funds only, and all expenditures from the account would have to be by check. Matching funds could be used only to defray campaign expenses incurred for the general election, that is, they could be used only after a candidate wins his primary or otherwise qualifies for the general election ballot. Nor could matching funds be used for expenses incurred after the date of the election. Unused payments would have to be returned after the election. The FEC would be required to certify matching payments to a candidate within forty-eight hours after a candidate submits his request.

By way of comparison, the federal government distributes matching government funds of up to $5 million per presidential primary candidate after each candidate meets fund raising requirements of $100,000 raised in amounts of at least $5,000 in each of twenty states or more. Only the first $250 of individual private contributions can be matched. Only private contributions raised January 1 of the year prior to the election year can qualify for matching funds. Matching funds are paid out only after January 1 of the election year.

3. Candidate Eligibility. A special restrictions holds for the 1980 elections in that no candidate could be certified as

eligible to receive matching payments before August 1, 1980. For that and other election years, the FEC would certify a candidate as eligible if within ten days after qualifying for the general election ballot in his state he had received $1,000 in private contributions of $100 or less, applied to the FEC, and agreed to:

a) furnish all campaign records, specifically those concerning contributions and expenditures, to the FEC;

b) cooperate in the event of any FEC audit or investigation of his campaign;

c) not accept any contributions in violation of the current law on contributions to political campaigns;

d) not spend more than $25,000 of his own personal funds or those of his immediate family in his campaign;

e) spend no more than a total of $195,000 in his campaign.

4. Examination, Audits, and Repayments. Requires the Federal Election Commission to conduct post-election audits of 10 percent of the candidates selected at random. Allows the FEC, by an affirmative vote of four of the six commissioners, to conduct pre-election audits of any campaign that it suspects of violating the provisions of the bill. Requires the FEC to demand a full repayment of any amounts that it determines a candidate received in excess of what he was entitled to. Requires the FEC to demand a repayment of 200 percent of any amounts of matching funds that a candidate used to pay bills not connected with the general election or that a candidate used to repay any loan or used to pay himself or his immediate family. Requires repayment of matching funds within sixty days after the election.

5. Reports to Congress. Requires the FEC to submit to Congress within six months after the elections a report of all financial activity concerning elections to the House.

6. Judicial Review. Allows "any interested party" to challenge FEC regulations under the bill in the U.S. Court of Appeals for the District of Columbia, as long as the challenge is done within thirty days after the regulation is promulgated. Allows the FEC, the national committee of any political party, or any voting age citizen to seek declaratory judgment or injunctive relief in court against any administrative implementation or regulation drawn from the bill. Provides that if any provision of the bill is held invalid by a court, the validity of the remainder of the bill will not be affected.

<u>What the bill does not do</u>:

1. H.R. 1 does not change in any way the contributions and expenditure limitations (as previously explained) imposed by current law on candidates, individuals, party committees, and non-party political committees, except that a candidate opting for the matching fund system is prohibited from spending more than $25,000 of his personal funds.

2. H.R. 1 imposes no restrictions on how much a candidate can <u>raise</u> in contributions. It imposes restrictions on how much a candidate can <u>spend</u>. Thus, a candidate would be allowed to raise as much as he desires beyond $195,000. Under current FEC regulations, money raised for, but not spent in, an election can be used:

* for "any lawful purpose "

* for donations to charity;

* to fund an office account, newsletter account, or some other special account maintained by a congressman in connection with his duties as an elected official;

* for campaign contributions to a party, political com-committee, or another candidate; and

* in the next primary or general election campaign of a candidate.

3. It does not change the provisions of current law dealing with the campaign activities of non-party political committees (commonly called "political action committees," or "PAC's") in any way. These PAC's include those associated with corporations, labor unions, trade associations, and those independent "ideological" PAC's.

4. It does not change the provisions of current law dealing with the campaign activities of political party committees.

THE PRESIDENTIAL ELECTION CAMPAIGN FUND

The following table lists the amounts received by the Fund since its creation in 1972.

YEAR	AMOUNT CHECKED OFF	PERCENT OF RETURNS CHECKED OFF
1972	$ 13 million	10
1973	17	14
1974	32	24
1975	34	26
1976	36	27.5
1977	39	28.9
	$171 million	

Expenditures (Repayments deducted)

$23,734,885	Matching amounts paid to presidential primary election candidates in 1976.
3,597,401	Amount paid to the two major parties for the 1976 presidential nominating conventions.
43,640,000	Amount paid to the two major party presidential general election candidates.
$70,972,286	Total expenditures from fund in connection with 1976 presidential race.

Possible Available Funds in 1980

$ 24.9 Million	Cash on hand at end of 1976 plus repayments received from primary candidates and from party conventions.
39.0	Checked off in 1977.
41.5	Checked off in 1978 -- assuming an increase of $2.5 million over the 1977 amount -- a rough estimate after considering the pattern from 1974 to 1977.
44.0	Checked off in 1979 -- same assumption as in 1978.
46.5	Checked off in 1980 -- same assumption as in 1978.
$195.9 Million	Available in Fund through the end of 1980.

General Elections. Under current law, the general election candidate of a major party is entitled to receive $20,000,000 plus adjustments for cost of living increases. This adjustment is calculated annually from the base year of 1974. Thus, in 1976, the Democrat and Republican candidates received an extra $1.82 million for a total of $21.82 million. Minor party candidates are entitled to proportionally lesser amounts, but no minor party candidate qualified in 1976.

Convention Fund. Under current law, each major party is entitled to receive up to $2 million for its nominating convention plus an adjustment for cost of living increases. Adjustments are calculated according to the same formula used for presidential general elections. In 1976, the Democrat Convention was certified $2.186 million ($170 thousand was repayed as unused); the Republican convention $1.964 million ($382 thousand was repayed as unused).

Primary Matching Fund. Under current law, a primary candidate can spend up to $10 million plus the same adjustments for cost of living increases. A candidate can receive matching federal funds for up to half of the total for private contributions of up to $250. In 1976, Ronald Reagan received the most of any primary candidate in matching funds: $5 million.

The Presidential Election Campaign Fund. Under current law, the Fund includes three accounts: the primary matching account, the convention account, and the general election account. Money received from the federal income tax dollar checkoff is automatically appropriated to the Fund. But no other money from the Treasury can be transferred to the Fund. Under current law, if the Secretary of the Treasury determines that there will not be enough money in the Fund to pay full entitlements to the three accounts in a presidential year, he is obliged to pro rate the payments by candidate and party according to how much money is available. Money for the matching fund account can be disbursed only if there is sufficient money to fund the general election account and the convention account. In addition, the convention account has priority over the general election account.

THE ADVANTAGE OF INCUMBENCY

It has long been recognized that an incumbent member of the House has enormous campaign advantages over his challenger. In recent years, most incumbents have been able to win reelection handily as the following chart demonstrates:

ELECTION YEAR	INCUMBENTS DEFEATED IN PRIMARIES	IN GENERAL ELECTION	REELECTION % OF INCUMBENTS RUNNING IN GENERAL ELECTION
1968	3	5	98.8
1970	7	12	96.9
1972	13	13	96.6
1974	8	40	89.6
1976	3	13	96.6
1978	5	19	95.0

Note: Most of the incumbents defeated in 1974, the Watergate year, were Republicans

The most comprehensive study of the incumbency advantage was published by Americans for Democratic Action in October, 1977. (ADA Special Report: Advantages of an Incumbent Seeking Reelection.)

As far as was reasonable and practical, the ADA gave a monetary value to all the benefits and privileges accruing to a sitting member of the House and unavailable to his challenger. The study found that an incumbent enjoys an advantage of:

$387,984	Salaries and Office Space
143,245	Communications and Travel
35,962	Miscellaneous Benefits
$567,191	Total Advantages

Salaries and Office Space. Among other benefits, includes salaries of the member and all his staff (a maximum of eighteen for all offices), salaries for interns, allowances for all office equipment for all offices maintained by a member, allowances for the renting of district offices, an estimate of the worth in rent of a member's Capitol Hill office, and allowances for office expenses.

Communications and Travel. Among other benefits, includes an estimate of the value of the franking privilege ($100,000); telephone, stationery, and envelopes allowances for all offices; and an estimated average travel allowance per member.

Miscellaneous Benefits. Includes an incumbent's fund raising advantage of $23,340 (based on the 1974 elections) and all publications and "handouts" given free to each member, among which are the Congressional Record, the Federal Register, U.S. Code, wall calendars, copies of the Constitution, etc.

In the 1976 House elections, incumbents received an average of $41,510 more in contributions than their challengers. In the 1978 House elections, incumbents received an average of $71,486 more in contributions than all their challengers. This average advantage is reduced to $51,288 if all third party and independent challengers are eliminated.

These three categories of benefits do not include the use of the House television and recording studios. There is a charge for use of these studios, but that charge is substantially lower than commercial rates. Another benefit excluded is the continuing free publicity resulting from the press coverage of a congressman's term in office. Although it is impossible to attribute a monetary value to this publicity, it is probably an incumbent's greatest advantage over his opponent, and, assuredly, worth more than all the other benefits put together.

GENERAL ELECTION CANDIDATES FOR THE HOUSE IN 1976

The statistics for these three tables are taken from FEC Disclosure Series No. 9, September 1977. FEC Disclosure Series do not make distinctions for receipts and expenditures between primary and general election campaigns. Thus, the receipt totals for these three tables include all financial activity over a two-year period, 1975-1976, (and these include any money spent in primaries as well as general elections) for candidates who appeared on the general election ballot. H.R. 1, of course, would make important distinctions between primary and general election expenditures. Candidate averages were calculated by The Heritage Foundation.

Soures of Total Adjusted Receipts by Party -- 1976 House Campaigns
(Not including minor party and independent candidates)
(Figures Rounded) (Loans outstanding as September 1977)
(Contributions of $0-$100, $101-$499, and $500-$1,000 are Contributions of Individuals)

Democrats (433 Candidates)			Republicans (390 Candidates)			
	Average/Candidate			Average/Candidate		
$ Million	%	$ Thousand	$ Million	%	$ Thousand	
35.06	100	80.96	30.20	100	77.43	Total
11.55	33	26.67	11.98	39.7	30.72	$0-$100
3.94	11.2	9.09	3.56	11.8	9.13	$101-$499
3.75	10.7	8.66	3.44	11.4	8.82	$500-$1,000
1.61	4.6	3.72	.71	2.3	1.82	Candidate Contributions
1.47	4.2	3.39	3.66	12.1	9.38	Party Contributions
9.41	26.8	21.73	5.31	17.6	13.62	Non-Party PAC Contributio
2.70	7.7	6.24	1.27	4.2	3.26	Candidate Loans Outstandi
.43	1.2	.99	.17	.6	.43	Other Loans Outstanding
.21	.6	.48	.10	.3	.26	Other Receipts

Highlights

The average Republican received more than the average Democrat in total individual contributions: $48,670 to $44,420.

The average Democrat significantly outdistanced the average Republican in candidate loans and candidate contributions.

The average Democrat significantly outdistanced the average Republican in non-party PAC contributions: $21,730 to $13,620.

The average Republican received almost three times as much from his party as the average Democrat: $9,380 to $3,390.

Sources of Total Adjusted Receipts by Status -- 1976 House Campaigns
(Not including open seats) (Figures rounded)
(Contributions of $0-$100, $101-$499, and $500-$1,000 are Contributions of Individuals) (Loans outstanding as of September 1977)

Incumbents (385 Candidates)			Challengers (370 Candidates)			
	Average/Candidate			Average/Candidate		
$ Million	%	$ Thousand	$ Million	%	$ Thousand	
35.07	100	91.10	18.35	100	49.59	Total
14.39	41	37.38	5.5	30.1	14.86	$0-$100
4.54	12.9	11.18	1.70	9.2	4.59	$101-$499
3.48	9.9	9.04	2.16	11.8	5.34	$500-$1,000
.90	.3	2.34	1.70	9.3	4.59	Candidate Contributions
2.15	6.1	5.58	2.09	11.4	5.65	Party Contributions
9.86	28.1	25.56	2.81	15.3	7.59	Non-Party PAC Contributio
.30	.9	.78	1.97	10.7	5.32	Candidate Loans Outstandi
.13	.4	.34	.24	1.3	.65	Other Loans Outstanding
.13	.4	.34	.17	.9	.46	Other Receipts

Highlights

The average incumbent topped the average challenger in every source of contributions except candidate contributions and candidate loans.

The average incumbent particularly overwhelmed the average challenger in total individual contributions ($57,600 to $25,290), and non-party PAC contributions ($25,560 to $7,590).

Sources of Total Adjusted Races for Candidates in Open Races -- 1976 House Campaign
(Contributions of $0-$100, $101-$499, and $500-$1,000 are Contributions of Individuals) (Figures rounded) (Loans Outstanding as of September 1977)

105 Candidates

$ Million	%	Average/Candidate $ Thousand	
12.32	100	117.33	Total
3.76	30.5	35.80	$0-$100
1.30	10.6	12.38	$101-$499
1.63	13.2	15.52	$500-$1,000
.61	4.9	5.81	Candidate Contributions
.90	7.3	8.57	Party Contributions
2.08	16.9	19.81	Non-Party PAC Contributions
1.78	14.5	16.95	Candidate Loans Outstanding
.25	2	2.38	Other Loans Outstanding
.015	.1	.14	Other Receipts

Highlights

The average candidate for an open seat received $63,700 total individual contributions.

Summary and Analysis of All Three Tables -- And Additional Commentary

For purposes of analyzing H.R. 1, one important statistic is unavailable: the number of individual contributors -- as distinguished from the number and total amount of contributions. The FEC is not able to compile the number of contributors for the three categories of individual contributions: $0-$100, $101-$499, and $500-$1,000. Individuals can make several contributions to any candidate as long as their total contributions to a candidate do not exceed $1,000. It is not uncommon for a candidate's report file at the FEC to list several contributions from an individual who gives his name in different ways (for example, once his full name, another his last name with initials) and who gives different addresses for himself. The FEC computer is not able to make such distinctions.

The presidential primary matching fund program has the same kind of requirements as the proposed House program: an individual's total contributions are matched only to a certain dollar amount.

Thus, in certifying matching funds in 1976, the FEC had to make sure that no candidate was seeking matching funds for a contribution by an individual who had already given the limit ($250.00). The FEC performed this task manually and never compiled a list of total individual contributors.

For purposes of H.R. 1, a candidate could achieve his maximum in private contributions eligible to be matched if he could find 600 contributors who would give $100 each. The three previous tables show that for the 1976 House elections, the largest percentage of total receipts for all candidates came from the combined total of the three categories of individual contributions:

Average Democrat	44.9 % of all receipts
Average Republican	62.9
Average Incumbent	63.8
Average Challenger	51.1
Average Candidate for Open Seat	54.3

Yet only candidates for an open seat averaged more than $60,000 in total individual contributions ($0-$1000):

Average Democrat	$44,420
Average Republican	$48,670
Average Incumbent	$57,600
Average Challenger	$25,290
Average Candidate for Open Seat	$63,700

As already stated, there is no way of counting how many individual contributors are included in these amounts and what part of the total contributions of each individual contributor was below $100. A comparison by type of candidate for the average candidate's receipt of contributions of $0-$100 would be similarly inconclusive.

The only conclusion possible from a survey of the 1976 elections is that no average candidate would have been able to receive the full matching payment of $60,000 and that the average challenger was particularly far from that amount while the average candidate for an open seat was the closest, followed closely by incumbents.

After individual contributions, candidates received the highest percentage of their total receipts from non-party political action committees. Incumbents led the way:

	Percent of Total	Average Amount
Average Democrat	26.8	$21,730
Average Republican	17.6	$13,620
Average Incumbent	28.1	$25,560
Average Challenger	15.3	$ 7,590
Average Candidate for Open Seat	16.9	$19,810

Besides these two large sources of receipts (individual and non-party PAC's), the combined total of candidate loans and candidate contributions was significant. The average challenger and the average candidate for an open seat particularly relied on themselves to fund their own campaigns:

	Percent of Total	Average Amount
Average Democrat	12.3	$ 9,960
Average Republican	6.5	$ 5,080
Average Incumbent	1.2	$ 3,120
Average Challenger	20	$ 9,910
Average Candidate for Open Seat	19.4	$22,760

Under H.R. 1, a candidate could make no expenditure from his personal funds (whether loan or contribution) exceeding $25,000. While all "average" candidates fell under this limit, sixty-nine individual candidates (but only six incumbents) exceeded this limit in 1976:

2	Republican Incumbents
4	Democrat Incumbents
1	Independent Candidate for an Open Seat
1	Independent Challenger
8	Republican Candidates for an Open Seat
18	Republican Challengers
22	Democrat Candidates for an Open Seat
13	Democrat Challengers
69	Number of Candidates whose combined loans and contributions to their own campaigns exceeded $25,000

(Source: FEC Disclosure Series No. 9)

Attracting Small Contributors

For purposes of H.R. 1, the government will match up to $100 of each individual's total contributions. It is impossible to determine how many individual contributors each candidate had for the 1976 elections. The FEC has never compiled such statistics because its computer is not able to pick out individual names from candidate reports.

What kind of candidate will have the best chance of attracting enough contributors in order to qualify for the full matching payment of $60,000? It can be seen from previous tables that the "average" candidate does not accumulate $60,000 in total individual contributions (contributions of $0-$1,000). Theoretically, if a candidate could attract 600 contributors willing to give $100 each, he could achieve the full $60,000 in eligible matching payments.

The candidates surpassing \$60,000 in small contributions of \$0-\$100 might be those who have the best chance of achieving the full \$60,000 in \$100 contributions.

For the 1976 elections, it can be seen that incumbents were the most successful in this area:

Candidates whose contributions in amounts of \$0-\$100 totaled between \$60,000 - \$80,000

18	Democratic Incumbent Winners
1	Democratic Incumbent Loser
19	Republican Incumbent Winners
0	Republican Incumbent Losers
1	Democratic Challenger Winner
1	Democratic Challenger Loser
1	Republican Challenger Winner
8	Republican Challenger Losers
5	Democratic Winners of Open Seats
2	Democratic Losers of Open Seats
2	Republican Winners of Open Seats
5	Republican Losers of Open Seats
63	

Summary

Of the sixty-three candidates receiving between \$60,000 and \$80,000 in contributions of \$0-\$100, thirty-eight (60.3 percent) were incumbents and fourteen (22 percent) were candidates for open seats. Only eleven challengers (17.5 percent) were in this category.

Candidates whose contributions in amounts of \$0-\$100 totaled more than \$80,000

8	Democratic Incumbent Winners
14	Republican Incumbent Winners
0	Democratic Incumbent Losers
2	Republican Incumbent Losers
0	Democratic Challenger Winners
2	Republican Challenger Winners
1	Democratic Challenger Loser
2	Republican Challenger Losers
1	Democratic Open Seat Winner
2	Republican Open Seat Winners
0	Democratic Open Seat Losers
2	Republican Open Seat Losers
34	

Summary

Of the thirty-four candidates receiving more than $80,000 in contributions of $0-$100, twenty-four (70.6 percent) were incumbents, five (14.7 percent) were candidates for open seats, and five (14.7 percent) were challengers.

H.R. 1 and the 1976 House Elections

For the 1976 House elections, the following tables demonstrate how many candidates might have been affected by H.R. 1's restrictions. Again, it must be mentioned that the spending ceilings of H.R. 1 concern general elections only. The following candidate totals are for both primary and general elections.

Candidates who spent between $150,000-$195,000

21	Democratic Incumbent Winners
9	Republican Incumbent Winners
2	Democratic Incumbent Losers
0	Republican Incumbent Losers
1	Democratic Challenger Winner
1	Republican Challenger Winner
1	Democratic Challenger Loser
14	Republican Challenger Losers
6	Democratic Open Seat Winners
2	Republican Open Seat Winners
5	Democratic Open Seat Losers
4	Republican Open Seat Losers
66	

Summary

Of the sixty-six candidates spending between $150,000 and $195,000, thirty-two (48.5 percent) were incumbents, seventeen (25.8 percent) were challengers, and seventeen (25.8 percent) were candidates for open seats.

Candidates who spent more than $195,000

5	Democratic Incumbent Winners
2	Republican Incumbent Winners
1	Democratic Incumbent Loser
2	Republican Incumbent Losers
2	Democratic Challenger Winners
1	Republican Challenger Winner
0	Democratic Challenger Losers
6	Republican Challenger Losers
4	Democratic Open Seat Winners
4	Republican Open Seat Winners
1	Democratic Open Seat Loser
1	Republican Open Seat Loser
29	

Summary

Of the twenty-nine candidates spending more than $195,000, ten (34.5 percent) were incumbents, nine (31 percent) were challengers, and ten (34.5 percent) were candidates for open seats.

GENERAL ELECTION CANDIDATES FOR THE HOUSE IN 1978

Note: Statistics for the next three tables were taken from the FEC Interim Summary of January 30, 1979. Candidate averages were calculated by The Heritage Foundation. As in the tables for the 1976 elections, the candidate financial activity described here includes both primary and general elections. Since the FEC will not publish its final disclosure series on the 1978 House elections until the fall of 1979, the statistics from the Interim Summary cannot be considered final. Individual categories of expenditures are based on candidate reports through the ten-day pre-election report (October 23, 1978) only.

1978 House General Elections -- Contributions to and Expenditures on Behalf of Candidates Running in General Elections -- By Party of Candidates

Important Note: The FEC has not yet compiled contribution amounts for contributions of $0-$100. In the 1976 House elections, these contributions were 36 percent of all contributions received by all candidates.

(Figures Rounded) (Excludes independent and third-party candidates)

(Contribution amounts and averages include general and primary elections and five special elections)

To Democrats (423 Candidates)		To Republicans (384 Candidates)		
$ Million	Average/Candidate $ Thousand	$ Million	Average/Candidate $ Thousand	Contributions
4.42	10.44	3.64	9.47	$101-$499/Individual
5.48	12.96	4.45	11.69	$500 and up/Individual
1.14	2.68	3.43	8.93	Party Contributions
2.16	5.10	3.05	7.94	Corporate PAC's
5.65	13.35	.24	.63	Labor PAC's
.34	.80	1.19	3.10	Independent PAC's
.47	1.10	.12	.32	Cooperative PAC's
.070	.16	.025	.07	Corp w/o Stock PAC's
3.44	8.13	4.32	11.26	Trade/Member/Health PAC's
1.11	2.62	.44	1.15	Candidate Contributions
2.99	7.07	1.67	4.35	Candidate Loans
.533	1.26	.49	1.27	Other Loans

Expenditures on Behalf of Candidates

.055	.13	.96	2.49	Party
.0048	.01	.0014	.004	Independent
.025	.06	.0052	.013	Internal Communications

Note: See explanatory notes at end of last table.

1978 House General Elections -- Contributions and Expenditures on Behalf of Candidates Running in General Elections -- A Comparison of Incumbents and Challengers

Excludes contributions of $0-$100. See note for previous table.

Excludes the 129 third-party and independent challengers because their contributions amounts were insignificant.

Contribution amounts and averages include general and primary elections and five special elections.

To Incumbents (377 Candidates)		To Republican & Democrat Challengers (329 Candidates)		
$ Million	Average/Candidate $ Thousand	$ Million	Average/Candidate $ Thousand	Contributions
4.53	12.01	1.62	4.92	$101-$499/Individual
4.42	11.72	2.59	7.87	$500 and up/Individual
1.92	5.09	1.56	4.73	Party Contributions
3.49	9.26	.91	2.77	Corporate PAC's
4.16	11.04	.92	2.81	Labor PAC's
.50	1.33	.72	2.22	Independent PAC's
.53	1.41	.015	.047	Cooperative PAC's
.67	.177	.006	.019	Corp. w/o Stock PAC's
5.21	13.81	1.23	3.75	Trade/Member/Health PAC's
.22	.57	1.06	3.23	Candidate Contributions
.58	1.53	2.56	7.79	Candidate Loans
.34	.90	.45	1.37	Other Loans

Expenditures on Behalf of Candidates

.17	.46	.52	1.58	Party
Total of $205.00		Total of $1,263.00		Independent
.021	.055	.006	.018	Internal Communications

Note: See explanatory note at end of last table.

1978 House General Elections -- Contributions and Expenditures on Behalf of Candidates Running in General Elections -- Open Seats

Contribution amounts include general and primary elections.

Excludes contribution amounts of $0-$100.

Includes independent and third party candidates.

130 Candidates

$ Million	Average/Candidate $ Thousand	
1.91	14.69	$101-$499/Individual
2.98	22.92	$500 and up/Individual
1.19	9.15	Party Contributions
.84	6.46	Corporate PAC's
.81	6.23	Labor PAC's
.36	2.77	Independent PAC's
.056	.43	Corporate w/o Stock PAC's
.023	.175	Trade/Member/Health PAC's
1.42	10.92	Candidate Contributions
.298	2.29	Candidate Loans
1.62	12.46	Other Loans
.233	1.79	

Expenditures on Behalf of Candidates

.367	2.82	Party
.0047	.037	Independent
.0033	.025	Internal Communications

Notes for All Three Tables

1. Independent PAC's are not connected with any corporation, labor union, or association and are normally "ideological."

2. Examples of "cooperative PAC's" are the Milk Producers, the Electric Cooperatives, and the Egg Producers.

3. Examples of "corporations without stock PAC's" are law firms and savings and loan associations.

4. "Trade/Member/Health PAC's" is a grouping of the PAC's of trade associations, membership organizations, and health organizations.

5. Political party expenditures on behalf of a candidate are different from, and in addition to, party contributions to a candidate.

6. Independent expenditures are expenditures by any individual or PAC without the consultation or cooperation of the candidate and are in addition to any contributions by an individual or PAC to a candidate.

7. Internal communications are those costs of partisan communications by a labor union to its members or a corporation to its stockholders and executive personnel and are in addition to any contributions by a corporate or labor PAC to a candidate.

Source of all statistics: FEC Interim Summary of January 30, 1979. Averages calculated by The Heritage Foundation.

Summary and Analysis of all Three Tables -- And Additional Commentary

Because the FEC has not yet compiled total contribution amounts of contributions of $0-$100, it is nearly impossible to say anything significant about combined individual contributions.

A comparison of the contributions of all political action committees shows incumbents leading the way as they did in 1976:

	Average Amount
Average Democrat	$28,640
Average Republican	$23,320
Average Incumbent	$37,027
Average Challenger	$11,616
Average Candidate for Open Seat	$26,985

(Percentages of PAC contributions to total contributions cannot be computed because of the unavailability of contributions of $0-$100)

In combined candidate contributions and loans, challengers and candidates for open seats were ahead:

Average Democrat	$ 9,690
Average Republican	$ 5,450
Average Incumbent	$ 2,100
Average Challenger	$11,020
Average Candidate for Open Seat	$14,750

The FEC Interim Summary further discloses that forty-eight candidates (but only four incumbents) loaned their campaigns more than $25,000 (totals from primary and general elections combined):

3	Democrat Incumbents
1	Republican Incumbent
11	Democrat Challengers
14	Republican Challengers
13	Democrat Candidates for Open Seats
4	Republican Candidates for Open Seats
2	Independent Candidates for Open Seats
48	

In addition, eleven candidates contributed more than $25,000 to their own campaigns:

1	Democrat Incumbent
4	Democrat Challengers
3	Republican Challengers
3	Democrat Candidates for Open Seats
11	

DISTINGUISHING BETWEEN PRIMARY AND GENERAL ELECTION EXPENDITURES

Note: As has been stated before, FEC expenditure and receipt totals for 1976 and 1978 House general election candidates included all expenditures and receipts over a two-year period for each candidate. Thus, financial activity for both primary and general elections are included in each candidate's total.

The FEC will not publish its disclosure series of the financial activity of each candidate (total of primary and general election) until the fall of 1979. The FEC Interim Summary of January 30, 1979, used as the basis for previous tables, included House totals for all candidates.

Under current law, candidates are required to file reports of receipts and expenditures relating to each election. Thus, distinctions can be made between primary and general elections, especially with respect to expenditures. Money received but not expended for a primary campaign is always transferred for use in the general election campaign. But money expended in a primary campaign is reported as an expenditure distinct from general election expenditures.

Statistics for the following sections are taken from an FEC computer printout: Candidate "E" Index of Supporting Documents (updated as of February 15, 1979). Statistics in the index come from all candidate reports through December 12, 1978.

For each candidate, the Index lists separate receipts and expenditures for each type of campaign: primary and general election. Totals and averages for each candidate were calculated by The Heritage Foundation. Every effort was made to exclude "transfers," that is, money moved between different authorized committees and the principal campaign committee of each candidate.

Nevertheless, the statistics in the following sections cannot be considered to be final because of possible errors in totaling expenditures from the individual reports of each candidate (since it is not always clear where a "transfer" has occurred), and because the "E" Index itself includes only interim statistics. Final statistics will not be available until the FEC publishes its disclosure series on the House elections in the fall of 1979.

1978 House General Elections -- Results by Winning Percentage

Percent of Victory	Incumbent Winners	Winners of Open Seats	Winners Defeating Incumbents	Total
unopposed	64	5	--	69
80% and over	33	2	--	35
70-79%	82	2	--	84
60-69%	108	12	2	122
56-59%	35	11	2	48
55% and below	36	26	15	77
	358	58	19	435

Total Expenditures by Type of Race -- 801 Major Candidates

(Figures Rounded)

	Winners - $ Million			Losers - $ Million		
	Primary	General	Total	Primary	General	Total
Unopposed (69)	3.99	2.16	6.15	--	--	--
80% and over (35)	1.52	1.54	3.07	.040	.175	.22
70-79% (84)	2.89	4.48	7.37	.378	1.04	1.42
60-69% (122)	5.32	9.87	15.20	2.35	4.87	7.22
56-59% (48)	2.24	5.99	8.24	2.01	3.99	6.00
55% and below (77)	4.90	12.48	17.38	4.48	10.74	15.22
	$20.86	$36.52	$57.38	$9.258	$20.815	$30.07[illegible]

Summary

* All major candidates spent a total of $87.453 million, of which $57.353 million (65.5 percent) was spent in the general election, and $30.118 million (34.5 percent) was spent in primary elections.

* Winners spent 63.6 percent of their total expenditures in the general election and 36.4 percent of their total expenditures in primary elections.

* Losers spent 69.2 percent of their total expenditures in the general election and 30.8 percent of their total expenditures in primary elections.

Average Expenditures by Winning Percentages -- 801 Major Candidates

(Percentages in parentheses are the percentages of total average expenditures that candidates spent in the general elections)

	Average $ Expenditures Winners	Average $ Expenditures Losers
Unopposed (69)		
Primary	$57,797	-----
General	31,270 (35%)	-----
Total	89,067	-----
80% and Over (35)		
Primary	43,503	1,141
General	44,137 (50%)	5,011 (81%)
Total	87,640	6,152
70-79% (84)		
Primary	34,421	4,499
General	53,340 (61%)	12,417 (73%)
Total	87,761	16,916
60-69% (122)		
Primary	43,614	19,293
General	80,937 (65%)	39,920 (67%)
Total	124,551	59,213
56-59% (48)		
Primary	46,710	41,953
General	124,854 (73%)	83,058 (66%)
Total	171,565	125,011
55% and below (77)		
Primary	63,694	53,163
General	162,035 (72%)	139,500 (71%)
Total	225,729	197,663

Candidates for the 1978 House General Elections -- Expenditures Beyond the Limits Proposed by H.R. 1

Of the 1,078 candidates in the general elections (including all minor candidates), 113 of these candidates spent more than $150,000 in their general election campaigns:

113	Total Candidates
47	Incumbents
28	Democrat Incumbents
19	Republican Incumbents
72	Winning Candidates
11	Winners Defeating Incumbents
25	Winners of Open Seats
38	Winning Incumbents

Of those 113 candidates, fifty-eight spent more than $195,000 in their general election campaigns:

58	Total Candidates
23	Incumbents
13	Democrat Incumbents
10	Republican Incumbents
4	Winners Defeating Incumbents
9	Winners of Open Seats
35	Winning Candidates
22	Winning Incumbents

Winners Defeating Incumbents

Nineteen incumbents (14 Democrats and 5 Republicans) were defeated by challengers in the 1978 House general elections. Incumbents spent an average of $147,361 in their unsuccessful general election campaigns while the winning challengers spent an average of $160,458. In the nineteen races, eight incumbents outspent their challengers, and thus, eleven challengers outspent the incumbents. Of the thirty-eight candidates, five incumbents and four challengers spent between $150,000 and $195,000 in their campaigns. An additional three incumbents and seven challengers spent more than $195,000 in their campaigns.

<u>The Competitive Races (55% and below) -- Candidates Exceeding the Proposed Expenditure Limits of H.R. 1 -- 77 Races -- 154 Significant Candidates</u>

The following number of candidates spent between $150,000 and $195,000 in their <u>general election campaigns</u> in these competitive races:

5	Democrat Incumbent Winners
5	Democrat Incumbent Losers
2	Republican Incumbent Losers
2	Democrat Challenger Winners
2	Republican Challenger Winners
4	Republican Challenger Losers
8	Democrat Winners of Open Seats
2	Democrat Losers of Open Seats
1	Republican Winners of Open Seats
2	Republican Losers of Open Seats
33	

An additional thirty-five candidates spent more than $195,000 in their <u>general election campaigns</u> in these competitive races:

6	Democrat Incumbent Winners
1	Democrat Incumbent Loser
2	Republican Incumbent Winners
2	Democrat Challenger Losers
1	Republican Challenger Winner
3	Republican Challenger Winners
7	Republican Challenger Losers
4	Republican Winners of Open Seats
7	Republican Losers of Open Seats
2	Democrat Winners of Open Seats
35	

GENERAL SUMMARY AND DISCUSSION

H.R. 1 has two major purposes: to provide government funds to finance elections and to put a ceiling on how much can be spent in elections.

The strategy of H.R. 1 is to grant government funds for general election campaigns conditioned on a candidate's ability to find a large number of private individual contributors. Under current law, no individual citizen can contribute more than $1,000 to a candidate running in any primary or general election. This restriction, passed into law in 1974, was intended to eliminate the wealthy from the political process. It has succeeded and, in addition, has forced candidates to seek out a large number of private contributors.

In addition to small contributors, candidates have been forced to turn to political action committees to solicit contributions. It can be said that the original 1971 FEC Act caused the recent proliferation of political action committees because of the Act's provision allowing corporations and labor union to use the treasury funds of their organizations to establish, administer, and solicit contributions to political action committees controlled by either kind of organization.

Finding a large number of private contributors is a function of having a good mailing list. Incumbents, especially incumbents of several terms, have always had long mailing lists -- compiled from past campaigns and from lists of constituents assisted in one way or another while in office.

Challengers and candidates for open seats have had to rely on direct mail professionals in recent years. In fact, it can be said that these professional fund raisers have enjoyed, more than anyone else, the benefits of federal election regulation of the 1970s. It seems likely that H.R. 1 will make these fund raisers all the more crucial.

If their reelection percentage is any indication, the other group completely undisturbed by federal laws restricting campaign contributions and expenditures has been incumbents, and especially incumbent members of the House.

Because incumbents possess the mailing lists and the opportunity to increase them daily through "constituent services"; because incumbents, especially committee and subcommittee chairmen (167 in the House in the 95th Congress, more than half of the Democrat membership) enjoy continuous and free media coverage; because of numerous other advantages of office described previously; because "special interest" groups generally regard an incumbent's reelection as a safe bet and, therefore, contribute to him rather than his challenger in order to "get their foot in the door;" because there are still many congressional districts so monopolized by the political sentiment of one political party that a challenger from the other major party has little chance of receiving any political or financial support; it can hardly be considered surprising that incumbents almost always attract more campaign money than their challengers.

It has been previously shown that for the 1976 House elections, the average incumbent overwhelmed the average challenger in nearly every category of received contributions: $91,100 to $49,590 in total contributions; $37,380 to $14,860 in individual contributions of $0-$100; $57,600 to $25,290 in total individual contributions ($0-$1,000); $25,560 to $7,590 in non-party PAC contributions. In addition, the average incumbent received a higher percentage of his total contributions in individual contributions than his challenger, 63.8 percent to 51.1 percent. And finally, of those sixty-three candidates who received between $60,000 and $80,000 in total individual contributions, thirty-eight (60.3 percent) were incumbents. Of those thirty-four candidates who received more than $80,000 in total private contributions, twenty-four (70.6 percent) were incumbents.

Although statistics are incomplete for the 1978 House elections, available statistics show that incumbents similarly overwhelmed their average challengers: $13,730 to $4,210 in individual contributions of $101-$1,000; $37,027 to $11,616 in total non-party PAC contributions.

Supporters of H.R. 1 contend that matching government grants will help challengers make up fund raising deficiencies. Yet, since H.R. 1 proposes no restrictions in the campaign contributions of political action committees, it is hard to presume that PAC's will in any way change their habits of giving most of their money to incumbents. H.R. 1 favors the candidate who can attract a large number of individual contributors. It has been shown that incumbents have been able to do this much better than their challengers. Therefore, it has to be concluded that incumbents will receive more matching grants of $100 than challengers.

H.R. 1 restricts candidates and members of their families from contributing and/or loaning more than $25,000 to their own campaigns. The 1976 and 1978 House elections show that challengers and candidates for an open seat relied more heavily on personal contributions than incumbents. Therefore, it has to be presumed that the restriction of personal contributions will harm these challengers and candidates for open seats more than incumbents. In the 1976 elections, challengers used, on the average, $9,910 of their personal funds (20 percent of their total receipts) to an incumbent's average of $3,120 (1.2 percent of total receipts). The average candidate for an open seat used $22,760 of his personal funds (19.4 percent of his total receipts). In addition, only six incumbents, but thirty-two challengers and thirty-one challengers for an open seat, exceeded $25,000 in combined loans and contributions. (Again, it must be pointed out that these loan and contribution figures are totals for both primary and general election campaigns.)

In the 1978 House elections, incumbents averaged $2,100 in combined personal loans and contributions while challengers averaged $11,020. Candidates for open seats averaged $14,750. Individually, only four incumbents, but twenty-five challengers and nineteen candidates for an open seat, loaned their campaigns over $25,000. In addition to these loans, one incumbent, seven challengers and three candidates for an open seat contributed more than $25,000 to their campaigns. (Again, it must be pointed out that these loan and contribution figures are totals for both primary and general election campaigns.)

H.R. 1 restricts candidate loans and contributions for general elections only. Yet, it must be presumed that the above patterns of challengers, incumbents, and open seat candidates for both primary and general elections would hold true for general election campaigns alone. Probably not as many candidates would exceed the limits, but incumbents would be less restricted than challengers and open seat candidates.

H.R. 1 provides a candidate spending ceiling of $195,000, but expenditures above $150,000 are limited to two categories: up to $30,000 for fund raising costs and up to $15,000 for costs connected with one district wide mailing. Under current practice, fund raising expenditures are not distinguished from other kinds of expenditures in candidates' reports to the FEC. So, it is impossible to tell what percentage of candidates' total expenditures go for the overhead costs of fund raising. Fund raising, and especially fund raising by direct mail is expensive. Candidates often need several mailings to raise their maximum in individual contributions. It is probable that H.R.1's allowance for fund raising costs and the single district-wide mailing will not take a candidate very far in seeking to raise $150,000.

Most House candidates do not spend $150,000, much less $195,000, in their general election campaigns. In the 1976 elections, sixty-six candidates appearing on the general election ballot spent between $150,000 and $195,000 total for their primary and general election campaigns. Thirty-two (48.5 percent) were incumbents, seventeen (25.8 percent) were challengers, and seventeen (25.8 percent) were candidates for an open seat. Of the twenty-nine candidates spending more than $195,000 total for both primary and general election campaigns, ten (34.5 percent) were incumbents, nine (31 percent) were challengers, and ten (34.5 percent) were candidates for an open seat. Thus, incumbents did not dominate this category of heavy spenders as much as they dominated other categories.

A previous section showed distinctions between primary and general election expenditures for the 1978 elections. For those elections, fifty-five candidates spent between $150,000 and $195,000 on their general election campaigns only. Twenty-four (43.6 percent) were incumbents, while nineteen (32.8 percent) were challengers and fourteen (24.1 percent) were candidates for an open seat. Thus, in the most recent elections, non-incumbents had a greater need of heavy expenditures than incumbents.

Another table demonstrated that general election campaign expenditures steadily increased as the margin of victory decreased. And the same table demonstrated that general election expenditures as a percentage of total expenditures (primary and general) increased as the margin of victory decreased. The forty-eight candidates winning with 56-59 percent of the vote averaged $124,854 in general election expenditures while the seventy-seven candidates winning with 55 percent of the vote and below surpassed, on the average, H.R. 1's limit: they averaged $162,035 in general election expenditures. Their losing opponents were close to the limit; they averaged $139,500 in general election expenditures.

There were only seventy-seven (17.7 percent of the 435 races) competitive races (55% and below) for the House in 1978. Almost half (68) of the 154 major candidates found high expenditures necessary in their campaigns. In these competitive races, thirty-three candidates spent between $150,000 and $195,000 in their general election campaigns alone. Only twelve (36.3 percent) were incumbents, while eight (24.2 percent) were challengers, but thirteen (39.3 percent) were candidates for an open seat. Of those thirty-five candidates spending more than $195,000 in their general election campaigns alone for these competitive seats, only nine (25.7 percent) were incumbents, while thirteen (37.1 percent) were challengers and thirteen were candidates for an open seat. Thus, for the 1978 House elections, competitive races required a significant number of expenditures beyond the limits proposed by H.R. 1. The bill would probably further restrict such campaigns because campaign managers would be permitted only two types of expenditures beyond $150,000: fund raising and mailing. No campaign manager could decide on a strategy requiring any other kind of expenditure beyond the $150,000 limit.

Further, results of the nineteen races in 1978 where challengers defeated incumbents show that expenditures beyond H.R. 1's limits are almost mandatory. The winning challengers averaged $160,458 in their general election campaigns alone. Losing incumbents averaged $147,361. Individually, five incumbents and four challengers spent between $150,000 and $195,000 in their general election campaigns. An additional three incumbents and seven challengers spent more than $195,000 in these campaigns.

By doubling the value of private contributions of $100 or less, H.R. 1 would bring all candidates closer to the $150,000 ceiling. In effect, all candidates would be trading a limit on campaign expenditures for a government grant that would bring them closer to that limit. But, as has been demonstrated, the limit is not relevant to the majority of House races since these races are not even competitive. The limit would be a severe restriction on three kinds of competitive races: races for open seats; races where a challenger defeats an incumbent; and the kind of race that usually includes both of the previous, races won by a vote margin of 55 percent and below.

H.R. 1 might increase the number of races in which both candidates spent close to the expenditure ceiling, and therefore, seemingly increase the number of competitive races. This conclusion seems to imply the same assumptions that inspired the federal election legislation of 1971, 1974, and 1976: political campaigning is simply a matter of money, and therefore, heavy spending can "buy" election victory. These assumptions led to the current laws which have vastly reduced the participation of the individually wealthy in election campaigns. A corollary of these assumptions was that personally wealthy elected officials and elected officials "bought" by the individually wealthy in their campaigns would then vote in favor of "business interests" while in office.

In the 1970s, personally wealthy candidates have had only mixed successes. The two most famous spenders of their own wealth in their campaigns, Congressman Richard Ottinger (D-N.Y.) and Senator Howard Metzenbaum (D-Ohio), have seen victory and defeat in this decade. Ottinger lost in 1972 but won in 1974. Metzenbaum was defeated in his primary in 1974 but won a Senate seat in 1976. Many other examples could be given.

Nor does it seem that wealthy elected officials are necessarily pro-business. Sitting members of the Senate were required to report their personal wealth in 1978. Of the eighteen senators reporting personal wealth of over $1 million, seven were Republicans and eleven were Democrats, including some of the most liberal members of the Senate.

Nor does it seem that victory is assured to the candidate able to solicit the higher total of contributions and, therefore, able to spend more in his campaign. A previous table demonstrated that, for the nineteen races in 1978 where challengers defeated incumbents, the challengers outspent incumbents in only eleven of those. For the same year, another table showed that of the thirty-three candidates spending between $150,000 and $195,000 in general election campaigns, seventeen were winners and fifteen were losers. And of the thirty-five candidates spending more than $195,000 in their general election campaigns, sixteen were winners and nineteen were losers.

What of the future races in which spending will be, more or less, equal because government grants allowed some challengers to match the expenditure totals of incumbents, something that seldom happens now? It would seem that the advantages of incumbency would become all the more telling in such cases. Challengers and incumbents would be spending the same amounts, incumbents would have the numerous additional advantages of incumbency, but challengers would be prohibited from devising any campaign strategy involving the expenditure of money as a counter to their opponent's incumbency advantages. And all of these monetary considerations are quite apart from any possible political circumstances surrounding a particular race and each candidate in that race. It has been shown that money spent in elections is not the definitive indicator of victory. But candidates unseating incumbents, as rare as that is, almost always spend large amounts, and often beyond the limits proposed by H.R. 1, even though they do not always outspend their opponents.

It is impossible to calculate how much H.R. 1 will cost the government. As previously stated, no statistics are available concerning the number of contributors who gave up to $100 in past elections.

But the addition of government election grants will almost certainly drive up the costs of elections overall. A previous table showed that, of 801 significant candidates for the House in 1978, only fifty-eight exceeded the maximum spending limit of $195,000, and another fifty-five spent between $150,000 and $195,000. Thus, at least fifty-eight candidates would have been spent less if H.R. 1 had been a law in 1978. But at least 688 candidates (801 minus 58, minus 55) would have assuredly spent more. In addition, there were another 166 minor-party and independent candidates on the general election ballot who would have spent more.

In conclusion, it can be pointed out that by matching the value of the contributions of up to $100 of every individual contributor, the government will be doubling the influence of these individuals on political campaigns. But the same purpose could be achieved by raising the current law's contribution ceiling of $1,000 per election per candidate. This would allow candidates to receive more in campaign contributions; it would cost the government nothing; it would insure the accountability of candidates to their constituents whereas H.R. 1 shifts accountability to this new source of campaign contributions, the federal government; and it would keep the control of elections in the private sector.

Federal election law of the 1970s has caused the proliferation of political-action committees formed by "special-interest" groups. In the last two years, the influence of these special interest groups on political campaigns, and subsequently, on the voting patterns of members of Congress has been widely criticized.

A recent FEC report (January 24, 1979) shows the following contribution totals to House candidates by type of special-interest group: corporations, $5.6 million; labor unions, $6.7 million; trade, member and health associations, $8.3 million. If government grants to all House candidates under H.R. 1 totaled only $10 million ($12,484 per candidate for 801 candidates), the federal government would immediately become the most significant "special-interest" subsidizing House elections. Instead of votes, the payoff will be campaign restrictions and limitations, i.e., more federal regulation of the process whereby the federal government is reconstituted every two years.

Overall, it seems that the spending ceiling of $150,000 is a provision of the bill more significant than the program of government matching grants. Since few candidates are able to raise $60,000 in total individual contributions ($0-$1,000), it can be concluded that fewer candidates will be able to raise $60,000 in contributions of up to $100. This conclusion seems especially persuasive because of the high costs of direct mail fund raising, the only really effective way of finding a large number of small contributors. Such costs would almost assuredly be beyond the additional spending allowance of 20 percent of $150,000 ($30,000) forcing candidates, therefore, to spend more of the money below $150,000 on fund raising and, thus, restricting other campaign activities and strategies.

Furthermore, it has already been shown that, in the past, incumbents have been able to raise more in individual contributions. On the other hand, spending more than $150,000 has been more important for challengers and candidates for open seats than for incumbents. In addition, candidate personal loans and contributions have been similarly more important for challengers and candidates for open seats.

In 1976, the Supreme Court ruled that limitations on candidate contributions and loans and limitations on candidate expenditures were both unconstitutional restrictions of free political speech except when a presidential candidate "voluntarily" gives up his right of free speech by accepting government financing. Extending this quid pro quo to House candidates seems to be the major purpose of H.R. 1.

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