



MEMORANDUM

October 21, 2011

To: Honorable Tom Coburn

From:

Subject: Federal Funding for 2012 Presidential Nominating Conventions

This memorandum responds to your request, on an expedited basis, for a brief overview of federal funding provided to the 2012 Democratic and Republican presidential nominating conventions. As we have discussed, the memorandum does not address security funding, which is appropriated through Justice Department funding to relevant law enforcement agencies. As explained below, the 2012 nominating conventions have, thus far, received a total of approximately \$34.5 million. Each committee will also be eligible for a small inflation adjustment in 2012. No third parties qualify for 2012 convention funding. Public funds may be used for various convention operations.

Additional discussion of the topics discussed in this memorandum appear in CRS Report RL34630, *Federal Funding of Presidential Nominating Conventions: Overview and Policy Options*, by R. Sam Garrett and Shawn Reese.¹ Additional discussion of the presidential public financing program appears in CRS Report RL34534, *Public Financing of Presidential Campaigns: Overview and Analysis*, by R. Sam Garrett; and CRS Report R41542, *The State of Campaign Finance Policy: Recent Developments and Issues for Congress*, by R. Sam Garrett. Please note that the information contained in this memorandum may be used in other CRS products.

Overview of Convention Funding

Presidential nominating conventions are financed through a combination of public and private funds. This memorandum provides information solely about public funds provided to the party convention committees by the U.S. Treasury, as certified by the Federal Election Commission (FEC). Public funds provided to the nominating conventions are allocated from the Presidential Election Campaign Fund (PECF), a designated account within the Treasury's General Fund to house voluntary designations from individual income-taxpayers used to support publicly financed presidential campaigns. Congress does not appropriate funds for any portion of the presidential public financing program, including convention funding.²

¹ Parts of this memorandum are adapted from the report.

² Congress, does, however, appropriate FEC funds used to administer the program.

Amounts in the PECF are determined by “checkoff” designations on individuals’ federal income tax returns. Individuals may choose to designate \$3 of their tax liability to the PECF. Married couples filing jointly may designate a total of \$6 to the fund.

These grants are awarded to the relevant party’s convention committee.³ Qualifying convention committees are not obligated to accept PECF funds, but doing so is standard practice. Third parties are eligible for limited public convention funds, but they rarely qualify.⁴

The Internal Revenue Code (IRC), which houses most public financing provisions, requires that sufficient funds for convention grants be reserved before other elements of presidential public funding can be distributed. Once convention grants are reserved, the Treasury Department may distribute general election grants and primary matching funds to participating presidential candidates.⁵ The FEC is responsible for certifying that public funding recipients have met eligibility criteria found in the Federal Election Campaign Act (FECA), the IRC, and FEC regulations.⁶ The Treasury Department disburses funds based on FEC certification decisions.

Convention Funding in 2012

The IRC permits the two major parties’ conventions to receive grants of \$4 million each, as adjusted for inflation. For 2012, the inflation-adjusted base grant is \$17,689,800. The FEC certified the Democratic convention committee’s eligibility in September 2011; the Republican convention committee was certified in June 2011. Both payments have been disbursed.⁷ The FEC estimates that each committee will receive an additional payment for inflation of approximately \$630,000 in 2012.⁸ To summarize, the PECF will provide a total of approximately \$36.6 million in 2012.⁹

Spending Convention Funds

If accepting public funds, a party’s convention committee must agree not to raise or spend additional funds (except limited amounts to cover legal and accounting costs).¹⁰ As we have discussed, a variety of private fundraising may, however, support activities associated with the convention. Local host committees generally raise private funds.

Federal law places relatively few restrictions on how PECF convention funds are spent, as long as purchases are lawful and are used to “defray expenses incurred with respect to a presidential nominating convention.”¹¹

³ Convention committees are separate political committees (i.e., candidate committees, party committees, and political action committees (PACs)) “responsible for conducting the day to day arrangements and operations of that party’s presidential nominating convention,” including receiving public funds. See 11 C.F.R. § 9008.3(a)(2).

⁴ 26 U.S.C. § 9008(b).

⁵ On prioritization of convention funding, see 26 U.S.C. § 9008(a).

⁶ FECA is 2 U.S.C. § 431 *et seq.*

⁷ CRS obtained this information from the FEC and the August 2012 PECF status report compiled by the Financial Management Service (FMS). FMS is the U.S. Treasury Department agency responsible for disbursing funds certified for payment by the FEC.

⁸ The FEC provided this information.

⁹ CRS calculated this amount by summing the two base grants and two inflation adjustments.

¹⁰ 26 U.S.C. § 9008(d).

¹¹ 26 U.S.C. § 9008(c).

FEC regulations provide additional guidance on permissible and prohibited spending. Per FEC regulations, *permissible* PECF convention expenses include items such as:

- “preparing, maintaining, and dismantling” the convention site;
- personnel and staff expenses (including bonuses);
- convention operations and planning;
- security;¹²
- transportation;
- certain entertainment;
- administrative items (e.g., office supplies);
- gifts for convention staff or volunteers (limited to \$150 per person or \$20,000 total);
- production of candidate biographical films; or
- investment of PECF funds if the profits are to be used to defray convention costs.¹³

Convention committees are *prohibited* from spending PECF funds on items including:

- candidate or delegate participation in the convention, except in limited circumstances;
- any item that would violate federal or state laws;
- penalties resulting from enforcement of federal election law; or
- replacing lost or stolen items, except in limited circumstances.¹⁴

I trust this memorandum meets your needs and hope it will be helpful. Please contact me with any questions at rgarrett@crs.loc.gov or x76443.

¹² Although PECF funds could be spent on security, it is likely that security would be paid for with Justice Department funding. For additional discussion, see CRS Report RL34630, *Federal Funding of Presidential Nominating Conventions: Overview and Policy Options*, by R. Sam Garrett and Shawn Reese.

¹³ 11 C.F.R. 9008.7(a).

¹⁴ 11 C.F.R. 9008.7(b).