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Federal Funding of Presidential Nominating Conventions: Overview and Policy Options

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January 27, 2014

Congressional Research Service
7-5700
www.crs.gov
RL34630

CRS REPORT
Prepared for Members and
Committees of Congress

Summary

This report provides an overview and analysis of two recurring questions surrounding the federal government's role in financing presidential nominating conventions. First, how much public funding supports presidential nominating conventions? Second, what options exist for changing that amount if Congress chooses to do so? In the 113th Congress, the House has passed legislation (H.R. 2019) to eliminate non-security funding. The Committee on House Administration has reported two other related bills (H.R. 94; H.R. 95). Other bills that would eliminate convention financing include H.R. 260, H.R. 1724, H.R. 2857, and S. 118. Another bill, H.R. 270, would eliminate convention financing but revamp other parts of the presidential public financing program.

The 112th Congress also considered legislation to end convention funding. In the Senate, an amendment (containing text from S. 3257) to the 2012 Agriculture Reform, Food and Jobs Act, S. 3240, would have eliminated the convention funding portion of the presidential public financing program. The legislation passed the Senate on June 21, 2012. Separately, S. 194 proposed to eliminate the entire public financing program. Another Senate bill, S. 3312, would reform the public financing program partially by eliminating convention funding. Two measures that would have eliminated convention funding passed the House (H.R. 359 and H.R. 3463). Both would have eliminated the entire public financing program. H.R. 5912 would have eliminated only convention financing. H.R. 414 would have revamped the public financing system but eliminated convention financing. These measures do not appear to affect separate security funding discussed in this report.

The 112th Congress enacted one law (P.L. 112-55) in FY2012 that affected convention security funding with the appropriation of $100 million for the Democratic and Republican nominating conventions (each was allocated $50 million). This security funding was not provided to party convention committees but to the state and local law enforcement entities assisting in securing the convention sites.

The 2012 Democratic and Republican convention committees each received grants, financed with public funds, of approximately $18.2 million (for a total of approximately $36.5 million, as rounded). A total of approximately $133.6 million in federal funds supported the 2008 Democratic and Republican conventions. Such funding was provided through separate federal programs that support public financing of presidential campaigns and convention security.

Some Members of Congress and others have objected to federal convention funding and have argued that the events should be entirely self-supporting. Others, however, contend that public funding is necessary to avoid real or apparent corruption in this aspect of the presidential nominating process. If Congress decides to revisit convention financing, a variety of policy options discussed in this report might present alternatives to current funding arrangements.

Additional discussion of public financing of presidential campaigns appears in CRS Report RL34534, *Public Financing of Presidential Campaigns: Overview and Analysis*, by R. Sam Garrett and CRS Report R41604, *Proposals to Eliminate Public Financing of Presidential Campaigns*, by R. Sam Garrett. For additional information on National Special Security Events, which include presidential nominating conventions, see CRS Report RS22754, *National Special Security Events*, by Shawn Reese. This report will be updated in the event of additional legislative activity concerning convention financing.

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Introduction

Every four years, the two major political parties, and some third parties, select their presidential nominees at conventions. These conventions are run by and for parties, without a formal role for the federal government. Federal funds do, however, provide certain financial support to convention committees that choose to accept public money. Additionally, Congress appropriates federal funding for the securing of the convention venues.

A variety of policy issues surrounds convention financing. Some observers have questioned why federal funds subsidize conventions, considering the availability of substantial private resources and that they are party, rather than governmental, events. Others have contended that private funds, particularly so-called "soft money," which falls outside the scope of federal campaign finance law, have become too pervasive in conventions and that tighter restrictions are needed. These divergent views on the use of public funds to support party conventions also appear in other contexts in the debate surrounding campaign finance policy.[1]

Two taxpayer-supported revenue sources are available to conventions: (1) presidential public campaign funds; and (2) security funds. Approximately $136.5 million from those sources went toward the 2012 Democratic and Republican national conventions.[2] No third parties received convention funds for the 2012 election cycle.[3] The 2012 Democratic and Republican conventions received a total of approximately $36.5 million[4] from the Presidential Election Campaign Fund (which generally excludes security costs).

Before proceeding, it is important to note the distinction between presidential public funds and security funds. Presidential public funds and security funds come from separate revenue sources. They are allocated differently, are used for different purposes, and are subject to different points of debate. Although both presidential public funds and security funds support conventions, Congress may reassess them separately.

Convention Financing: An Overview

Federal Funds

Two sources of federal funds support different aspects of presidential nominating conventions. First, funds for convention operations come from the Presidential Election Campaign Fund (PECF), which provides financial assistance to publicly financed presidential campaigns.[5]

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[1] For additional discussion of current campaign finance issues, see CRS Report R41542, *The State of Campaign Finance Policy: Recent Developments and Issues for Congress*, by R. Sam Garrett.

[2] Each major convention was eligible for $16.8 million in Presidential Election Campaign Funds (i.e., non-security funding). The Republican convention ultimately refunded part of its allocation because the convention ended a day early due to Hurricane Gustav; this decreased the Republican convention's overall allocation to $13.0 million.

[3] Although third-party conventions are occasionally eligible for presidential public financing grants, Congress only appropriated security funds for the 2004 and 2008 Democratic and Republican conventions.

[4] According to December 2012 Financial Management Service data provided to CRS, net disbursements (after repayments to the PECF) were approximately $36.1 million.

[5] On the PECF, see 26 U.S.C. §9001 *et seq.* and CRS Report RL34534, *Public Financing of Presidential Campaigns:*
(continued...)

Second, funds are appropriated by Congress to the Department of Justice (DOJ) for security costs incurred by state and local governments hosting the conventions.

PECF Funds

Congress makes no appropriations for PECF funds (including amounts used to support conventions). Rather, 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.[6]

Federal law permitted the two major parties' conventions to receive grants of approximately $18.2 million each for the 2012 election cycle (an inflation-adjusted base amount of $4 million each). These grants are awarded to the relevant party's convention committee.[7] 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.[8] Grants for 2016 have not yet been announced, but barring a change in law, the amounts will be the 2012 grants of $18.2 million adjusted for future inflation.

Under federal law, PECF convention grants must first 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.[9] The Federal Election Commission (FEC) determines eligibility for PECF funds based on requirements established in Title 26 of the U.S. Code (the Internal Revenue Code), the Federal Election Campaign Act (FECA), and FEC regulations.[10]

DOJ Funds

The second source of federal convention funds comes through the Office of Justice Programs (OJP), within the Department of Justice (DOJ). This OJP funding has only been available in FY2004, FY2008, and FY2012, arguably as a result of the September 11, 2001, terrorist attacks.[11]

(...continued)

Overview and Analysis. Convention funding was added through the 1974 Federal Election Campaign Act (FECA) amendments. See P.L. 93-443; 88 Stat. 1263.

[6] The checkoff question does not permit taxpayers to distinguish between making a designation to publicly financed presidential *candidates* versus to publicly financed *conventions*. In other words, taxpayers may choose to make a PECF designation, but may not specify how those funds are distributed or spent.

[7] 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).

[8] 26 U.S.C. §9008(b).

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

[10] FECA is 2 U.S.C. §431 *et seq*.

[11] However, federal assistance for convention security has been provided in at least one election year prior to 2004. According to The Campaign Finance Institute, in 1980 the cities of Detroit and New York City received "Federal Law Enforcement Assistance grants" of $3.2 million and $3.5 million respectively for convention security. Steve Weissman with the assistance of Margaret Sammon and Jennifer Sykes, *Inside Fundraising for the 2008 Party Conventions: Party Surrogates Gather Soft Money While Federal Regulators Turn a Blind Eye* (Washington: Campaign Finance Institute, 2008). See the table entitled "Sources of Funding for Major Party Presidential Nominating Conventions, 1980-2004," which is not paginated.

In 2004, Congress appropriated $100 million, through DOJ, for the Democratic and Republican presidential nominating conventions in Boston and New York City.[12] In 2008, Congress appropriated $100 million for the Democratic and Republican presidential nominating convention security in Denver and Minneapolis-St. Paul, respectively.[13] In 2012, the $100 million was administered through OJP's Edward Byrne Memorial State and Local Law Enforcement Assistance Programs for convention security in Charlotte and Tampa.[14] DOJ used most of this funding to reimburse state and local law enforcement entities for overtime costs associated with convention security.

Even though DOJ administered the convention security funding, DOJ was not responsible for security at the presidential nominating conventions. Rather, the U.S. Secret Service (USSS) was responsible for planning, coordinating, and implementing security operations at conventions. Congress authorized the USSS—when directed by the President—to be the lead federal agency for convention security in P.L. 106-544 (the Presidential Threat Protection Act of 2000) because the conventions are designated as National Special Security Events (NSSE).[15] In addition to presidential nominating conventions, NSSEs include such events as presidential inaugurations, major international summits held in the United States, and some major sporting events.

Recent Federal Convention Funding

As **Table 1** shows, the federal government provided a total of approximately $136.5 million—combining PECF grants and security expenditures—to support the 2012 Democratic and Republican conventions. Each convention was allocated approximately $68.2 million.[16]

Table 1. Federal Funds Supporting the 2012 Presidential Nominating Conventions

(in millions of dollars)

	Presidential Election Campaign Fund (PECF) Grants	Security Funding	Total Federal Funding
Democratic Convention	$18.2	$50.0	$68.2
Republican Convention	$18.2	$50.0	$68.2
Total	$36.5[a]	$100.0[b]	$136.5

Sources: PECF data appears in U.S. Treasury Department, Financial Management Service, "Disbursements From the Presidential Election Campaign Fund and Related Payments," various monthly reports provided to CRS by

[12] In P.L. 108-287 (An Act Making Appropriations for the Department of Defense for the fiscal year ending September 30, 2005, and For Other Purposes), §11002, Congress appropriated $25 million for Boston and $25 million for New York City convention security. In P.L. 108-199 (An Act Making Appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies for the Fiscal Year Ending September 30, 2004, and for Other Purposes), §103, Congress appropriated $50 million for the 2004 presidential nominating conventions.

[13] P.L. 110-161, Div. B, Title II.

[14] 125 Stat. 615.

[15] For information on the U.S. Secret Service's missions, see CRS Report RL34603, *The U.S. Secret Service: An Examination and Analysis of Its Evolving Missions*, by Shawn Reese.

[16] These amounts do not sum due to rounding.

the Office of Legislative and Public Affairs, Financial Management Service. The 112th Congress appropriated $100 million (through OJP) for securing the 2012 presidential nominating conventions in P.L. 112-55.

Notes: CRS aggregated totals in the table. According to December 2012 Financial Management Service data provided to CRS, net PECF disbursements (after repayments) were approximately $36.1 million.

a. Figures do not sum due to rounding. CRS rounded totals in the Treasury Department data cited above.

b. This amount does not include any funding that the U.S. Secret Service may expend in protecting major presidential candidates at the conventions.

No third parties qualified for any federal funding in 2012. A third party most recently received PECF funds in 2000. That year, the Reform Party reportedly qualified for $2.5 million in federal funds.[17] Congress has never appropriated funds for a third party's convention security.

Conditions on PECF Funds

In exchange for receiving public funds, a party's convention committee must agree not to raise or spend additional funds.[18] Certain exceptions are permitted for legal or accounting fees. (As is discussed later in this report, nonfederal funds also supplement conventions, although those funds do not flow through the convention committees.) Among other requirements, convention committees receiving public funds must file disclosure reports with the FEC, agree to provide the commission with any requested documents, and submit to an audit of their PECF spending.[19]

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."[20]

FEC regulations provide additional guidance on permissible and prohibited spending.[21] 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;[22]
- transportation;
- certain entertainment;

[17] Anthony Corrado, "Public Funding of Presidential Campaigns," in Anthony Corrado, Thomas E. Mann, Daniel R. Ortiz, and Trevor Potter, eds. *The New Campaign Finance Sourcebook* (Washington: Brookings Institution Press, 2005), p. 191.

[18] 26 U.S.C. §9008(d).

[19] 11 C.F.R. §9008.3.

[20] 26 U.S.C. §9008(c).

[21] Convention committees seeking specific guidance can consult the Federal Election Commission or legal counsel for additional information.

[22] Although PECF funds could be spent on security, it is likely that security would be paid for with other federal funds discussed elsewhere in this report.

- 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.[23]

It is important to note, however, that although federal regulations permit the types of spending described above, individual convention committees do not necessarily choose to fund all of those activities.

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.[24]

Conditions on Security Funds

There were no conditions on security funds per se; however, convention security funding could only be used for costs associated with specifically identified presidential nominating conventions. In 2012, the Democratic convention in Charlotte and the Republican convention in Tampa were the only ones authorized to receive federal security funding. This funding was primarily used to reimburse state and local law enforcement entities directly for their expenses, thus neither major party was an eligible recipient of this security funding.

The $100 million Congress appropriated for the FY2012 presidential nominating conventions was, reportedly, primarily to reimburse states and localities for law enforcement costs associated with their participation in securing the convention sites. In 2004, the main security costs that state and local law enforcement entities incurred involved overtime payments. This overtime of state and local law enforcement personnel might be the result of their participation in not only securing the convention venue, but participating in such activities as advance planning, conducting liaison for venue and air space security, training, and establishing and maintaining communications.[25]

Additionally, there may have been other security costs incurred by the federal government associated with the conventions that were not part of the $100 million appropriated in FY2012. Some of these additional security costs may have included the USSS protection of the major

[23] 11 C.F.R. 9008.7(a).

[24] 11 C.F.R. 9008.7(b).

[25] U.S. Department of Homeland Security, U.S. Secret Service, Office of Legislative Affairs, "National Special Security Events: Meeting the Counter-Terrorism Challenge" (Washington: 2006), p. 1. This document is only available by contacting the U.S. Secret Service's Office of Legislative Affairs.

presidential candidates (whether at the convention or at other campaign locations)[26] and the use of other federal government personnel which assisted in securing the convention sites, such as Federal Protective Service law enforcement officers.[27] Other federal security costs included the securing of the convention venue through the positioning of fencing and barricades, as well as the pre-positioning of federal law enforcement K-9 units and other teams such as the U.S. Department of Homeland Security's (DHS's) Domestic Emergency Support Teams, and Urban Search and Rescue Teams.[28]

Nonfederal Funds

As discussed below, conventions also benefit from nonfederal money that supports certain activities and security operations. In both cases, amounts of nonfederal funds can vary widely and are not necessarily centrally reported.

Convention-Related Activities

Nonfederal funds are a major source of money associated with the political (as opposed to security) side of presidential nominating conventions. The Campaign Finance Institute has estimated that more than 75% of money related to the 2004 Democratic and Republican conventions came from private sources.[29] The 2008 conventions also appear to have been heavily subsidized, albeit indirectly, by nonfederal funds.[30] In August 2008, CFI and the Center for Responsive Politics estimated that 80% of funds for the 2008 Democratic and Republican conventions would come from private (nonfederal) sources.[31] Similar estimates for 2012 appear to be unavailable, but it is clear that substantial private fundraising surrounding conventions—albeit not for the convention committees themselves—remains steady. For 2012, the Charlotte "host committee" for the Democratic National Convention reported raising a total of $37.5

[26] In FY2012, Congress appropriated $113 million for major presidential candidate protection. See H.Rept. 112-331, p. 983.

[27] U.S. Department of Homeland Security, U.S. Immigration and Customs Enforcement, Federal Protective Service, "Fiscal Year 2009 Congressional Justification," p. 5.

[28] U.S. Department of Homeland Security, Office of the Press Secretary, "National Special Security Events: Fact Sheet," available at http://www.dhs.gov/xnews/releases/press_release_0207.shtm.

[29] Steve Weissman with the assistance of Margaret Sammon and Jennifer Sykes, *Inside Fundraising for the 2008 Party Conventions: Party Surrogates Gather Soft Money While Federal Regulators Turn a Blind Eye* (Washington: Campaign Finance Institute, 2008). See "Sources of Funding for Major Party Presidential Nominating Conventions, 1980-2004," which is not paginated. The report is available at http://www.cfinst.org/books_reports/conventions/2008Conventions_Rpt1.pdf.

[30] See, for example, Fredreka Schouen, "Donors Pick up Parties' Expenses; 'Egregious Loophole' Seen at Conventions," *USA Today*, August 15, 2008, p. A1; and Leslie Wayne "Candidates Forgo Soft Money, But Conventions Rake It In," *New York Times*, June 7, 2008, p. A1. See also ibid. and Craig Holman, Angela Canterbury, and Zoe Bridges-Curry, *Party Conventions Are Free-For-All for Influence Peddling* (Washington: Public Citizen, 2008) at http://www.citizen.org/documents/Party%20Conventions2.pdf. As the titles suggest, the CFI and Public Citizen reports address convention financing in addition to other issues (e.g., lobbying). Those reports also take policy positions on convention financing. This CRS report lists those sources as references, but does not take a position on convention financing.

[31] Campaign Finance Institute, "Party Conventions' Financiers Have Spent Nearly $1.5 billion on Federal Campaign Contributions and Lobbying Since 2005," press release, August 20, 2008, at http://www.cfinst.org/pr/prRelease.aspx?ReleaseID=203, p. 1.

million, compared with $57.1 million for the Tampa Republican host committee.[32] As is discussed below, state and local governments may also spend additional amounts on security.

Nonfederal funds[33] are generally not subject to the limits on contribution sources and amounts found in federal campaign finance law, although some FEC reporting requirements apply.[34] Although *convention committees* may not accept private funds (other than certain amounts to offset legal and accounting needs), local host committees may solicit and spend private contributions for activities related to the convention, such as "use of an auditorium or convention center," promoting the convention city, and hosting receptions or tours for attendees.[35]

As a practical matter, the regulation of federal versus nonfederal funds rests largely on how FECA and the FEC have treated each source. FECA is largely silent on campaign finance aspects of nonfederal funds, and the FEC has determined that nonfederal funds do not explicitly support the conventions per se, even if they support events associated with those conventions. In particular, a 2003 FEC rulemaking reaffirmed the commission's long-held view that

> donations of funds to host committees are, as a matter of law, distinct from other donations by prohibited sources [defined in FECA] in that they are motivated by a desire to promote the convention city and hence are not subject to the absolute ban on corporate contributions in 2 U.S.C. 441b [a FECA provision]. This conclusion is buttressed by the fact that frequently members of the opposite political party have played prominent and active roles in convention host committees.[36]

State or local governments, or coalitions of those governments, may also provide financial assistance to conventions through entities known as "municipal funds."[37] The FEC has also permitted corporations and labor unions, which may not provide direct financial support to federal campaigns, to make certain contributions of goods or services to host committees and municipal funds.[38] In addition, "commercial vendors" may provide goods or services to

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[32] CRS obtained these data from FEC financial summaries available at http://fec.gov/fecviewer/CandidateCommitteeDetail.do for each host committee for the 2012 cycle.

[33] On the various funding sources discussed in this and the preceding sections, see Anthony Corrado, "Public Funding of Presidential Campaigns," pp. 62-63.

[34] Nonfederal funds that support conventions (except for security funding) are sometimes called "soft money," a term of art used to describe money believed to influence elections, but which falls outside federal campaign finance law. On FEC reporting requirements for host committees and municipal funds (discussed below), see 11 C.F.R. §9008.51.

[35] Host committees are "any local organization," such as civic associations, whose "principal purpose is the encouragement of commerce in the convention city, as well as the projection of a favorable image of the city to the convention attendees." See 11 C.F.R. §9008.50(b). On FEC receipt and expenditure regulations, see 11 C.F.R. §9008.52.

[36] Federal Election Commission, "Public Financing of Presidential Candidates and Nominating Conventions," 68 *Federal Register* 47401, August 8, 2003.

[37] Municipal funds are "any fund or account of a government agency, municipality, or municipal corporation whose principal purpose is the encouragement of commerce in the municipality and whose receipt and use of funds is subject to the control of officials of the State or local government." See 11 C.F.R. §9008.50(c). On FEC receipt and expenditure regulations, see 11 C.F.R. §9008.53. Former FEC chairman David Mason provided consultations on some points regarding commission regulation of host committees and municipal funds in the original version of this report (e-mail correspondence with R. Sam Garrett, August 14, 2008).

[38] See 11 C.F.R. §§9008.52 and 9008.53(b).

convention committees "at reduced or discounted rates, or at no charge" in certain circumstances.[39]

Security Operations

Even though the primary use of the $100 million of federal funds through DOJ's security grants was intended to offset the security costs incurred by state and local governments, additional funds may have been needed. Therefore, one can assume that nonfederal funding (state and local government funding) was also used to secure the conventions. The amount of nonfederal funding was based on the costs to state and local law enforcement entities that work with the USSS and other federal law enforcement agencies during the convention.[40] Additionally, unlike the funding used by party convention committees, any nonfederal funds used for convention security came from state and local governments, not PECF designations.

Recent Legislative Activity

Legislation That Would Affect PECF Convention Funding

Legislation introduced during the 113th Congress that would affect convention financing is largely similar to other legislation considered in recent Congresses. On December 11, 2013, the House passed (295-103) H.R. 2019.[41] Relevant provisions of an amended version of the bill would eliminate PECF convention funding and convert amounts to a "10-Year Pediatric Research Initiative Fund."[42] The Committee on House Administration has reported two other related bills (H.R. 94; H.R. 95). H.R. 94 would eliminate convention financing; H.R. 95 would eliminate the entire public financing program. Other bills that would eliminate convention financing include H.R. 260, H.R. 1724, H.R. 2857, and S. 118. Another bill, H.R. 270, would eliminate convention financing but revamp other parts of the presidential public financing program.

In the 112th Congress, both chambers passed separate bills to eliminate PECF convention funding, but none became law. In the Senate, an amendment (containing text from S. 3257 (Coburn)) to the 2012 Agriculture Reform, Food and Jobs Act, S. 3240, would have eliminated PECF convention funding.[43] The amendment and the underlying bill passed the Senate on June 21, 2012.[44] Separately, S. 194 (McConnell) proposed to eliminate the entire public financing program. The House passed (239-160) H.R. 359 (Cole) on January 26, 2011.[45] On December 1,

[39] 11 C.F.R. §9008.9.

[40] CRS is unable to determine the amount of nonfederal funding used by Boston and New York City in 2004, and there are no projections available for the 2008 conventions in Denver and Minneapolis-St. Paul.

[41] Roll call vote no. 632.

[42] Health-research provisions are unrelated to this report. For additional information on health-research provisions in the bill, congressional requesters may contact CRS Analyst Judith Johnson at x77077.

[43] For additional discussion of the Senate-passed 2012 "farm bill" legislation, see CRS Report R42552, *The 2012 Farm Bill: A Comparison of Senate-Passed S. 3240 and the House Agriculture Committee's H.R. 6083 with Current Law*, coordinated by Ralph M. Chite

[44] The Coburn conventions amendment, no. 2214, passed 95-4; roll call vote no. 162.

[45] Roll call vote no. 25.

2011, the House passed (235-190) H.R. 3463 (Harper).[46] That bill's public financing provisions were virtually identical to H.R. 359. H.R. 3463 also would have eliminated the Election Assistance Commission (EAC), a topic that is unrelated to public financing of presidential campaigns and conventions.[47] Another bill, H.R. 5912 (Cole), would have eliminated only convention financing. Other legislation would have maintained the public financing program for candidates but would alter convention financing. These bills include H.R. 414 (Price, NC) and S. 3312 (Udall, CO). Both would eliminate convention funding.

In the 111th Congress, H.R. 2992 proposed to eliminate PECF convention funding. Two other 111th bills, H.R. 6061 and S. 3681, although bolstering other elements of the public financing program, also would have eliminated convention funding. None of these measures appeared to affect separate security funding discussed in this report.

Four bills introduced in the 110th Congress would have affected PECF convention financing. Only one of those bills (H.R. 72) was principally concerned with convention funding. Others emphasized broader presidential public financing issues. None of these measures became law. Additional discussion appears in the "Policy Issues and Options" section of this report.

Presently, there is no legislation pending that would affect convention security funding. The 112th Congress appropriated $100 million for convention security in FY2012 (P.L. 112-55).

Policy Issues and Options

PECF Convention Funding

As Congress considers whether, or how, to address PECF convention funds, Members may first examine what role it wishes those funds (or other federal funds) to play in modern conventions. The current system of PECF convention grants (and the presidential public financing program generally) has been in place since the 1976 election cycle and has remained essentially unchanged since that time. Although this report is not focused on nonfederal funds (e.g., "soft money"), it is widely accepted that such funds play a prominent, even if indirect, role in convention financing. As discussed below, the tension between federal and nonfederal funds is likely to shape congressional consideration of convention financing.

Those who are wary of private, "interested" money in politics typically argue that public funds are a way to insulate conventions (or other aspects of elections) from undue individual, corporate, or labor influence and from real or apparent corruption stemming from private funds. From that perspective, maintaining or expanding public financing of conventions could be attractive. Similarly, Congress could choose to restrict sources of nonfederal funds.[48] On the other hand, in light of the availability of nonfederal funds, even those who support public financing in general might argue that federal funding for conventions is unnecessary or that it should be diminished.

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[46] Roll call vote no. 873.

[47] For additional EAC discussion, see CRS Report RL32685, *Election Reform: The Help America Vote Act and Issues for Congress*, by Eric A. Fischer and Kevin J. Coleman.

[48] For a discussion of constitutional issues, see CRS Report RL30669, *The Constitutionality of Campaign Finance Regulation: Buckley v. Valeo and Its Supreme Court Progeny*, by L. Paige Whitaker.

Finally, those opposed to campaign finance regulation often view any public financial assistance to campaigns (or conventions) as an inappropriate use of taxpayer funds.

As is evident from the preceding discussion, the policy options addressed below, or others, would likely be part of a larger debate surrounding convention financing and presidential public financing in general.

Maintaining the Status Quo

If Congress chooses to make no policy changes, the role of PECF convention funds will remain as it is today. Convention committees that choose to accept public funds would continue to be bound by the regulations discussed above, and nonfederal funds would likely continue playing a role in convention financing. Barring a statutory change, the amount of PECF funds available to convention committees will continue to increase incrementally with inflation.[49]

Options that Could Increase or Decrease Federal Convention Funding[50]

The policy options discussed below could change the amount of federal funding available to conventions. Some of these options are proposed in recent legislation. Others provide additional approaches that have been offered for consideration, but are not the subject of recent legislation.

Regardless of the particular approach, expanding federal funding could decrease the perceived need for nonfederal funds. However, in the absence of additional regulation of nonfederal funds, or voluntary decreases in spending by entities providing nonfederal funds, expanded federal funding could also increase the total amount of money surrounding conventions. Any change in federal convention funding would require amending the amounts currently specified in federal law.

Changing the Prioritization of Convention Funds

As noted previously, PECF convention grants are reserved before matching funds or general-election grants are paid to publicly financed presidential candidates. If, however, Congress believes that funding candidates should be the top priority for the public financing program, de-prioritizing convention funding could be an option. Doing so might help avoid future financial shortfalls in other aspects of the public financing program (particularly primary matching funds). Nonetheless, it is possible that shortfalls could then affect convention funds, especially if convention funds were distributed after candidate funds.

Appropriating Funds

Appropriating funds would permit Congress to annually (or every four years) determine the amount of money available to conventions, as opposed (or in addition) to the most recent PECF amount of $18.2 million per major party.[51] If the PECF grant structure were abandoned in favor

[49] This assumes that sufficient balances would remain in the PECF to cover convention grants.

[50] Some of the material in this section is adapted from CRS Report RL34534, *Public Financing of Presidential Campaigns: Overview and Analysis*. See that report for additional discussion.

[51] As noted previously, this amount is regularly adjusted for inflation.

of appropriated funds, Congress could legislate any other funding amount (or none, as discussed below). Accordingly, although appropriations might yield more funding for conventions than is currently available, Congress might also appropriate less funding. Appropriating convention funds would also mark a departure from Congress's traditional approach to presidential public financing, which has always emphasized taxpayers' roles in determining available funding.

Altering the Checkoff-Designation Question

As noted previously, federal financing of presidential campaigns—including convention financing—relies entirely on "checkoff" designations by individual taxpayers. Currently, the checkoff question allows taxpayers only to designate to the PECF $3 for individuals, or $6 for married couples filing jointly. Available funds are then distributed through convention grants, general election grants, and matching funds, as described previously. Congress could, however, choose to alter the checkoff designation by posing two separate questions to taxpayers: one for candidate financing, and another for convention financing. Of course, taxpayers might choose to either provide more or less funding to conventions (and candidate campaigns).

Altering the Checkoff Amount

Increasing the checkoff designation amount is frequently proposed as a way to provide additional funds to the PECF in general. The same could be proposed for convention funding in particular. For the first and only time, Congress tripled the checkoff amount (from $1 to $3 and $2 to $6) to their current levels in 1993.[52] Although increasing the checkoff amount did provide an influx of money to the PECF, it did not increase the percentage of taxpayers contributing to the fund.[53] If that same scenario occurred with another increase in the checkoff amount, more money would be available for public financing (including conventions if Congress so designates), but declining participation could threaten available funds in the long term.

Repealing Convention Funding

If Congress determined that convention funding were no longer necessary—or if it wanted to concentrate remaining funding on candidate campaigns—convention grants could be eliminated entirely. This outcome could be accomplished by repealing relevant sections of federal law, or by amending the law to prohibit the FEC from certifying convention grants, or the Treasury Secretary from making convention payments. Those concerned about the influence of private money, particularly soft money, in convention financing would likely object to conventions that are completely dependent upon private funds.

Security Funds

During the presidential election years of 2004, 2008, and 2012, Congress appropriated funding through DOJ for convention security; however, DOJ does not plan, provide training for, exercise, or implement convention security operations. Instead, the USSS (a DHS entity) is the lead federal agency for convention security and any other National Special Security Event, such as the 2013

[52] 26 U.S.C. §6096(a). On the increase, see P.L. 103-66; 107 Stat. 567-568.

[53] CRS Report RL34534, *Public Financing of Presidential Campaigns: Overview and Analysis*.

inauguration of President Barack Obama. DOJ's role in providing convention security funding, the mission of the USSS, and the relationship between federal funding and nonfederal costs associated with convention security could be issues that Congress might choose to address prior to the conventions in 2016.

Presently, the USSS is responsible for administering the convention security operations, in coordination with nonfederal entities, and using its own funding to cover any costs incurred by federal agencies involved in the security operations. However, state and local governments, following the convention, had to apply to DOJ for reimbursement of their costs associated with convention security. DOJ administered the security grants because the USSS is not authorized to reimburse state and local government costs associated with any NSSE, and specifically any costs associated with presidential nominating conventions. It may be argued that the federal security activities executed by the USSS require coordination with the distribution of federal funds.

State and local law enforcement entities are responsible for providing personnel and equipment during conventions and working with the USSS to "develop and implement a seamless security plan that will create a safe and secure environment for the general public, event participants, Secret Service protectees, and other dignitaries."[54] To support this effort, the 112th Congress appropriated $19 million for NSSE costs within the USSS in FY2012.[55]

Maintaining the Status Quo

If Congress chooses to make no policy changes, the routine of appropriating convention security funds during presidential election years would remain unchanged. State and local law enforcement entities would continue assisting the USSS in securing the convention venues and then apply to DOJ for reimbursement following the completion of the conventions.

State and local governments can use some DHS grants, such as the Homeland Security Grant Program (HSGP) for convention security activities, even though DHS did not administer the convention security grants that Congress appropriated in FY2004, FY2008, and 2012.[56] The grant approval process for the DHS programs, however, is not flexible, so the programs have limited application to conventions. States and localities, when hosting a convention, would need to incorporate plans to use HSGP funding for convention security in their grant applications. DHS does authorize states and localities to reprogram HSGP funding with the DHS Secretary's approval; however, that may result in states and localities not funding other planned homeland security activities.

Options that Could Increase or Decrease Federal Convention Security Funding

The policy options discussed below could change the amount of federal security funding available to conventions. None of these options have been proposed in legislation.

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[54] U.S. Department of Homeland Security, U.S. Security Service, Office of Legislative Affairs, "National Special Security Events: Meeting the Counter-Terrorism Challenge" (Washington: 2006), p. 1. This document is only available by contacting the U.S. Secret Service's Office of Legislative Affairs.

[55] H.Rept. 112-331, p. 983.

[56] For more information on recent appropriations for DHS grants, see CRS Report R41982, *Homeland Security Department: FY2012 Appropriations*, coordinated by William L. Painter and Jennifer E. Lake.

Authorize HSGP Amounts for Convention Locations

For presidential election years, Congress could fund convention security through DHS's HSGP grants. This could be achieved by either increasing the HSGP allocations for convention locations in election years, or by requiring convention states and localities to apply HSGP funding specifically for convention security during election years. As noted above, this is an option that states and localities can utilize; however, it may result in not funding other planned homeland security activities.

This option would also remove DOJ from the convention security funding cycle. States and localities have an established grant application mechanism with DHS related to homeland security funding and activities, and the use of HSGP appropriations for convention security, arguably, are homeland security activities.

Authorize USSS to Reimburse State and Local Government Costs

Another option Congress may consider is authorizing the USSS to reimburse state and local convention security costs. Because the USSS is the federal agency responsible for convention security, one could argue that Congress could appropriate funding to the USSS to reimburse state and local costs. Arguably, the USSS could be more effective in auditing state and local law enforcement costs and determine reimbursement amounts since the USSS is the lead federal agency for convention security. This option, like the preceding one, would remove DOJ from administering the convention security funding. Conversely, this option would require the USSS to establish and administer a grant process that is not, at present, a responsibility of the agency.

Discontinue Convention Security Funding to States and Localities

Congress could also choose to not appropriate funding to reimburse state and local governments for convention security costs. This might result in a reduced security role for state and local law enforcement entities or force state and local governments to fund all of their convention security activities. However, this option seems unlikely given the present national concern with homeland security, and the national interest in protecting major presidential candidates and ensuring the security of mass political events.

Conclusion

Although PECF funding of convention operations has been in place since the 1976 election cycle, the role of federal convention funding remains subject to debate in Congress and beyond. Most of that debate, however, occurs within the broader discussions of presidential public financing and "hard" versus "soft" money in campaigns. Congress has several options for revisiting the federal role in PECF funding, if it chooses to do so.

The role of the federal government in funding convention security is a fairly new development since the terrorist attacks of September 11, 2001. As federal, state, and local governments further refine their homeland security activities generally, and specifically convention security operations, Congress may consider different options for how the federal government provides funding for state and local costs incurred in securing convention venues.

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