

Fact Sheet on Impact of Pence Proposal to Repeal the Total Limit on Giving by an Individual to Federal Candidates and Political Parties

Prepared by Democracy 21
April 3, 2006

The aggregate limit on how much an individual can contribute to all federal candidates and political committees, including political party committees, was established by the Federal Election Campaign Act of 1974, enacted in response to the Watergate scandals.

Under current law, an individual can make a total of \$101,400 in federal contributions in a two-year election cycle. Of that amount, a total of \$40,000, in aggregate, can be given to candidates, and a total of \$61,400, in aggregate, can be given to political committees, including national and state party committees.

A proposal by Representative Mike Pence (R-IN) would repeal these aggregate contribution limits. The proposal leaves in place the per contribution limits under current law – an individual can give \$2,100 per election to a federal candidate, \$10,000 per year to a state party, and \$26,700 per year to a national party committee.

Under current law, all of the federal contributions that an individual makes to federal candidates, and national and state parties, are subject to an overall aggregate limit of \$101,400 in a two-year election cycle.

Under the Pence proposal:

An individual would be free to contribute to all Members of Congress in both parties. The individual could contribute a total of \$4,200 (\$2,100 for the primary election, and \$2,100 for the general election) to each of the 435 House Members, and to each of the 33 Senators up for re-election in that cycle. This would amount to an overall total of \$1,965,600 to Members of Congress in a two-year cycle.

During the same two-year election cycle, the same individual donor could give \$53,400 (\$26,700 per year) to each of the three Democratic national party committees, for a total of \$160,200 to the national Democratic party, and the same amount to the three Republican national party committees, for a total of \$160,200 to the national Republican party. This would amount to an overall total of \$320,400 to the national parties in a two-year election cycle.

During the same two-year election cycle, the same individual donor could give \$1 million to the Democratic state party committees (\$10,000 per year, or a total of \$20,000 to each of the 50 state parties) and \$1 million to the Republican state party committees. This would amount to a total of \$2 million to the state parties in a two-year cycle.

If the Pence proposal is enacted, the total amount an individual would be able to give to a political party and the party's congressional candidates is \$3,125,800, or thirty times the current aggregate limit of \$101,400, in a two-year election cycle

Under the Pence proposal, furthermore, a President, Senator or Representative would be able to solicit these huge amounts of money from a single donor.

For example, a President, Senator or Representative could solicit from a single individual a total of \$1,965,600 for contributions to each of the congressional candidates of the officeholder's party during a two-year election cycle. A single joint fundraising committee could be set up, furthermore, to accept a single check of \$1,965,600 for all of the congressional candidates and then to distribute the funds to the campaign committees of the congressional candidates.

A President, Senator or Representative could also solicit from the same individual a total of \$160,200 for the officeholder's three national party committees and a total \$1 million for the officeholder's state party committees or an overall total of \$1,160,200 for the officeholder's party.

Under current law, all of these funds could be transferred among the party committees without limit, and could end up in one national party committee and be spent to support the election of the officeholder who solicited the funds. A single joint fundraising committee could be set up to accept a single check of \$1,160,200 for all of the party committees, and then to distribute the funds so they end up in one national party committee.

If the Pence proposal is enacted, a President, Senator or Representative could solicit more than \$1 million from a single individual donor to be spent by the officeholder's party to support the officeholder's election.