

*Room - DM*

THE WHITE HOUSE

WASHINGTON

March 25, 1975

MEMORANDUM FOR:

JERRY JONES

FROM:

FRED SLIGHT *[Signature]*

*[Handwritten initials]*

The Federal Election Campaign Act Amendments of 1974 provides for a number of considerations which have a significant bearing on the conduct of fundraising efforts for 1976. Three major considerations are as follows:

1. No more than \$1,000 may be legally contributed by an individual to the President's campaign from January 1, 1975 until the the conclusion of the Republican National Convention. An additional \$1,000 may be given by the aforementioned donor upon the adjournment of the Convention.
2. No more than \$10 million may be spent by the President's campaign committee for his primary campaign (including all campaign-related Convention expenses) and no more than \$20 million may be spent on the general election.
3. Up to 20% of the candidate's actual expenditure may be excluded from the limitation provision in order to defray fundraising costs. In short, the President's campaign committee (political and finance components) may spend a maximum of \$30 million for the entire campaign with an additional \$6 million which may be expended to support the solicitation program.

Two conclusions are inevitable:

1. The days of the "fat cat" contributor are over.
2. A super effective and cost-effective, broad-based fundraising unit, the likes of which have yet to be seen, is mandated if \$10 million is to be raised from a \$2 million investment (or \$20 million from \$4 million for the general election).

With regard to the last point, the highly touted CRP sustaining program which sought out the under \$100 contribution cost approximately



50 cents per each dollar raised. Most professional political fundraisers will readily confirm that a cost of 33 cents per dollar raised is reasonable to expect when seeking out the under \$1,000 donor, especially so when the solicitation program must be started from the ground up. Simply stated, it is very unlikely that the maximum expenditure might be made for either the pre or post Convention periods, since fundraising costs can be expected to exceed the \$2 and \$4 million maximum exclusion levels. In fact, the cost "overruns" under the 33% estimate would run \$1.3 million and \$2.6 million respectively. These roughly projected costs would, therefore, have to be deducted from the general campaign budget, thereby denying to the political component funds which are already in tight supply for its grass-roots, media and related activities.

Only two alternatives appear plausible confronted with these facts:

1. Begin immediate preparation for the creation of a fundraising apparatus and solicitation program which will be successful in reducing its operational costs to an historic low.
2. Be fully prepared to accept public financing for a portion or possibly for all phases of the campaign and gear the fundraising program toward fulfilling the qualification requirements for receiving public funds.

The Democrat sponsors of the '74 reform law appear to have successfully denied the President the option of conducting his campaign from private donations. Clearly, this action was taken to prohibit the Republican nominee from outspending his opponent (as in 1972) as well as closing the door on any potential political issue which might be made of the Democrat's acceptance of "public funds."

Considerations regarding the formation of a Presidential finance committee and projected parameters on program design will be submitted in a subsequent memorandum.

