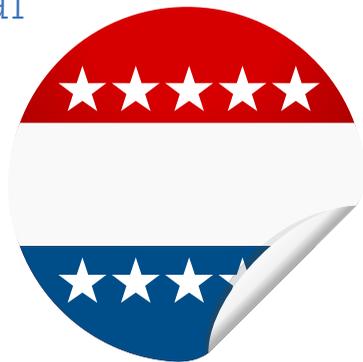




How do presidential candidates pay for their campaigns?



Since 1976, candidates for president have been eligible to participate in a public financing system to pay for their campaigns. Until the 2000 elections, all candidates nominated for president participated in this system by accepting government funds in exchange for a promise not to spend more than a specified amount.

However, this system has become increasingly unappealing to candidates because the imposed spending limit is considered too low—and less than the amount that major candidates can often raise from private sources. Consequently, some recent presidential candidates have opted out of public funding and instead raised money to fund their campaigns.

- PARTY NOMINEES CAN USE PUBLIC FUNDS TO CAMPAIGN FOR PRESIDENT, BUT THEY CAN'T USE PUBLIC FUNDS TO CAMPAIGN FOR NOMINATIONS IN THE PRIMARIES AND CAUCUSES.

For candidates who raise their own funds, federal law dictates how and from whom candidates for president, senator and representative may seek contributions. It also limits how much any individual contributor can give. The law ensures that the press and citizens know who is contributing to a given candidate.

A candidate for president must establish a campaign organization, called a political committee, and register it with the Federal Election Commission. Once registered, political committees may seek contributions but must report all funds raised to the commission, which makes the information available to the public. Recent major-party presidential candidates have spent hundreds of millions of dollars on their campaigns. Those who raise their own funds must find thousands of contributors.