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May 23, 1987

MEMORANDUM

To: Peter Sparber  
From: Susan Stunt *SS*  
Re: 1987 Budget

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Attached are revised budget projections for 1987. In most cases, the figures noted are the same as those provided in the April variance reports (at least for those cost center reports I prepared or reviewed -- 1301-03 and 05-09).

According to these projections, we will be significantly over budget in three cost centers: scientific affairs, general coalitions and public smoking. Overruns in the first are due to higher costs and a budget that was unrealistically low when it was prepared in 1986; NTC charges that are beyond our control, and increased coalition work with labor unions outside of the Labor Management Committee (fire fighters' unions, for example), will put us over in general coalitions; production of three videos will put the public smoking cost center over budget.

By way of summary, bottom line estimates for each cost center are:

	<u>1987 Budget</u>	<u>1987 Estimate</u>	<u>Variance</u>
1301	\$2,803	\$2,815	12
1302	1,472	1,681	209
1303	693	694	1
1305	1,075	1,075	0
1306	623	620	(3)
1307	1,230	1,399	169
1308	1,663	877	(786)
1309	1,700	1,893	193

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Proposed Reductions. Eliminations

With the exception of the advertising budget, there appears to be very little room for maneuvering within the cost centers. A great deal of the money already is committed for the year; reductions would require cutting back on media tours or press mailings.

Items which should be considered candidates for elimination and/or deferral include:

Tobacco Observer: (1301) The July issue is in production now. However, neither printing nor mailing has taken place. We can redirect between \$80,000-\$100,000 if production of the paper is halted for the year before the July issue is printed.

Travel and Hospitality Program: (1309) We estimated that launch of such a program would cost close to \$80,000 in outside survey, public relations, and production fees. Although the public smoking budget has line items that could support those items, costs will be incurred at the expense of expert media tours or support to state activities in the form of voter and economic impact surveys (which suddenly have become hot items again).

Staff work on the program will continue for the remainder of the year. We can request specific funds to complete work with outside consultants in 1988.

Voter Surveys and Economic Impact Studies: (1309) We originally believed we could identify close to \$100,000 from the public smoking budget from these line items, as SAD staff had yet to forward specific recommendations for revision. While we still have no specific changes, however, both items, especially the economic studies, suddenly are hot items again.

In the last month, we have completed economic impact studies for Delaware, Pittsburgh and D.C. A voter survey in Dallas remains on the back burner. In addition, the public smoking cost center absorbed the entire \$35,000 cost of the Kentucky poll for federal relations.

If we so choose, we can still set aside approximately \$50,000 by shutting off any additional requests for studies.

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Projects for Which Funds Must Be Identified

Expert Media Tours: (1309) Although we have accounted for expert consultant fees for Fox, Katzenstein and Truth Squad media tours, we have not budgeted for public relations agency fees, which are set at \$5,500 per tour. At two to three tours per month for the six months beginning July 1, we need approximately \$80,000.

Truth Squad Mailings: (1303) Materials and mailings to be done by the media relations department in connection with the Truth Squad project are estimated at \$100,000.

Labor Management Committee Ads: The LMC has proposed ads on ETS and on excise taxes, signed by the five unions that are LMC members, that can be run in newspapers targeted to anti-smoker conferences, or to appropriate legislative districts. Although cost would depend on demand, \$100,000 could cover us for both ads for the year.

Support to FAC: \$185,000 (including \$50,000 for issue ads, \$55,000 in professional fees for a targeted grass roots letter-writing campaign, and \$80,000 in public relations support to the organization).

Commissary Issue: \$60,000 to support one media tour a month by a commissary spokesperson.

Social Costs: That plan proposes a budget of more than \$1 million.

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a Bottom Line

estimated that we will be over \$584,000 in several  
st centers; under \$789,000 in others. Total variance  
n Public Affairs: (\$205,000).

can save an additional \$220,000 by deferring or  
ncelling certain projects.

wever, we have outstanding for consideration other  
ojects totaling \$525,000. Plus social costs. Some of  
ese can be scaled back.

ll be glad to discuss or explain any of these items at  
ur convenience.

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