

September 28, 1993

MEMORANDUM

TO: Bob Lewis
Bob McAdam

FROM: Susan Stuntz *ms*

Attached for your information are copies of:

The official BC&T statement on the Clinton health care program. The statement tracks the AFL position for the first two-and-a-half paragraphs and then moves onto the problem with financing through cigarette taxes.

A letter that BC&T President Frank Hurt sent to the Washington Post in response to C. Everett Koop's op-ed that, while trying to address growers' concerns, failed to mention the concerns of the tobacco workers. The BC&T letter also notes the Canadian experience with cigarette smuggling.

Attachments

cc: Sam Chilcote
Cal George
Tom Lauria
Walker Merryman
Bill Wordham
Walter Woodson

TI17740131

Bakery, Confectionery and Tobacco Workers International Union

10401 CONNECTICUT AVENUE, KENSINGTON, MARYLAND 20895-3961
TELEPHONE (301) 933-8600 FAX (301) 946-8452

FRANK HURT
INTERNATIONAL PRESIDENT

Contact: Carolyn Jacobson
(301) 933-8600

Statement of BC&T President Frank Hurt on President Clinton's Health Care Program

On behalf of the leadership and members of the Bakery, Confectionery and Tobacco Workers Union, I want to applaud the President for taking the first step toward reforming our nation's health care system. We support the goals outlined in the President's speech and pledge to work with the Administration and the Congress to enact a program that guarantees universal access, controls costs and maintains the quality of health care in the U.S.

During the upcoming debate on health care reform, many will seek to undermine the President's effort. The insurance industry, some health care providers and interest groups representing segments of the business community will work to maintain the status quo. However, this opposition can be overcome by the active support of average Americans -- as long as the new program is perceived as fair.

The way in which health care reform is paid for will be a key test of the program's fairness. To the extent that the President's initiative relies on flat premiums and regressive taxes on tobacco, we are concerned that it may not meet the fairness test. In our view, every American has a stake in, and will benefit from, health care reform. Therefore any new taxes raised to finance the program must be broad-based and progressive.

The President's concentration on higher tobacco taxes is unfair to workers in the tobacco industry. Skyrocketing tobacco taxes will help push the industry's production out of the U.S. Many thousands of men and women who depend upon cigarette manufacturing for their livelihoods will be forced out of good paying, union jobs and onto the unemployment lines. The impact of this job loss is especially severe in the South which, according to a recent study, stands to lose 3.5 times as many

jobs as the rest of the nation. These losses will more than offset the temporary and illusory benefits of reduced legal consumption.

For the President's plan to succeed, he will need the active support of every union member and his or her family. Our workers are prepared to work hard to enact the new program -- but not at the expense of their jobs and their industry. On behalf of the workers, families and communities that depend upon tobacco for survival, we urge the President and the Congress to seek broad-based, progressive revenues to pay for health care reform.

The President has undertaken a great challenge in seeking to reform our health care system. We join with the AFL-CIO and the trade union movement in wishing him success in enacting an equitable, progressively financed national health care program.

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TELEPHONE (301) 933-8600 FAX (301) 946-8452

FRANK HURT
INTERNATIONAL PRESIDENT

September 24, 1992

Ms. Meg Greenfield
Editorial Page Editor
The Washington Post
1150 15th St. NW
Washington D.C. 20071

In response to the September 14 opinion-editorial by C. Everett Koop regarding the impact of higher tobacco taxes on the cigarette industry and tobacco farmers, there is another group that would be adversely affected he failed to mention -- workers in the tobacco industry. On behalf of the thousands of men and women who depend upon their jobs in tobacco manufacturing to feed, clothe, house and yes, provide health care to their families, I want to say a few words.

First, the consequences of a dramatic increase in cigarette taxes on these workers will be devastating. According to an analysis of a Price-Waterhouse study of employment and compensation in the U.S. tobacco industry, a 75 cent increase in the federal tax on tobacco will throw over 190,000 Americans out of work. Many of these are high paying, productive jobs in the tobacco sector. At a time when high wage union jobs are at a premium our nation can ill afford to lose even a single one.

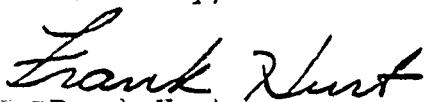
Second, tobacco taxes are a poor source of revenue for financing national health care. Even organizations that have traditionally supported higher tobacco taxes have recognized that excise taxes are not a stable source of revenue. Obviously, to the extent that such taxes discourage consumption, they will generate less revenue making them at best an insecure source of funding for health care reform.

Third, Dr. Koop refers to the Canadian experience as a model for the successful use of tobacco taxes for health care. But there is another, darker side to this story. Since 1990, there has been a 646% increase in Canada's contraband tobacco

market -- from 1.3 billion to 9.7 billion cigarettes. Each increase in contraband cigarettes has followed a dramatic increase in cigarette taxes. Because Canadian law states that store owners cannot sell to anyone under 16 years of age, many of these contraband cigarettes are being smoked by minors. If the U.S. follows Dr. Koop's advice, we are certain to suffer the same consequences.

The BC&T strongly supports President Clinton in his efforts to reform our nation's health care system. However, we believe that health reform must be financed in a way that is fair to all Americans. The regressive nature of this tax and its dire economic consequences on workers and the South make tobacco tax financing of health care reform a bad idea.

Sincerely,



Frank Hurt

President

(301) 933-8600

September 28, 1993

MEMORANDUM

TO: Bob Lewis
Bob McAdam

FROM: Susan Stuntz *smx*

We had reported earlier on several resolutions that had been adopted by Florida union locals that specifically opposed using tobacco excise taxes to fund health care reform. Copies of those resolutions -- on the appropriate letterhead -- are attached and have also been forwarded to the state Congressional delegations.

Resolutions that are attached are:

. Florida State Council of Machinists & Aerospace Workers

. Machinists' District Lodge 166 in Titusville

Attachment:

cc: Cal George
Walter Woodson

T117740136



FLORIDA STATE COUNCIL
International Association of Machinists
& Aerospace Workers

Office of:
Frank C. Ortis, President

Resolution Opposing Tobacco Taxes For Health Care Reform
The Florida State Council Of Machinists And Aerospace
Workers

Whereas: According to a comprehensive study of compensation and employment in the tobacco industry prepared by the Price-Waterhouse accounting firm, a two dollar a pack increase in the Federal cigarette tax will mean the loss of 31, 273 thousand jobs and more than \$805,909,038 in payroll in the State of Florida; and

Whereas: The Executive Council of the AFL-CIO has long been on record in opposition to raising excise taxes on cigarette as regressive and unfair and in support of progressive financing for health care reform; and

Whereas: Excise taxes, particularly excise on tobacco, are among the most unfair taxes paid by Americans. According to the tax policy organization, Citizens For Tax Justice, doubling the 24 cent per pack federal tax on cigarettes would take a 72 times greater share of a family of four's income in the lowest 20% than it would a family in the richest one percent; and

Whereas: Excise taxes are an unstable and unreliable source of revenue for health care reform.

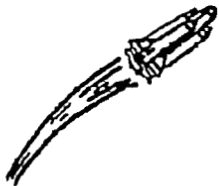
Therefore be it resolved that:

The Florida State Council Of Machinists And Aerospace Workers will oppose efforts to increase the Federal cigarette tax for health care reform.

Be it further resolved that:

The Florida State Council Of Machinists will work with the National AFL-CIO to build support for a national health care program that is financed in a fair and equitable manner based on ability to pay.

Passed September 20, 1994



**INTERNATIONAL
ASSOCIATION
OF MACHINISTS
AND AEROSPACE
WORKERS**

P.O. Box 2621
Titusville, FL
32781

Area Code 305
783-2431

Banana River Local Lodge 2061

**RESOLUTION OPPOSING TOBACCO TAXES FOR HEALTH CARE REFORM
INTERNATIONAL ASSOCIATION OF MACHINISTS & AEROSPACE WORKERS
DISTRICT LODGE 166**

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Therefore Be It Resolved That:

The International Association of Machinists & Aerospace Workers District Lodge 166 will oppose efforts to increase the federal cigarette tax to pay for health care reform.

Be It Further Resolved That:

The International Association of Machinists & Aerospace Workers District Lodge 166 will work with the IAM National Office and the AFL-CIO to build support for a national health program that is financed in a fair and equitable manner based on ability to pay.

September 28, 1993

MEMORANDUM

TO: Bob Lewis
Bob McAdam

FROM: Susan Stuntz *sm*

Attached for your information are clips from last Tuesday's news conference in Richmond featuring Govs. Hunt and Wilder and tobacco manufacturing and growers' groups. I also have two videotapes of coverage, in the event anyone wants to view them.

Attachment

cc: Tom Lauria
Walker Merryman
Bill Wordham
Walter Woodson

TI17740139

BUSINESS

Richmond Times-Dispatch

November 23, 1993

Governors urged to fight tax increase

Tobacco industry forces see heavy effect on South

BY WILFORD KALE
1 DUES-DISPATCH STAFF WRITER

The South could lose 40,000 tobacco jobs if a 75-cent-per-pack increase in the federal cigarette tax is used to pay for the Clinton administration's health-care reform, industry officials said yesterday.

Tobacco growers and cigarette manufacturers joined at a news briefing at The Jefferson Hotel, one of the Southern Governors' Association to oppose the suggested increase in the excise tax.

Gov. James B. Hunt Jr. of North Carolina, the No. 1 tobacco producing

state, told workers and tobacco growers that he stands with them "and the people of our state stand with you."

"I was in touch [Monday] with the White House several times, asking them to be reasonable and be fair with respect to the funding of the health-care plan," said Hunt, a Democrat.

He said the United States needs manufacturing workers joined at a health-care reform, "but the way to fund it has to be fair to folks."

The encouraged the tobacco groups alongside of you every step of the way.

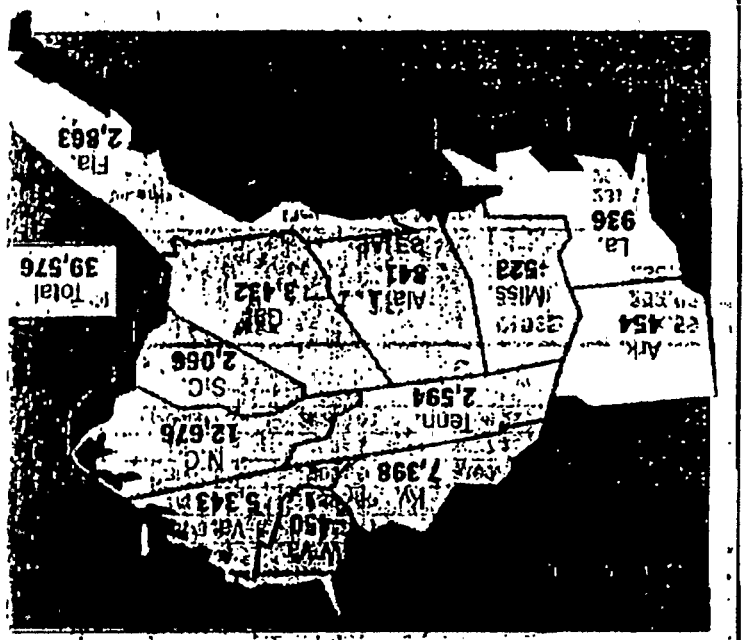
Virginia Gov. L. Douglas Wilder

did not appear because of his commitments as chairman of the governors' conference, a spokesman said.

Wilder, however, issued a statement saying he supported opponents of the tobacco tax. He cited studies that show that as many as 6,000 tobacco industry jobs in Virginia could be lost if the cigarette tax only is doubled, from 24 to 48 cents.

"We simply cannot stand to take such a hit in today's economic climate," Wilder's statement said. "The people of Virginia are in favor of reducing health-care costs and providing health care to the unemployed."

PLEASE SEE TAXES, PAGE C4



Tobacco job losses

The tobacco industry says nearly 40,000 jobs would be lost in the South alone if cigarette taxes are increased by 75 cents per pack to help finance the Clinton administration's health-care initiative. Three and a half times as many jobs would be lost in the region as in the rest of the United States.

TOM ROHRHS/STAFF

Governors are urged to oppose proposed cigarette tax increase

▼ TAXES FROM PAGE C1

sured. But those goals should not, and cannot, damage our economy and cost us jobs.

"Virginia is already shouldering a disproportionate burden due to defense cuts, and we should not be subjected to the brunt of dislocation caused by health-care reform."

Jerry Sprouse, president of the Bakery, Confectionery and Tobacco Workers International Union Local 203T in Richmond, told reporters the tobacco tax being considered "is unfair. Why should our industry, one group of workers and one region of the country be asked to pay such a high price for reform?"

During the 1992 presidential campaign, Sprouse said, Clinton said health-care reform "could be achieved without raising new taxes. ... I want to remind him of that pledge and urge him to finance his national health-care reform" without singling out one industry.

Sprouse's union represents about 4,700 workers at Philip Morris USA, the Richmond area's largest private employer.

Don Anderson of Halifax, who is president of the Virginia Tobacco Growers Association, echoed some

of Sprouse's points, noting that a tobacco tax increase "will have devastating economic consequences in Virginia."

He said that tobacco farmers "are the last true small family farmers in the country. We don't have the corporate or the mega-farms the way other parts of the country do. Most tobacco farmers have small allotments [to grow the crop] and tobacco provides the income that feeds and clothes our children."

Anderson said the tax singles out "one section of the country — the Southeast — and they're going to be penalized by an outrageous tax increase."

Just this year, he said, tobacco

farmers in Missouri suffered from floods "while we here in Virginia and the Carolinas have faced drought. As farmers we are accustomed to dealing with the hardships of nature and we will survive those hardships, but the man-made disaster that we're facing in Washington, we will not survive."

He estimated that as many as 1,500 of the state's 9,500 tobacco farmers will stop farming if the tax is implemented.

Don Patterson, a member of the executive committee of the American Agriculture Movement Inc. of Washington, called the tobacco tax, "a politically cowardly proposal."

RADIO TV REPORTS

New York: 212-309-1400
 Chicago: 312-541-2020
 Detroit: 313-344-1177
 Los Angeles: 213-466-6124
 Washington, D.C.: 301-656-4066
 Boston: 617-536-2232
 Philadelphia: 215-567-7600
 San Francisco: 213-466-6124
 Miami: 305-358-3358

NATIONAL MARKET COVERAGE

TRANSCRIPT

FOR OGILVY, ADAMS & RINEHART STATION WBBR-AM
 PROGRAM BUSINESS TALK 8A CITY NY
 DATE 09/22/93 08:07AM AUDIENCE
 SUBJECT TOBACCO INDUSTRY PROTESTS AGAINST SIN TAX

BROADCAST EXCERPT

REPORTER: And now, Business Talk.

A tobacco coalition that includes growers says an increase in the federal excise tax on tobacco to help pay for health-care reform would devastate farmers and industry workers. More on the story from correspondent Tom Wilmore.

TOM WILMORE, REPORTER: A coalition of tobacco farmers and union workers are opposing a proposed increase in cigarette taxes to fund the Clinton administration's health-care plan. The coalition released a study by Price Waterhouse Accounting that estimates a 75-cent-per pack increase would cost the South 40 thousand jobs.

Tobacco farmers say the health-care plan should not be put on the backs of a single industry.

MAN: There's no more certain prescription for wrecking the economy than by opposing a monster tax on our biggest cash crop and the number-one cash crop in the state of Virginia.

MAN: So, Mr. President, I say to you that it is unfair. To Congressman, I think you will see this unfairness and not allow this to happen.

MAN: If it passes, it will be because the political establishment has not been willing to take on the problem where the problem really is, and that's in the medical industry.

WILMORE: Farmers say they oppose any increases.

I'm Tom Wilmartin(?).

(END)

Profile

'Monstrous' attack

Tobacco workers union mounts campaign against planned cigarette tax

Not everyone sees a neat balance in taxing tobacco products, one of the greatest causes of illness in the United States, to pay for a national health care program.

The Bakery, Confectionary and Tobacco Workers International Union — more than two thousand of whose members work in Macon — thinks it's a rotten idea.

The union announced a national campaign last week against an anticipated federal tax increase of \$1 per pack of cigarettes. The tax hike would be a "monstrous" attack on tobacco workers and would cause thousands to be laid off, the union warned.

At the same time, the union objected to the idea of smokers paying for the a large chunk of nonsmokers' health costs.

Michael Gardner, a worker at Brown & Williamson Tobacco Corp.'s Macon plant and secretary of BC&T Local 362T, said other industries that supply the tobacco industry would be hurt by the tax, too.

"Paper mills and trucking companies would suffer right along with us," Gardner said. The union estimated the negative impact on Georgia at \$296 million and 10,000 jobs lost.

A spokesman for Georgians Against Smoking Pollution, an anti-smoking lobbying group, said he'd like to see a lot more tobacco-related jobs eliminated.

"You can say somebody selling heroin is working for a living, too," said Chip Spradley, GASP vice president. "Of course, heroin doesn't kill nearly as many people as tobacco does."

Government health officials estimate more than 400,000 people per year die of smoking-related illnesses, Spradley said. He said the cost of smoking to the U.S. health care system, from increased medical costs, is around \$3.50 per pack of cigarettes.

"So \$1 a pack is really about \$2.50 short of what it should be," he said.

— Mike Billips

NORTH CAROLINA

THE NEWS & OBSERVER
WEDNESDAY, SEPT. 22, 1993

3A

Hunt asks fairness in tobacco tax hike

The governor joins industry workers in saying a proposed cigarette tax increase of 75 cents a pack would cost thousands of jobs across the South.

THE ASSOCIATED PRESS

RICHMOND, Va. — A hefty cigarette tax increase to help finance health care reform would unfairly single out one industry and one region, tobacco workers and farmers said Monday.

They were joined by North Carolina Gov. Jim Hunt, who said he has urged President Clinton

"to be reasonable and fair." Clinton is considering increasing "sin taxes" by about \$106 billion to help finance his \$700 billion health care plan but has not decided how much of that should come from tobacco.

Tobacco industry representatives said at a news conference that a 75-cent tax increase per pack would cost nearly 82,000 jobs, almost half of them in the South.

"These are some of the very best jobs we have, and we have a lot at stake," said Hunt, who was in Richmond for the Southern Governors' Association annual meeting.

North Carolina would be hit

hardest by a tax increase. A study conducted by Price Waterhouse for the tobacco industry said a cigarette excise tax increase of 75 cents per pack would cost North Carolina about 12,000 jobs.

Jerry Sprouse, a Philip Morris plant worker in Richmond and president of the Bakery, Confectionery and Tobacco Workers International Union local, said the impact of such a tax increase "would be devastating."

"In Virginia alone, we stand to lose over 7,500 tobacco sector jobs, and that number does not even include the thousands of jobs that would be lost when we stop spending money in our communities," Sprouse said.

Virginia Gov. Douglas Wilder was unable to attend the news conference because of the SGA meeting, but he released a statement that said he also opposes the tax increase.

"The people of Virginia are in favor of reducing health care costs and providing health care to the uninsured," Wilder said. "But those goals should not, and cannot, damage our economy and cost us jobs."

Don Patterson, a member of the American Agriculture Movement's executive committee, called Clinton's proposal "politically cowardly." He said plenty of savings could be found in the health care bureaucracy to fi-

nance Clinton's reforms

Sprouse said he would resist a tobacco tax increase of any amount, and he disputed those who argue that tobacco should finance a large portion of the program because it causes many health problems.

"That issue is still very controversial," Sprouse said.

"This is not a health issue, it's a tax and jobs issue," said Don Anderson, a Halifax County tobacco grower and president of the Virginia Tobacco Growers Association.

"It's amazing to me that the president would say we are going to single out one region," he said.

~~8/30~~ September 23, 1993

Give us specifics, some cry

BY ANNA BARRON GILLINGSLEY
AND MOLLIE GORE
TIMES-DISPATCH STAFF WRITERS

Reassuring, but the devil's in the details.

How're we going to pay for this thing?

We're turning into a society of social engineers.

These were some of the reactions from a group of viewers who gathered at The Times-Dispatch last

WHAT'S AHEAD



TODAY

Times-Dispatch:
How reform played in Richmond and with the Congressional delegation; "Spin doctors" go into overdrive.

NewsChannel 6:
5 p.m., a health care debate; 6 p.m., Sen. Charles S. Robb answers questions from viewers; 11 p.m., how families will be affected.

A joint project of The Times-Dispatch and WTVR NewsChannel 6.

night to watch the president's address to Congress.

Most of the viewers were stakeholders in a health care reform pro-

PLEASE SEE DETAILS, PAGE A15 ►

R HEALTH CARE REFORM

Monday, September 22, 1993, A11

Lack of specifics a big sore point for some

Sample group gives the speech exacting review

▲ DETAILS FRUIT PAGE A1

point — insurance executives, small-business owners and a representative of the hospital industry. None were swayed by the address.

"I was surprised by the quality of the presentation," said Dr. Lawrence E. Blumhartz III, an area dermatologist. "But this is a room full — a nation full — of skeptics."

Most of the viewers pointed to a lack of details in Clinton's plan to overhaul the nation's health care system.

Bruce Ruckel, sector vice president of the Virginia Hospital Association, blasted Clinton's speech as "groundwater for a building." After everybody walks away, the architects get together and draw up the plans," he added.

"It was a sales pitch," summed up Norman Davis, chairman and chief executive officer of Blue Cross and Blue Shield of Virginia, the state's largest health insurer.

But Davis predicted that when people realize how many will be forced into health-care alliances, they'll be scared.

Further, the paperwork, pre-existing condition exemptions and other problems Clinton mentioned could lead Clinton's efforts. But I learned nothing, I wanted more specifics."

Her worried that Clinton's proposal will be a burden on small business.

"No one could disagree with the six points" of security, simplicity, savings, choice, quality, responsibility, executive with Cygnus Healthcare.

Grading the health plan

The Times Dispatch invited a group of health care professionals to give their impressions on the health plan and how it compares to previous plans.

Clinton's speech and then discuss it. Before the speech, they were asked to grade the plan on a scale of 1 to 5.



DR. LAWRENCE E. BLUMHARTZ III, M.D., dermatologist, Richmond, Va., gave Clinton's plan a grade of 4.5. He said it was a "good start" but that it needed more specifics.



STANLEY R. CAYSER, president of the Virginia Hospital Association, gave Clinton's plan a grade of 4. He said it was a "good start" but that it needed more specifics.



PAUL N. SHELLEY, president of the Virginia Hospital Association, gave Clinton's plan a grade of 4. He said it was a "good start" but that it needed more specifics.



HOWARD DAVIS, CEO of Blue Cross and Blue Shield of Virginia, gave Clinton's plan a grade of 3. He said it was a "good start" but that it needed more specifics.



HARVEY PRAGER, president of the Virginia Hospital Association, gave Clinton's plan a grade of 3. He said it was a "good start" but that it needed more specifics.



MARY PATTERSON, president of the Virginia Hospital Association, gave Clinton's plan a grade of 3. He said it was a "good start" but that it needed more specifics.



BRUCE MENDEN, president of the Virginia Hospital Association, gave Clinton's plan a grade of 3. He said it was a "good start" but that it needed more specifics.



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ROBERT L. SPOUSE, president of the Virginia Hospital Association, gave Clinton's plan a grade of 3. He said it was a "good start" but that it needed more specifics.

Standard President's speech has made Americans realize "we ought to quit just talking and ought to do something."

Ruckel: "The hospital community can support all the principles ... This is the first time President Clinton has really demonstrated leadership."

Davis: "The principles and objectives can be accomplished with much less than (Clinton) is proposing... total restructuring of the system."

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Parker: "I don't know where he gets his figures. I still think it's going to be a burden on small business."

Davis: "Everybody wants health care 100 percent for everybody. Nobody wants to pay for it."

SOME COMMENTS

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September 28, 1993

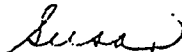
Ms. Ellen Merlo
Vice President,
Corporate Affairs
Philip Morris U.S.A.
120 Park Avenue
New York, New York 10017

Dear Ellen:

I know that Jay has reported to you on last week's press briefing in Richmond, but I thought that you might like to see the tape, a portion of which was shown at Thursday's Executive Committee meeting.

Many thanks to PM for its help with this event.

Sincerely,



Susan M. Stuntz

Enclosure

TI17740147

September 28, 1993

MEMORANDUM

TO: Jane Danowitz

FROM: Susan Stuntz *SS*

On Thursday, August 5, 1993, TI issues staff (Fericola Suhr and George) and I met with Ogilvy (Danowitz and Carey) and Savarese (Savarese and Dawson) staff to sort through ongoing problems and concerns with regard to the tobacco account. To date no one at TI has received either of the two memoranda requested as a result of that meeting: a conference report on what was discussed and follow-up, or the follow-up report on what kinds of work the agency (was) currently involved in on behalf of allies and in support of industry issues.

That is regrettable, particularly given that I am now informed that the agency has "forgotten" most of what was discussed at that meeting. My notes and the notes of the other TI staff who were there -- and follow-up discussions with other non-Ogilvy personnel who were there all coincide. Therefore, for the benefit of Ogilvy staff, let me repeat it once again:

1. The agency has a "retainer" of \$45,000 each month. Of that, \$15,000 is allotted for indoor air and the remaining \$30,000 for taxes. That "retainer" does not mean that the agency is free to work on anything it decides so that new assignments then become "outside scope"; rather Institute staff expect to be involved and consulted in setting priorities and determining assignments.
2. Currently, TI staff believes that \$15,000 should be sufficient to cover all indoor air activities, given the level of activity currently under way. Staff also believes that OA&R staff hours reported against that portion of the retainer should, given reasonable work effort and a minimum of wasted effort or wheel spinning, come close to that level without exceeding it on most months.
3. The remaining \$30,000 of the retainer is to be devoted to excise tax matters. As we reiterated time and again on August 5, right now that priority is implementation of the "southern" strategy of the home district outreach program. We are aware of no other priorities and, until the agency has provided us with some information as to other ongoing activity it is doing -- on behalf of coalition groups or others -- to add to that priority, we believe that the "southern" strategy should form the basis for the tax portion of the retainer.

If, once the agency has satisfied us that there is additional work that is necessary and of value, we have the option of agreeing to some additional fees under the "home district outreach program." Should that occur, then in any event we have placed a limit -- admittedly arbitrary but necessary in order for us to budget our costs -- of \$20,000 on those additional activities. That has not changed since the first of the year and is not going to change. I have had this discussion with Eric Shulman, Marcia Silverman and now you.

In our view there was no such activity in June or July. In fact, there was no "home district" activity at all that we can identify. And it is regrettable that the agency has failed to provide the justification that we asked for so that August and September activity would be viewed more favorably (it is also regrettable that in August and no doubt in September the agency has again far exceeded even the \$20,000 amount that was agreed to without providing any mid-month report. In fact, the only head's up on hours and activity that we have received since April is a telephone call to me last week asking to discuss October hours since, I was told, they would be as bad as September.).

In any event, I expect mid-month reports on the level of activity. I have received none since April. Absent mid-month reports, then there is no way that TI is going to pay for activities that exceed previously approved budgets.

In the future, and in order to make sure that both parties are on the same page, the agency will be expected to provide a conference report on any meeting that it has with the client. This conference report is to be prepared and forwarded within 24 hours. TI staff will review and get back to the agency -- either accepting the report or making changes -- again within 24 hours.

Mid-month reports also will be provided in writing. And bills and monthly reports will go back to being due by the middle of the month as well.

I regret having to resort to re-establishing written rules. It is clear, however, that understandings established at meetings are forgotten the next day and efforts to recognize competing priorities and the press of work are in fact being used to take advantage of TI staff.

cc: James Savarese
Marcia Silverman



SUSAN M. STUNTZ
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Bob Lewis

Bob McAdam

Attached find two letters that BCTI
has received in response to its outreach
efforts to members of Congress.

No great surprises here - -

JMS
7/27/93

cc W. Woodson
C. Menge

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