

C O N F I D E N T I A L

TIMN 390579

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MINNESOTA TOBACCO LITIGATION

**THE TOBACCO INSTITUTE
PUBLIC AFFAIRS DIVISION**

PROPOSED BUDGET -- 1991

The following documents represent the budget for the activities proposed by the Public Affairs Division in its 1991 operating plan. This budget supports an overall program that builds on the successes we have enjoyed in the past, and that anticipates our key challenges for the coming year.

These include:

- . Continuing to respond aggressively to ETS activities at the federal, state and local level, through the identification and maintenance of a strong team of academic and consulting scientists and indoor air quality experts.
- . Aggressively marketing our workplace smoking corporate assistance program, to help employers understand their obligations in light of the EPA risk assessment.
- . Identification and support of fair tax coalitions at the state level, to assist us in carrying the regressivity message that we used so successfully at the federal level in 1990.
- . At the federal level, preparing for the next tax battle: to respond to efforts to earmark cigarette excises to pay for specific government programs.
- . Development and maintenance of allies and coalitions, particularly in the labor community, principally on tax and workplace issues.

In 1991, as in the past, more than 75 percent of the Division's nonadministrative expenses will go toward direct support of The Institute's legislative and regulatory agenda.

This year, more than two-thirds of our legislative support activities were devoted to federal issues: excise taxes, ETS issues at EPA and OSHA, Kennedy and Waxman advertising bills. For 1991, many of these battles will shift to the state level; we anticipate a corresponding shift in the application of our legislative support. Our budget recommendations for next year reflect that change.

TIMN 390580

Notably absent from the 1991 budget request is the \$6.649 million F.E.T. Direct Mail Project, which was authorized by the Executive Committee in January, for 1990 only.

The net effect for 1991 is a 1 percent increase over 1990 projected spending for the Division's ongoing programs.

Highlights of the budget include:

General Administration

The 1991 budget request for General Administrative expenses (at Tab 1) is \$2.294 million, or a 9 percent increase over 1990 actual. This increase is due to an increase in salaries and benefits, which were below budget in 1990 due to staff vacancies.

Scientific Affairs

The 1991 budget request for Scientific Affairs (at Tab 2) is \$2.1 million, or a 34 percent decrease from 1990 actual. Academic scientist activity and legal fees incurred in responding to the EPA risk assessment pushed this cost center substantially over budget in 1990.

However, the 1991 budget request also represents a 75 percent increase (\$900,000) over the 1990 budget authorization for this cost center. This is due to:

- . Legal fees. Staff budgeted \$100,000 for legal fees in this area for 1990; we estimate that \$545,000 will be spent. In 1991, we anticipate that legal fees will increase to \$630,000. That accounts for more than two-thirds of the increase in our 1991 budget request.
- . Anticipation that response to OSHA, as well as other federal and state regulatory issues related to ETS will require a high level of academic scientist activity, at least through the first half of 1991.

Media Relations

Staff vacancies and delays in the launch of the industry's youth initiatives accounted for substantial cost savings in the 1990 budget.

The 1991 budget request of \$737,000 (at Tab 3) is a 40 percent increase over 1990 actual, although only a 2 percent increase over 1990 authorized. The increase for 1991 is reflected in:

- . A request from State Activities that funds (\$125,000) be budgeted for local PR counsel to be retained to assist on specific industry issues in California, New England, and possibly North Carolina. This represents more than 65 percent of the increase requested.
- . Similarly, State Activities has asked that media personnel assist them in developing a media component for key state and local hearings, following our successful federal hearing readiness program. We anticipate that this new on-site involvement will increase travel and related expenses incurred in promoting industry experts and allies.

Information Center

The 1991 budget request of \$125,000 (at Tab 4) is a 5 percent decrease from 1990 actual. It represents a less than 1 percent increase over 1990 authorized, and is due to higher costs for equipment repair and maintenance.

Excise Taxes

The 1991 budget request of \$2.004 million (at Tab 5) is a 9 percent decrease from 1990 actual. This decrease is due to the phasing down of the Consumer Tax Alliance project. Polling and other media activity were assigned to this cost center.

However, the 1991 request also represents an increase of 27 percent over 1990 authorized. This increase can be attributed to:

- . Support through the industry's Labor Management Committee of fair tax coalitions in up to a dozen high-priority tax states identified by State Activities. Many of these coalitions were identified and developed during our intensive year-long federal excise tax battle.

However, most are now in a position to take an active role in state tax battles by identifying and promoting progressive alternatives to regressive excises proposed to fund state government budget deficits.

- . Plans to replicate the Labor Management Committee's successful IAQ briefing program for labor, through promotion of a new tax fairness video and accompanying materials (developed in 1990). Our program calls for in-person briefings for national, state and local union meetings by LMC staff.

- . Promotion of a new academic book on earmarking, through media tours to be conducted by the book's authors, and book reviews by other members of the economic consulting group.
- . Support to a senior citizens' group and to a consumer group for development of materials identifying progressive funding sources for long term care and for health care. These would establish alternatives to regressive excise taxes.
- . National and state-specific economic studies of the impact of cigarette price differentials on bootlegging. Funding for this work is included in the Public Affairs budget at State Activities' request.

In addition, we propose to continue the successful economist op-ed program, with a greater emphasis on state tax issues. We also will continue our support of long-time tax allies from the business and the labor/liberal sector.

Fire Safety

The 1991 budget request of \$835,000 (at Tab 6) is a 4 percent increase over 1990 actual, but a 4 percent decrease from 1990 authorized. Spending was cut back in this cost center in 1990 to meet cost overruns in the excise tax and ETS areas.

The 1991 budget request supports a program plan that proposes to maintain and strengthen existing relationships with the fire community and with other organizations that play key roles on this issue. In that regard, emphasis is placed on:

- . Promotion of the latest Tri-Data research, offering case studies of successful fire department efforts at fire safety education. Many of these case studies feature TI-supported programs and materials.
- . Development and promotion of a video featuring the TI-supported programs, with endorsements from representatives in the fire service. This video will be incorporated into the presentations made by TI staff at state and regional fire service meetings.

The budget calls for funding of fire programs and grants at 1990 actual levels, which are slightly below those of previous years.

General Coalitions

The 1991 budget request of \$2.397 million (at Tab 7) is a 12 percent increase over 1990 actual. Most of the continuing expenses in this cost center are directed to support of the

Tobacco Industry Labor Management Committee, including its consultants and those coalitions whose support on our issues cut across issue boundaries.

The increase in the 1991 budget request is attributable to:

- . State Activities requests that the Labor Management Committee identify and retain labor counsel in three additional states in 1991. Those states are Pennsylvania, Indiana and New Jersey. This would bring to 17 the number of states in which the LMC is represented by counsel.
- . State Activities requests that the Division identify and retain local minority counsel to assist in developing personal relationships at the local level with Hispanic and other minority leaders in Texas and Florida.

Advertising

The 1991 budget request of \$425,000 (at Tab 8) is a 26 percent decrease from 1990 actual. With the focus of activity shifting to promotion of the industry's new youth initiatives, the 1991 advertising budget proposes minimal funding of:

- . Industry publications, chiefly the constitutional analyses of key Congressional advertising restriction proposals.
- . Witnesses for federal and state advertising hearings, as well as counsel to assist in the development and preparation of testimony for allies and coalitions.
- . Support to the Freedom to Advertise Coalition, chiefly for development of materials specific to proposals to restrict tobacco advertising.
- . General operational support to the ACLU and the Washington Legal Foundation.

We propose eliminating funds to support CASE and other industry retail groups, as well as coalitions on the trade issue.

Public Smoking

Because much of the activity and many of the programs proposed in the 1990 plan were deferred in an effort to meet cost overruns from the EPA risk assessment, the 1991 budget request of \$4.295 million (at Tab 9) is a 22 percent increase over 1990 actual. However, it is a 17 percent decrease from the 1990 authorized budget.

The focus for 1991 is expected to include:

- . Retention of a strong consulting scientist team, including individuals with expertise on ETS as well as indoor air quality issues. Although testimony costs for these individuals was down significantly in 1990, that is expected to change in 1991 as states and localities react to the EPA and OSHA actions at the federal level.
- . With increased media opportunities in concert with legislative testimony, we recommend a decrease in stand-alone media tours. In past years we have budgeted for 36 tours a year, or 3 per month. For 1991, we propose 24 tours annually, or 1 ETS tour and 1 IAQ tour a month.
- . Development through the Labor Management Committee of materials for and deployment of IAQ experts in most key states and regions. These experts represent the unionized sheet metal industry, and are prepared to participate in legislative briefings and hearings, as well as media and other promotional activity.
- . Support through the Labor Management Committee of indoor air coalition activity at the federal and regional levels, including workshops, press events and other media activity.
- . The same level of support to the LMC's indoor air briefings for state and local unions. Revisits will be needed to bring allies up to speed on the federal EPA and OSHA situations.
- . Completion of a comprehensive ETS briefing book for the media, and development of materials, including economist op-eds, on science for profit and bias in reporting of science.
- . On the corporate workplace program, continued aggressive outreach to businesses. Also, a refocus of our successful legal "breakfast briefings" program to include employer obligations in light of the EPA risk assessment.
- . New programs to address efforts by group health insurers to discriminate against smokers; to identify scientific biases in the awarding of government research grants on ETS issues; and to examine from a libertarian view extreme anti-smoker responses to annoyances.

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TIMN 390585

Social Costs

A substantial portion of the 1990 authorized budget for social costs was instead devoted to the federal excise tax issue. The 1991 budget request of \$422,000 (at Tab 10) reflects a 58 percent increase over 1990 actual. It is, however, a 40 percent decrease from 1990 authorized.

For 1991, the social costs program proposes to promote the research that has already been developed. Thus funding for additional research has been deleted from this request. Also dropped is a proposal for a symposium specifically on the social costs of smoking. Instead, we propose to work with the National Chamber Foundation to develop a symposium on the broader issues, with smoking included.

Key elements of the 1991 program and budget include:

- . Use of social cost economists to respond to the 1990 HHS "social cost" document, as well as earlier documents produced by the OTA that are being referenced by state health departments in generating state-specific data. Economists will respond via articles, op-eds, testimony and media tour, to these state-specific claims.
- . The revision, update and expansion of "Smoking and the State," the social cost treatise that sold out its initial printing in 1990. Promotion will be via media tour, book reviews and op-eds.
- . Full-year support to the National Chamber Foundation's social cost efforts, including publication of a journal, stand-alone articles and monographs, testimony and promotion of NCF activities.

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Media Tour Activity

Media tours by industry consultants are described in each issue plan, and budgeted in the appropriate issue cost center. Budgets for the media tours include time and travel for the expert consultant, and for the public relations agency that has been assigned to promote the expert.

Expert consultants charge TI on a time and expenses basis. Public relations counsel have been awarded media tour contracts following submission of competitive bids. Their fees include all time and travel expenses, and average \$6,500 per two-city tour.

Proposed media tour activity for 1991 includes:

Excise Taxes -- (At Tab 5) Five economist media tours in late spring/early summer to promote the newly published academic book on earmarking. Economists Bob Tollison and Dick Wagner would conduct the tours. Agency to be determined.

Public Smoking -- (At Tab 9) "B" team scientists (Holcomb, Weeks and Peterson) and IAQ experts from HBI would between them account for 24 media tours throughout the course of the year, with most occurring in advance of legislative activity. For 1991 the focus will be on the EPA risk assessment. Scientist media tours are promoted by Powell, Adams & Rinehart. HBI media tours are promoted by Fleishman-Hillard.

Social Costs -- (At Tab 10) Six social cost expert media tours are budgeted to promote the revised version of "Smoking and the State," and to respond in the media to state-specific social cost calculations. The book tours would occur late summer/early fall, with the agency doing the promotion still to be determined.

The tours responding to social cost calculations by state health departments are expected in the first half of the year. These will be promoted in-house by TI media personnel.

Youth Initiatives -- (At Tab 11) Jolly Ann Davidson, the national spokesman for the Responsible Living program (who would be representing the consortium of organizations and individuals who cosponsor the program) will conduct up to 18 media tours throughout 1991. Her appearances will be coordinated with federal and state legislative activity. Tours will be promoted by Fleishman-Hillard.

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TIMN 390587

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1991 BUDGET

Public Affairs Division

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	1990			1991		% Change 90 Est vs 91 Budget
	Budget (\$000)	Estimated Expenditures (\$000)	Authorized Positions	Proposed Budget (\$000)	Authorized Positions Requested	
1301 General Administration	\$2,189	\$2,102	27	\$2,294	27	9%
1302 Scientific	1,200	3,160	-	2,100	-	< 34%>
1303 Media Relations	720	525	-	737	-	40%
1304 Information Center	124	132	-	125	-	< 5%>
1305 Excise Issue	1,566	2,205	-	2,004	-	< 9%>
1306 Fire Safety Issue	865	805	-	835	-	4%
1307 General Coalitions	2,215	2,146	-	2,397	-	12%
1308 Advertising Issue	855	577	-	425	-	< 26%>
1309 Public Smoking Issue	5,020	3,533	-	4,295	-	22%
1311 "Social Cost" Issue	698	267	-	422	-	58%
Total Budget	\$15,452	\$15,452	27	\$15,634	27	1%

TIMIN 390588

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SPECIAL AUTHORIZATIONS
PROPOSED BUDGET -- 1991

Two of the three special authorization budget categories (at Tab 11) for 1990 have been eliminated in 1991. With the resolution of the federal excise tax issue for the year, the F.E.T. direct mail project has been phased out. Similarly, support to the Consumer Tax Alliance federal advertising project is not expected to recur.

We continue to seek special authorization for full-year funding for the industry youth initiatives program, as approved by the Executive Committee in 1990. The 1991 request for this special project is \$3.570 million. It includes:

- . Funds to advertise both "It's the Law" and "Tobacco: Helping Youth Say No," according to the schedules already approved.
- . Funds to support a consortium of organizations and individuals who have agreed to act as cosponsors of the Responsible Living program.
- . Funding to produce and distribute materials developed for these initiatives, as well as funds to promote via media tours the industry's initiatives.

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TIMN 390589

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1991 BUDGET

Special Authorizations

	1990			1991		% Change 90 Est vs 91 Budget
	Budget (\$000)	Estimated Expenditures (\$000)	Authorized Positions	Proposed Budget (\$000)	Authorized Positions Requested	
1501 Youth Initiatives	\$2,250	\$2,015	-	\$3,570	-	77%
1502 Consumer Tax Alliance	2,500	2,700	-	-	-	<100%>
1503 FET Program	6,649	4,000	-	-	-	<100%>
Total Budget	\$11,399	\$8,715	-	\$3,570	-	< 59%>

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TIMN 390591

GENERAL ADMINISTRATION

(NO NARRATIVE)

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1991 BUDGET

Public Affairs Division

COST CENTER General Administration No. 1301

Authorized Positions 1990 - 27
 Authorized Positions Requested 1991 - 27

ACCOUNT	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)	1991 BUDGET (\$000)
2800 Staff Compensation	\$1,203	\$1,185	\$1,302
3200 Employee Benefits	325	320	352
3900 Travel	25	15	25
4700 Furniture, Fixtures & Equipment	-	4	-
5000 Office Supplies	4	2	2
5100 Postage & Delivery	43	45	47
5200 Reproduction, Printing & Drafting	5	12	12
5400 Other Office Expense	4	4	4
5500 Membership & Staff Training	5	5	5
5800 Legal Fees	60	80	85
7300 Professional Fees	100	20	50
7400 Purchased Administrative Service	25	20	20
9100 Data Processing Allocation	390	390	390
Totals	\$2,189	\$2,102	\$2,294

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THE TOBACCO INSTITUTE
1991 BUDGET

COST CENTER

Public Affairs

No. 130

STAFFING SCHEDULE

11-Oct-90

Months of Employment

Employee Name		1990 Budget	1990 Estimated	1991 Budget
C. Powers	Sr. V.P./Division Director	12	12	12
S. Stuntz	V.P./Deputy Director	12	12	12
B. Dawson	V.P./Media Relations Director	12	12	12
M. Gleason	Director - Issues Management	12	12	12
W. Merryman	V.P./Dir. of Communications	12	12	12
Vacant	Assistant to the President	12	4	12
T. Lauria	Assistant to the President	12	12	12
S. Nork	Assistant to the President	12	12	12
F. Panzer	V.P./Issue Manager	12	12	12
M. Rinker	Issue Manager	12	12	12
Vacant	Issue Manager	12	4	12
Thomas	Senior Issue Analyst	12	12	12
Hrycaj	Senior Issue Analyst	12	12	12
M. Merkle	Issue Analyst	12	12	12
S. Ransome	Issue Analyst	12	12	12
K. Fernicola	Issue Analyst	12	12	12
A. Cannell	Production Services Director	12	12	12
M. Booth	Information Center Manager	12	12	12
J. Smith	Media Relations Coordinator	12	12	12
J. Dowden	Library Technician	12	12	12
V. McNelis	Administrative Assistant	12	12	12
M. Villanueva	Secretary	12	12	12
J. Wright	Secretary	12	12	12
U. Schnicke	Secretary	12	12	12
K. Burgess	Secretary	12	12	12
M. Collins	Secretary	12	12	12
S. Cronan	Secretary	12	12	12
Totals		324	308	324

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TIMN 390594

The Tobacco Institute

1991 BUDGET

COST CENTER	General Administration	No.	1301
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)	1991 BUDGET (\$000)
<u>Account #5101 - Postage & Delivery</u>			
Overnight deliveries to the Executive Committee and other Institute oversight committees	\$ 43	\$ 45	\$ 47
TOTAL	\$ 43	\$ 45	\$ 47

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1991 BUDGET

COST CENTER	General Administration		No.	1301
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)		1991 BUDGET (\$000)
<u>Account #5201 - Reproduction, Printing & Drafting</u>				
Committee presentations	\$ 5	\$ 12		\$ 12
TOTAL	\$ 5	\$ 12		\$ 12

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1991 BUDGET

COST CENTER	General Administration	No.	130
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)	1 BUI (\$000)
<u>Account #5801 - Legal Fees - General</u>			
Covington & Burling	\$ 60	\$ 80	\$
TOTAL	\$ 60	\$ 80	\$

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10/25/90

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1991 BUDGET

<u>COST CENTER</u>	<u>General Administration</u>	<u>No.</u>	<u>1301</u>
	<u>1990 BUDGET (\$000)</u>	<u>1990 ESTIMATED (\$000)</u>	<u>1991 BUDGET (\$000)</u>
<u>Account #7301 - Professional Fees</u>			
Public Affairs Division			
general contingency reserve	\$ 100	\$ 20	\$ 50
TOTAL	<u>\$ 100</u>	<u>\$ 20</u>	<u>\$ 50</u>

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1991 BUDGET

COST CENTER	General Administration	No.	1301
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)	1991 BUDGET (\$000)
<u>Account #7401 - Purchased Administrative Service</u>	\$ 25	\$ 20	\$ 20
TOTAL	\$ 25	\$ 20	\$ 20

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The Tobacco Institute

1991 BUDGET

COST CENTER	General Administration	No.	1301
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)	1991 BUDGET (\$000)
<u>Account #9100 - Data Processing Allocation</u>	\$ 390	\$ 390	\$ 390
TOTAL	\$ 390	\$ 390	\$ 390

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SCIENTIFIC AFFAIRS

(NARRATIVE INCLUDED IN PUBLIC SMOKING (TAB 9))

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1991 BUDGET

Public Affairs Division

COST CENTER Scientific Affairs No. 1302

ACCOUNT	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)	1991 BUDGET (\$000)
5200 Reproduction, Printing & Drafting	\$ 5	\$ 15	\$ 5
5800 Legal Fees	100	545	630
7300 Professional Fees	1,095	2,600	1,465
Totals	\$1,200	\$3,160	\$2,100

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1991 BUDGET

COST CENTER	Scientific Affairs	No.	1302
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)	1991 BUDGET (\$000)
<u>Account #5201 - Reproduction, Printing & Drafting</u>			
Reproduction of published critiques and articles	\$ 5	\$ 15	\$ 5
TOTAL	\$ 5	\$ 15	\$ 5

↓ REPRODUCTION
 EPA & SUBJECTS
 (GOES TO SCIENTISTS)

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1991 BUDGET

COST CENTER	Scientific Affairs	No.	1302
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)	1991 BUDGET (\$000)
<u>Account #5801 - Legal Fees - General</u>			
Covington & Burling	\$ 100	\$ 545	\$ 630
TOTAL	\$ 100	\$ 545	\$ 630

REVIEW + MGMT of SC +
SC. PRODUCTS

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The Tobacco Institute

1991 BUDGET

COST CENTER	Scientific Affairs		No.	1302
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)		1991 BUDGET (\$000)
<u>Account #7301 - Professional Fees</u>				
Academic scientists on ETS and ventilation issues (including aircraft):				
. Recruitment and training	\$ 250	\$ 300		\$ 265
. Federal legislative and regulatory activity; literature reviews and critiques; conference participation	845	2,300		1,200
TOTAL	\$ 1,095	\$ 2,600		\$ 1,465

"A" TEAM SCIENTISTS -
 9a SO NOW - HAVE NEXT
 Yr. - FOREIGN SCIENTISTS
 IN HBBG
 Work of "A" Team & "B" Team

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MEDIA RELATIONS

I. Background and Assumptions

Tobacco issues are regularly and intensely covered in the news media. Whether a federal hearing or the proclamation of a local politician, the media is inclined to provide ample room in the news for anti-smoking positions. Levels of media coverage for national and local tobacco issues continue to break records.

o Anti-smokers show no signs of abating their attacks on the industry. The Institute must continue to act as an aggressive source of perspective, information, and experts to balance these assaults.

o The rhetoric used and proposals suggested by anti-smokers have grown increasingly shrill. Smoking bans in lieu of restrictions, double-digit tax increases, and "scientific conclusions" on environmental tobacco smoke (ETS) have become grounds for the debate. Media coverage reflects this shrillness. Vigorous efforts on the part of The Institute are necessary to provide a counter-balance.

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o The issues debated in the media, for the most part, have industry-wide implications. The Institute, as a representative of the whole of the industry, can and should provide the coordinated media response by acting as the lightning-rod against attacks by anti-smokers as well as in promoting pro-active industry campaigns.

o The TI media team is active and aggressive. In 1990, it is estimated that the media relations team will participate in over 700 broadcast interviews and 1,750 print interviews, fill over 6,000 information requests (almost half from the media) and make personal contact with some 600 journalists. Media tours, op-eds, letters to the editor and other activities by expert consultants will bring the industry's message to an even wider audience.

o The media will continue to cover tobacco issues, including excise taxes, marketing, smoking restrictions and other related matters. On all levels, our political and press strategies of incorporating coalition members and allies works well, and should continue.

o Carefully planned media strategies, using strong arguments, allies and consultants will gain the industry the most ground. To that end, we should continue

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- A. staging preemptive media activities when appropriate;
- B. staff visits with editorial boards and reporters, consultant media work, mailing of targeted materials to all levels of media and developing a base of contacts and information; and
- C. using satellite transmissions in the form of video news releases and one-on-one interviews.

II. Objectives

To encourage fairer coverage and editorial balance of key tobacco issues in the media.

To broaden the potential audiences and the reach of the industry's messages.

III. Strategies, Goals and Tactics

Strategy I: Increase the levels of media outreach activities, counter-attack and pro-active press strategies. Aggressively promote TI's availability and media appearances to assure industry representation.²

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Goals and Tactics:

1. Through speakers' availability, and to the extent possible, prior knowledge of anti-smoking initiatives, keep the Institute in the lead as often as possible.

Working closely with other TI staff, improve the continuing program to monitor anti-smoking activities, developing information and press strategies to respond and counterattack. As appropriate:²

- A. Conduct pre-emptive media conferences or on-site briefings.
- B. Alert the media to TI availability and position and, where appropriate, experts or third-parties through placement in national and/or local wire services.
- C. Distribute position papers, press releases and other materials.
- D. Produce TV and radio satellite packages for targeted or blanket feeds.

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- E. Use satellite interviews to make TI and/or experts available to the media.
2. Continue aggressive media tour promotion and scheduling of TI speakers on issues of timely and/or local concerns.²
- A. Using media tours as an outlet, promote industry views in specifically targeted areas for legislative and public affairs efforts.
 - B. Conduct at least two media tours per month by TI speakers on issues of general industry concern (e.g., positive economic impact of the industry).²
 - 1. Coordinating with the issue managers and field staff, designate site and content for the event or media tour.
 - 2. No fewer than five interviews will be conducted on each visit to a major media market.
 - C. Determine, on a monthly basis with issue managers and field staff, additional opportunities for media tours and messages.

3. Raise the high level of media contact through targeted mailings and media contact visits.²
 - A. Conduct no fewer than two mailings per quarter, using distribution of favorable clippings, transcripts, editorials, statements, etc.
 - B. Incorporate speakers' contacts into mailing lists, updating and refining the lists each quarter.
 - C. Conduct two media contact tours per month in the top 100 media markets, in cooperation with the field staff.

4. At least once per quarter, schedule and promote a news-making event, utilizing satellite transmissions and allies wherever possible to generate maximum exposure.
Opportunities include:
 - A. Speeches on tobacco issues to appropriate groups (e.g. on advertising bans to Ad Clubs or Public Relations groups).¹
 - B. Press briefings on topical concerns.

- C. Polls of public attitudes.
 - D. Coalition groups speaking out on key concerns.
5. Formalize the ongoing "media fairness" efforts that include letters to the editor, personal follow-up with reporters and contacts with key editors and producers.¹
- A. On a monthly basis, assign one speaker to be responsible for identifying media coverage requiring response, formulating and dispatching the appropriate response.¹
 - B. Through a centralized file, make materials available to other media staff, for use in media relations tours and pitches.¹

Strategy II: Increase the use of consultants with the media on tobacco related-issues.

Goals and Tactics:

1. Increase the visibility of industry consulting experts on tobacco related issues. (NOTE: more detail on specifics can be found in the appropriate issues plans.)²

A. On the public smoking issue:

1. Continue to promote consulting scientific witnesses to the media through special projects, media tours, op-eds, and letters to the editor.

2. Continue to promote Healthy Buildings International to provide perspective on the role of ETS in indoor air quality issues.

3. Promote other activities, special projects and consultants as appropriate.

B. For the excise tax and "social cost" issue:

1. Encourage editorial board visits and op-ed publication by economists on the regressivity, unfairness and unwise policy implications of excise taxes.

2. Publicize, via media tours, editorial board visits, op-ed placements, and other activities, rebuttals to the "social cost" issue.

- C. On the advertising restriction issue:
 - 1. Encourage allies to speak out and generate editorials.
 - 2. Conduct media tours and other activities to create awareness of the industry's positions and initiatives on the youth smoking issue.
- 2. Broaden the press and public perception of opposition to anti-smoking measures.²
 - A. To the greatest extent possible, coverage of consultants, allies and independent experts will be used for mass-mailings.
 - B. In conjunction with legislative appearances of scientific and other expert witnesses, determine on a case-by-case basis the advisability of promoting these witnesses to the media.
 - C. Increase the exposure of expert consultants via satellite deliveries where possible.
- 3. Work with issue managers to increase the number and

availability of expert consultants for media use.²

4. Support local public relations counsel in states identified by State Activities Division.¹

Strategy III: Improve the management and coordination of the media relations efforts.

Goals and Tactics:

1. Improve currently satisfactory coordination among Public Affairs issue managers, Federal Relations and State Activities personnel, to provide for strategic planning as well as the most thoughtful and advantageous positions taken with the media.
2. For key and/or developing issues, work with issue managers, field and other staff to maintain up-to-date agenda points for speakers' use with the media.
3. Continue strategic and coordinated planning -- combining long-range efforts with detailed mapping of all media activities.
 - A. Advance targeting of locations for media activity with State Activities.

- B. Selection of the appropriate solo consultant or speaker/consultant team for each market.

- C. Monthly and/or bi-monthly calendar planning of specific media tours with consultants, speakers' media contact tours, media tours and other activities. Each month's plans for each traveling speaker will include:
 - 1. At least one media tour on a selected topical issue.

 - 2. At least one media contact tour -- which may include participation in a media conference.

- 4. Raise the standard of quality of the media teams' activities, and assess improvement on a regular basis.²
 - A. In addition to ongoing, daily scrutiny, conduct a comprehensive review session among the media relations team of video tapes and newspaper clips on a monthly basis.

 - B. Twice a year, send video tapes of speaker performances to an outside media consultant for

independent evaluation and expert commentary.

C. At least twice a year, conduct videotaped review session with each media team member and the Public Affairs issues group.

5. Provide the speaker team with clear goals, standards and expectations.

A. Increase by 15 percent, over 1990, the speaker teams' quantitative performance (e.g. number of interviews).

B. For media contact and media tours, no fewer than five interviews or contacts for each trip.

C. Monthly minimum standards for the media team will include no fewer than 15 broadcast interviews, no fewer than 15 print interviews, no fewer than 5 letters to the editor and no fewer than 5 media relations contacts.

IV. Resources

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A. Staff

1. Management: Dawson
Media Relations staff: Merryman, Nork, Lauria, speaker TBD, Smith and Cronan
2. Other Public Affairs: Issue Management staff, Information Center and Production Services

3. Other TI Staff: Federal Relations, State Activities and Data Processing
4. Consultants: Public Relations counsel, expert consultants, PRAids, TV and radio satellite services

B. Materials

1. Press releases
2. Statements
3. Advisories
4. Fact Sheets, "FYI" and Tobacco Updates
5. Daybook/calendar items
6. Videos
7. In-house and external mailing lists
8. Poll documents
9. Economic impact materials
10. Scientific reports
11. Print clips and broadcast monitoring services
12. TI Publications

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THE TOBACCO INSTITUTE

1991 BUDGET

Public Affairs Division

COST CENTER Media Relations No. 1303

ACCOUNT	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)	1991 BUDGET (\$000)
3900 Travel	\$ 225	\$ 100	\$ 140
4000 Conferences & Meetings	10	3	-
5000 Office Supplies	5	-	-
5100 Postage & Delivery	45	45	55
5200 Reproduction, Printing & Drafting	40	40	45
5400 Other Office Expense	80	80	90
5500 Membership & Staff Training	10	7	7
7300 Professional Fees	305	250	400
Totals	\$ 720	\$ 525	\$ 737

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The Tobacco Institute

1991 BUDGET

<u>COST CENTER</u>	<u>Media Relations</u>	<u>No.</u>	<u>1303</u>
	<u>1990 BUDGET (\$000)</u>	<u>1990 ESTIMATED (\$000)</u>	<u>1991 BUDG (\$000)</u>
<u>Account #3901 - Travel</u>	\$ 225	\$ 100	\$
TOTAL	<u>\$ 225</u>	<u>\$ 100</u>	<u>\$</u>

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1991 BUDGET

COST CENTER	Media Relations	No.	1303	
			1990 BUDGET (\$000)	1990 ESTIMATED (\$000)
<u>Account #4001 - Conference & Meetings</u>				
Industry briefings & meetings	\$ 10	\$ 3	\$ -	
TOTAL	\$ 10	\$ 3	\$ -	

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1991 BUDGET

COST CENTER	Media Relations		No.	1303
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)		1991 BUDGET (\$000)
<u>Account #5101 - Postage & Delivery</u>				
Nationwide media mailings	\$ 20	\$ 20		\$ 25
Targeted print/broadcast mailings	25	25		30
TOTAL	\$ 45	\$ 45		\$ 55

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The Tobacco Institute

1991 BUDGET

COST CENTER	Media Relations		No.	1303
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)		1991 BUDGET (\$000)
<u>Account #5201 - Reproduction, Printing & Drafting</u>				
Preparation of mailings & press materials	\$ 25	\$ 25		\$ 30
Production of video & audio materials	15	15		15
TOTAL	\$ 40	\$ 40		\$ 45

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1991 BUDGET

<u>COST CENTER</u>	<u>Media Relations</u>	<u>No.</u>	<u>1303</u>
	<u>1990 BUDGET (\$000)</u>	<u>1990 ESTIMATED (\$000)</u>	<u>1991 BUDGET (\$000)</u>
<u>Account #5401 - Other Office Expense</u>			
Video monitoring service, transcripts, and news clips	\$ 80	\$ 80	\$ 90
TOTAL	\$ 80	\$ 80	\$ 90

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1991 BUDGET

COST CENTER	Media Relations		No.	1303
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)		1991 BUDGET (\$000)
<u>Account #7301 - Professional Fees</u>				
Special projects support and promotion	\$ 140	\$ 125		\$ 140
Local PR counsel in select states (per SAD request)	-	-		125
Satellite/electronic support	100	50		55
Media relations consultants	65	15		20
. Hill & Knowlton	-	60		60
TOTAL	\$ 305	\$ 250		\$ 400

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INFORMATION CENTER

I. Background and Assumptions

The role of the Information Center is to provide information to individuals responsible for developing policy, managing issues and communicating positions on behalf of the Tobacco Institute's member companies. This includes all TI divisions and staff members.

The Information Center staff has committed itself to continue and improve upon the high standards of work that have come to be expected from the library. There is an awareness of the Information Center's capabilities by TI staff. The Information Center has become an active, involved, user-oriented information and research center.

- o All TI divisions request assistance from the library. These queries range from "ready reference" questions to ones involving extensive research and involved computer searches.

- o Due to the increased demands upon all TI staff and the need for information on short notice, complex queries have been asked of the library that allow very little turn-around time. It is a library management adage that timeliness ranks second only to accuracy in importance.

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- o The Information Center relies on commercial database systems and other document retrieval services to fulfill requests of the library. It is also working to make the best use of the in-house technical and computer services that are available. Training courses and seminars are selected to increase staff familiarity and competency with these services.

- o The staff of the Information Center is willing and able to make substantial contributions to the mission of the Division and The Institute. Strategies to enable the Center to function effectively and efficiently are the focus of this plan.

TNT has increased from 4-10 pages, to 20-40 pages. This is due to more thorough reading of the papers and a greater awareness of relevant topics. The increase in articles has resulted in more time spent cutting, pasting, photocopying and distribution of TNT, as well as the later entry of the articles into the VAX system. Favorable comments by the recipients of the clips and the growing number of persons asking to be placed upon the distribution list, are interpreted by the Information Center as positive signs. But success has not come without problems. The production of TNT has been very labor intensive.

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II. Objective

To provide efficient service to Division and Institute staff and member companies with respect to their research and information needs.

III. Strategies, Goals and Tactics

Strategy I: Following established procedures, provide and systematically report on basic information services.

Goals and Tactics

1. Prepare 12 progress and variance reports in 1991 -- by the second Friday of each month.
2. Receive 12 activity reports from Center staff -- by the second Wednesday of each month.
3. Prepare "Tobacco News Today" clipping service; distribute daily by 10 a.m.
4. Produce a manual covering each aspect of producing TNT.
5. Create guidelines on selection of articles.
6. Explore capability of electronically routing information through the LAN.

7. Prepare and distribute the annual Tobacco Industry Profile by August 1.
8. Conduct staff meetings as necessary.

Strategy II: Emphasizing service and efficiency, maintain fundamental library functions, including reference assistance, routine information retrieval, online computer searches and processing of requests for publications, periodicals and studies.

Goals and Tactics:

1. Provide on-demand reference assistance.
2. Provide a response to all requests for information within 48 hours.
3. Maintain an issue-based electronic index of important reports, articles, books, legislative materials, transcripts and videotapes.
4. Assist users of this electronic index with searches and retrievals.

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5. Utilize available cataloging services in order to maintain the card catalog.
6. Process requests for subscriptions and other publications within 48 hours of receipt.
7. Conduct an annual survey of Institute staff regarding the relevancy and usage of the periodicals collection.
8. Periodically distribute advisory bulletins to all Institute staff regarding Center services and contacts.
9. Identify 12 private collections, such as an industry trade association, available for research purposes.
10. Participate in professional associations for information specialists and in library organizations, particularly the Special Libraries Association.
11. Maintain good inter-library loan standing.
12. Maintain system for logging and processing requests for information.
13. Maintain current information on research/reference products and services.

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Strategy III: Develop closer working relationships with principal users -- the Division's issue managers, those from other Institute divisions responsible for preparing reports and briefing materials, and those from member companies in public relations or information centers.

Goals and Tactics:

1. Ensure that Center staff participate in strategy or other working-group meetings on specific issues or projects, and assist in developing strategies and information to manage such issues and projects.
2. Produce a procedural manual of the Information Center's operations.
3. Produce an informational sheet of the Information Center's loan and use procedures for staff.
4. Improve the Center's current method of indexing important reports, articles, books, legislative materials, transcripts and videotapes by using the new technology that is now available.
5. Anticipate specific information needs and forward pertinent information to appropriate staff.

6. Support the preparation of briefing materials for specific events, such as legislative or regulatory hearings or media events, as appropriate.

Strategy IV: Encourage and assist with the professional development of Information Center staff.

Goals and Tactics:

1. Ensure that Center staff participate in at least two specialized training courses, seminars, conferences or other forums in research techniques, writing, or a relevant academic field, management or other pertinent area of study.
2. Consulting with other Division managers, maintain and distribute information on training programs of possible interest to the Center staff and others.
3. Investigate and report on training programs that could be offered at The Institute "in house."
4. Encourage staff to join and participate in relevant professional organizations and societies.
5. Ensure staff's continuing literacy in the use of all available on-line computer services.

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V. Resources

1. Center Staff: Booth, Dowden
2. Division Staff: Issues Management, Media Relations, Production Services
3. Other staff: Federal Relations, State Activities and Administration
4. Consultants/Professional Services:
OCLC
CAPCON
Special Libraries Association
Companies that provide professional library services
5. Materials:
AST PC, IBM PC-XT and corresponding software;
commercial computer services; the VAX; reference and periodical collections; academic, public and private libraries; federal and state agencies.

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THE TOBACCO INSTITUTE

1991 BUDGET

Public Affairs Division

COST CENTER Information Center No. 1304

ACCOUNT	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)	1991 BUDGET (\$000)
4800 Books & Subscriptions	\$ 45	\$ 53	\$ 45
4900 Equip. Rep. & Maintenance	1	2	2
5000 Office Supplies	2	2	2
5100 Postage & Delivery	2	2	2
5200 Reproduction, Printing & Drafting	2	2	2
5500 Membership & Staff Training	3	3	3
7300 Professional Fees	3	2	3
7400 Purchased Administrative Service	1	1	1
8000 Computer Services	65	65	65
Totals	\$ 124	\$ 132	\$ 125

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The Tobacco Institute

1991 BUDGET

<u>COST CENTER</u>	<u>Information Center</u>	<u>No.</u>	<u>1304</u>
	<u>1990 BUDGET (\$000)</u>	<u>1990 ESTIMATED (\$000)</u>	<u>1991 BUDGET (\$000)</u>
<u>Account #4801 - Books & Subscriptions</u>	\$ 45	\$ 53	\$ 45
TOTAL	\$ 45	\$ 53	\$ 45

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TAXES

I. Background and Assumptions

Through 1990, the public affairs tax program aggressively maintained the anti-consumer excise tax environment among tobacco family members and those with whom we have formed alliances. We continued to expand and strengthen existing relationships and to reiterate our successful argument that excises are regressive and undermine tax reform.

Following the passage of the House budget resolution, the Administration and congressional leaders participated in federal budget deficit reduction negotiations. By mid-year, the President's "no new tax" pledge had been rescinded; reports indicated that cigarette excise taxes were among the revenue options under serious consideration.¹ If federal excise taxes are not raised in 1990, we fully anticipate being near the top of

Note: Items footnoted with a "1" indicate items that have been added since last year's plan; items footnoted with a "2" indicate items that have been significantly expanded from last year's plan.

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the list of revenue options again in 1991. Heated excise tax battles are projected for several states next year as well.

o Cigarette excise taxes are proposed at the federal, state and local levels to raise general revenue, to deter smoking -- especially youth smoking by increasing its cost -- and to compensate for the alleged "social cost" smoking imposes on society. Concern over federal budget deficits, resulting in cuts in funding at all levels of government, and aggressive lobbying by anti-smoking groups together foster a political environment conducive to increases in cigarette excise taxes.

o Consumer excise taxes are "regressive," whether the revenue goes into the general fund or is earmarked for a specific program. They are imposed on consumers regardless of their ability to pay. According to a Congressional Budget Office study, tobacco excise taxes are the most regressive of all consumer excise taxes.

o Consumer excise taxes are inconsistent with tax fairness. The objective of the Tax Reform Act of 1986 was to restructure the federal tax code to assure fairness -- many states are following suit. According to some studies, an increase in federal excise taxes cancels out the effect of tax reform for low- and middle-income Americans.

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o Labor/liberal, tax reform, minority, business and industry groups embrace the regressivity issue and can effectively lobby against proposals to increase excise taxes. Research is available to demonstrate the extent to which select groups, including working women, minorities, senior citizens and rural Americans, are adversely affected by consumer excise taxes.²

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o Research also demonstrates when people are reminded that it is the consumer who pays the cigarette excise tax, they are more likely to oppose this regressive form of taxation.¹

o The principle of earmarking is a legitimate form of taxation. Earmarking revenue from broad-based taxes, such as the income tax, is generally acceptable. The terms "earmarked" taxes and "dedicated" taxes are often used interchangeably. "User fees" are one form of dedicated or earmarked taxes.¹

o A true "user fee" operates under the logical principle that those being taxed receive a direct benefit. However, earmarking cigarette excise taxes violates this principle of public finance because those paying the tax for purposes unrelated to tobacco do not receive the direct and exclusive benefit of the taxation. Accordingly, this form of taxation is unacceptable.¹

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o Increasing demands for long-term health care, social services and drug-education programs at the federal level may lead to heated battles on earmarking tobacco taxes to fund these programs.

o Earmarking consumer excise taxes, except in the case of a true "user fee," goes against every principle of fairness in public financing, the objective of which is to fund public programs with revenues raised in an equitable manner. This type of earmarking does not have a strong base of support among knowledgeable economists and public finance experts.¹

o Proposals to earmark cigarette excise taxes vary at the federal, state and local level. Such proposals vary from non-dedicated excise taxes, which add to the general fund, to those dedicated for deficit reduction to those dedicated for programs that are perceived as "good." The battle against consumer excise taxes is more challenging when the proposed excise tax is dedicated to a "good" program.¹

o Many legislators see such dedicated consumer excise taxes as an easy solution to raise needed revenues for programs. However, earmarked cigarette excise taxes are not a reliable source of revenue because they do not raise enough money over time to fund the programs for which they are dedicated. In addition, anti-

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tobacco forces want to use the tax to drive down consumption, thus adding to the unreliability of the revenue source.¹

study

o Labor/liberal, state tax reform groups, business organizations and public finance experts recognize that cigarette excise taxes are not "user fees," but regressive taxes, and also oppose attempts to increase or earmark excises on this basis.

o Increased federal cigarette excise taxes are detrimental to the tobacco economy and the economy as a whole. All components of the tobacco industry and the Congressional tobacco family can effectively oppose any increased excise tax.

II. Objective

To discourage reliance on consumer excise taxes on cigarettes to meet social and economic objectives by demonstrating that excise taxes are regressive and inconsistent with fair taxation.

III. Strategies, Goals and Tactics

Strategy I: Demonstrate that consumer excise taxes are regressive, inconsistent with tax fairness and are an inefficient and unacceptable solution to the need to finance economic and social programs and reduce the deficit.

Goals and Tactics:

1. Commission op-ed articles in 1991 from each consulting economist as a part of one targeted op-ed campaign. As articles are published, provide to other Institute divisions for promotion and submission to appropriate policymakers. Utilize TAN and field staff network to support distribution efforts.
2. Support presentations by consulting economists on the excise tax issue before national, regional and state tax policy conferences. Promote appearances to the media as appropriate.
3. Support two national conferences addressing tax and budget policy. Promote findings to policymakers and other appropriate interests.
4. Working through the Tobacco Industry Labor Management Committee (TILMC), continue to support labor/liberal organizations and their efforts to oppose excise taxes. Strengthen existing relationships, increasing activity as appropriate in congressional districts.² Continue to support:

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- o the Consumer Tax Alliance (CTA), as appropriate; identify opportunities to expand CTA advertising program into states identified by State Activities Division;¹
 - o organizations representing the interests of Black Hispanic and other minority communities, i.e., Opportunities Industrialization Centers of America, etc., and their efforts to oppose excise taxes;
 - o business organizations, e.g., the U.S. Chamber of Commerce, etc., and their efforts to oppose any tax increase;
 - o agriculture/farm groups, e.g., the American Agriculture Movement (AAM), League of Rural Voters, etc., and their efforts to oppose any excise tax increases. Support AAM media program through which the organization voices its opposition to consumer excise taxes;² and
 - o industry groups, e.g., the Coalition Against Regressive Taxation, and their efforts to oppose all excise taxes.
5. Working through the TILMC, continue to aggressively promote allied group studies on the excise tax issue, demonstrating

Annual Report
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Studies?

the impact of consumer excises on working women, Blacks, Hispanics, senior citizens and rural Americans.²

6. Working through the TILMC, continue to conduct briefings on economic policy with labor and/or liberal audiences, using video and print materials developed by the TILMC expressly for this program.²
7. As a follow up to the 1990 Peat Marwick study commissioned by the Coalition Against Regressive Taxation, prepare and aggressively promote at least one tax fairness study sponsored by an industry group.
8. Continue to utilize consulting economists for testimony and briefings. Expand appearances to include presentations to business clubs and the business press. Promote appearances with local and regional media, and with the business press. Conduct media refresher courses for public speaking appearances and delivery of testimony, as appropriate.²
9. As appropriate, encourage economic consultants to counter portrayal of excise taxes as legitimate "user fees" on the state and federal level.

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Strategy II: Demonstrate the viability of progressive alternatives to excise taxes as a revenue source and encourage allied group support promoting these alternatives.

Goals and Tactics:

1. Encourage and support efforts of other allies to study and promote alternative revenue sources consistent with tax fairness as well as progressive alternatives to earmarked consumer excise taxes. Continue to support efforts of these organizations to lobby members of Congress on progressive alternatives and to submit testimony to federal and state legislative committees.¹
2. Continue to identify members of Congress and state lawmakers who favor a progressive tax policy. Support allied groups in presenting a semi-annual "progressive" award to this person.
3. Working through the TILMC, encourage and support as appropriate broad-based tax reform coalitions in states whose revenues are derived from regressive taxes. Continue to support tax reform coalitions established in other states over the last several years.

4. Working through the TILMC, conduct tax reform conferences in three states (possibly, but not limited to, the same states as in item 4)

Strategy III: Demonstrate that earmarked consumer excise taxes are unfair to those who pay them. Reposition the contention that "sin" taxes on select products should be used to fund "good" programs by shifting the focus to the individual who is actually paying the tax and away from the taxed product.¹

Goals and Tactics:

1. Develop arguments and materials to demonstrate that smokers, as a group, are paying too much in consumer excise taxes already and therefore, further cigarette excise tax increases compound the existing significant and arbitrary tax burden. Materials may include testimony, op-eds and lobbying tools. Provide to other Institute divisions for distribution as appropriate.¹
2. Continue to aggressively promote the earmarking/"user fee" book. Conduct economist media tours on the earmarking issue, sponsored by an academic institution.²
3. Utilize consulting economists for an op-ed program that addresses the national earmarking issue and state specific

earmarking issues. As articles are published, provide to other Institute divisions and promote to appropriate public policymakers. Use field staff network to support distribution efforts.¹

4. Continue to support allied group efforts to oppose excise taxes, with an increased focus on opposition to earmarked excise taxes. Continue to cultivate relationships with national and state affiliates of health care and senior citizens organizations and encourage their opposition to earmarking of excise taxes to finance health care.² Through the TILMC, continue to support, and cultivate relationships with, state tax organizations comprising progressive groups including senior citizens, labor and tax organizations.²

Strategy IV: Counter claims that earmarking consumer excise taxes for health care programs is appropriate.¹

Goals and Tactics:

1. Encourage third-party spokespersons and coalition groups to make arguments against consumer excise taxes to pay for health care programs.¹ These arguments would shift the attention from small "revenue bandaids," like excise taxes, to the larger problems in the health care industry that require vast infusions of tax dollars, especially the

increased health care costs often imposed by system inefficiencies and health care providers.¹

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2. Support preparation and aggressive promotion of at least two allied group studies/reports or conferences on tax earmarking, including at least one focusing on long-term health services or a national health-care program.²

Strategy V: Reinforce the negative effect of cigarette excise taxes on the tobacco economy among the tobacco industry family.

Goals and Tactics:

1. Commission and aggressively promote a state-oriented cigarette "bootlegging" study. Commission consulting economists to write and publish op-eds and to conduct briefings on the issue.¹
2. Continue to conduct monthly agriculture-related media tours including bi-monthly outreach event involving rural groups and local policymakers in select areas.²
3. Provide, on an as needed basis, excise tax information kits for Federal Relations Division to distribute to new Members of Congress and Congressional staff, and distribute to tobacco family.

4. Maintain up-to-date information on the economic impact of tobacco on the nation's economy and the potential effect of excise tax increase proposals. As appropriate, provide to other Institute divisions to distribute to members of Congress, state and local legislators and allied groups to oppose excise tax increases.
5. Support and strengthen efforts of tobacco family groups, e.g., National Tobacco Council, National Association of Tobacco Distributors, in communicating opposition to consumer excise taxes.
6. Continue to promote and distribute excise tax video for use by tobacco Members of Congress and state field staff.

IV. Resources

A. Staff

1. Management:
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2. Division staff:
Issues staff, Production Services, Media Relations, Information Center.
3. Other staff:
Federal Relations and State Activities headquarters divisions, appropriate field staff.

B. Consultants

1. Economists
2. Public Relations Counsel
3. Legislative Counsel
4. Survey research firms

C. Materials

1. Videos
2. Data Cards

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3. Topic brochures
4. Print materials from coalitions and third party organizations.
5. Earmarking/"user fee" book
6. TI-generated publications and studies

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THE TOBACCO INSTITUTE
1991 BUDGET
Public Affairs Division

COST CENTER Excise Issue No. 1305

ACCOUNT	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)	1991 BUDGET (\$000)
5100 Postage & Delivery	-	2	2
5200 Reproduction, Printing & Drafting	140	95	140
7300 Professional Fees	635	880	803
7500 Suprt Tob & Oth Organizations	791	1,228	1,059
Totals	\$1,566	\$2,205	\$2,004

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The Tobacco Institute

1991 BUDGET

<u>COST CENTER</u>	<u>Excise Issue</u>	<u>No.</u>	<u>1305</u>
	<u>1990 BUDGET (\$000)</u>	<u>1990 ESTIMATED (\$000)</u>	<u>1991 BUDG (\$000)</u>
<u>Account #5101 - Postage & Delivery</u>			
Mailing for Tax Burden on Tobacco	\$ -	\$ 2	\$
TOTAL	\$ -	\$ 2	\$

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The Tobacco Institute

1991 BUDGET

COST CENTER	Excise Issue		No.	1305
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)		1991 BUDGET (\$000)
<u>Account #5201 - Reproduction, Printing & Drafting</u>				
T.I. tax publications	\$ 25	\$ -		\$ -
. Tax Burden on Tobacco	-		17	20
. Miscellaneous issue brochures	-		13	15
Tax materials for other organizations	75		40	75
Excise tax video: labor perspective video	20		20	20
Earmarking project - executive summary	20		5	10
TOTAL	\$ 140	\$ 95		\$ 140

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The Tobacco Institute

1991 BUDGET

COST CENTER	Excise Issue	No.	1305
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)	1991 BUDGET (\$000)
<u>Account #7301 - Professional Fees</u>			
Coalition work PR counsel			
. Powell, Adams & Rinehart	\$ 250	\$ 275	\$ 275
. Fleishman Hillard	50	60	50
Economic consultants			
. Economists for op-ed program	60	130	105
. Economist media tours			
-Promotion of earmarking book	-	22	88
-State tax issues (per SAD request)	-	10	-
-Federal tax issues	-	50	-
. James Savarese & Assoc.	70	80	70
. Economic witness team for state testimony and promotion (per SAD request)	30	30	60
. Presentations to conferences	50	55	20
Wunder, Ryan, Cannon & Thelen (Mike Forscey)	75	90	75
Bootlegging studies (per SAD request)			
. State-specific	-	18	20
. Generic	-	-	40

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The Tobacco Institute

1991 BUDGET

COST CENTER	Excise Issue	No.	1305
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)	1991 BUDGET (\$000)
<u>Account #7301 - Professional Fees</u>			
<u>(Continued)</u>			
Video production firm for labor perspective video	\$ 50	\$ 60	\$ -
TOTAL	\$ 635	\$ 880	\$ 803

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The Tobacco Institute

1991 BUDGET

COST CENTER	Excise Issue		No.	1305
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)		1991 BUDGET (\$000)
<u>Account #7501 - Support of Tob./Other Organizations</u>				
Tobacco Industry Labor Management Committee				
. Citizens for Tax Justice (general support, conferences, mailings, etc.)	\$ 100	\$ 125	\$	125
. Economic policy briefings for labor	60	30		100
. Coalition on Human Needs	48	78		63
. Economic Policy Institute	50	75		60
. National Council of Senior Citizens	10	-		-
-Congress of CA Seniors	-	36		36
-FL Council of Sr. Cit.	-	25		30
-Senior Citizen Ed. & Research Assn. (NY)	-	24		24
. Leadership for the New Century	-	30		30
. Labor Council for Latin American Advancement	12	24		24
. League of Rural Voters	10	10		10
. Consumer Tax Alliance				
polling	-	195		-
media tours	-	150		-
State tax reform coalitions per SAD request	90	-		-

The Tobacco Institute

1991 BUDGET

COST CENTER	Excise Issue		No.	1305
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)		
<u>Account #7501 - Support of Tob./Other Organizations</u>				
<u>(Continued)</u>				
. MI CTJ	\$ -	\$ -		\$ 30
. FL Tax Reform Coalition	-	10		30
. IL CTJ	-	-		30
. NJ Citizen Action	-	20		30
. IA Citizen Action Network	-	5		30
. Minnesota CTJ	-	20		20
. WA Fair Share	-	10		20
. Texas Alliance for Human Needs	-	10		15
. WI Action Coalition	-	5		15
. IL Rainbow Coalition	-	10		10
American Agriculture Movement				
. General support	50	75		72
. Local media events	50	50		40
. Mailings (per SAD request)	40	30		20
Support to Earmarking Project	75	75		-
. Senior Citizen long-term care project	-	-		30
. National Consumer League health care financing book	-	8		30

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TIMN 390661

The Tobacco Institute

1991 BUDGET

COST CENTER	Excise Issue	No.	1305
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)	1991 BUDGET (\$000)
<u>Account #7501 - Support of Tob./Other Organizations</u>			
<u>(Continued)</u>			
Coalition Against Regressive Taxation (CART)	\$ 50	\$ 50	\$ 50
State tax reform conferences	30	-	60
. New Jersey	-	10	-
. Illinois	-	10	-
. California	-	8	-
Allied group studies on excises (state specific)	66	20	25
Minority groups alternative revenue studies @ \$25,000	50	-	-
TOTAL	\$ 791	\$ 1,228	\$ 1,059

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FIRE SAFETY

I. Background and Assumptions

o Although the number of fire deaths attributed to careless smoking has been trending downward in the past decade, careless smoking still is cited as a leading cause of fire deaths in the United States. The statistic has remained fairly constant over the past several years, which is interpreted by some as evidence that factors such as smoke detectors and public education have reached the limit of their effectiveness and that attention must now focus on legislation mandating changes to the cigarette itself. The tobacco industry disagrees with this interpretation.

o Careless smoking constitutes the largest part of residential fire deaths; however, other industries, such as the sprinkler, home builder and furniture industries, are responding to pressures from the fire service and legislators by becoming

Note: Items footnoted with a "1" indicate items that have been added since last year's plan; items footnoted with a "2" indicate items that have been significantly expanded from last year's plan.

increasingly involved in developing solutions to the residential fire problem. ?

o In 1990, the 101st Congress passed the "Fire-Safe Cigarette Act of 1990." A compromise based on two bills originally introduced by Reps. Joe Moakley (D-MA) and Rick Boucher (D-VA) in the 100th Congress, the legislation authorizes the Consumer Product Safety Commission (CPSC) to carry out most of the 1987 recommendations of the Technical Study Group on Cigarette and Little Cigar Fire Safety (TSG). The Center for Fire Research and a Technical Advisory Group consisting of members from the old TSG will assist the CPSC in conducting the research. The CPSC must submit a final report to Congress 36 months from the time of enactment.

o Most states will wait for the federal work on "fire-safe" cigarette development to be completed and not attempt to take matters into their own hands. However, the fire service and consumer activists in some states -- including Minnesota, New York, Pennsylvania, Wisconsin and possibly several others -- may be impatient with the pace of the federal effort and attempt to pass more stringent cigarette fire safety legislation.

o Throughout the course of the next three years, as federal "fire-safe" cigarette work continues, the tobacco industry must ensure that members of the fire service are kept informed of

progress made. Also, key fire service officials must be kept informed of any voluntary "fire-safe" cigarette research being conducted by the tobacco industry independent of the federally funded work.

o Despite the expectations of some that the Congressional Fire Services Institute will unify the fire service, the fire service remains largely decentralized. National organizations claim to represent the fire service, but the real strength of the fire service remains with the state associations.

o The Tobacco Institute has helped improve relations between the tobacco industry and the fire service and has demonstrated that the industry is acting responsibly to help deal with the fire problem. The Institute remains a major and respected source of private sector support for fire prevention and education programs in the United States.

o In 1990, The Institute's Fire Safety Education Program grew substantially. We now have working relationships with officials in more than 500 key departments in the United States. Our materials are being used in thousands of departments, including those in more than 200 major cities. More than 85 state, regional and national fire service organization grants have been awarded since the program's inception.

o Fire service hostility to the tobacco industry has subsided, but publicity given the industry in other areas recently has caused some departments to re-evaluate their willingness/ability to accept industry support. That pressure may intensify.

II. Objectives

To increase the awareness of and acceptance by key public officials and fire service leaders that the tobacco industry acts voluntarily and responsibly to help decrease accidental fires through fire prevention and fire safety education programs.²

To increase the awareness of and acceptance by key public officials and fire service leaders of the difficulties of producing and regulating a commercially acceptable "fire-safe" cigarette.

III. Strategies, Goals and Tactics

Strategy I: Work with fire officials and, where desirable, other public officials at the state and/or local levels to improve the quality and increase the availability of education and prevention programs for fire departments.

Goals and Tactics:

1. Strengthen the existing, positive working relationships that have been established with fire service officials over the past nine years of The Institute's Fire Safety Education Program. A working relationship signifies (1) a TI-sponsored project in place; (2) TI staff contact with the local fire service; and (3) awareness or involvement of fire officials or other public officials.²

2. Produce by June 30, with assistance from the fire service, a video on how to structure a basic fire safety education program. Feature The Institute's fire safety education materials and endorsements from users of those materials. The video will be used in legislative and fire service organization briefings, and as a means of promoting TI's programs.

3. Focus on administering The Institute's Fire Safety Education Program as follows:²
 - A. Continue funding fire safety education programs of individual fire departments, concentrating on those with whom working relationships already have been established.

Review prevention activities and ask how they can be improved or supplemented with TI assistance.

B. Continue grants to state, regional and national fire service organizations for fire prevention education programs. In presentations at their conferences, update their members on new public education resources available from The Institute.

C. Work with state fire marshals to coordinate grants in their states; encourage them to involve public officials in the presentation of grants.

D. Follow up with fire officials who have contributed information to TriData's research study, supported by The Institute, on proving public fire education works.

E. Follow up on all requests for assistance from fire service and public officials that have produced good results with previous grants from TI.

F. Provide funding to enable organizations or departments to format existing programs into packaged products.

4. Seek opportunities to become members of fire service organization public education committees and sections and

sit on advisory boards as appropriate, to contribute to the development of public education activities and policies.

5. Work with the Congressional Fire Services Institute to identify and recognize fire departments with outstanding public fire safety education programs. ?

Strategy II: Maintain and increase fire service awareness of the fire prevention and fire safety education resources available to them through The Institute's Fire Safety Education Program.

See Appendix I for discussion of priority regions.

Goals and Tactics:

1. Conduct individual briefings as part of visits to departments, conferences and other meetings.
2. Maintain and improve relations with key fire trade journalists on the state and national levels.

See Appendix II for list of key fire service publications.

3. Appear on the programs of at least four national and five regional fire service conferences in 1991. Attend at least a dozen other conferences to promote privately industry ?

programs. Maintain and improve relations with individuals responsible for planning major conferences.

4. Implement additional fire safety programs in regions of the country as requested by Federal Relations and/or State Activities staffs.

Strategy III: Continue to encourage discussion among fire service leaders and concerned public officials about the need for thoughtful and effective fire prevention methods.

See Appendix I for discussion of priority regions.

Goals and Tactics:

1. Continue to seek opportunities to address the boards of directors of state, regional and national fire service organizations to brief them on the "fire-safe" cigarette issue and the status of federal "fire-safe" cigarette research.
2. Work with Federal Relations staff to develop, maintain and strengthen relationships with key officials in regulatory agencies that have an interest in "fire-safe" cigarette technology and development.¹

3. Publicize and promote TI-sponsored 1990 study on "Proving Public Fire Education Works" through personal letters and presentations at fire service organization conferences. ?
4. Publish findings and publicize availability of the study in state and national fire service publications. ?
5. Encourage fire service, financial, education and other officials to comment on study in articles, speeches and correspondence with public officials. *Sub via CPSC walk*
6. By the first quarter, contact three industries that have demonstrated interest in fire safety (such as the residential sprinkler, lodging and single-family home building industries) about cooperative educational projects aimed at reducing accidental fires.² ??
7. Seek additional opportunities to assist key fire service organizations (e.g., International Association of Fire Chiefs, International Society of Fire Service Instructors, National Association of State Fire Marshals, National Volunteer Fire Council, International Association of Black Professional Fire Fighters, National Fire Protection Association, Burn Concerns, Pan-Educational Institute) and their divisions, sections and committees, with programs and projects aimed at fire prevention.

8. Encourage and assist Federal Relations and State Activities Divisions in arranging briefings on fire prevention issues between elected officials and representatives of the fire service.

IV. Resources

A. Staff

1. Public Affairs: Gleason, Fernicola, Issues Staff, Media Relations, Information Services, Production Services
2. State Activities: Yoe, appropriate field staff
3. Federal Relations: Lewis, Whitley, Vinovich, White, DeWitt, McGovern

B. Consultants

1. Fire experts: Philip Schaenman and Barbara Pendergist, TriData; Peter Sparber, Sparber and Associates; Carolyn Perroni, Carolyn Perroni Communications, Inc.; Larry Zoeller, Zoeller and Associates
2. Appropriate legislative consultants
3. Public relations counsel

C. Materials

1. New Tools for Volunteer Fire Fighters
2. Challenge for Life secondary school curriculum
3. FireCare: Fire Safety for Senior Citizens
4. Fire Safety Education Evaluation Survey
5. FireSense: Fire Safety for the Deaf and Hearing Impaired
6. TriData's research reports

7. Project L.I.F.E. elementary school curricula
8. Chinese-language smoke detector television public service announcement
9. Burn Concerns, Inc., Juvenile Firesetters Workshops
10. "How Fast It Burned," University of Georgia college dormitory fire safety video
11. Reprints of appropriate articles

APPENDIX I

PRIORITY REGIONS

Efforts will focus on, but not be restricted to, the following states:

Arizona
California
Connecticut
Florida
Illinois
Kansas
Kentucky
Louisiana
Maryland
Michigan
Minnesota
Nevada
New Jersey
New York
North Carolina
Ohio
Oregon
Pennsylvania
South Carolina
Tennessee
Texas
Virginia
Washington
Wisconsin

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APPENDIX II

LIST OF FIRE SERVICE PUBLICATIONS

Fire Chief Magazine
Don Michard, Editor

Firehouse Magazine
Janet Kimmerly, Executive Editor
Harvey Eisner, Associate Editor

Fire Engineering
Thomas W. Brennan, Editor

American Fire Journal
John Ackerman, Publisher

National Volunteer Fire Council Dispatch
Carolyn Perroni, Editor

International Association of Fire Fighters Magazine
Alfred K. Whitehead, President

The Voice
International Society of Fire Service Instructors
Edward H. McCormack, Editor

Fire Journal
National Fire Protection Association
Kathleen Robinson, Editor

Fire Technology
National Fire Protection Association
John M. Watts, Jr., Editor

Fire Command
National Fire Protection Association
Joyce Keefe, Editor

IAFC on Scene
International Association of Fire Chiefs
Cathy Lemmon, Managing Editor

International Connections
International Association of Fire Chiefs
Alice Pottmyer, Managing Editor

Fire Control Digest
Susan Kernus, Editor

The Fire and Arson Investigator

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International Association of Arson Investigators, Inc.
Bruce V. Ettlring, Editor

IABPFF Newsletter
International Association of Black Professional Fire Fighters
Captain Ted Holmes, Editor

Fire Marshals Association of North America Bulletin
Robert B. Smith, Editor

IFSTA Newsletter
International Fire Service Training Association
Gene Carlson, Managing Editor

California State Fire Marshal's Newsletter
Joan Jennings, Editor

Size Up
New York State Association of Fire Chiefs
Jack Lamboy, Editor

Minnesota Fire Chief Magazine
Frank E. Oberg, Editor

Oregon Fire Service Gated Wye
Oregon State Fire Marshal's Office
Nancy Campbell, Editor

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THE TOBACCO INSTITUTE
 1991 BUDGET
 Public Affairs Division

COST CENTER Fire Safety Issue No. 1306

ACCOUNT	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)	1991 BUDGET (\$000)
5200 Reproduction, Printing & Drafting	\$ 65	\$ 55	\$ 65
7300 Professional Fees	480	480	500
7500 Suprt Tob & Oth Organizations	320	270	270
Totals	\$ 865	\$ 805	\$ 835

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The Tobacco Institute

1991 BUDGET

COST CENTER	Fire Safety Issue	No.	1306
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)	1991 BUDGET (\$000)
<u>Account #5201 - Reproduction, Printing & Drafting</u>			
Reproduction of existing materials			
. Articles & studies	\$ 25	\$ 25	\$ 25
. "FireCare"	10	10	10
. "FireSense"	10	10	10
. "Challenge for Life"	10	10	10
. Video on T.I. fire program	10	-	10
TOTAL	\$ 65	\$ 55	\$ 65

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1991 BUDGET

COST CENTER	Fire Safety Issue		No.	1306
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)		1991 BUDGET (\$000)
<u>Account #7301 - Professional Fees</u>				
Tri Data, Inc.	\$ 260	\$ 265		\$ 260
Sparber & Associates	120	210		180
Video production company	50	-		50
Witnesses to represent industry at federal and state hearings	50	5		10
TOTAL	\$ 480	\$ 480		\$ 500

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The Tobacco Institute

1991 BUDGET

COST CENTER	Fire Safety Issue	No.	1306
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)	1991 BUDGET (\$000)
<u>Account #7501 - Support of Tob./Other Organizations</u>			
Fire safety grant program			
. Grants to local fire safety organizations	\$ 120	\$ 80	\$ 100
. National Volunteer Fire Council	40	40	35
. Zoeller & Assoc. (fire prevention consultants)	40	40	20
. Pan Education Institute fire prevention education	25	25	15
. International Society of Fire Service Instructors	20	20	15
. National Assoc. of State Fire Marshals	-	10	15
. Burn Concerns	20	-	10
. Congressional Fire Services Institute	10	10	10
. International Association of Fire Chiefs	10	10	10
. Int'l Assoc. of Black Professional Fire Fighters	-	5	5
. Miscellaneous (production of materials, psa's, etc.)	35	30	35
TOTAL	\$ 320	\$ 270	\$ 270

WASULA OK.
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TIMN 39068

COALITIONS

I. Background and Assumptions

Coalition activities supportive of specific issues are described in the issues and media relations plans. In this plan, we propose activities to improve relations with groups and individuals that fall into three general categories: (1) the tobacco family, (2) coalitions with which we have existing relations among some but not all groups and/or on some but not all issues, and (3) coalitions with which we have no relationship as yet.

We also propose activities to respond to increased activity by the anti-smoking movement, particularly as this activity affects our relationship with our allies.

The success of many of these activities will depend upon the involvement and cooperation of staff from other divisions within The Institute, and from member companies and other tobacco-related organizations.

Note: Items footnoted with a "1" indicate items that have been added since last year's plan; items footnoted with a "2" indicate items that have been significantly expanded from last year's plan.

o The tobacco industry is a highly competitive assortment of individuals, businesses and trade associations. Unity of its competitors in public affairs represents the industry's greatest strength; conversely, disunity can be its greatest weakness.

o In dealing with public issues, the industry has come to rely more and more heavily on development of effective coalitions to complement and supplement its communications activities. The development, maintenance and involvement of coalitions by The Institute and its member companies is a priority communications activity which has produced outstanding results. This effort will be even more important in 1991 than it has been in the past.

o Allies' greatest strength -- independence -- can be a limit on the effectiveness of many of these coalitions on our issues. Allies may not agree or even have an interest in all industry issues, and may not be willing or able to assist in all ways requested.

o Although a great deal of progress has been made in establishing and involving coalitions in our issue programs, a great deal of additional work remains, particularly in the areas of minority, women's and veterans' issues.

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o In order to attract allies and maintain their interest in industry issues, The Institute must become more involved in responding to requests for assistance on non-tobacco concerns, and in identifying and offering assistance on some issues before we are asked.

o Release of EPA's environmental tobacco smoke risk assessment and workplace smoking guidelines, together with the Occupational Safety and Health Administration's heightened interest in environmental tobacco smoke as a possible workplace health hazard will put strain on existing alliances with organized labor and make coalition efforts more difficult. Likewise, reduced funding for discretionary social service and human needs programs at the federal, state and local levels will cause some of our allies to reconsider their opposition to regressive taxes as revenue sources.

II. Objective

To establish and maintain working relations with other groups and individuals for the purpose of demonstrating broad support for industry positions and initiatives.

III. Strategies, Goals and Tactics

Strategy I: Improve working relations with all major segments of

the tobacco industry.

Goals and Tactics:

1. Maintain and improve ongoing communications with the basic segments of the industry. Use established methods such as Institute publications, as well as guest columns in tobacco-related trade journals, and new means as appropriate.
2. Work with SAD to maintain awareness of tobacco issues among members of the Tobacco Action Network, by supporting regular mailings of issue materials to TAN volunteers. Complete mailings at least four times per year.
3. Provide editorial material and services for member company communications on public issues and, in support of State Activities and Federal Relations, undertake communications projects focused on specific events.
4. Provide public relations services and material in support of events, projects and communications sponsored by tobacco family groups.
5. Conduct and promote specialized briefings for family members: Mini "Tobacco Colleges" for sales force and other company meetings and for the NATD Day in

Washington; conduct a labor/management seminar for tobacco family unions as appropriate; identify opportunities for similar sessions aimed at other industry segments.

6. Assess continued support of Tobacco Growers' Information Committee. Similarly, support National Tobacco Council as requested by State Activities.
7. Continue to improve relations with the National Association of Tobacco Distributors by identifying joint projects supporting appropriate activities, and offering non-financial resources, including materials.
8. Improve relations with other industry trade associations, such as Tobacco Merchants Assn., Retail Tobacco Dealers Assn., Tobacco Associates, Cigar Association and Smokeless Tobacco Council, etc., by supporting appropriate activities, identifying issues of joint interest, and offering, as appropriate, non-financial resources.
9. In conjunction with SAD, identify officers and activists in tobacco family organizations willing to speak out on issues. Develop a program to train potential spokespersons. Offer media training as

appropriate.

10. Working with NATD, accelerate development of relations with key wholesale and retail groups, including the National Assn. of Wholesale Grocers, the National Grocers Assn., the Food Marketing Institute, the National Assn. of Wholesale Distributors, the National Assn. of Convenience Stores, the General Merchandising Distributors Council, the Chain Drug Assn., and the National Wholesale Drug Assn. Identify issues of joint interest and offer, as appropriate, non-financial resources as assistance.

11. Work with Federal Relations and State Activities Divisions to improve relations with key growers' organizations and other farm groups. Identify issues of joint interest and provide support as appropriate.

12. Support as appropriate the Tobacco Industry Labor Management Committee.

13. Working through existing allies and our own information sources, continue to develop programs to respond to anti-smokers' efforts as appropriate.

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TIMN 390689

Strategy II: Broaden relationships with non-tobacco groups with which we are now working; establish relationships with new groups.

Goals and Tactics:

1. Continue to establish relations with non-tobacco labor unions, particularly those representing white collar workers and manufacturing unions outside the tobacco industry. Expand relations from the national AFL-CIO to state labor federations and local labor federations in major cities.
2. Build on established relations with minority councils within the AFL-CIO representing women, Hispanic and Black trade unionists and senior citizens, focusing on indoor air quality and tax and privacy issues that are of concern to other labor and liberal groups.
3. Offer observer union status on Tobacco Industry Labor Management Committee to include labor/liberal organizations supporting the Committee's views on taxation and indoor air quality.
4. Schedule LMC meetings twice a year; in 1991, sponsor a reception for all members and observers to display new

Committee materials.

5. Sponsor legislative seminar for state and federal labor counsel in 1991; use as an opportunity to develop programs to respond to state and federal legislative issues.¹
6. Build on existing relationships with women's and minority groups on tax, advertising, workplace and discrimination issues.
7. Establish relationships with Asian retailer communities in major cities, e.g., Korean and Chinese businessmen.
8. Continue to establish relationships with groups representing the disabled on accidental fire (special needs), tax (regressivity) and workplace (equal access) issues.
9. Continue to establish and build on relations with key veterans' groups on sales and smoking restriction issues. Identify issues of joint interest and offer, as appropriate, non-financial resources as assistance.
 - (a) Work with military and veterans' groups to support the commissary and exchange system as an integral part of the compensation package.

- (b) Encourage and assist military and veterans' groups in the preparation and submission of at least 10 articles and op-eds in publications aimed at military and veterans audiences on the importance of the commissary and exchange system.

- (c) Continue to cultivate relationships formed in 1989 with the Paralyzed Veterans of America and Non-Commissioned Officers Association.

- (d) Work with Federal Relations Division to support veterans' groups in states and encourage them to communicate with federal legislators on tax and smoking restriction issues.¹

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IV. Resources

A. Staff

- 1) **Public Affairs: All staff**
- 2) **State Activities: Woodson, Regional Vice Presidents, Regional Directors**
- 3) **Federal Relations: White**

B. Consultants

- 1) **Public Relations Counsel**
- 2) **Labor Relations Counsel**
- 3) **Minority Counsel**

C. Materials

- 1) **Price Waterhouse studies**
- 2) **Tobacco Heritage publications**
- 3) **Issues materials as detailed separately in each issues plan**

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690 →	285
	381
598 →	F50
4287 →	F4390
5715 →	F5546

TIMN 390694

THE TOBACCO INSTITUTE

1991 BUDGET

Public Affairs Division

COST CENTER General Coalitions No. 1307

ACCOUNT	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)	1991 BUDGET (\$000)
3900 Travel	\$ 165	\$ 120	\$ 150
5100 Postage & Delivery	15	10	15
5200 Reproduction, Printing & Drafting	40	6	26
5500 Membership & Staff Training	10	3	6
6200 Adv. Space & Promo Total	10	6	10
7300 Professional Fees	248	311	285
7500 Suprt Tob & Oth Organizations	1,727	1,690	1,905
Totals	\$2,215	\$2,146	\$2,397

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EX'S
LAW → 275

285

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TIMN 390696

The Tobacco Institute

1991 BUDGET

COST CENTER	General Coalitions		No.	1307
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)		1991 BUDGET (\$000)
<u>Account #5101 - Postage & Delivery</u>				
TAN mailings of T.I. issue publications (per SAD request)	\$ 15	\$ 10		\$ 15
TOTAL	\$ 15	\$ 10		\$ 15

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TJ's
LAW 375

381

TJ's
LAW 650

690

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TIMN 390698

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1991 BUDGET

COST CENTER	General Coalitions		No.	1307
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)		1991 BUDGET (\$000)
<u>Account #5201 - Reproduction, Printing & Drafting</u>				
Reprints of existing publications				
. Heritage Reprints	\$ 11	\$ -		\$ 12
. T.I. Scope & Activities	8	-		8
. Tobacco Industry Profile	6	6		6
. Enough is Enough	10	-		-
Production of materials for other organizations	5	-		-
TOTAL	\$ 40	\$ 6		\$ 26

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1991 BUDGET

COST CENTER	General Coalitions		No.	1307
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)		1991 BUDGET (\$000)
<u>Account #6201 - Advertising</u>				
Miscellaneous placements with allied groups	\$ 10	\$ 6		\$ 10
TOTAL	\$ 10	\$ 6		\$ 10

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598

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1991 BUDGET

COST CENTER	General Coalitions		No.	1307
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)		1991 BUDGET (\$000)
<u>Account #7301 - Professional Fees</u>				
Counsel to assist in develop- ment of Hispanic and other minority coalitions	\$ 48	\$ -		\$ -
. Nationwide	-	70		50
. Individual states (per SAD request)	-	-		75
Public relations counsel				
. Fleishman Hillard	60	40		50
Counsel to establish support among national veteran's groups	50	30		30
. Willard & Auge (per FRD request)	-	21		-
Miscellaneous allied groups (including privacy, gay & women's rights, southern strategies)	30	90		80
. Focus group research on earmarking issues <i>FLA NCSC</i>	-	10		-
Labor counsel for Federal Relations projects	60	-		-
Center for Policy Studies	-	50		-
TOTAL	\$ 248	\$ 311		\$ 285

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1991 BUDGET

COST CENTER	General Coalitions		No.	1307
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)		1991 BUDGET (\$000)
<u>Account #7501 - Support of Tob./Other Organizations</u>				
Support to Tobacco Industry Labor Management Committee (LMC)				
. Regional Labor Consultants				
The Strategy Group (Midwest)	\$ 180	\$ 275		\$ 250
Illinois	75	100		90
New York	185	80		80
New England	80	80		80
Michigan	75	60		75
Ohio	75	60		75
Iowa	-	60		75
Pennsylvania	70	-		70
New Jersey	-	-		60
Indiana	-	20		50
Washington	35	35		40
Wisconsin	40	35		35
Minnesota	35	35		35
California	80	-		-
Oregon	35	-		-
. PR Support/Powell, Adams & Rinehart	250	200		250
. James Savarese & Assoc.	130	160		150
. The Jarvis Company	140	160		140
. National Consumers League	-	60		75
. LMC legislative conference	-	50		50
. Coalition of Labor Union Women	10	25		20

The Tobacco Institute

1991 BUDGET

COST CENTER	General Coalitions		No.	1307
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)		1991 BUDGET (\$000)
<u>Account #7501 - Support of Tob./Other Organizations</u>				
<u>(Continued)</u>				
. A. Philip Randolph Institute	\$ 10	\$ 25		\$ 20
. Labor Council for Latin American Advancement	12	10		10
. Miscellaneous LMC projects	30	50		50
National Association of Tobacco Distributors	50	50		50
Tobacco Growers Information Committee	45	45		45
Veterans/Military Support				
. Support to veterans' groups	20	-		10
. Commissary op-ed program	25	-		-
Minority groups	20	15		15
Women's groups	10	-		5
Other tobacco "family" support	10	-		-
TOTAL	\$ 1,727	\$ 1,690		\$ 1,905

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ADVERTISING RESTRICTIONS

I Background and Assumptions

o A basic premise of anti-smoking activists is the charge that advertising and promotion of tobacco products is designed to increase the demand for cigarettes. Such advertising and promotion, they claim, targets young people, women, minorities and uneducated blue collar workers and recruits them into the ranks of new smokers. The anti-smoking activists see their mission as protecting "vulnerable" population groups at home and abroad from the industry's "predatory" marketing practices.

o In 1986, American Medical Association-supported legislation calling for a total advertising and promotion ban was introduced by Rep. Mike Synar (D-OK). A year later an almost identical bill was introduced by Rep. Tom Luken (D-OH). Both measures met massive resistance from the advertising industries, publishers

Note: Items footnoted with a "1" indicate items that have been added since last year's plan; items footnoted with a "2" indicate items that have been significantly expanded from last year's plan.

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TIMN 390707

and civil liberties groups in extensive hearings. As a result, in 1988, anti-smoking activists and their Congressional allies proposed so-called "tombstone" or "text-only" legislation in a retreat from a total advertising ban. Again, the coalition opposed the proposals and, after several rounds of hearings, this new form of advertising censorship failed to reach a vote.

o In 1990, while not abandoning advertising restrictions, the anti-smoking movement turned to other proposals, allegedly needed to "protect" vulnerable groups. Legislation introduced by Sen. Ted Kennedy (D-MA) and Reps. Jim Bates (D-CA) and Henry Waxman (D-CA) calls for a new center for tobacco products, federally funded anti-smoking propaganda, state grants to prohibit tobacco sales to people under 18, state grants to reduce workplace smoking, federal regulation of cigarette ingredients and the inclusion of tobacco in "drug-free school" programs.

- o Legislation also has been introduced to:
 - disallow the tax deduction for tobacco advertising and promotional expenses
 - earmark tobacco tax revenues for anti-smoking campaigns
 - repeal the federal preemption of state and local advertising regulation
 - remove American cigarettes from the protection of U.S. export trade policy laws
 - add an "addiction" warning label

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CONTEXT

- ban billboards and point of purchase advertisements near schools and churches ✓
- control vending machine sales to minors ✓
- ban sampling ✓
- eliminate brand-name sponsorship of sporting events *Walter T.M.S*
- prohibit paid product placement, promotional tie-ins and promotional allowances. ✓

To date in 1990, none has passed at the federal level, although there have been a few sampling and vending machine bans at the state and local levels.

o Our opponents may have overreached themselves. The allegation that Afro-Americans, Hispanics, Asian-Americans and women are "vulnerable" is patronizing and lacks credibility. In addition, the charge has provoked some minority group militants to destroy billboards, which some moderate legislators and editorial writers may view with alarm.

o The industry's advertising and civil liberties allies continue to perceive our opponents' new tactics as "ad bans in sheep's clothing." They continue to oppose such proposals as content control, counter-advertising, deductibility disallowance, preemption repeal and additional warning statements on First Amendment grounds.

o Advertising allies are receptive to the industry's positioning of the anti-smoking attack as the first step of a general attack on advertising and promotion in free market economies.

o Many potential allies in manufacturing and service industries share this perception and are concerned about the existence of a slippery slope. But not all are disposed to cooperate. Even within the tobacco industry, various distributors may have competing interests on certain issues, e.g. vending machine operators, convenience stores, wholesalers and grocery chains. We must be both realistic and creative about what alliances we can shape.

II. Objective

Discourage unnecessary and unfair restrictions that, directly or indirectly, adversely affect the legitimate and truthful brand advertising, promotional and marketing practices of the tobacco industry.

III. Strategies, Goals and Tactics

Strategy I. Increase official, media and public awareness that the right to advertise ("commercial speech") is protected by the U.S. Constitution, and that content control, deductibility

restrictions, counter-advertising proposals and repeals of state preemption are all tantamount to an unconstitutional ad ban.

Goals and Tactics:

1. Continue to commission legal and constitutional analyses on each legislative proposal that impacts on commercial speech. These documents will be provided to allies and to the press, and produced in "lay" versions for use as a leave-behind by allies in Hill and media visits.
2. On a regular basis, encourage allies to reach out to the legal trade press, i.e., ABA Journal, Legal Times, as a means of educating the legal profession about the unconstitutionality of such proposals. ?
3. Share information and provide legislative and other support to coalitions and interest groups on any new activities and developments in this issue area that would have the effect of denying commercial freedom of expression.
4. Encourage allies to create state and local coalitions. Provide support as appropriate. ?
5. Encourage op-ed features by legal and advertising experts in the general news media arguing that commercial freedom

of expression is protected by the First Amendment and that content control and other proposals to restrict advertising and promotion threaten First Amendment freedoms.

Strategy II. Demonstrate that the proposed restriction of tobacco advertising and promotion sets a dangerous Constitutional and economic precedent for discriminating against other products and services, and misrepresents the role of advertising and promotion in free market economies.

Goals and Tactics:

- 1 Develop, with advertising allies, materials written by prominent advertising executives to be used as a leave-behind for legislative visits and targeted op-ed articles, to help educate policy makers about advertising and promotional practices. ?
2. Encourage placement of one signed article by each of our allies' top executives that will clarify misunderstood or misrepresented advertising and promotion topics. The articles will be placed in appropriate business and professional publications. ?
3. Research and document new commercial speech threats to other industries being made by consumer advocacy groups. Contact ?

these industries and encourage them to join in resisting such attacks. Among industries that might be interested: beer, wine, liquor, beef, fur, recorded music, pharmaceuticals, and non-prescription drugs, as well as their related distribution and media services.

4. Similarly, work with industries threatened by proposals such as trade secret listing and disclosure to resist the precedent of such legislation.¹ ?
5. Illustrate what advertisements and promotion for other products would look like, if similar restrictions were imposed on them. This should include similar counter-advertising material. Develop these in a video or print ad format, so they can be included in allies' promotional campaigns.² ?
6. Encourage the vending machine industry and those industries in which the machines are located -- taverns, restaurants, office buildings and factories -- to generate protest from adult patrons, especially factory workers, who would be affected by restrictions in locations where youngsters have no access.² ?
7. Encourage the establishment of a coalition of organizations adversely impacted by the severe restrictions on promotional

and marketing practices, e.g. promotional tie-ins with products; product placements; promotional allowances; and point of purchase advertising. Encourage this group to create a government relations task force to contact and educate key public policy makers on the importance of promotional activities.

Strategy III: Demonstrate that the industry does not want children to use its products and has taken positive steps to discourage such use.

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Goals and Tactics:

1. Promote industry advertising and promotion codes that are designed to address concerns about youth audiences. ✓
2. Publicly support enactment of minimum age laws for purchase of cigarettes in those states which do not have legislation on the books. ✓
3. Continue to support a cooperative program with retailers encouraging compliance with minimum age laws via point-of-purchase and other informational materials. ✓

4. Develop and package retail sales alert case histories for presentation at hearings, legislative briefings and news conferences.
5. Expand the Responsible Living Program to one that is based on a smoking-specific approach and uses smoking-specific materials. Promote and distribute through targeted media tours and placement of news stories through a matte service and mass advertising. ✓
6. Conduct media tours and promotional visits by Jolly Ann Davidson in up to ten major markets in 1991. ✓

IV. Resources

A. Staff

1. Management: TBD, Merkle
2. Division staff: Issues Staff, Media Relations, Production Services and Information Services
3. Other staff: State Activities and Federal Relations

B. Consultants

1. Educational consultants
2. Public relations counsel
3. First Amendment consultants

C. Materials

Booklets, folders, news releases, content-control visuals, audio/video tapes, HYD/HYSN materials, other printed materials.

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The Tobacco Institute

1991 BUDGET

COST CENTER	Advertising Issue		No.	1308
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)		1991 BUDGET (\$000)
<u>Account #5201 - Reproduction, Printing & Drafting</u>				
Responsible Living materials	\$ 40	\$ 15		\$ -
Printing and reprints for allies	40	15		20
Issue materials	10	5		10
. Three Decades of Initiatives by a Responsible Industry	5	-		5
. Smoking & Young People	10	-		5
. Constitutional Analyses	-	-		5
TOTAL	<u>\$ 105</u>	<u>\$ 35</u>		<u>\$ 45</u>

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10/25/90

TIMN 390717

The Tobacco Institute

1991 BUDGET

COST CENTER	Advertising Issue		No.	1308
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)		1991 BUDGET (\$000)
<u>Account #7301 - Professional Fees</u>				
Public Relations Counsel				
. Fleishman Hillard	\$ 41	\$ 75		\$ 100
. Powell, Adams & Rinehart	105	75		75
. Sparber & Associates	50	25		-
Responsible Living Program Media tour promotion				
. Jolly Ann Davidson	50	17		-
. PR counsel	54	20		-
Experts to speak out at conferences, testify, write articles, conduct briefings				
. Witness for federal, state hearings	-	140		100
. Attorney/spokesperson	55	-		-
Labor counsel for federal, state legislative initiatives	25	50		40
Research and studies				
. Advertising restrictions in other industries	30	-		-
. Effect of promotional restrictions on tobacco industry	30	-		-

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10/25/90

TIMN 390718

The Tobacco Institute

1991 BUDGET

COST CENTER	Advertising Issue	No.	1308
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)	1991 BUDGET (\$000)
<u>Account #7301 - Professional Fees</u>			
<u>(Continued)</u>			
. Research related to Prop. 99 ad campaign (per SAD request)	\$ -	\$ 75	\$ -
Economic Consultants			
. Savarese & Associates	60	-	-
. Economists for op-eds, conferences	50	-	-
TOTAL	\$ 550	\$ 477	\$ 315

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The Tobacco Institute

1991 BUDGET

COST CENTER	Advertising Issue	No.	1308	
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)	1991 BUDGET (\$000)	
<u>Account #7501 - Support of Tob./Other Organizations</u>				
Freedom to Advertise Coalition				
. Seminars on advertising and promotion	\$ 20	\$ -	\$ -	-
. State coalitions	20	5		5
. Federal coalitions	20	20		20
. Materials	10	-		-
First Amendment coalition groups				
. Washington Legal Foundation	-	25		25
. ACLU	-	15		15
International trade coalition	50	-		-
Committee for Affordable Sports and Entertainment	40	-		-
Retailer and other allied groups	20	-		-
 TOTAL	 \$ 200	 \$ 65	 \$	 65

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46
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PUBLIC SMOKING

The overall objectives of the public smoking programs are:

To defeat mandatory and voluntary smoking restrictions.

To counter the decline of the social acceptability of smoking.

To increase the strategies used to bring to the media the industry position on ETS and its alleged health effects.

To re-establish and reinforce with journalists the controversial and inconclusive nature of the scientific evidence on ETS.

To demonstrate to the media and the general public that breakdowns in scientific integrity -- bias, error, and possible fraud in the scientific process -- are leading to distortions of the truth in the media.

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TIMN 390722

Indoor Air Quality

I. Background and Assumptions

o Most smoking restrictions and smoking restriction legislation are based on the alleged health effects of environmental tobacco smoke (ETS) on the nonsmoker. The 1986 reports by the Surgeon General and by the National Academy of Sciences continue to fuel legislative activity.

o New ETS risk assessments prepared by the Environmental Protection Agency and the Department of Transportation and possible OSHA workplace guidelines will serve as additional catalysts for federal, state and local restrictions.

o Although there are two views of ETS science, it has been difficult for scientists with alternative viewpoints to express themselves within the scientific community. A network of anti-smokers in leadership positions effectively muzzle those with opposing views; publication of articles with these views is difficult.

Note: Items footnoted with a "1" indicate items that have been added since last year's plan; items footnoted with a "2" indicate items that have been significantly expanded from last year's plan.

o Media coverage of ETS has shifted away from portraying ETS as a controversial scientific issue. Journalists have failed to apply standards of objectivity when reporting on claims of health effects alleged to be caused by exposure to ETS.

o The Institute has aggressively promoted the industry's point of view on ETS and indoor air quality. However, as ETS press coverage becomes less balanced and less factual, the link between ETS and indoor air quality is diminished.

o Renewed efforts, using new and creative approaches, are necessary to promote scientific objectivity with respect to ETS. While third parties can be helpful on indoor air quality issues, it remains The Institute's role to act as advocate for the industry perspective on ETS.

o Although the broader issue of indoor air quality has received increased public attention, ETS continues to be viewed as a separate and distinct issue. Smoking restrictions continue to be seen as an effective way to improve indoor air quality.

o The effort in the mid-1970s to conserve energy by reducing ventilation and tightening building insulation has contributed to building occupant illnesses.

o Many indoor air components are regulated through OSHA for industrial workplaces; there are, however, few regulations for the white collar workplace. Federal and state regulators have taken preliminary steps in this area and ETS is among their first targets. They include the EPA's "Fact Sheet" and ETS risk assessment. California has required employers and operators of places of public accommodation to post warnings that exposure to ETS may be harmful. A Massachusetts commission on indoor air pollution has issued a report that emphasized improved ventilation.

o Legislation is pending in Congress that would empower the Environmental Protection Agency (EPA) to research and issue health advisories on components of indoor air, including ETS. The research could lead to regulation of individual substances. ²

o A number of states and localities have begun considering legislation to mandate ventilation standards for workplaces and public buildings. In 1989, Oregon and Washington passed laws requiring reviews of their building codes and adoption of ventilation standards consistent with ASHRAE recommendations. Although the EPA risk assessment could prompt reconsideration of the 1989 revised ASHRAE ventilation standard, efforts to mandate ventilation standards by legislation are likely to continue. ²

o The "freedom of choice" argument has become increasingly less compelling because anti-smokers have used a parallel argument -- "freedom to breathe smoke-free air" -- with some success. The concept of "indoor air quality" (with an emphasis on scientific and technical issues) has much more credibility and attracts a wider audience.

o Many anti-smokers may support ventilation standards, although not in lieu of existing smoking regulations.

II. Strategies, Goals & Tactics

Strategy I: Continue efforts to focus greater attention on the inconclusive nature of the scientific data regarding the alleged health effects of ETS. Increase awareness of the need for more and better research on the relationship between ETS and health claims.

Goals and Tactics:

1. Continue to maintain a well briefed and up-to-date scientific consultant team, capable of conducting briefings on ETS research with state and local public policymakers, of testifying before state and local legislative bodies, and of conducting media tours on the scientific issues.

2. Continue to maintain a well briefed group of consulting academic scientists able to review ETS literature for scientific journals, respond to ETS research published in the scientific media, and conduct briefings and present testimony before Congress as well as federal and state regulatory agencies. Support during 1991 publication in scientific journals of at least four major analyses of the relationship between ETS and health claims. ²

3. Continue to encourage participation of scientific consultants in national and international symposia on the relationship between ETS and health claims.

4. Conduct detailed analyses of all ETS research; aggressively criticize -- via briefings, publications, letters-to-editors -- any shortcomings and failures in ETS research.

5. Update "white papers" on ETS research, reflecting new studies and critiques. Distribute to and brief legislators and other public and private decision makers. As additional information on and critiques of shortcomings regarding ETS research become available, incorporate into briefings to legislators and other public and private decision makers. ²

6. Review and submit comments on proposed federal government research on ETS. Through Federal Relations Division staff, encourage congressional appropriations committees to raise questions about the validity of current federal research programs on ETS.

Strategy II: Provide reporters with information that will foster a better understanding of the nature and findings of scientific research on ETS so that media coverage is more balanced and accurate. Rebut and clarify all news reports on ETS that are inaccurate or that do not include a balance of viewpoints.

Bring a "foreign" perspective on ETS science to U.S. journalists
so that the U.S. media can better understand the controversial nature of anti-smoking claims about ETS from an international, scientific perspective.

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Goals and Tactics:

1. Continue to distribute the ETS briefing book to reporters who currently report on ETS issues or who may do so in the future.
2. Update the briefing book as additional studies or reviews are published. ²

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- A. When information is available before a study or review is published, use the briefing book and the prepared update with key reporters in advance of publication.
 - B. Follow up any study receiving publicity with current and topical information.
3. Use individual sections of the briefing book as appropriate with journalists covering a specific aspect of the issue.
4. Identify appropriate academic scientists from other countries ~~to speak with the U.S. media. Promote scientists' views on~~ media coverage of ETS issues, including:
- A. The majority of studies U.S. anti-smokers cite do not, in fact, report statistically significant associations to ETS and disease.
 - B. Of the studies of ETS and lung cancer, the majority do not show a statistically significant risk.
 - C. Exaggerations and misrepresentations of science are often reported without question in the U.S., creating a climate that is not replicated in other parts of the world.

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5. Coordinate schedules to arrange for foreign scientific consultants to attend appropriate scientific conferences in the U.S. Consider promoting a scientific meeting, if coordinating with a scheduled event is not feasible.

6. Arrange for editorial board briefings and media interviews by foreign scientific consultants who attend scientific conferences in the U.S. Institute media relations staff would accompany visiting scientists at these briefings and interviews.

7. Encourage foreign scientific consultants, as well as U.S. scientific consultants, to promote aggressively with in the scientific community reports from appropriate conferences on ETS.

Strategy III: Encourage continued participation in efforts that objectively assess ETS in the context of all indoor air quality factors. Focus greater attention on the need for improved ventilation systems or more efficient use of existing systems. Continue to broaden political and professional relationships with organizations and individuals concerned with the issue of indoor air quality.

Goals and Tactics:

1. Continue to encourage publication of articles that objectively assess ETS in the context of all indoor air quality factors. SC
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2. Continue at least one indoor air quality consultant and two ETS Truth Squad media tours per month. SC
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3. Commission from consulting scientists a series of ETS-science op-eds and encourage placement in regional newspapers. SC
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4. Distribute op-ed mailings, with articles authored by indoor air quality/ventilation experts, in targeted areas in which smoking restrictions and/or indoor air quality issues are under consideration. SC
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5. Through placement of articles, messages in Healthy Buildings International and "Truth Squad" media tours, presentations to affected groups and Institute publications, increase awareness and acceptance of the new ASHRAE ventilation standard as a means of resolving indoor air quality problems. Target information to all groups potentially interested in adoption of the standard, including health and environmental groups; employee organizations; building owners, managers and engineers; architects and interior designers. Make SC

consultants available to participate in conferences, workshops and seminars, to prepare articles for trade publications, and to engage in other educational activities as appropriate.

6. Encourage continued and expanded participation by scientific consultants on committees of organizations studying indoor air quality. SC

7. Support the 1989 ASHRAE ventilation standard (62-89). Encourage states and localities to adopt the standard. Through consultants participation in ASHRAE, stop any reconsideration of the standard prompted by the EPA risk assessment. SC

8. Develop and publicize arguments that cleaning up the indoor air improves productivity and thus results in savings to the employer, rather than expense. Add to existing corporate materials and promote in presentations to corporations, state and local Chambers of Commerce, etc. PS

9. Conduct briefings on the indoor air quality issue with at least 1,000 officials from labor, industry, trade and environmental groups and the media throughout 1991. PS

10. Through the Tobacco Labor Management Committee, assist interested labor organizations, including CLUW, LCLAA and APRI, in developing position statements and corresponding materials in support of broad indoor air quality standards and regulations. PS
11. Identify and promote in print and at indoor air quality briefings positive case studies where indoor air quality was improved through changes in air handling systems and without restricting smoking. JMC
12. Continue support of National Energy Management Institute (NEMI) indoor air quality project, through the Tobacco Industry Labor Management Committee. Identify appropriate NEMI spokespersons and promote the project as appropriate. JMC
13. Through the Tobacco Industry Labor Management Committee, and consultant organizations, continue to identify opportunities to conduct building ventilation studies in areas or among employers considering smoking restrictions. Support the efforts of the Safe Workplace Air Coalition and of local unions to promote indoor air quality awareness. PS
14. Through the Tobacco Institute Labor Management Committee encourage state and local labor councils/international unions to negotiate during contract talks for reasonable AS

accommodation of workers who smoke, and to view smoking restrictions in the broader context of indoor air quality.

15. Use state labor counsel to generate indoor air quality briefings of labor organizations and other liberal organizations. These consultants also would represent the Tobacco Industry Labor Management Committee in other coalition efforts with organized labor/liberal groups. 25
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16. Continue support through the LMC of NEMI newsletter and promotional materials. Provide for grants to enable NEMI to assist allies in developing plans to respond to alternatives to smoking restriction legislation. 5
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17. Expand promotion through the LMC of NEMI indoor air quality technicians and contractors. Begin to market aggressively NEMI-certified contractor and technician services. Identify and train additional NEMI spokespersons at the national and regional levels. A
18. Increase through the LMC NEMI's legislative presence at the federal and state level. Promote testimony on legislation regarding indoor air quality and ventilation standards. Encourage media activity by NEMI spokespersons in conjunction with legislative efforts. A

May 19/91

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ST. I	SCIENCE CONSULTANTS - WTS WHITE PAPERS	KT
ST II	MEDIA + FOREIGN PERSPECTIVE - BWH	KT KT
ST III	WTS + JOURNAL, NUM 1 - TILLY ARTICLES	KT / MR
ST. IV	JOURNAL, INSDP ANALYSIS; POOR REV. PROCESS	KT
ST V	RISK + CONTEXT	KT
ST VI	SCOB REV - WTS ECONOMISTS; INSDP	MR
ST VII	FOR PROFIT INTOS ANTIS - SCARBOROUGH	MR
COUR DBST.	ST. I, ST II, ST III ST IV	MR

1875 I Street, N.W. Washington, D.C. 20006

MARTIN J. GLEASON
Director of Issues Management
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19. Seek opportunities to support through the LMC indoor air quality seminars sponsored by NEMI, liberal/labor organizations or industry groups -- as additional speaking forums for IAQ experts. Promote as appropriate. PS

20. Continue to support through the LMC the use of the NEMI indoor air quality exhibition booth at trade shows, conventions, etc. Use to promote labor's indoor air quality videos, materials, etc. PS

21. Continue production of articles through the LMC on indoor air quality as a workplace issue for submission to union publications. Promote reprints as appropriate. PS ?

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Strategy IV: Encourage a credible independent analysis of the way journalists cover controversial scientific and social issues, especially ETS. Publicize and explain from a scientific perspective the scientific peer review processes' limitations and weaknesses. ² PS

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Goals and Tactics:

1. Develop materials to make the case that faulty scientific studies are carried, often with factual errors or without perspective, to the public through the media.
 - A. Identify and compile case histories of scientific errors and faulty reporting; look beyond ETS to include caffeine, alcohol, cyclamates, VDTs, etc. ?
 - B. Distribute to the media a "white paper" that outlines the faulty reporting -- whether lack of perspective or the lack of news coverage devoted to changes in scientific opinion and contrary findings. ?
2. Encourage a columnist, professor of journalism or other appropriate individual to review the materials; encourage publication of an article on the poor quality of journalism applied to matters of high-profile, politically sensational science.
 - A. Encourage placement in an appropriate journalism review publication.
 - B. Use as appropriate in op-eds and columns for broader distribution.

3. Distribute materials and "white paper" to staff and to consulting scientists (and economists; utilize when working with the media.
4. Work with a journalism foundation to encourage a seminar on coverage of science in the media, focusing on ETS as one case study.
5. Identify academician to head a project team to examine the reactions of the public to adults exercising their individual rights and choices. ¹
6. Commission from an expert science writer an article concerning the operations and limitations of scientific peer review. Encourage placement in a scientific journal.
- A. Use arguments from the article as the basis for op-ed columns for more general distribution.
- B. Incorporate placed article and columns into a group of materials used in media responses to any future inaccurate scientific study or report.
- C. Carry the message of peer review inadequacies to key media.

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7. Employ experts, articles or materials as appropriate when working with media and decision makers.

Strategy V: Encourage accurate, balanced reporting of information regarding factors of risk.

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Goals and Tactics:

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1. Examine the hypothesis that the social beliefs, values and ideology of allegedly objective investigators have influenced the results, and the interpretation of the results, they offer about the health effects of ETS. ¹
2. Develop arguments that highlight the lack of reliable risk assessment data. ✓
3. Identify authors and spokespersons who are prepared to review materials and write and place articles as well as meet with the media on different aspects of the issue of risk and scientific fraud.
 - A. Utilize consulting economists to write and place articles on the economic impact of this issue. ✓

- B. Identify consulting scientists who can write and talk about the limits of science and risk analysis.
 - C. Where appropriate, conduct media tours with consulting spokespersons.
 - D. Identify and develop opportunities for consulting spokespersons to meet with editorial boards.
 - E. Publicize messages through "paid" media opportunities such as matte services and video news releases.
5. Attempt to develop coalitions with groups impacted by bad science involved in quantitative risk analysis. Z
6. Distribute materials to staff, consultants and member companies; utilize when working with media and decision makers. B

Strategy VI: Illustrate the cost to business and society of politically motivated or unwarranted regulation, especially when it comes to ETS.

Goals and Tactics:

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1. Identify expert consultants who can discuss examples of poor science leading to unwarranted regulatory action and resulting in costs to business. The experts will discuss the limitations in the science that led to government action, including the peer review and funding processes of such science. Examples could include VDTS, alar, ETS, cyanide on grapes, cyclamates.
 - A. Work with an independent producer to develop a series of video segments on this theme using these and other examples.
 - B. Publicize through "paid" media opportunities such as video news releases.
2. Call upon consulting public choice economists to explain the direct and hidden costs of government intervention in business affairs, and to point out that while government may have an appropriate role in some areas of regulation, regulation carries costs and therefore must be based on sound science.
3. Seek third party involvement -- other business organizations may have an interest in supporting this project.

PS

Strategy VII: Publicize the financial, for-profit interests of the anti-tobacco community that can lead to tainted scientific results.

Goals and Tactics:

1. Conduct extensive research on the funding of the anti-tobacco community to determine sources of direct funding and grants for scientific projects, as well as potential economic interests in other areas, including interests in products or programs. ✓

2. Develop an inventory of scientific abuses by the anti-smoking community in an effort to demonstrate a relationship between scientific abuses and pecuniary interests. ✓

3. Distribute results of research and inventory of data among critical media and decision makers.
 - A. Conduct one-on-one briefings where appropriate.

 - B. Utilize consulting economists to write about the impact of such fraud and bias.

- C. Publicize messages through "paid" media opportunities such as matte services and video news releases.
4. Distribute materials to staff, consultants and member companies; utilize when working with media and decision makers.

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Corporate/Smoker Assistance

I. Background and Assumptions

- o Federal, state, local and private smoking restriction activity continues. Since the first public smoking legislation was passed in 1973, some 46 states and more than 500 localities have restricted smoking in public places. Of these, 16 states restrict smoking in the private workplace and 30 states address smoking in government offices. In addition, more than 300 localities restrict smoking in the workplace. The release of the EPA Risk Assessment will reinvigorate the proponents of smoking restrictions and bans.

- o While many private employers who regulate smoking attempt to accommodate smokers and nonsmokers, some feel it necessary to implement smoking bans and discriminatory hiring policies. The business community and the news media perceive a trend toward severe smoking restrictions. This perception is supported in part by surveys showing that more and more companies are voluntarily adopting restrictive policies.

- o Employers are receiving substantial pressure from anti-smoking organizations to severely restrict smoking supposedly

for the protection of the public health and, at the same time, to save on insurance costs, reduce absenteeism and thereby increase profits. In addition, nonsmoking employees are beginning to exert similar pressure and demanding that management accommodate them.

o Many employers would prefer to develop their own responses to the issue rather than respond to specific legislation or to anti-smoker demands; however, there appears to be a trend toward support of legislation or total bans as simple ways to handle a potentially difficult issue.

o The Institute continues to make available an array of resources to assist employers and others dealing with the public smoking issue in a responsive and reasonable manner. Although The Institute has provided assistance to a number of companies and public entities, many continue to be unaware of our resources or unwilling to consult us as a credible source of reasonable information. The assistance that The Institute can provide employers on smoking policies is most effective before a decision about a policy is made.

o As legislative measures restricting smoking in public places and the workplace have proliferated, a climate has been created that encourages public and private actions that discriminate against and harass smokers.

o Many smokers currently are covered by smoking restriction laws or ordinances and are subject, in the event of noncompliance, to a variety of statutory penalties. Many of the pertinent measures are vague, and compliance is sometimes difficult. Inconsistent and discriminatory enforcement of smoking restriction statutes also can create serious problems.

o Many smokers also face discrimination as a result of voluntary restrictions imposed by private employers and the managers of places open to the public. Such discrimination takes a variety of forms -- refusing to hire smokers, giving smokers undesirable work assignments or work spaces, discriminating against smokers in promotion or actually firing employees who smoke. The Americans with Disabilities Act, which became law in 1990, may provide legal recourse against employers who refuse to hire smokers.

UPDATE

o Smokers continue to rely heavily on The Institute for information and support in opposition to legislated and private smoking restrictions and corresponding discrimination.

II. Strategies, Goals & Tactics

Strategy I: Work with employers and business organizations to increase awareness and credibility of The Institute's workplace

programs. Encourage reasonable employer response to employee demand for smoking restrictions.

Goals and Tactics:

1. Continue targeted mailings of resource guides and other materials establishing The Institute's expertise and willingness to provide assistance. In consultation with State Activities Division, prioritize mailings according to states and localities that are facing workplace smoking legislation. To determine the effectiveness of the material, conduct random mail surveys of resource guide respondents. ²
2. Continue the search for workplace smoking policies that attempt to accommodate smokers and nonsmokers alike. Promote these reasonable policies to employers who are addressing the issue or who are responding to state and local legislation. Reasonable responses will accommodate smokers and nonsmokers without allowing an individual or a group of individuals to dictate preferences.
3. Aggressively seek opportunities to conduct workplace smoking issue briefings for firms that are facing the issue. Briefings will be conducted by Institute staff and consultants, including labor specialists, ventilation experts

and management consultants. Identify opportunities for corporate briefings with:

- A. Recipients of our targeted mailings and phone calls.
 - B. Referrals from state and local chambers of commerce.
 - C. Referrals from member companies.
4. Promote effective ventilation, air filtration/cleaning technology as a viable alternative for employers considering smoking restrictions. Develop materials outlining low-cost approaches to improved ventilation systems; use materials in communications with employers.
 5. Produce and promote responses to articles that recommend unreasonable and unfair solutions to workplace smoking issues.
 6. Produce and promote to the corporate community a brochure refuting fallacious arguments purporting to prove that smokers are more costly to employ than nonsmokers. Utilize the economic research in the Social Costs issue plan.
 7. Produce and publish articles for personnel/trade journals which examine workplace smoking from the employer/employee

point-of-view and list TI as a source of information for employers who are considering establishing some type of workplace smoking policy. ¹

8. Continue to produce and promote John Fox's monthly seminars and media tours on workplace smoking legal issues. Include in the presentations information on the Americans with Disabilities Act and how the law may impact the protection of smokers from discrimination. Seek opportunities for Fox to make presentations at bar association conferences and continuing legal education seminars. ²

9. Continue to promote as appropriate the law review articles published by John Fox in the California Western Law Review, the Campbell Law Review and Labor Law Journal, and by Dennis Vaughn in the Employee Relations Law Journal.

10. Expand indoor air quality consultant promotional activity to the corporate community. Develop an article promoting improved fresh air ventilation as a simple, cost-effective means of raising productivity. Promote the article in trade press. ✓

11. Through direct mail to the corporate community and to state and local chambers of commerce promote consultant indoor air

quality/ventilation services as a means of cleaning up the indoor air.

12. Working with regional staff, continue to develop and promote employer guides to workplace smoking sponsored by state and local business organizations. ²

Strategy II: Promote The Institute as an entity that is prepared to assist smokers in asserting their rights in the workplace and in public places.

Goals and Tactics:

1. Inform Institute field staff, legislative counsel and company personnel on public affairs capability for handling smoker discrimination incidents.
2. Continue to develop, promote and distribute materials for smokers who have experienced discrimination, including "Smokers' Rights in the Workplace: An Employee Guide," reprints of articles, legal memoranda, etc. Promote through member-company constituent contact programs, the Tobacco Action Network and smokers' rights groups.

3. Develop, promote and distribute legal information materials for smokers who are involved in workers' compensation actions. ¹

Strategy III: Seek opportunities to broaden the concept of smokers' rights and generally to establish favorable precedents for smokers, while also providing assistance to individual smokers in appropriate circumstances.

Goals and Tactics:

1. Review pertinent publications (newspapers, employment law reporters and other publications) for incidents of ^{Ro. No.!} discrimination or harassment involving smokers. Work with legal counsel to assist in such litigation.
2. Work with legal counsel to identify cases or proceedings in which an anti-smoker is seeking to have smoking restricted or claiming damages or other relief because smoking has not been restricted. Assist in opposition as appropriate.
3. Through the Tobacco Industry Labor Management Committee continue to brief organized labor on smoking issues as a collective bargaining matter. Seek opportunities to make

these groups include small business owners, older Americans, the disabled and organizations representing non-traditional lifestyles. ¹

3. Identify authors and spokespersons who are prepared to review materials, and write and place articles, as well as meet with the media on the issue of lifestyle insurance discrimination. ¹

4. Develop materials that illustrate the discriminatory practices of the insurance industry. ¹
 - A. Distribute materials among critical media and decision makers. Conduct one-on-one briefings where appropriate.

 - B. Use materials as the basis for op-ed columns for general distribution.

 - C. Distribute materials to staff, consultants and member companies; utilize when working with media and decision makers.

 - D. Incorporate the materials in the workplace smoking legal issues seminars and media tours.

Resources

A. Tobacco Institute staff

1. Public Affairs: Rinker, Ransome, Thomas, other issues staff, Media Relations, Information Center and Production Services staff.
2. State Activities: Woodson, Avedon.
3. Federal Relations: Lewis, White, Vinovich.

B. Consultants

1. Scientific and technical experts.
2. Labor experts.
3. Public relations counsel.
4. Legal consultants.
5. Economists.

C. Coalition Groups

1. Tobacco Industry Labor Management Committee.
2. Trade and other business organizations.
3. Hispanic and other minority groups.

D. Materials

1. Workplace smoking kit, including summary brochure, legal briefs, indoor air pollution brochures, absenteeism article, productivity article.
2. Labor kit and video.
3. "Smokers' Rights in the Workplace: An Employee Guide" brochure.
4. Workplace smoking resource guides and employers' guides.
5. ETS science publications, including the McGill Symposium materials.
6. ASHRAE standards publication.

THE TOBACCO INSTITUTE

1991 BUDGET

Public Affairs Division

COST CENTER Public Smoking Issue No. 1309

ACCOUNT	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)	1991 BUDGET (\$000)
5100 Postage & Delivery	\$ 20	\$ 25	\$ 24
5200 Reproduction, Printing & Drafting	190	85	160
5800 Legal Fees	100	10	10
7300 Professional Fees	3,285	2,363	3,081
7500 Suprt Tob & Oth Organizations	1,425	1,050	1,020
Totals	\$5,020	\$3,533	\$4,295

The Tobacco Institute

1991 BUDGET

COST CENTER	Public Smoking Issue	No.	1309
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)	1991 BUDGET (\$000)
<u>Account #5101 - Postage & Delivery</u>			
Corporate/Smoker Assistance Program			
. Resource guide mailings	\$ 20	\$ 25	\$ 24
TOTAL	\$ 20	\$ 25	\$ 24

POSTAGE ON
Guide TO Resources TI Can
Provide - 3-5 Per Yr

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The Tobacco Institute

1991 BUDGET

COST CENTER	Public Smoking Issue		No.	1309
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)		1991 BUDGET (\$000)
<u>Account #5201 - Reproduction, Printing & Drafting</u>				
Indoor air quality program				
. IAQ publications <i>BROCHURES</i>	\$ 25	\$ 15	\$	30
. IAQ materials for other organizations <i>LOAN KITS</i>	40	10		30
Corporate/Smoker Assistance Program				
. Resource guide <i>PRINTING ETC.</i>	20	10		25
. Corporate workplace kit <i>CARD KIT</i>	20	15		20
. Article reprints <i>eg CONSUMER LAW</i>	10	10		10
. Hospitality publications	20	-		-
. Miscellaneous publications <i>CATCHALL, NOW STAFF R & PRINTS</i>	55	25		45
TOTAL	\$ 190	\$ 85	\$	160

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1991 BUDGET

COST CENTER	Public Smoking Issue	No.	1309
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)	1991 BUDGET (\$000)
<u>Account #5801 - Legal Fees - General</u>			
Indoor Air Quality Program			
. Consulting/scientific witness legal fees	\$ 100	\$ 10	\$ 10
TOTAL	\$ 100	\$ 10	\$ 10

MANAGING WITNESSES
ON IQA, TESTIMONY ON
STATES, ETC.

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1991 BUDGET

COST CENTER	Public Smoking Issue		No.	1309
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)		1991 BUDGET (\$000)

Account #7301 - Professional Fees

Indoor Air Quality Program
 Consulting scientists for
 appearances before legisla-
 tures, attendance at scien-
 tific meetings, and
 preparation of articles.

. ETS scientific witnesses <i>WEEKS, HOLCOMB on Road AD HOC</i>	900	\$ 300	\$ 800
. Ventilation witnesses <i>HBI, GRAYS, KOTOLINSKY</i>	750	400	750
. Regional offices for IAQ experts/PR support <i>HBI NOT BUDGET</i>	-	100	-
Scientific consultant media tours			
. 12 ETS media tours (0+M) (consultants) @ \$8,000 <i>WEEKS + B TUSH</i>	240	150	96
. Agency support of 12 ETS media tours @ \$6,500	195	100	85
. 12 IAQ media tours (consultants travel) <i>GRAY TRAVEL</i>	30	15	15
. Agency support of 12 IAQ media tours @ \$6,500 (FH)	135	80	80
Overall Public Smoking Program General consulting fees			
. Powell, Adams & Rinehart <i>LABOR - GTS, HOBBS - FUL, PESTIPOLY</i>	200	200	200
. Sparber & Associates (for TIME ON BCIA) + TINS.	100	100	125
. James Savarese & Assoc. <i>ECON & SCIENCE, CDBIP R 90 QUALITY</i>	100	100	100

The Tobacco Institute

1991 BUDGET

COST CENTER	Public Smoking Issue		No.	1309
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)		1991 BUDGET (\$000)
<u>Account #7301 - Professional Fees</u>				
<u>(Continued)</u>				
. Wunder, Ryan, Cannon & Thelen (OSHA issues)	\$ 75	\$ 90		\$ 85
LABOR FOR ADA				
. Fleishman-Hillard MBI PROMO	50	30		50
TOST MEETING COVERAGE B. STORMG				
Academic Consultants				
. Center for Policy Research	-	208		258
NETZIONI				
. University of Pittsburgh Project - LIEBERMAN	-	300		82
Litigation/Smokers' Rights				
. Legal seminars	100	30		100
FOX				
. Workplace legal issues consultant	50	50		50
SMOKERS RIGHTS FOX (ADA ALSO)				
. Legal consultant media tours/legal briefings	50	-		-
FOX				
Airline/transportation consultants				
. Paul, Hastings et. al.	80	85		80
GENERAL TRANSPORTATION CONSULTANTS				
. Cabin Air Quality consultants	-	25		20
(TASK)				
Economic Consultants				
. Op-eds re science fraud & science for profit	75	-		75
SUBJECTS REVEAL				
. Economists op-eds re productivity, absenteeism	75	-		-

The Tobacco Institute

1991 BUDGET

COST CENTER	Public Smoking Issue	No.	1309	
			1990 BUDGET (\$000)	1990 ESTIMATED (\$000)
<u>Account #7301 - Professional Fees</u>				
<u>(Continued)</u>				
Insurance Expert (PROPOSAL IV)	\$ -	\$ -		\$ 30
Smokers As Customers Program				
. Polling & research	80	-		-
TOTAL	\$ 3,285	\$ 2,363		\$ 3,081

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The Tobacco Institute

1991 BUDGET

COST CENTER	Public Smoking Issue	No.	1309
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)	1991 BUDGET (\$000)

Account #7501 - Support of Tob./Other Organizations

Indoor Air Quality Program
National Energy Management
Institute (NEMI)

. Spokespersons to represent NEMI at seminars, in testimony, etc. <i>Frank Pennell</i>	\$ 200	\$ 200	\$ 200
. NEMI promotional materials	400	200	200
. NEMI IAQ Training Sessions	200	170	75
. Development/distribution of <u>IAQ protocol</u>	100	50	50
. NEMI video	10	-	-
. Counsel to promote Mass. IAQ legislation (per SAD request) <i>TIGERMAN</i>	-	30	-

Tobacco Industry Labor Management Committee (LMC)

. LMC state and local union presentations <i>Hung + TOM</i>	200	200	200
. Safe Workplace Air Coalition seminars <i>SWAC</i>	50	-	50
. Counsel to assist unions in workplace matters <i>SZADIAO</i>	-	-	40
✓ . LMC workplace smoking materials <i>MOTODACS, KIT for LABOR</i>	25	10	25
. LMC miscellaneous <i>DUO & RUNS etc?</i>	25	-	25

The Tobacco Institute

1991 BUDGET

COST CENTER	Public Smoking Issue		No.	1309
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)		1991 BUDGET (\$000)
<u>Account #7501 - Support of Tob./Other Organizations</u>				
<u>(Continued)</u>				
. LMC IAQ video — <i>COPIES?</i>	\$ 5	\$ -		\$ 5
. CLUW study of IAQ issues for working women — <i>TO BLUEB</i>	50	50		-
Business Council on Indoor Air (BCIA) <i>Grant Paul Cammer</i>	100	100		100
Grants to conduct indoor air quality building studies	60	40		50
TOTAL	\$ 1,425	\$ 1,050		\$ 1,020

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"SOCIAL COSTS"

pb
3/1/91

I. Background and Assumptions

The "social cost" issue impacts all of our issues and is being used increasingly and with greater intensity by anti-smoking groups. Early in 1990, the U.S. Department of Health and Human Services released a report estimating that smokers "cost" society \$52 billion annually. The highly publicized "findings" fueled efforts to increase cigarette excise taxes, restrict smoking and ban advertising and promotion of the product. Health departments in a number of states issued their own state-specific "social cost" reports, again in an effort to justify further restrictions.

1990 was the third year in which the Public Affairs Division guided The Institute's comprehensive effort to manage the "social cost" issue. The program included the aggressive use of social cost economic consultants, media tours and the promotion of "social cost" research. The program also maintained and

Note: Items footnoted with a "1" indicate items that have been added since last year's plan; items footnoted with a "2" indicate items that have been significantly expanded since last year's plan.

increased the visibility of a social cost coalition comprising industries concerned about excessive government regulation and the misuse of economic principles.

o Anti-smoking activists increasingly argue that the smokers' alleged "cost" to society, i.e., increased job absences, higher public medical expenses, accidental fires, etc., justifies increasing cigarette excise taxes, bans on cigarette advertising, public smoking restrictions and elimination of the tobacco farm program. "Social cost" arguments promoted by anti-smoking groups add to the perception that tobacco use is socially unacceptable.

o "Social cost" arguments are utilized by anti-smoking groups to counter any effort by the tobacco industry to demonstrate the positive economic impact of tobacco on the nation's economy, e.g., the Price Waterhouse study. Anti-smokers assert that economic impact studies do not deal with "social cost" arguments.

o Independent economists have said that "social cost" concepts and computations used by anti-smokers do not withstand credible economic scrutiny. Anti-smokers' estimates of "social cost" presume that most costs they perceive to be associated with smoking represent a financial burden on society as a whole.

o The Surgeon General's assertions and U.S. government agencies' reports (e.g., the Environmental Protection Agency)

that environmental tobacco smoke is a demonstrated health hazard to the nonsmoker, and that smoking is an addiction, will almost certainly escalate future "social cost" estimates.²

o The "social cost" debate historically has been largely between the anti-smoking lobby, including some Members of Congress, and the tobacco industry, with public policymakers as the primary audience. However, the issue began to expand into the public arena in 1990. Some actuarial and health care economic discussions which do not support anti-smoker research have not been widely distributed or promoted. Yet, the general public is not familiar with all aspects of the issue and, if they were, would likely be unsympathetic to "social cost" economics as a justification for restricting lifestyle choices.²

o Other industries, i.e., dairy, meat, alcohol, chemical ^{OUTRAGED}
producers, nuclear power, hazardous waste management, and small aircraft are also vulnerable to similar "social cost" attacks. ?

II. Objective

To refute anti-smokers' "social cost" arguments.

III. Strategies, Goals and Tactics

Strategy I: Aggressively counter "social cost" research with credible, independent economic studies.

STATUS

Goals and Tactics:

1. Continue to develop pro-active plans, complete with well-defined media strategy, to counter release of state-specific "social cost" reports. If pro-active response is not possible, react to all reports once they are made available.
2. Support economic consultants familiar with the "social cost" issue to review and maintain literature, to conduct research, to prepare articles, legislative testimony, letters to editors and op-ed pieces. When possible, utilize existing tax issue economists' network. Conduct periodic meetings in central location.
3. Publicize economic reviews of "social cost" arguments and encourage publication in newspapers, economic journals and economic conference proceedings.
4. Aggressively promote the results of "social cost" research conducted and completed in 1988 and 1989 and published in 1990. Continue to develop materials, based on the research

findings, appropriate for general audiences. Utilize TAN and field staff network to support distribution efforts.²

5. Aggressively promote revision of "social cost" treatise, Smoking and the State, through book reviews, op-eds and media tours.¹ Expand focus to cover a theme of excessive government regulation (and misuse of public policy to enforce one's personal preferences) and the potential to form a "get off my back" movement.²
6. Aggressively promote consulting economists' in-depth analytical critique of the Health and Human Services' "social cost" methodology to policymakers, the media and other interests.¹
7. Support and aggressively promote at least one symposium on the "social cost" issue. Third party sponsor would commission papers on precise topics and publish and promote the proceedings.
8. Continue to encourage "social cost" economists to submit abstracts of studies and coordinate seminar opportunities at economic conferences, e.g., American Economic Association, Southern Economic Association, Western Economic Association, Atlantic Economic Association, etc.

9. Coordinate with State Activities economic consultant "social cost" briefings of economic and policy staffs of organizations such as American Legislative Exchange Council, National Conference of State Legislators, Council of State Governments and National Governors Association; encourage these groups to address the issue as a serious public policy concern. Seek publication and speaking/seminar opportunities.

Strategy II: Demonstrate that "social cost" arguments can be applied to other industries and generate support from those industries in challenging these arguments.

Goals and Tactics:

1. Extend "social cost" research as applied to smokers to other industries by obtaining estimates from "social cost" economists of potential "costs" other commodities impose on society, i.e., beef, sugar, coffee, salt, etc.
2. Brief target industry association representatives on repercussions of potential social cost allegations utilizing "social cost" economic consultants and/or Social Cost Council. If possible, encourage economists to brief peer economists of appropriate industries or utilize third party

groups, e.g., tobacco family representatives, for briefing with cattlemen's association.

3. Strengthen a coalition of businesses to counter "social cost" claims. Encourage the coalition to commission, publish and promote findings of economic research.²

IV. Resources

A. Staff

1. Management: TBD, Hrycaj
2. Division staff: Issues staff, Media Relations, Production Services, Information Center
3. Other staff: Federal Relations and State Activities headquarters divisions, State Activities field staff and legislative counsel

B. Consultants

1. Economists
2. Public relations counsel

3. Private research firms
4. Legislative counsel
5. Tobacco family allies and counsel

C. Materials

1. Tollison/Wagner book (revised Smoking and the State)
2. Economists' research (eight papers)
3. Social cost journal and other related materials
4. Brochures, reprints, seminar proceedings and other printed materials

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1991 BUDGET

COST CENTER	"Social Cost" Issue	No.	1311
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)	1991 BUDGET (\$000)
<u>Account #5201 - Reproduction, Printing & Drafting</u>			
Reprints of articles, symposium proceedings, etc.			
. Article reprints	\$ 30	\$ 30	\$ 30
. Miscellaneous brochures	25	25	25
. Symposium proceedings	30	-	-
. State-specific economic data	30	-	-
TOTAL	\$ 115	\$ 55	\$ 55

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TIMN 390776

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1991 BUDGET

COST CENTER	"Social Cost" Issue		No.	1311
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)		1991 BUDGET (\$000)
<u>Account #7301 - Professional Fees</u>				
Economists to deliver briefings, testimony, articles	\$ 125	\$	30	\$ 75
. Economic consultant media tours @ \$8,000	60		15	48
. Public affairs counsel to support economist media tours @ \$6,000	78		17	39
. Revision/update of "Smoking and the State"	-		45	45
. State-specific economic calculations	30		15	30
Social cost PR counsel	40		10	30
TOTAL	\$ 333	\$	132	\$ 267

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TIMN 390777

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1991 BUDGET

COST CENTER	"Social Cost" Issue		No.	1311
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)		1991 BUDGET (\$000)
<u>Account #7501 - Support of Tob./Other Organizations</u>				
"Social cost" coalition	\$ 100	\$ 80		\$ 100
"Social cost" symposium	150	-		-
TOTAL	\$ 250	\$ 80		\$ 100

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(NO NARRATIVE)

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1991 BUDGET

COST CENTER	Youth Initiatives		No.	1501
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)		1991 BUDGET (\$000)
<u>Account #5101 - Postage & Delivery</u>				
"It's the Law"	\$ -	\$ 275		\$ 275
Responsible Living	50	50		200
TOTAL	\$ 50	\$ 325		\$ 475

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1991 BUDGET

COST CENTER	Youth Initiatives	No.	1501
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)	1991 BUDGET (\$000)
<u>Account #5201 - Reproduction, Printing & Drafting</u>			
"It's the Law"	\$ 650	\$ 375	\$ 375
Responsible Living	150	150	150
TOTAL	<u>\$ 800</u>	<u>\$ 525</u>	<u>\$ 525</u>

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1991 BUDGET

COST CENTER	Youth Initiatives		No.	1501
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)		1991 BUDGET (\$000)
<u>Account #6201 - Advertising</u>				
"It's the Law"	\$ -	\$ 50		\$ 100
Responsible Living	555	555		2,020
Youth Launch	445	445		-
TOTAL	\$ 1,000	\$ 1,050		\$ 2,120

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1991 BUDGET

COST CENTER	Youth Initiatives		No.	1501
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)		1991 BUDGET (\$000)
<u>Account #7301 - Professional Fees</u>				
"It's the Law"	\$ 350	\$ -		\$ -
Responsible Living Program - Jolly Ann Davidson (spokesman, testimony media activity)	20	20		65
PR Counsel to promote spokesman	30	30		135
TOTAL	\$ 400	\$ 50		\$ 200

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1991 BUDGET

COST CENTER	Youth Initiatives		No.	1501
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)		1991 BUDGET (\$000)
<u>Account #7501 - Support of Tob./Other Organizations</u>				
Consortium to promote and distribute Responsible Living Program	\$ -	\$ 65		\$ 250
TOTAL	\$ -	\$ 65		\$ 250

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THE TOBACCO INSTITUTE

1991 BUDGET

Special Authorizations

COST CENTER Consumer Tax Alliance No. 1502

<u>ACCOUNT</u>	<u>1990 BUDGET (\$000)</u>	<u>1990 ESTIMATED (\$000)</u>	<u>1991 BUDGET (\$000)</u>
7500 Suprt Tob & Oth Organizations	\$2,500	\$2,700	\$ -
Totals	\$2,500	\$2,700	\$ -

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10/25/90

TIMN 390786

The Tobacco Institute

1991 BUDGET

<u>COST CENTER</u>	<u>Consumer Tax Alliance</u>	<u>No.</u>	<u>1502</u>
	<u>1990 BUDGET (\$000)</u>	<u>1990 ESTIMATED (\$000)</u>	<u>1991 BUDGET (\$000)</u>
<u>Account #7501 - Support of Tob./Other Organizations</u>			
Support to CTA tax program	\$ 2,500	\$ 2,700	\$ -
TOTAL	<u>\$ 2,500</u>	<u>\$ 2,700</u>	<u>\$ -</u>

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249
4700
6349

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TIMN 390788

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1991 BUDGET

Special Authorizations

COST CENTER _____ FET Program _____ No. 1503

ACCOUNT	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)	1991 BUDGET (\$000)
5100 Postage & Delivery	\$1,400	\$1,400	\$ -
5200 Reproduction, Printing & Drafting	249	300	-
7300 Professional Fees	5,000	2,300	-
Totals	\$6,649	\$4,000	\$ -

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The Tobacco Institute

1991 BUDGET

<u>COST CENTER</u>	<u>FET Program</u>	<u>No.</u>	<u>1503</u>
	<u>1990 BUDGET (\$000)</u>	<u>1990 ESTIMATED (\$000)</u>	<u>1991 BUDGET (\$000)</u>
<u>Account #5101 - Postage & Delivery</u>			
Federal cigarette excise tax increase grassroots opposition plan	\$ 1,400	\$ 1,400	\$ -
TOTAL	<u>\$ 1,400</u>	<u>\$ 1,400</u>	<u>\$ -</u>

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249

249

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The Tobacco Institute

1991 BUDGET

COST CENTER	FET Program	No.	1503
	1990 BUDGET (\$000)	1990 ESTIMATED (\$000)	1991 BUDGET (\$000)
<u>Account #5201 - Reproduction, Printing & Drafting</u>			
Federal cigarette excise tax increase grassroots opposition plan	\$ 249	\$ 300	\$ -
TOTAL	\$ 249	\$ 300	\$ -

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1991 BUDGET

<u>COST CENTER</u>	<u>FET Program</u>	<u>No.</u>	<u>1503</u>
	<u>1990 BUDGET (\$000)</u>	<u>1990 ESTIMATED (\$000)</u>	<u>1991 BUDGET (\$000)</u>
<u>Account #7301 - Professional Fees</u>			
Federal cigarette excise tax increase grassroots opposition plan	\$ 5,000	\$ 2,300	\$ -
TOTAL	<u>\$ 5,000</u>	<u>\$ 2,300</u>	<u>\$ -</u>

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PRODUCTION SERVICES

I. Background and Assumptions

The responsibility of Production Services is to identify and utilize the highest quality and most economical services for The Institute's printing and graphics needs within its geographic area. These services generally consist of publication design, slide presentations, photography, printing and mailing services. Special projects are addressed as they are assigned.

Production Services is not a separate budgeted cost center; its primary responsibility is to service all Institute divisions. It is also responsible for fulfilling the needs of the member companies and expert consultants as they relate to The Institute's mission. These services are then charged to the cost center initiating the project.

o Communication with Institute staff on projects is an important area. Projects, regardless of complexity, require as much initial input as they do follow-through to completion.

o Deadlines need to be agreed upon and adhered to. Each stage of the production process involves careful planning

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TIMN 390795

and managing in terms of time and budget. We constantly seek opportunities to streamline all phases of the process.

o Production of printed materials for allied organizations - as part of the coalition development process - continues through the first half of 1990. By providing project management, we are able to support these groups' efforts, and to make their assistance on our issues even more effective.

o A total of \$285,000 has been spent on the production of graphics in the first five months of 1990, most of it in support of major projects such as:

- 1) "Smoking in the Workplace: Some Considerations," the corporate outreach package, with accompanying brochures on the issue.
- 2) "The Economic Impact of the Tobacco Industry on the United States Economy," the Price-Waterhouse analysis of tobacco's economic contribution to the United States.
- 3) "It's the Law," the tobacco product retailing program for retail/vending industries.

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TIMN 390796

- 4) Hearing readiness materials on advertising, taxes and fire safety.
- 5) General issue topic brochures.
- 6) Printed materials for The National Tobacco Council.

o The acquisition of The Tobacco Institute Local Area Network and upgraded specialized graphics hardware is yet another tool to produce more advanced and timely visuals in-house. The new capabilities available to us are:

- 1) A drawing package along with a library of symbols and objects.
- 2) A wide variety of text and background options.
- 3) A scanner which incorporates images with graphs, charts or text.
- 4) Hardware which outputs slides, color thermal prints and black & white prints.
- 5) Communication with other PC workstations.

o The graphic arts industry is constantly growing in the areas of computer graphics and new product developments.

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The capabilities and potential of software and hardware are improving so fast that it is almost impossible to be "state-of-the-art" for more than a few months. Production Services monitors these advancements by regularly reviewing vendors and their specialty services.

o Large contracts with vendors are based on competitive bidding proposals, taking into consideration cost, quality, and time frame.

II. Objective

To produce high quality graphic materials in a timely and economic manner.

III. Strategies, Goals and Tactics

Strategy I: Increase TI staff knowledge of Production Services' capabilities and guidelines related to the production of graphics and publications, as a means of gaining staff help in containing costs and ensuring quality.

Goals and Tactics:

1. Emphasize to staff the importance of Production Services' involvement in each stage of the production process for materials produced by outside consultants.

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TIMN 390798

Extend creative advice from inception to completion on all projects.

2. Stress to staff that Production Services must be informed, well in advance, of upcoming conferences, meetings, projects, etc., that require production support. Require written directions and timetable on all assignments, time permitting. Negotiate reasonable deadlines and plan to meet 100% of them.
3. Involve and apprise clients of status at every stage of each project. All stages will require signature of responsible staff member and date before proceeding to next step.
4. All completed projects will be reviewed by Production Services and clients to determine that project requirements were satisfied. A record of the meeting will be filed in the job jacket.
5. Continue publication cost/quality recaps and distribute to clients on a timely basis.
6. Distribute to all staff information on any new capabilities that Production Services has acquired either in-house or through outside resources, within two weeks of acquisition.

7. Issue a publications inventory for all cost centers four times a year. Distribute to appropriate personnel. Work with staff in Data Processing to computerize the inventory system by January 1, 1991.
8. Update and issue a publications list four times a year in order to maintain maximum use of publications by member companies and the general public.
9. Coordinate new publications release mailings and distribution with appropriate support staff. Maintain up-to-date distribution mailing lists.
10. Support TI staff audio-visual requirements. Update and maintain equipment as necessary. Maintain inventory of audio-visual vendors for special projects.
11. Train at least one support staff member from each division on Harvard Graphics, the in-house slide producing software, and necessary equipment. Work with Data Processing for software recommendations to continue high quality production.
12. As a means of measuring quality, enter selected T.I. publications in award competitions by industry and professional organizations.

Strategy II: Require vendors to ensure high quality output on a timely basis with minimal costs.

Goals and Tactics:

1. Conduct biannual review of vendors in: typography, design, photography, printing and mailing. Maintain profiles of each company in Production Services files.
2. Provide written estimates for staff on any project involving design, printing and mailing.
3. Have comprehensive layouts accompany bids on projects that will exceed \$10,000. Budget or time constraints must be discussed and approved by initiating client, in advance, to exempt a project from bidding.
4. Where appropriate, initiate contract agreements with vendors pertaining to the production of specific publications. Several publication series are already under contract: state data cards, issue topic brochures, and workplace brochures for targeted states.
5. Produce and maintain production schedules on all projects. Coordinate projects with designers, printers, mailers and TI clients.

6. Maintain a written evaluation form for each project. After completion of a project, review design and printing quality and procedures with the client. Review all problems, recommended changes, criticisms or praises with appropriate vendor.

V. Resources

A. Staff

- 1) Production Services: Cannell, Collins
- 2) Public Affairs: All professional and support staff
- 3) Other Divisions: Federal Relations, State Activities and Administration professional and support staff
- 4) Vendors: Typographers, Design Studios, Freelancers, Photographers, Printers, Mailers and Specialists
- 5) Clients: TI staff, member companies, expert consultants and other allied organizations

B. Training

- 1) Classes on new product software and advanced techniques.

C. Materials

- 1) Supplies for in-house equipment: wax, paper, film, miscellaneous drawing supplies and tools.
- 2) Files: Photo, Slide, Art, Publication and Software.

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