

September 7, 1993

MEMORANDUM

TO: Cal George

FROM: Susan Stuntz *SS*

Please provide to Bob Lewis no later than noon tomorrow at least 6-7 one-minute speeches suitable for delivery by House Republicans. Since the House isn't in session on Friday, the hope is to get these into the hands of Republicans like Sundquist and Bunning for delivery on the floor on Thursday.

The subject matter should be taxes, as in no more taxes, too many taxes already, cut costs, etc. Since some of these folks are tobacco-state Members, tobacco-specific comments are appropriate.

We will, of course, need more as the year goes on. That is why I was pushing several weeks ago to have you begin work on these as soon as possible, so as to avoid last-minute scrambles such as this one.

In any event, in the past the issue managers have handled most of the one-minutes, rather than farm them out to agencies (and frankly, I don't think either of the agencies could do these anyway).

Please give me a courtesy copy of whatever you give to Bob.
Thanks..

September 1, 1993

MEMORANDUM

TO: Samuel D. Chilcote, Jr.

FROM: Susan M. Stuntz *sm*

RE: Public Affairs Division 1994 Budget Request

The Public Affairs Division's 1994 budget request, which is attached, totals \$16.296 million and represents a 1% increase over our 1993 projected expenditures and less than .5% more than our 1993 authorized budget.

Our planning and budget process for 1994 has included discussions with representatives from State Activities to obtain their assessment of resources that they call upon and their potential use of those resources in 1994. It will come as no surprise to learn that at both the federal and state levels -- as well as on the public affairs front -- we expect no let-up in activity on any of our issues.

If anything, as the fallout from the EPA risk assessment and the Clinton Administration's health care reform proposals continue, we expect to encounter even more pressure on the advertising front as our opponents promote the 1993 Surgeon General's Report on smoking and young people and proposed ADAMHA regulations. While there has been little attention as yet to the federal "fire safe" cigarette report, we have prepared for a minimal level of activity simply by budgeting the same amount as we have in past years as the issue has been somewhat dormant.

While we have tried to hold the line in virtually all areas, you will notice an increase in our reliance on outside consultants. This can be attributed quite simply to the fact that with fewer staff and more demands, we have had to turn more frequently to the outside to ensure timely delivery of the testimony, talking points and briefing papers, brochures, floor statements, questions and the myriad of other materials that we produce on a daily basis.

Each cost center in the attached budget is preceded by a brief summary of the overall budget request and a breakdown by account number of those line items which have been significantly reduced or eliminated, and an explanation for those line items for which we are requesting significant increases (greater than 4%).

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By way of summary, following are the highlights of each cost center:

General Administration -- 1301

The General Administration cost center includes general salary and benefits line items for the Public Affairs Division, as well as all non-scientific legal fees, the data processing allocation and the budgets for the Information Center. The 1994 budget request for General Administration (1301) totals \$2.299 million and reflects a 2% decrease from our 1993 projections. This can be attributed to one-time employee severance and recruitment costs that were not anticipated in 1993 and are not expected to recur.

Public Smoking/Scientific Issues -- 1302

In 1993 we were able to take funds budgeted for an OSHA rulemaking and apply them instead to delivering nearly 100 scientific and ventilation witnesses to federal, state and local hearings and briefings. By the end of 1993, we expect to have exceed our authorized budget of \$65,000 for this activity by 515 percent, or \$335,000. Three-quarters of that will go toward support of State Activities' needs.

We have budgeted for this activity at the same level in 1994 and, in addition, expect that OSHA will begin a rulemaking on IAQ/ETS and have budgeted accordingly.

The 1994 budget request for Public Smoking/Scientific Issues (1302) is \$4.295 million and represents a 2 percent increase over 1993 projections.

Media Relations -- 1303

The 1994 budget request for Media Relations (1303) is, at \$355,000, the same level as 1993 actual budget and projections. Over the last several years this cost center has been cut back so severely that, while this budget level still allows the spokesmen to handle their responsibilities, it is the minimum amount of travel and media monitoring expenditure that can be budgeted and still allow them to do so.

Excise Taxes/"Social Costs" -- 1305

The 1994 budget request for Excise Taxes/"Social Costs" (1305) is, at \$3.150 million, a 5 percent increase from 1993 projected expenditures. This increase anticipates yet another full year --

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and an even more intense year -- of effort to discourage imposition of a federal tobacco tax to finance health care reform, and even more attention at the state level as delays in enactment of federal reforms prompt more states to examine their alternatives.

Significant increases (greater than 4%) are requested in the printing account and in the area of support to allies.

- . The \$22,000 increase (14.67%) in printing can be attributed to our periodic need to update and reprint several generic issue publications that explain our position on tax, earmarking and "social costs" issues to the public and to state and local legislators; and to our anticipation that all of the excise tax impact studies produced for allies in the black, hispanic and other communities will need to be reprinted to respond to federal tax needs.

- . The \$155,000 (11.8 percent) increase in support to our allies includes requests to support a federal health care reform conference in 1994 -- we had budgeted for a tax conference in 1993 but had no need to organize one and believe a health care conference is better timed in early 1994 -- and full-year funding for programs involving black farmers and veterans' in the excise tax issue.

General Coalitions -- 1307

At \$3.075 million, the 1994 budget request for General Coalitions (1307) is 4% lower than our 1993 projections. This decrease is attributed to the completion of several (publications and fire) projects in 1993 and a reduction in the number of state labor consultants.

Postage is the only account to reflect an increase from 1993 projections -- \$4,000. TAN mailings, which were budgeted at \$8,000 for 1993 but are expected to cost only \$5,000, return to full funding next year.

Advertising/Youth Issues -- 1308

The 1994 budget request for Advertising/Youth Issues, at \$3.125 million, is 4% higher than 1993 projections and anticipates a significant increase in anti-tobacco activity on the issue in the wake of the 1993 Surgeon General's Report and the promulgation of ADAMHA regulations.

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The \$15,000 -- 7.6 percent -- increase in postage costs for 1994 reflects additional mailing costs for supplemental "Tobacco: Helping Youth Say No" and "It's the Law" materials that are proposed as a continuation of print programs launched three years ago that have not been updated since.

Similarly, the \$80,000 -- 24 percent -- increase in printing costs reflects costs to print teachers' and workshop guides to accompany "Tobacco: Helping Youth Say No," as well as our anticipation that while reprints of the booklet will not be needed in 1993, we will have to go back on the presses in early 1994.

Increases in professional fees (\$40,000, or 10%) and support to allies (\$65,000, or 16%) again reflect our plans to implement a program that includes and fully involves the Consortium of educators in the education literature, before education organizations. A longer than expected start-up period this year allowed us to realize some savings.

I look forward to reviewing this request with you and will be glad to answer any questions that you might have.

Attachment

cc: William Adams

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1994 BUDGET

Public Affairs Division

	1993			1994		% Change 93 Est vs 94 Budget
	Budget (\$000)	Estimated Expenditures (\$000)	Authorized Positions	Proposed Budget (\$000)	Authorized Positions Requested	
301 General Administration	\$2,159	\$2,342	18	\$2,299	18	< 2%>
302 Public Smoking/Issues	4,360	4,218	-	4,295	-	2%
303 Media Relations	355	355	-	355	-	-
305 Excise Issue	2,847	3,011	-	3,147	-	5%
307 General Coalitions	3,115	3,189	-	3,075	-	< 4%>
308 Advertising/Youth Progrms	3,380	3,005	-	3,125	-	4%
Total Budget	\$16,216	\$16,120	18	\$16,296	18	1%

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1994 BUDGET

Public Affairs Division

	1993			1994		% Change 93 Budg v 94 Budget
	Budget (\$000)	Estimated Expenditures (\$000)	Authorized Positions	Proposed Budget (\$000)	Authorized Positions Requested	
301 General Administration	\$2,159	\$2,342	18	\$2,299	18	6%
302 Public Smoking/Issues	4,360	4,218	-	4,295	-	< 1%>
303 Media Relations	355	355	-	355	-	-
305 Excise Tax Issue	2,847	3,011	-	3,147	-	11%
307 General Coalitions	3,115	3,189	-	3,075	-	< 1%>
308 Advertising/Youth Program	3,380	3,005	-	3,125	-	< 8%>
Total Budget	\$16,216	\$16,120	18	\$16,296	18	0%

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1994 BUDGET

Public Affairs Division

Authorized Positions 1993 - 18
Authorized Positions Requested 1994 - 18

ACCOUNT	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
2800 Staff Compensation	\$1,100	\$1,200	\$1,200
3200 Employee Benefits	297	324	324
3900 Travel	300	310	320
4000 Conferences & Meetings	3	2	2
4800 Books & Subscriptions	64	69	60
5000 Office Supplies	2	2	2
5100 Postage & Delivery	388	372	386
5200 Reproduction, Printing & Drafting	806	676	753
5400 Other Office Expense	79	89	94
5500 Membership & Staff Training	10	10	10
5800 Legal Fees	290	350	340
6200 Adv. Space & Promo Total	1,855	1,811	1,720
6900 Employee Recruitment & Relocation	-	65	-
7300 Professional Fees	5,051	5,316	5,468
7400 Purchased Administrative Service	10	10	10
7500 Suprt Tob & Oth Organizations	5,652	5,205	5,298
8000 Computer Services	76	76	76
9100 Data Processing Allocation	233	233	233
Totals	\$16,216	\$16,120	\$16,296

**GENERAL ADMINISTRATION 1301
1994 Budget Summary**

The 1994 budget request for the Public Affairs General Administration (1301) cost center totals \$2.299 million and reflects a 2 percent decrease from year-end estimates for 1993. This decrease can be attributed to one-time employee severance and recruitment charges that were not anticipated in the current year.

Specific increases/decreases that should be noted include:

Travel -- Account 3900

Travel and entertainment expenses are projected at \$160,000 for 1993. This is \$10,000 over budget and can be attributed to much higher than anticipated employee travel to brief allies and others on tax, fire safety and EPA/indoor air matters. Staff travel expenses are expected to exceed budget despite one key staff vacancy for at least 10 months and another for 5 months of the year.

With a full complement of staff expected in 1994, and no reduction in the need for briefing and other activity requiring travel, a travel budget of \$170,000 -- 10 percent over 1993 estimates -- is requested.

Books & Subscriptions -- Account 4800

The 1994 budget request of \$60,000 represents a 13 percent decrease from the 1993 estimate of \$69,000. We are able to achieve these savings by eliminating Institute subscriptions to many scientific journals.

Employee Recruitment & Relocation -- Account 6900

The \$65,000 charged to this cost center in 1993 is a one-time charge that has been eliminated in 1994.

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1994 BUDGET

Public Affairs Division

COST CENTER General Administration No. 1301

Authorized Positions 1993 - 18
Authorized Positions Requested 1994 - 18

ACCOUNT	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
2800 Staff Compensation	\$1,100	\$1,200	\$1,200
3200 Employee Benefits	297	324	324
3900 Travel	150	160	170
4000 Conferences & Meetings	3	2	2
4800 Books & Subscriptions	64	69	60
5000 Office Supplies	2	2	2
5100 Postage & Delivery	53	53	53
5200 Reproduction, Printing & Drafting	14	14	12
5400 Other Office Expense	4	4	4
5500 Membership & Staff Training	10	10	10
5800 Legal Fees	90	100	90
6900 Employee Recruitment & Relocation	-	65	-
7300 Professional Fees	53	20	53
7400 Purchased Administrative Service	10	10	10
8000 Computer Services	76	76	76
9100 Data Processing Allocation	233	233	233
Totals	\$2,159	\$2,342	\$2,299

The Tobacco Institute

1994 BUDGET

COST CENTER	General Administration	No.	1301
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #2801 - Staff Compensation</u>	\$ 1,100	\$ 1,200	\$ 1,200
TOTAL	\$ 1,100	\$ 1,200	\$ 1,200

The Tobacco Institute

1994 BUDGET

COST CENTER	General Administration	No.	1301
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #3201 - Employee Benefits</u>	\$ 297	\$ 324	\$ 324
TOTAL	\$ 297	\$ 324	\$ 324

The Tobacco Institute

1994 BUDGET

COST CENTER	General Administration	No.	1301
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #3901 - Travel</u>	\$ 150	\$ 160	\$ 170
TOTAL	\$ 150	\$ 160	\$ 170

The Tobacco Institute

1994 BUDGET

COST CENTER	General Administration	No.	1301
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #4001 - Conference & Meetings</u>	\$ 3	\$ 2	\$ 2
TOTAL	\$ 3	\$ 2	\$ 2

The Tobacco Institute

1994 BUDGET

COST CENTER	General Administration	No.	1301
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #4801 - Books & Subscriptions</u>	\$ 64	\$ 69	\$ 60
TOTAL	\$ 64	\$ 69	\$ 60

The Tobacco Institute

1994 BUDGET

COST CENTER	General Administration	No.	1301
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #5001 - Office Supplies</u>	\$ 2	\$ 2	\$ 2
TOTAL	\$ 2	\$ 2	\$ 2

The Tobacco Institute

1994 BUDGET

COST CENTER	General Administration	No.	1301
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #5101 - Postage & Delivery</u>			
Overnight deliveries to the Executive Committee and other Institute oversight committees	\$ 53	\$ 53	\$ 53
TOTAL	\$ 53	\$ 53	\$ 53

The Tobacco Institute

1994 BUDGET

COST CENTER	General Administration	No.	1301
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #5201 - Reproduction, Printing & Drafting</u>			
Committee presentations	\$ 12	\$ 12	\$ 12
Conversion of newspaper clippings, 1981 - present, to microfilm	2	2	-
TOTAL	\$ 14	\$ 14	\$ 12

The Tobacco Institute

1994 BUDGET

COST CENTER	General Administration	No.	1301
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #5401 - Other Office Expense</u>	\$ 4	\$ 4	\$ 4
<u>TOTAL</u>	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 4</u>

The Tobacco Institute

1994 BUDGET

COST CENTER	General Administration	No.	1301
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #5500 - Membership & Staff Training</u>	\$ 10	\$ 10	\$ 10
TOTAL	\$ 10	\$ 10	\$ 10

The Tobacco Institute

1994 BUDGET

COST CENTER	General Administration	No.	1301
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #5801 - Legal Fees - General</u>			
Covington & Burling	\$ 90	\$ 100	\$ 90
TOTAL	\$ 90	\$ 100	\$ 90

The Tobacco Institute

1994 BUDGET

COST CENTER	General Administration	No.	1301
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #6902 - Recruitment</u>	\$ -	\$ 65	\$ -
TOTAL	\$ -	\$ 65	\$ -

The Tobacco Institute

1994 BUDGET

COST CENTER	General Administration	No.	1301
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #7301 - Professional Fees</u>			
Public Affairs Division			
general contingency reserve	\$ 53	\$ 20	\$ 53
TOTAL	\$ 53	\$ 20	\$ 53

The Tobacco Institute

1994 BUDGET

COST CENTER	General Administration	No.	1301
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #7401 - Purchased Administrative Service</u>	\$ 10	\$ 10	\$ 10
TOTAL	\$ 10	\$ 10	\$ 10

The Tobacco Institute

. 1994 BUDGET

COST CENTER	General Administration	No.	1301
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #8030 - Purchased Computer Services</u>			
News and data retrieval systems	\$ 76	\$ 76	\$ 76
TOTAL	\$ 76	\$ 76	\$ 76

The Tobacco Institute

1994 BUDGET

COST CENTER	General Administration	No.	1301
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #9100 - Data Processing Allocation</u>	\$ 233	\$ 233	\$ 233
TOTAL	\$ 233	\$ 233	\$ 233

**PUBLIC SMOKING/SCIENTIFIC ISSUES 1302
1994 BUDGET SUMMARY**

The 1994 budget request for the Public Smoking/Scientific Issues cost center, at \$4.295 million, represents a 2.3 percent increase from 1993 estimated expenditures. In 1993, the lack of activity at OSHA allowed us to divert funds budgeted for a possible rulemaking to support federal, state and local testimony on ETS and the EPA risk assessment. For 1994, we anticipate an OSHA rulemaking and continued heavy demand for witnesses at the federal, state and local levels.

At the same time, several projects and programs have been reduced or eliminated in 1994.

Specific decreases/increases that should be noted include:

Reproduction, Printing & Drafting -- Account 5200

The \$10,000 (16 percent) increase in this account for 1994 is to update and reprint the print and video workplace kit materials that are produced for labor audiences. Both are used extensively in IAQ outreach efforts to state and local labor bodies; the print materials also are distributed as part of the response to requests for assistance from unions grieving smoking restrictions. Neither has been updated for several years and although drafting of updates for the print materials has begun in 1993, nothing will be ready for the presses until 1994.

Legal Fees -- Account 5800

Anticipating continued heavy activity on the part of academic and consulting scientists on federal, state and local levels in 1994, we have budgeted the same amount for C&B as we expect to spend in 1993.

Professional Fees -- Account 7300

The request for this account is \$135,000 -- or 4.6 percent -- above 1993 projections. Although we have made cuts in several line items, the likelihood of an OSHA rulemaking, and no let-up in sight in demand for ETS witnesses, necessitates the increase.

The authorized budget for scientific testimony on ETS issues in 1993 was \$65,000. We project that we will exceed that amount by more than 515 percent by year's end; we do not anticipate a let-up in this activity in 1994. Of the total, more than \$300,000 is in state/local requests.

Because OSHA is not expected to move forward with its IAQ/ETS effort before the end of the year, we were able to shift funds from that line item (for which \$600,000 was authorized but just

\$155,000 will be spent) to fund the federal/state/local witness activity. In 1994, we expect OSHA to issue a notice of proposed rulemaking and have budgeted -- again -- \$600,000 for scientific submissions in response to that notice. This is the minimum amount we would recommend for a comprehensive response to the rulemaking. We have reduced by \$50,000 -- to \$100,000 for 1994 -- the funds requested for critiques, meetings and presentations to OSHA.

Three line items have been eliminated from the 1994 budget request.

- . We expect to have completed by year's end our current effort (budgeted at \$150,000) to recruit and train new academic scientific witnesses.

- . Although \$80,000 was budgeted for this year for completion and promotion of the Lieberman project to detect possible bias in ETS research, nothing has been spent. While Lieberman has participated in several scientific forums to present his results, we have concluded that an ongoing program with him will require support and resources that are impractical at this time. Consequently, we recommend terminating this program.

- . Also gone from the 1994 budget request is the line item for briefings on the EPA risk assessment.

Devillier Communications is a new line item in the public smoking budget for 1993. This firm drafted and produced the ETS video and has provided writing and public relations (including media outreach) support on federal, state and local ETS/smoking restriction matters as assignments and demands made it impossible for a single TI staffer to meet all deadlines. The 5% increase for 1994 reflects the fact that the agency is now fully up to speed on this issue.

Support to Tobacco & Other Organizations -- Account 7500

The 1994 budget request for this account is \$68,000 -- or 6.8 percent -- below 1993 estimates. We have accomplished this by:

- . Reducing by \$50,000 support to the National Energy Management Institute -- media and promotion activity and distribution of an IAQ protocol. Efforts will be concentrated on federal (OSHA), state and local smoking restriction/IAQ activity and promotion of same.

- . Reducing by \$85,000 -- 40 percent -- support to the Business Council on Indoor Air. This reflects the growing ability of this organization to operate independently.

- . Eliminating support to the Safe Workplace Air Coalition, for which \$18,000 was spent in 1993.

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1994 BUDGET

Public Affairs Division

COST CENTER Public Smoking/Issues No. 1302

ACCOUNT	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
5200 Reproduction, Printing & Drafting	72	62	72
5800 Legal Fees	200	250	250
7300 Professional Fees	2,965	2,905	3,040
7500 Suprt Tob & Oth Organizations	1,123	1,001	933
Totals	\$4,360	\$4,218	\$4,295

The Tobacco Institute

1994 BUDGET

COST CENTER	Public Smoking/Issues	No.	1302
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #5201 - Reproduction, Printing & Drafting</u>			
Reproduction of published critiques and articles	\$ 20	\$ 20	\$ 20
Indoor air quality program			
. IAQ materials for other organizations	15	15	15
. IAQ publications	10	10	10
Workplace materials on collective bargaining, labor issues (print and video)	27	17	27
TOTAL	\$ 72	\$ 62	\$ 72

The Tobacco Institute

1994 BUDGET

COST CENTER	Public Smoking/Issues	No.	1302
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #5801 - Legal Fees - General</u>			
Covington & Burling	\$ 200	\$ 250	\$ 250
TOTAL	\$ 200	\$ 250	\$ 250

The Tobacco Institute

1994 BUDGET

COST CENTER	Public Smoking/Issues	No.	1302
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #7301 - Professional Fees</u>			
Consulting scientists on environmental tobacco smoke and ventilation issues:			
. Ventilation consultant fees and expenses for testimony, building investigations, and conference attendance	\$ 360	\$ 360	\$ 360
. Literature reviews, cri- tiques and analyses	150	150	150
. Participation in scien- tific conferences and scientific organizations (10 anticipated)	100	100	100
. Meetings and presentations (3 anticipated, including TI annual meeting)	70	70	70
. Media and testimony (per FRD and SAD request)	65	400	400
Occupational Safety and Health Administration (OSHA) Activities:			
. Scientific submissions	600	155	600
. Critiques, analyses, meet- ings, and presentations	150	150	100

The Tobacco Institute

1994 BUDGET

COST CENTER	Public Smoking/Issues	No.	1302
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #7301 - Professional Fees</u>			
<u>(Continued)</u>			
Academic Scientist Activities and Support:			
. Responses to scientific publications, publication of scientific analyses (20 publications/responses anticipated)	\$ 200	\$ 200	\$ 200
. Maintenance of environ- mental tobacco smoke database	150	150	150
. Meetings and presentations (4 anticipated)	20	20	20
Recruitment and training of new scientific witnesses	150	150	-
Completion and promotion of Lieberman/University of Pitts- burgh project (scientific publications, media tours, conferences, presentations) This project is designed to detect possible bias in ETS scientific research, researchers and promotion of same.	80	-	-

The Tobacco Institute

1994 BUDGET

COST CENTER	Public Smoking/Issues	No.	1302
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #7301 - Professional Fees</u>			
<u>(Continued)</u>			
Environmental Protection Agency (EPA) Activities:			
. Environmental Tobacco Smoke (ETS) Risk Assessment and Policy Guide			
- Critiques, analyses, meetings, and briefings on risk assessment (8 anticipated)			
	\$ 80	\$ 115	\$ -
Overall Public Smoking Program:			
General consulting fees			
. Wunder, Diefenderfer, Cannon & Thelen (OSHA issues)			
	300	300	300
. Ogilvy, Adams & Rinehart (including assistance to unions on workplace smoking issues)			
	230	230	230
. Sparber & Assoc (for BCIA)			
	125	125	125
. James Savarese & Assoc.			
	110	110	110
. Devillier Communications			
	-	95	100
. Legal consultant for testimony on employment law issues, law journal articles and op eds on employer liability			
	25	25	25

The Tobacco Institute

1994 BUDGET

COST CENTER	Public Smoking/Issues	No.	1302
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #7301 - Professional Fees</u>			
<u>(Continued)</u>			
TOTAL	\$ 2,965	\$ 2,905	\$ 3,040

The Tobacco Institute

1994 BUDGET

COST CENTER	Public Smoking/Issues	No.	1302
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #7501 - Support of Tob./Other Organizations</u>			
OSHA/Indoor Air Quality (IAQ) Program:			
National Energy Management Institute (NEMI)			
. Spokespersons to represent NEMI at seminars, in testimony, etc.	\$ 200	\$ 200	\$ 200
. Federal regulatory activity support	175	175	175
. State legislative support/regulatory projects	150	150	150
. NEMI promotional materials and activity	75	125	125
. Building studies	70	70	70
. NEMI IAQ training sessions	60	60	60
. Distribution and promotion of IAQ protocol	50	50	-
. Media/promotion activity	50	-	-
Business Council on Indoor Air (BCIA)	210	125	125
Tobacco Industry Labor Management Committee (LMC):			
. LMC state and local union presentations	50	20	20

The Tobacco Institute

1994 BUDGET

COST CENTER	Public Smoking/Issues	No.	1302
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #7501 - Support of Tob./Other Organizations</u>			
<u>(Continued)</u>			
Safe Workplace Air Coalition/AFGE regional seminars promoting results of IAQ survey of employees	\$ 25	\$ 18	\$ -
Grants to conduct indoor air quality building studies	8	8	8
TOTAL	\$ 1,123	\$ 1,001	\$ 933

MEDIA RELATIONS 1303
1994 Budget Summary

The 1994 budget request for the Public Affairs Media Relations cost center (1303) is \$355,000 and remains at the same level as 1993 year-end estimates. This cost center's budget has been reduced significantly over the last several years; funds remaining represent the minimum needed to sustain the functions of the media relations staff.

Some adjustments have been made in individual accounts. These include:

Postage & Delivery -- Account 5100

This line item has been cut 20 percent -- from \$25,000 to \$20,000, as fewer nationwide media mailings are anticipated.

Other Office Expense -- Account 5400

The 6 percent increase in this account reflects the full year cost of an on-line subscription to the AP Washington wire service, which was added in the middle of 1993. The wire coverage, which previously had been handled by PR counsel, was ordered to improve coverage and response to breaking stories, news events and press conferences in Washington.

To accommodate this increase, cuts were made in other accounts.

THE TOBACCO INSTITUTE

1994 BUDGET

Public Affairs Division

COST CENTER Media Relations No. 1303

ACCOUNT	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
3900 Travel	\$ 150	\$ 150	\$ 150
5100 Postage & Delivery	25	25	20
5200 Reproduction, Printing & Drafting	10	10	10
5400 Other Office Expense	75	85	90
7300 Professional Fees	95	85	85
Totals	\$ 355	\$ 355	\$ 355

The Tobacco Institute

1994 BUDGET

COST CENTER	Media Relations	No.	1303
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #3901 - Travel</u>	\$ 150	\$ 150	\$ 150
TOTAL	\$ 150	\$ 150	\$ 150

The Tobacco Institute

1994 BUDGET

COST CENTER	Media Relations	No.	1303
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #5101 - Postage & Delivery</u>			
Nationwide media mailings	\$ 15	\$ 15	\$ 10
Targeted print/broadcast mailings	10	10	10
TOTAL	<u>\$ 25</u>	<u>\$ 25</u>	<u>\$ 20</u>

The Tobacco Institute

1994 BUDGET

COST CENTER	Media Relations	No.	1303
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #5201 - Reproduction, Printing & Drafting</u>			
Preparation of mailings and press materials	\$ 10	\$ 10	\$ 10
TOTAL	\$ 10	\$ 10	\$ 10

The Tobacco Institute

1994 BUDGET

COST CENTER	Media Relations	No.	1303
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #5401 - Other Office Expense</u>			
Video monitoring service, transcripts, and news clips	\$ 75	\$ 85	\$ 90
TOTAL	\$ 75	\$ 85	\$ 90

The Tobacco Institute

1994 BUDGET

COST CENTER	Media Relations	No.	1303
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #7301 - Professional Fees</u>			
Special projects support and promotion	\$ 50	\$ 50	\$ 50
Media relations consultants	25	25	25
Satellite/electronic support	20	10	10
TOTAL	<u>\$ 95</u>	<u>\$ 85</u>	<u>\$ 85</u>

EXCISE TAXES/"SOCIAL COSTS" 1305
1994 Budget Summary

The 1994 budget request for the Excise Tax/"Social Cost" (1305) cost center totals \$3.150 million, and is a 5 percent increase from 1993 projected expenditures. This increase reflects anticipation of yet another full year of effort to discourage imposition of a federal tobacco tax to finance health care reform, and even more attention at the state level as delays in enactment of federal reforms prompt more state action.

Specific increases/decreases that should be noted include:

Reproduction, Printing & Drafting -- Account 5200

A \$22,000 increase (14.67 percent) is proposed in this account:

- . An additional \$2,000 is budgeted for printing of "Tax Burden on Tobacco," in anticipation of an increase in the number of pages.

- . Updates and reprints of issue brochures on excise taxes, "social costs" and earmarking are overdue. One of these brochures, used as information pieces for the general public and for legislators, is scheduled for update in 1993. The other two will be updated and reprinted in 1994; \$20,000 is budgeted for that project.

- . We anticipate reprints of tax regressivity studies for veterans, blacks, Hispanics, seniors and rural Americans in 1994. We also anticipate an initial print run for an Economic Policy Institute analysis of the Administration's health care reform plan. Each of these studies costs \$10,000 -- for a total of \$60,000.

Advertising -- Account 6200

Throughout 1993 we have developed television and radio scripts and print advertising copy in an effort to respond to a variety of political scenarios. For 1994, we anticipate a similar, year-long effort and have budgeted \$160,000, about 6 percent below 1993 estimates. This does not include funds for production and placement of any advertising campaign.

Professional Fees -- Account 7300

At \$1.34 million, the 1994 budget request for this cost center is 2.2 percent below 1993 projections, although significantly higher (55 percent) over the 1993 authorized budget. This can be attributed to three key unanticipated needs:

. Addition of Capital Communications Strategies to the core group of consultants to advise us on an ongoing basis on legislative and public relations strategies. CCS participates in all tax and health care issue meetings, accesses and analyzes public opinion polls for relevance to industry issues, and assists in the development of messages. With 1994 an election year, we expect to call on CCS personnel even more and have budgeted this firm at \$75,000 to allow for their regular involvement in our efforts.

. Continuous coordination of the efforts and activities of state labor consultants and progressive tax groups with activities at the federal level. This is an effort that is beyond the capacity of the single Institute staffer assigned to handle all state and federal tax/"social costs" programs -- and, given that the effort is coordinated through the Labor Management Committee, requires that organization's involvement. To ensure effective implementation of the outreach activity in the states, PR counsel has at our request assigned staff to handle this activity. We estimate the cost of this project in 1993 at \$320,000, and have budgeted the same amount in 1994.

. We did not budget for polling and focus groups in 1993, but have identified \$215,000 in funds that allowed us to conduct two series of focus groups and two public opinion polls. We have budgeted \$200,000 for 1994 for a similar level of effort.

Reductions in line items for 1994 include:

. A \$10,000 reduction in the line item for federal and state "social cost" calculations. There have been no requests for state-specific analyses in the last two years. The \$10,000 requested for 1994 anticipates revisions/updates to allow us to respond to federal "social cost" claims.

. A \$46,000 reduction (70 percent) in the line item for the insurance consultant. While we recommend retaining \$20,000 to allow us to consult with him on an as-needed basis on the impact of certain federal/state health care reform and financing proposals on the insurance industry, we believe that a regular monthly consulting arrangement can be terminated.

Support to Tobacco & Other Organizations -- Account 7500

The 1994 budget request for this cost center -- at \$1.473 million -- is an 11.8 percent increase from 1993 projections and anticipates full-year efforts for several programs and projects initiated midway through 1993. For example:

. Support to the Economic Policy Institute for its study of the distributional impact of the Administration's health care reform proposal is budgeted at \$75,000. This is the same level of funding as the initial analysis of the health care system; of the \$75,000 contributed toward the first study, \$15,000 was paid in 1992 and the remainder in 1993.

. Funds requested for state tax reform studies in 1994 total \$30,000, an \$8,000 increase over 1993 levels. Two research reports will be produced in 1993; the 1994 budget calls for three reports -- for Michigan, Ohio and Pennsylvania.

. For 1994, we are requesting \$130,000 to support federal and state tax reform conferences; \$100,000 was spent in 1993. For 1994 we propose a health care financing conference in Washington, D.C.

, We propose an increase in support to the Consumer Tax Alliance to \$20,000 -- from the \$10,000 projected in 1993 -- to support ongoing contact with the individuals who have signed petitions joining the organization.

. The increase in support -- \$70,000 in 1994, compared to \$45,000 in 1993 -- to the Federation of Southern Cooperatives (black farmers) reflects a full-year program in 1994.

. Although only \$5,000 will be contributed to the Coalition Against Regressive Taxation in 1993, the \$20,000 budgeted for 1994 anticipates CART involvement in federal tax issues in 1994.

. The \$15,000 budgeted for the Committee for a Responsible Federal Budget anticipates that this organization will conduct its own analysis of the Administration's health care reform proposal, and compare that proposal to its own recommendations.

THE TOBACCO INSTITUTE

1994 BUDGET

Public Affairs Division

COST CENTER Excise Issue No. 1305

ACCOUNT	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
5100 Postage & Delivery	2	2	2
5200 Reproduction, Printing & Drafting	160	150	172
6200 Adv. Space & Promo Total	110	171	160
7300 Professional Fees	933	1,370	1,340
7500 Suprt Tob & Oth Organizations	1,642	1,318	1,473
Totals	\$2,847	\$3,011	\$3,147

The Tobacco Institute

1994 BUDGET

COST CENTER	Excise Issue	No.	1305
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #5101 - Postage & Delivery</u>			
Mailing for Tax Burden on Tobacco	\$ 2	\$ 2	\$ 2
TOTAL	\$ 2	\$ 2	\$ 2

The Tobacco Institute

1994 BUDGET

COST CENTER	Excise Issue	No.	1305
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #5201 - Reproduction, Printing & Drafting</u>			
TI Tax Publications			
. Tax Burden on Tobacco	\$ 24	\$ 20	\$ 22
. State data card reprints (26 states)	13	13	15
. Issue brochures	10	12	20
Materials for other organiza- tions			
. Tax studies	60	50	60
. Health care/"social costs"	43	52	50
Excise tax video: labor perspective (reprints)	2	-	-
"Social costs" article reprints	8	3	5
TOTAL	\$ 160	\$ 150	\$ 172

The Tobacco Institute

1994 BUDGET

COST CENTER	Excise Issue	No.	1305
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #6201 - Advertising</u>			
Development of TV, radio and print ad scripts and copy	\$ 100	\$ 155	\$ 150
Residuals (for actors appear- ing in ads)	10	6	10
Development and placement of tax ads for allies	-	10	-
TOTAL	<u>\$ 110</u>	<u>\$ 171</u>	<u>\$ 160</u>

The Tobacco Institute

1994 BUDGET

COST CENTER	Excise Issue	No.	1305
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #7301 - Professional Fees</u>			
Counsel to assist in coalition, message development and delivery			
. Ogilvy, Adams & Rinehart	\$ 260	\$ 260	\$ 260
. James Savarese & Assoc.	150	150	150
. Wunder, Diefenderfer, Cannon & Thelen	110	170	170
. Capital Communications Strategies	24	50	75
Economic consultants			
. Op-ed programs	71	73	75
. Federal/state testimony	80	40	50
. Media tours on health care/"social costs"	42	-	-
. Critique of federal/state "social costs" calculations	15	20	10
Cross-border buying studies (at \$6,000 each)	15	6	10
Insurance expert	66	66	20
Coordination of post election/home district outreach program and contact with allies; open seats project	100	320	320
Polling and focus groups	-	215	200

The Tobacco Institute

1994 BUDGET

COST CENTER	Excise Issue	No.	1305
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #7301 - Professional Fees</u>			
<u>(Continued)</u>			
TOTAL	\$ 933	\$ 1,370	\$ 1,340

The Tobacco Institute

1994 BUDGET

COST CENTER	Excise Issue	No.	1305
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #7501 - Support of Tob./Other Organizations</u>			
Tobacco Industry Labor Management Committee support of national fair tax groups			
. Citizens for Tax Justice	\$ 130	\$ 130	\$ 130
- Support to federal lobbyist	40	10	30
- Federal tax/health care analyses	20	30	30
. Economic Policy Institute	60	60	60
- distributional impact of federal health care system	60	60	75
. Citizen Action	120	120	150
. Coalition on Human Needs	48	48	48
. Progressive Political Education Fund	25	30	30
. National Council of Senior Citizens	95	95	95
- Regional health care conferences on reform proposals	24	20	20
Tobacco Industry Labor Management Committee (LMC) support of state fair tax organizations:			
. California	50	48	48

The Tobacco Institute

1994 BUDGET

COST CENTER	Excise Issue	No.	1305
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #7501 - Support of Tob./Other</u>			
<u>Organizations</u>			
<u>(Continued)</u>			
. Connecticut	\$ 15	\$ 10	\$ 10
. Florida	10	-	-
. Illinois	40	20	30
. Indiana	15	15	15
. Iowa	36	36	36
. Massachusetts	5	-	-
. Michigan	15	-	15
. Minnesota	35	35	35
. Montana	18	18	18
. New Jersey	24	24	24
. Ohio	15	-	-
. Pennsylvania	30	18	30
. Washington	20	20	20
. Wisconsin	20	20	20
Economic policy/fair tax briefings for labor (@ \$4,000 each)	72	72	72
State tax reform studies	40	22	30
Tax reform/health care conferences			
. Federal	150	80	100
. State	40	20	30
Support to Consumer Tax Alliance	140	10	20
Support to American Agricul- ture Movement			
. General support	72	72	72

The Tobacco Institute

1994 BUDGET

COST CENTER	Excise Issue	Nr.	1305
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #7501 - Support of Tob./Other Organizations</u>			
<u>(Continued)</u>			
. Anti-excise tax media/ testimony/mailings	\$ 55	\$ 55	\$ 55
Support to Federation of Southern Cooperatives			
. General support	-	25	40
. Growers' visit to Washing- ton, DC	-	20	30
Coalition Against Regressive Taxation (CART)	20	5	20
Excise tax elasticity and health cost study	20	-	-
National Chamber Foundation "social cost" program	48	20	-
Support to Veteran's Rights Coalition for Tax Study	-	50	20
Support to Committee for a Responsible Federal Budget	15	-	15
TOTAL	\$ 1,642	\$ 1,318	\$ 1,473

**GENERAL COALITIONS 1307
1994 BUDGET SUMMARY**

The 1994 budget request for the General Coalitions cost center is \$3.075 million. This represents a 3.4 percent decrease from 1993 estimated expenditures. This decrease can be attributed projects completed in 1993, and a reduction in the number of state labor consultants.

Specific decreases/increases that should be noted include:

Postage & Delivery -- Account 5100

The \$4,000 recommended increase in this account for 1994 reflects mailing costs of the National Volunteer Fire Council newsletter, which were paid from the 7500 account in 1993. TAN mailings, which were budgeted at \$8,000 for 1993, but projected at \$5,000, return to full funding in 1994.

Reproduction, Printing & Drafting -- Account 5200

The 1994 budget request for this cost center is 30 percent below 1993 projected expenditures. This decrease is because a number of items printed in 1993 will not require reprint in 1994.

There are, however, a number of fire safety publications that will require reprints in 1994 and we have budgeted accordingly. Two new fire prevention resources were introduced in 1993 -- "Challenge for Life" and a new international study -- reprints for both will be needed in 1994 and have been budgeted at \$15,000. Yet another new fire prevention resource -- "Reaching the Hard to Reach" -- will be introduced in 1994 and the initial design and print run has been budgeted at \$15,000.

Advertising Space & Promotion -- Account 6200

This account, to fund miscellaneous advertising placements with allied groups, will continue at the same level in 1994.

Professional Fees -- Account 7300

The 1994 budget request for this account is 3.4 percent below 1993 projections, largely because of the completion of the latest TriData study on "reaching the hard to reach."

Increases for Sparber & Associates and Devillier Communications for 1993 have been maintained in 1994. Sparber's increase of \$10,000 reflects higher time/travel costs required to meet with fire service groups following release of the CPSC report. The increase for Devillier Communications reflects greater efforts to work with allies on promotion of fire issues.

We had budgeted \$5,000 in 1993 for witnesses at federal and state hearings on fire issues. We do not anticipate spending any of those funds in 1993, but do expect hearings at the federal level, and in several states, in 1994. We have budgeted \$10,000.

Support to Tobacco & Other Organizations -- Account 7500

The 1994 budget request for this account is 2.8 percent lower than 1993 estimates, chiefly because we have eliminated line items for two state labor consultants (New England and New York).

Among the national labor consultants, intensive work on state health care matters in more than a dozen states and work with national and state progressive tax organizations on federal health care reform will put the Strategy Group substantially over budget in 1993. We do not expect that to change in 1994, although we have decreased the budget request for that line item by almost 6 percent.

Similarly, in the states, tax matters throughout the midwest promoted an unanticipated high level of travel for the Ohio/Midwest labor consultant and put that line item over budget. Again, we do not expect the situation to change significantly in 1994, but have decreased the budget request for that line item by nearly 3 percent. Funds for labor consultants in New England and New York have been zeroed out. The budgets for other state labor consultants remain at 1993 levels.

Among the labor coalition groups, support to the Asian Pacific American Labor Association has been zeroed out. Appointment of an anti-smoking activist (who was the leading force behind the flight attendants' move to ban smoking on airlines several years ago) as the head of this organization has made it difficult to identify areas of mutual interest. We recommend that other coalition groups maintain the same level of support.

Activities of tobacco company representatives on the federal excise tax/health care issue -- visits to Washington to meet with Members of Congress, materials for distribution at state fairs, etc. -- were not budgeted in 1993, although \$30,000 in expenditures are anticipated. We recommend the same amount for 1994.

The \$7,000 increase in the 1994 budget request for the fire safety grant program reflects increased activity -- and promotion -- on the part of the task force organized by TI this year to promote fire safety education.

THE TOBACCO INSTITUTE

1994 BUDGET

Public Affairs Division

COST CENTER General Coalitions No. 1307

ACCOUNT	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
5100 Postage & Delivery	8	17	21
5200 Reproduction, Printing & Drafting	110	110	77
6200 Adv. Space & Promo Total	5	5	5
7300 Professional Fees	545	566	540
7500 Suprt Tob & Oth Organizations	2,447	2,491	2,432
Totals	\$3,115	\$3,189	\$3,075

The Tobacco Institute

1994 BUDGET

COST CENTER	General Coalitions	No.	1307
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #5101 - Postage & Delivery</u>			
Mass mailings of T.I. issue publications, materials	\$ 8	\$ 5	\$ 8
National Volunteer Fire Council Dispatch mailings (12 per year)	-	12	13
TOTAL	\$ 8	\$ 17	\$ 21

The Tobacco Institute

1994 BUDGET

COST CENTER	General Coalitions	No.	1307
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #5201 - Reproduction, Printing & Drafting</u>			
Reprints of existing publications			
. Tobacco: Deeply Rooted in America's Heritage	\$ 47	\$ 47	\$ -
. Heritage Reprints	14	10	-
. Tobacco Industry Profile	4	4	4
. T.I. Scope & Activities	3	3	3
. "There is No Tobacco Subsidy"	2	2	2
Miscellaneous materials for allied organizations	10	10	10
Reproduction of existing materials			
. Articles & studies	13	19	15
. "FireCare"	5	-	5
. "FireSense"	5	8	8
. "Challenge for Life"	5	7	15
. Video on T.I. fire program	2	-	-
. "Reaching the Hard to Reach" report and reprints of new international study	-	-	15
TOTAL	\$ 110	\$ 110	\$ 77

The Tobacco Institute

1994 BUDGET

COST CENTER	General Coalitions	No.	1307
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #6201 - Advertising</u>			
Miscellaneous placements with allied groups	\$ 5	\$ 5	\$ 5
TOTAL	\$ 5	\$ 5	\$ 5

The Tobacco Institute

1994 BUDGET

COST CENTER	General Coalitions	No.	1307
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #7301 - Professional Fees</u>			
Tri Data, Inc. for general consulting, data analyses, coalition building and fire safety research (includes travel)	\$ 268	\$ 268	\$ 270
. Research report on community-based fire prevention (to complete work begun in 1992)	37	37	
Sparber & Associates general consulting, planning, coalition building and in-kind support to national and state fire service groups (includes travel)	170	180	180
Counsel to establish support among veterans' and other miscellaneous allied groups (gay and women's rights, etc.)	55	56	55
Devollier Communications (for Media/PR assistance to fire service organizations)	10	25	25
Witnesses to represent industry at federal and state hearings on fire issues	5	-	10
TOTAL	\$ 545	\$ 566	\$ 540

The Tobacco Institute

1994 BUDGET

COST CENTER	General Coalitions	No.	1307
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #7501 - Support of Tob./Other Organizations</u>			
National Labor Management Committee (LMC) counsel to support all Committee and national coalition group activities, and to provide direction to all state consultants relating to Committee positions			
. The Strategy Group (tax issues, development of and support to tax conferences, state tax coalitions, development of fair tax materials and studies)	\$ 300	\$ 425	\$ 400
. Ogilvy Adams & Rinehart (PR consultants to LMC)	280	300	280
. James Savarese & Assoc. (LMC executive director, coordination of all state and federal LMC activities, liaison with LMC unions)	200	200	200
. The Jarvis Company (legislative liaison with the AFL/CIO legislative division and LMC member unions)	120	125	120
. Bill Holayter for Western and Federal LMC activities	70	70	70

The Tobacco Institute

1994 BUDGET

COST CENTER	General Coalitions		No.	1307
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)		1994 BUDGET (\$000)
<u>Account #7501 - Support of Tob./Other Organizations</u>				
<u>(Continued)</u>				
State Labor Management Committee (LMC) counsel to establish working relationships on tobacco issues with liberal/labor groups				
. California (2 consultants)	\$ 135	\$ 135	\$	135
. Florida	60	60		60
. Georgia/Kentucky/North Carolina/Virginia	50	50		50
. Illinois	90	90		90
. Iowa	45	45		45
. Michigan	70	70		70
. Minnesota	35	35		35
. New England	100	-		-
. New York	40	3		-
. Ohio (and coordination in 6 mid-West states)	150	180		175
. Pennsylvania	75	75		75
. Texas	40	40		40
. Washington	40	40		40

The Tobacco Institute

1994 BUDGET

COST CENTER	General Coalitions	No.	1307
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #7501 - Support of Tob./Other Organizations</u>			
<u>(Continued)</u>			
Support to LMC coalitions			
. Labor Council for Latin American Advancement	\$ 30	\$ 30	\$ 30
. National Consumers League	24	24	24
. Coalition of Labor Union Women	20	20	20
. A. Philip Randolph Institute	20	20	20
. Asian Pacific American Labor Association	20	-	-
LMC legislative conference/reception	100	80	90
Tobacco company representatives' visit to Washington, DC	-	30	30
Miscellaneous LMC projects	30	80	50
LMC model job training program for skilled workers (per BC&T request)	25	-	-
American Wholesale Marketers Association (formerly NATD)	50	50	50
Tobacco Growers Information Committee	40	40	40
Support to veterans' groups	5	5	5
Support to women's groups	3	8	3

The Tobacco Institute

1994 BUDGET

COST CENTER	General Coalitions	No.	1307
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #7501 - Support of Tob./Other Organizations</u>			
<u>(Continued)</u>			
Fire safety grant program			
. Grants to local fire safety organizations	\$ 80	\$ 90	\$ 80
. Task Force to Promote Public Fire Safety Education	-	-	25
. - Presentation of task force members at conferences	25	15	15
. - Miscellaneous (production of materials, psa's, etc.)	20	20	20
. National Volunteer Fire Council	15	13	15
. National Assoc. of State Fire Marshals	15	5	10
. International Society of Fire Service Instructors	5	6	5
. Burn Concerns	5	5	5
. Congressional Fire Services Institute	5	2	5
. International Assoc. of Black Professional Fire Fighters	5	5	5
. CPSC National Smoke Detector Project	5	-	-

The Tobacco Institute

1994 BUDGET

COST CENTER	General Coalitions	No.	1307
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #7501 - Support of Tob./Other Organizations</u>			
<u>(Continued)</u>			
TOTAL	\$ 2,447	\$ 2,491	\$ 2,432

**ADVERTISING/YOUTH ISSUES 1308
1994 Budget Summary**

The 1994 budget request for the advertising/youth issues cost center (1308) totals \$3.125 million. This represents an increase of slightly less than 4 percent above 1993 year-end projections of \$3.005 million. We can expect an increase in anti-tobacco advertising legislative and regulatory proposals at the federal, state and local levels in the wake of the 1993 Surgeon General's report and the promulgation of ADAMHA regulations.

Specific increases/decreases that should be noted include:

Postage & Delivery -- Account 5100

An increase of \$15,000 -- 7.6 percent -- is proposed in the "It's the Law" and "Tobacco: Helping Youth Say No" line items. This increase reflects additional mailing costs for distribution of existing and new youth program materials, particularly updated "It's the Law" materials as states enact regulations to comply with ADAMHA.

Reproduction, Printing & Drafting -- 5200

A new line item totaling \$60,000 for the development of new collateral Responsible Living Program materials is recommended in this account. Materials include workshop and teachers' guides, to facilitate group sessions to work with parents on youth issues. This increase, along with slight increases in line items for "It's the Law" reprints and printing for allies, raises the account 24 percent from \$330,000 to \$410,000.

As the youth program continues to mature, "Tobacco: Helping Youth Say No" materials will be updated and expanded to incorporate the research findings of the Family COURSE Consortium education expert. We anticipate a reprint of the booklet in 1994.

Advertising Space & Promotion -- Account 6200

The 1994 request of \$1,555,000 is a 5 percent decrease in this account from the 1993 year-end projection of \$1,635,000.

Cost savings of approximately \$55,000 were achieved in the 1993 youth program print ad budget by our advertising agency's negotiations with national publications, including Time, Parade, McCall's, and Family Circle. The 1994 request for the youth program print campaign totals \$1,160,000. While this is a slight increase over 1993 projected estimates of \$1,140,000, it is a notable decrease from campaigns in previous years.

By holding the youth print campaign near 1993 projections and reducing other items in the account, we can accommodate another

separate ad campaign in 1994 to counter policy repercussions of the Surgeon General's report. The line item for a print response to the Surgeon General's report on smoking and young people is reduced 30 percent from \$150,000 to \$100,000 for 1994.

Significant savings are expected next year in payments to the talent appearing in the TI/Consortium television public service announcements. The Consortium requested and the Screen Actor's Guild approved public service rates for the 1993-94 spots. The \$50,000 request for 1994 represents a 50 percent decrease from 1993 projections.

Professional Fees -- Account 7300

With excise tax and ETS-related issues a high priority, a full-scale youth program media tour was not implemented in 1993. A partial media tour totaling \$85,000 (PR counsel and Jolly Ann Davidson line items combined) will be deployed in the fall of 1993. An increase of \$30,000 over 1993 estimates, for a total of \$115,000, is requested for sustained media outreach in 1994 following the release of the Surgeon General's report.

Public relations counsel fees have been consolidated into one line item for 1994. A net decrease of \$10,000 is shown.

Expert witnesses are anticipated next year with increased attention to advertising and youth issues expected at the federal, state and local levels. To accommodate requests for testimony, the line item is doubled from \$20,000 to \$40,000.

Support to Tobacco and Other Organizations -- Account 7500

The Family COURSE Consortium is expected to intensify publicizing youth program messages through testimony, regional workshops, speakers' bureau appearances, articles, op-eds and individual projects. The corresponding line item shows an increase of \$50,000 over 1993 projections.

Support to the Washington Legal Foundation remains the same. The American Civil Liberties Union line item allows for a potential increase in support from \$10,000 to \$15,000 for next year, in anticipation of greater activity at the federal and state levels.

THE TOBACCO INSTITUTE

1994. BUDGET

Public Affairs Division

COST CENTER Advertising/Youth Programs No. 1308

ACCOUNT	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
5100 Postage & Delivery	300	275	290
5200 Reproduction, Printing & Drafting	440	330	410
6200 Adv. Space & Promo Total	1,740	1,635	1,555
7300 Professional Fees	460	370	410
7500 Suprt Tob & Oth Organizations	440	395	460
Totals	\$3,380	\$3,005	\$3,125

The Tobacco Institute

1994 BUDGET

COST CENTER	Advertising/Youth Programs	No.	1308
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #5101 - Postage & Delivery</u>			
"It's the Law"	\$ 120	\$ 100	\$ 110
Responsible Living ("Tobacco: Helping Youth Say No" and "Helping Youth Decide"	100	95	100
NTS Marketing ("800" number inbound service)	60	60	60
PSA Mailing (distribution of fourth set of ads)	20	20	20
TOTAL	\$ 300	\$ 275	\$ 290

The Tobacco Institute

1994 BUDGET

COST CENTER	Advertising/Youth Programs	No.	1308
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #6201 - Advertising</u>			
"Tobacco:Helping Youth Say No"			
. General Consumer	\$ 800	\$ 770	\$ 785
. Decision Makers	200	175	200
. Minority	90	90	80
. Education Journals	20	20	20
. Miscellaneous placements	15	15	15
Advertising Agencies			
. Reuben M. Smith Assoc. - advertising agency retainer in lieu of ad commission	180	180	180
. Holding fees and residual payments for PSA actors	150	100	50
. Production expenses for print ads	40	40	40
. Model fees for use of THYSN photos in billboards/posters	25	25	25
Funds for national print advertising campaign in response to Surgeon General's report on smoking and young people	150	150	100
"It's the Law" placements in national and state retail pub- lications	70	70	60

The Tobacco Institute

1994 BUDGET

COST CENTER	Advertising/Youth Programs	No.	1308
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #5201 - Reproduction, Printing & Drafting</u>			
"It's the Law"	\$ 180	\$ 140	\$ 155
. Special requests from SAD, such as CA and MA mailings	20	15	15
Responsible Living Materials (reprints of English and Spanish THYSN plus related print materials)	175	115	115
. Collateral materials (teachers' guide, workshop guide)	-	-	60
. PSA Reproduction	50	50	50
Printing and reprints for allies	10	5	10
Issue materials	5	5	5
TOTAL	\$ 440	\$ 330	\$ 410

The Tobacco Institute

1994 BUDGET

COST CENTER	Advertising/Youth Programs	No.	1301
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #6201 - Advertising</u>			
<u>(Continued)</u>			
TOTAL	\$ 1,740	\$ 1,635	\$ 1,555

The Tobacco Institute

1994 BUDGET

COST CENTER	Advertising/Youth Programs	No.	1308
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #7301 - Professional Fees</u>			
Responsible Living Program -			
. PR Counsel to promote spokesman @ \$3,000/market	\$ 100	\$ 50	\$ 75
. Jolly Ann Davidson (spokesman, testimony media activity @ \$400/day and expenses)	45	35	40
Public Relations Counsel	185	175	175
Ongoing expert analysis and comparison of anti-smoking ad campaigns, and Consortium/ industry efforts; promotion of same	60	60	50
Expert witnesses for federal, state hearings	40	20	40
Ongoing literature reviews on peer pressure and effective youth smoking programs; promo- tion of same	30	30	30
TOTAL	\$ 460	\$ 370	\$ 410

The Tobacco Institute

1994 BUDGET

COST CENTER	Advertising/Youth Programs	No.	1308
	1993 BUDGET (\$000)	1993 ESTIMATED (\$000)	1994 BUDGET (\$000)
<u>Account #7501 - Support of Tob./Other Organizations</u>			
Consortium to promote and distribute Responsible Living Program (including Speakers' Bureau and Consortium projects)	\$ 200	\$ 150	\$ 200
. Sparber & Associates (Consortium management)	60	60	60
. Development and promotion of articles for education journals	55	55	55
. Education consultant to evaluate Consortium materials and other youth programs	40	40	40
. Quarterly Meetings of Consortium members	30	30	40
. Miscellaneous Consortium materials such as portfolios, speakers' bureau materials and a general brochure on the Consortium	10	10	10
Washington Legal Foundation	30	35	35
ACLU	10	10	15
Federal coalitions	5	5	5
TOTAL	\$ 440	\$ 395	\$ 460