



THE HEARTLAND INSTITUTE

**2012
PROPOSED BUDGET**

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Summary

The projected income statement anticipates income of \$7.7 million, spending of \$6.5 million, and an addition to the fund balance of \$1.2 million.

2012 Projected Income Statement			
	2012 Budget	2011 Actual	2012/2011
Revenues	\$7,746,529	\$4,638,323	167%
Expenses	\$6,402,913	\$5,053,809	127%
Bonuses (2% of net)	\$26,872	\$0	--
Deferred Comp Fund	\$100,000	\$0	--
Total Spending	\$6,529,785	\$5,053,809	129%
Add to fund balance	\$1,216,744	\$(415,486)	--
Total	\$7,746,529	\$4,638,323	167%

Revenues are projected to increase some 67 percent, from \$4.6 million to \$7.7 million. The principal sources of the \$3 million increase in revenue are:

\$1,546,500	Lapsed and new donors supporting ten new projects
852,629	Increased revenue from past donors of more than \$10,000
406,400	Gross income from Direct Mail (net income expected to be (\$34,000))
271,000	Increased giving by the Anonymous Donor

\$3,076,529	Total

Spending is projected to increase 29 percent, from \$5.0 million to \$6.5 million, even though spending on Communications will fall by \$200,000, approximately the amount spent on last year's International Conference on Climate Change. The reasons for the \$1.5 million increase in spending are:

\$ 644,000	Free To Choose Medicine project, a new project
520,000	Direct Mail campaign for consultant, printing, mailing, and caging
318,000	Two projects on climate change partially funded by the Anonymous Donor

\$1,482,000	Total

The cost of fundraising is expected to be 10.4 percent, more than 2011's unusually low level but well within the range of recent years. Earned income will decline from \$100,000 to \$66,000 due to less revenue from non-fundraising events.

Revenue forecasts are summarized in Part 2, personnel is discussed in Parts 3 and 4, spending by department is summarized in Part 5 followed by detailed department budgets in Part 6. Part 7 documents overhead for Heartland's Chicago office.

1. 2012 Projected Income Statement

Table 1 presents the projected income statement for The Heartland Institute in 2012.

Table 1.			
Projected Income Statement			
PROJECTED REVENUE			
Source	2012 Budget	2011 Actual	2012/2011
Individuals	\$1,721,865	\$1,012,862	170%
Corporations	\$2,251,264	\$1,324,273	170%
Foundations	\$3,614,795	\$2,126,350	170%
Fundraising Events	\$92,793	\$74,234	125%
Other Events	\$34,793	\$69,585	50%
Publications	\$21,222	\$21,222	100%
Advertising	\$8,116	\$8,116	100%
Interest/Other	\$1,681	\$1,681	100%
Total	\$7,746,529	\$4,638,323	167%
PROJECTED EXPENSES			
1. Editorial	\$1,129,952	\$808,252	140%
2. Government Relations	\$539,158	\$423,319	127%
3. Communications	\$936,462	\$1,141,232	82%
4. Fundraising	\$801,074	\$337,779	237%
5. Publications	\$825,554	\$864,732	95%
6. Management & Administration	\$478,298	\$471,941	101%
7. Center on FIRE/ Wash DC	\$715,263	\$670,906	107%
8. Free To Choose Medicine	\$677,217	\$0	--
9. Occupancy	\$202,327	\$186,164	109%
10. Office Operations	\$38,620	\$43,884	88%
11. Other Overhead	\$121,619	\$105,600	115%
Budgeted Spending	\$6,465,543	\$5,053,809	128%
11. Bonuses (2% of net)	\$25,620	\$0	--
12. Deferred Comp Fund	\$100,000	\$0	--
Total Spending	\$6,591,163	\$5,053,809	130%
Add to fund balance	\$1,155,366	\$(415,486)	--
Total	\$7,746,529	\$4,638,323	167%

2. Projected Income

Details on how we plan to raise \$7.7 million appear in the 2012 Fundraising Plan. The following is an executive summary of that plan.

Overview: The 2012 Fundraising Plan forecasts fundraising income of \$7.7 million, a 70 percent increase over 2011 actual. Earned income is projected to fall to 65 percent of 2011 actual, from \$100,605 to \$65,813. Total receipts, then, are expected to total slightly less than \$7.8 million, a 67 percent increase from 2011.

The fundraising plan divides income into categories different than those used by Heartland's accounting system. The table below summarizes projected receipts using the fundraising department's categories.

Projected Receipts – Fundraising Categories			
Category	2012 Budget	2011 Actual	2012/2011
Renewed Donors > \$10,000	\$4,145,000	\$3,293,371	126%
First time donors	\$1,546,500	--	--
Anonymous Donor	\$1,250,000	\$979,000	128%
Renewed Donors < \$2,500	\$150,235	\$150,235	100%
Renewed Donors of \$2,500 - \$9,999	\$200,250	\$115,111	174%
Direct Mail	\$406,400	\$0	--
Total	\$7,698,385	\$4,537,717	170%

Personnel: Amanda Evans joined as development director in mid-2011 and remains in that position in 2012. Bruno Behrend and Sam Shulmann weren't successful fundraisers in 2011 so won't be with the team in 2012. Vince Galbiati and Eli Lehrer, directors of FTCM and CFIRE respectively, are expected to help raise the entire amounts of their project budgets.

Fundraising Strategy: The Heartland Institute has a comprehensive fundraising program with strategies and tactics that can be categorized as follows:

1. Current donor renewal
2. New donor identification and solicitation
3. Donor events
4. Online fundraising
5. Direct mail
6. Major project fundraising
7. Planned giving

Anonymous Donor: We expect the Anonymous Donor to contribute \$1,250,000 in 2012 in gifts for budgeted projects, 28 percent more than he contributed in 2011, but still less than he contributed in any other year since 2004. He already pledged to give \$1 million in January.

Renewing Donors of \$10,000+: We project raising \$4.1 million in 2012 by renewing the approximately 100 past donors *other than the Anonymous Donor* who gave \$10,000 or more in 2010 or 2011. This would be a 26 percent increase in revenue from donors of \$10,000 or more received in 2011.

Renewing of \$2,500 - \$9,999: In 2011 we raised about \$115,000 from 39 donors who gave between \$2,500 and \$9,999. These are prime candidates to bump up in 2012. We forecast a 74 percent increase in income from these donors, to \$200,000.

Direct mail: In 2012, we are retaining Griswold and Griswold to send approximately 800,000 letters to potential donors and an expanding house list of donors, at a cost of approximately \$424,000. In the first year, this effort is expected to lose about \$34,000. By the end of the second year, it should net approximately \$400,000 and produce some 30,000 new donors.

Lapsed and New Donors: We project income of \$1,546,500 from lapsed and new donors. This is half the budget of the new or re-started projects listed in the table below.

Projected Income from Lapsed and First-Time Donors, by Project		
Budget	From New Donors	Project
\$1,000,000	\$500,000	Free To Choose Medicine project
\$200,000	\$100,000	Nongovernmental International Panel on Climate Change (NIPCC)
\$610,000	\$305,000	Operation Angry Badger
\$250,000	\$125,000	Center for Transforming Education
\$100,000	\$100,000	Chicago FIRE Outreach
\$235,000	\$117,500	David H. Padden Intern Program
\$210,000	\$105,000	Cook County Public Debt project
\$200,000	\$100,000	Global Warming Curriculum project
\$100,000	\$50,000	Hydraulic Fracturing project
\$88,000	\$44,000	Weather Station project
\$2,905,000	\$1,546,500	Total

Heartland's cost of fundraising in 2011 is expected to be 9.9 percent. This is higher than in 2010 due to the cost of the direct mail campaign, but still less than 2010.

Other sources of income: Non-fundraising events revenue will fall by 50 percent due to our not sponsoring an International Conference on Climate Change. However, we expect to raise 25 percent more from the anniversary benefit than in 2011 by making some key changes in the way it is organized and promoted. We forecast no change in publications, advertising, or interest income.

3. Personnel Overview

The following people who were paid to work for Heartland in 2011 won't be paid, or will be paid much less, by the organization in 2012:

Bruno Behrend, director of the Center for Transforming Education, was reduced to part-time and then volunteer status as fundraising for the Center failed to reach expectations. He will be restored to part-time or full-time status only if funds are raised. He retains his title.

Ben Boychuck, managing editor of *School Reform News*, resigned mid-year and was replaced by Joy Pullmann. Ben, who lives and works in California, was recruited by the Manhattan Institute to become their California editor. He remains a policy advisor.

Zack Christenson, a Web site designer, resigned mid-year to become program manager for a talk radio show in Chicago.

Horace Cooper, who was a legislative specialist working out of our Washington DC office since 2010, was let go mid-year after we concluded he wasn't the right guy to lead a new and expanded Free to Choose Medicine project. He will be replaced in 2012 by Vince Galbiati. Horace remains an unpaid senior fellow.

Arin Greenwood, who was managing editor of Out of the Storm (OOTS) News, a blog sponsored by our Center on Finance, Insurance, and Real Estate (FIRE), left mid-year and was replaced by Ray Lehmann. Greenwood was recruited by the Huffington Post.

Latonya Harris, who was our computer systems manager for the past 10 years, was let go in late 2011 due to chronic truancy. She received severance pay for 2 weeks in January, so she still appears in the personnel budget for 2012. She will not be replaced, as her duties are being picked up by others in the office and AMI Communications, a contractor we've been increasingly relying on and will use to set up our new computer network in the new office space.

Marc Oestreich, a legislative specialist on education who then became our main web site designer when Zack Christenson left, left to mid-2011. He was recruited by a web site design and marketing firm located closer to his home in LaPorte, Indiana. He will not be replaced, as others in the office are now trained to update and post on the new web sites, and we already rely on a contractor, Peter Snyder, to do programming in Drupal.

Elizabeth Ow, a graphic designer who worked from her home in California primarily on ad design, won't be retained past January. Ad design will be brought in-house.

Sam Schulman, senior advisor for development, was retained in 2011 to help identify major potential donors. His efforts didn't produce any receipts, so his agreement ended at the end of October, he was unpaid in November, we then agreed to a two-month agreement (December, January) at \$2,500 a month.

Devonte Smith, receptionist and database assistant, resigned in mid-year to pursue other career possibilities. He was replaced by Roy Clippard.

The following people joined the organization after the start of 2011 or in early 2012:

Kendall Antekeier started in mid-2011 as a legislative specialist on health care issues. The position was vacant.

Roy Clippard started in mid-2011 as receptionist and database assistant. He replaced Devonte Smith.

Amanda Evans started mid-2011 as director of development. The position was vacant.

Vince Galbiati will start on January 3 as director of the Free to Choose Medicine (FTCM) project, a three-year, \$1 million/year project inspired by and partially funded by Bart Madden.

John Griswold starts in January 2012 as a contractor overseeing a direct mail campaign. He is paid \$0.055 per letter mailed, and one million letters are expected to be mailed in 2012.

Ray Lehmann started in late 2011 as deputy director of the Center on FIRE and managing editor of OOTS News, a blog. He replaced Arin Greenwood.

John Monaghan started in mid-2011 as a legislative specialist on environmental issues. The position was vacant earlier in the year.

Joy Pullmann started in mid-2011 as managing editor of *School Reform News*. She replaced Ben Boychuck.

Pete Snyder started in late 2011 as a contractor providing Web programming.

4. Personnel Budget

The two tables below summarize the multi-year budget for the project and personnel costs for the Nongovernmental International Panel on Climate Change (NIPCC), an international group of scientists that produces critiques of the reports of the United Nation's IPCC. Heartland hosts and funds the effort. A growing number of scientists have been recruited by Craig Idso to be contributing authors and editors of NIPCC's major reports, a series titled *Climate Change Reconsidered*. Two volumes have been published so far.

Table 2 presents the proposed budget as it appears in the fundraising proposal for the NIPCC project. Table 3 shows projected personnel expenses for 2012. We do not expect to produce an interim report of *Climate Change Reconsidered* in 2012, so the only incremental expense for this project other than personnel is \$1,000/month in expense reimbursements for Fred Singer. That amount appears in the Communications Department budget.

Activity	2010	2011	2012	2013	Total
(1) Center staff for creating Web site, recruiting authors, posting reviews, and overseeing writing of manuscript (10 months in 2010).	\$116,000	\$140,000	\$140,000	\$140,000	\$536,000
(2) Payment to lead authors and contributors (10 months in 2010, 6 months in 2013).	\$117,000	\$140,000	\$140,000	\$70,000	\$467,000
(3) SEPP to help recruit authors and host meetings of NIPCC (10 months in 2010).	\$70,000	\$84,000	\$84,000	\$84,000	\$322,000
(4) Heartland to fundraise for the project, edit, proof, publish, and promote the book.	\$20,000	\$24,000	\$24,000	\$200,000	\$268,000
Total	\$323,000	\$388,000	\$388,000	\$494,000	\$1,593,000

Payment/ month	Name	Chapter	Institution	Country
\$11,600	Craig Idso	Senior Editor	Center for the Study of CO ₂ & Global Change	USA
\$5,000	Fred Singer	Co-Editor	Science and Environmental Policy Project	USA
\$1,667	Robert Carter	Co-Editor	James Cook University & Institute for Public Affairs	Australia

Payment/ month	Name	Chapter	Institution	Country
\$1,000	Madhav Khandekar	1.3 Extreme Events	Environment Canada	Canada
\$1,000	Indur Goklany	2.5 Economics and Policy	U.S. Department of the Interior	USA
\$1,000	Robert Balling	tentative	Arizona State University	USA
\$1,000	TBD	tentative		
\$750	Anthony Lupo	1.4 Climate Models	University of Missouri	USA
\$750	Mitch Taylor	2.2 Terrestrial Animals	Lakehead University	Canada
\$750	Susan Crockford	2.2 Terrestrial Animals	University of Victoria	Australia
\$500	Joe D'Aleo	1.3 Extreme Events	ICECAP	USA
\$125	Willie Soon	contributor - paid by review - assume \$1500/year	Harvard-Smithsonian Center for Astrophysics	USA
\$125	Craig Loehle	contributor - paid by review - assume \$1500/year	National Council for Air and Stream Improvement	USA
\$125	David Watkins	contributor - paid by review - assume \$1500/year	Michigan Technological University	USA
\$25,392	Monthly budget			
\$304,704	Annual budget			

Table 4 below summarizes salaries or fees for current Heartland staff for recent years, planned payment in 2012, and 2012 percentage change. Names appearing in more than one place in this table are marked by "*" and % of time appears in parentheses. Underlined names are independent contractors.

In some cases where salaries appear to decline from 2010 to 2011, the change was due to the person transitioning from independent contractor to W2 employee. Heartland pays some FICA, UI/WC, health and life insurance, and 401(k) fees for W2 employees, so we negotiate lower salaries with staff who want to change their status from independent contractor to W2 employee.

2011 figures in Table 4 sometimes differ from 2011 actual compensation as reported on W2s for several reasons. The figures in the table are end-of-year salaries, calculated as last paycheck times 26 pay periods. This will differ from 2011 total compensation because not everyone worked for the entire year, raises granted over the course of the year, bonuses received by some employees, salary advances, and one-time signing bonuses or compensation for moving expenses.

This table should not be relied upon as an exact record of current salaries. Latreece Reed and Kevin Fitzgerald will need to refer to agreements with employees to confirm these numbers and determine when the raises forecast in this budget will actually occur. Since most raises won't be granted in January, this personnel budget overstates slightly the total personnel expenses expected in 2012.

**Table 4.
Salaries and Fees, 2008 - 2011 and 2012 Projected**

Name	Title	2008	2009	2010	2011	2012	% Change
1. Editorial Department							
Sam Karnick	Director - Editorial	\$84,420	\$84,700	\$88,935	\$90,000	\$92,700	3.0%
Diane Bast* (.9)	Executive Editor	\$76,500	\$76,500	\$80,325	\$84,341	\$86,871	3.0%
Joseph Bast* (.133)	President, Editor, Author	\$18,620	\$19,950	\$19,950	\$20,906	\$21,533	3.0%
<u>James Taylor</u>	Managing Editor, ECN	\$61,500	\$66,150	\$78,000	\$80,000	\$81,600	2.0%
<u>Joy Pullmann</u>	Managing Editor, SRN	--	--	--	\$62,000	\$63,240	2.0%
<u>Ben Domenech</u>	Managing Editor, HCN	--	\$58,500	\$60,000	\$63,600	\$64,872	2.0%
<u>Steve Stanek</u>	Managing Editor, BTN and FIRE	\$44,100	\$45,675	\$60,000	\$78,000	\$78,000	0.0%
<u>Bruce Walker</u>	Managing Editor, IT&T News	--	--	\$60,000	\$63,000	\$63,000	0.0%
<u>Maureen Martin*</u>	Managing Editor, LAF	\$48,000	\$17,125	\$22,500	\$6,000	\$6,000	--
<u>CCR Contributors</u>	CCR Contributors	--	\$50,000	\$278,000	\$289,200	\$304,704	5.4%
Editorial Total		\$333,140	\$418,600	\$747,710	\$837,047	\$862,520	3.0%
2. Government Relations Department							
John Nothdurft	Director - Gov't Relations	\$44,000	\$44,000	\$58,000	\$60,000	\$63,600	6.0%
Matthew Glans	Legislative Specialist - Insurance and Finance	\$38,000	\$45,000	\$48,000	\$50,400	\$52,920	5.0%
Kendall Antekeier	Legislative Specialist - Health Care	--	--	--	\$40,000	\$42,400	6.0%
John Monaghan	Legislative Specialist - Environment	--	--	--	\$40,000	\$42,400	6.0%
Robin Knox	Assistant, Gov't Relations	--	\$30,000	\$33,000	\$38,000	\$39,900	5.0%
3 interns (1 unpaid)	GR Interns	--	--	--	\$2,600	\$7,800	200%
Gov't Relations Total		\$82,000	\$119,000	\$139,000	\$231,000	\$249,020	7.8%
3. Communications Department							
Jim Lakely	Director - Communications	--	\$72,175	\$75,000	\$78,750	\$81,113	3.0%

Name	Title	2008	2009	2010	2011	2012	% Change
Joseph Bast* (.133)	President	\$18,620	\$19,950	\$19,950	\$20,906	\$21,533	3.0%
Nikki Comerford (incl. commissions)	Manager - Events and Exhibiting	\$67,000	\$67,000	\$68,340	\$75,000	\$76,500	2.0%
Tammy Nash	Manager - Mainstream Media	--	\$46,000	\$50,600	\$52,624	\$53,676	2.0%
Keely Drukala	Manager - New Media	\$46,000	\$47,250	\$48,195	\$48,195	\$50,123	4.0%
<u>Jay Lehr</u>	Science Director	\$36,000	\$40,000	\$42,000	\$42,000	\$42,000	0.0%
<u>Rich Dolinar, M.D.</u>	Senior Fellow - Health Care	\$2,500	--	--	\$12,000	\$12,000	0.0%
<u>Robert Holland</u>	Senior Fellow - Education	\$6,000	\$9,968	\$10,466	\$8,400	\$8,400	0.0%
<u>Maureen Martin*</u>	Senior Fellow - Law	\$48,000	\$17,125	\$22,500	\$74,000	\$74,000	0.0%
<u>Peter Ferrara</u>	Senior Fellow - Entitlements	--	--	--	\$24,000	\$27,000	12.5%
2 interns	PR Interns	--	--	--	\$2,900	\$7,800	--
Communication Total		\$224,120	\$319,468	\$337,051	\$438,775	\$454,145	3.5%
4. Fundraising Department							
Joseph Bast* (.466)	President	\$65,240	\$69,900	\$69,900	\$72,306	\$74,475	3.0%
Amanda Evans	Director of Development	--	--	--	\$58,000	\$61,480	6.0%
Rachel Rivest	Corporate Relations Manager	--	--	\$40,000	\$45,000	\$47,250	5.0%
Gwen Bryant	Assistant - Development	\$45,000	\$46,800	\$49,000	\$51,450	\$52,479	2.0%
<u>Sam Schulman</u>	Senior advisor - Advancement	--	--	--	\$32,500	\$2,500	--
<u>John Griswold</u>	Direct Mail Consultant	--	--	--	--	\$44,000	--
2 interns	DD Interns	--	--	--	--	\$7,800	--
Fundraising Total		\$110,240	\$116,700	\$158,900	\$259,256	\$289,984	11.9%
5. Publications Department							
Kevin Fitzgerald* (.5)	Director - Publications	\$45,000	\$47,500	\$47,500	\$55,000	\$56,650	3.0%
Joseph Bast* (.113)	President	\$18,620	\$19,950	\$19,950	\$20,906	\$21,533	3.0%
Kevin Leonard	Senior Graphic Designer	\$43,250	\$50,180	\$52,689	\$55,323	\$56,983	3.0%
Chris Whitehead	Publications Designer	--	\$45,000	\$50,000	\$55,000	\$56,650	3.0%

Name	Title	2008	2009	2010	2011	2012	% Change
<u>Pete Snyder</u>	Consultant - Video and Internet Projects	--	--	--	\$17,981	\$14,000	--
<u>Elizabeth Ow</u>	Graphic Designer	\$40,000	\$20,792	\$19,200	\$20,800	\$3,467	--
2 interns	PB Interns	--	--	--	--	\$7,800	--
Publications Total		\$146,870	\$183,422	\$189,339	\$225,010	\$217,083	-3.5%
6. Management and Administration Department							
Latrece Reed	VP - Personnel	\$75,000	\$80,000	\$80,000	\$85,600	\$91,164	6.5%
Kevin Fitzgerald* (.5)	Executive VP	\$45,000	\$47,500	\$47,500	\$55,000	\$56,650	3.0%
Joseph Bast* (.133)	President	\$18,620	\$19,950	\$19,950	\$20,906	\$21,533	3.0%
Diane Bast* (.1)	Manager - Accounting	\$8,500	\$8,500	\$8,925	\$9,371	\$9,652	3.0%
Anthony Johnson	Staff Accountant	--	--	--	\$45,000	\$45,675	1.5%
Zwahy'yah McElrath	Assistant to the President	\$32,000	\$40,000	\$42,000	\$44,250	\$45,356	2.5%
Tonya Houston	Assistant - Database	\$28,000	\$35,000	\$40,000	\$42,400	\$44,944	6.0%
Judy Kratchovil	Assistant - Mailings and Research	--	\$5,786	\$6,915	\$10,400	\$10,712	3.0%
Roy Clippard	Assistant - Reception and Database	--	--	--	\$26,250	\$26,775	2.0%
Latonya Harris	Computer Systems Manager	\$43,500	\$44,000	\$46,200	\$48,020	\$3,696	--
<u>Cheryl Parker</u>	Assistant - Inventory and Reception	\$29,000	\$30,000	\$32,000	\$35,680	\$36,572	2.5%
2 interns	Admin Interns	--	--	--	\$150	\$7,800	5100%
M & A Total		\$279,620	\$310,736	\$323,490	\$423,027	\$400,530	-5.3%
7. Washington DC Office / CFIRE							
Eli Lehrer	Director	--	--	\$145,000	\$145,000	\$155,150	7.0%
Ray Lehmann	Assistant Director	--	--	--	\$80,000	\$82,800	3.5%
Deborah Bailin	Administrative Assistant	--	--	\$51,627	\$36,000	\$40,320	12.0%
Christian Camara	Manager - Florida Office	--	--	\$58,000	\$58,000	\$60,030	3.5%
<u>Julie Drenner</u>	Manager - Texas Office	--	--	\$60,000	\$65,000	\$65,000	0.0%
<u>Alan Smith</u>	Manager, Ohio Office	--	--	--	\$24,000	\$60,000	150%
<u>Don Brown</u>	Senior Fellow	--	--	--	\$30,000	\$15,000	-50%
Wash DC Total		\$0	\$0	\$314,627	\$438,000	\$478,300	9.2%

Name	Title	2008	2009	2010	2011	2012	% Change
8. Free To Choose Medicine (FTCM) Project							
Vince Galbiati	Project Director	--	--	--	--	\$125,000	--
<vacant, 10 mo.>	GR and Coalitions	--	--	--	--	\$74,700	--
<vacant, 10 mo.>	PR and Research	--	--	--	--	\$70,550	--
<vacant, 10 mo.>	GR Assistant	--	--	--	--	\$37,350	--
<vacant, 10 mo.>	PR Assistant	--	--	--	--	\$37,350	--
FTCM Total		\$0	\$0	\$0	\$0	\$344,950	--
Heartland Total		\$1,175,990	\$1,467,926	\$2,210,117	\$2,852,115	\$3,296,532	15.6%

Table 5, below, picks up expected 2012 salaries and fees from Table 4 and adds other employment expenses (taxes, health insurance, and Workers Compensation/ Unemployment Insurance). Once again, names appearing in more than one place in this table are marked by “*” and % of time appears in parentheses. Underlined names are independent contractors.

Rather than break out the scientists contributing to *Climate Change Reconsidered*, who appeared in Table 3, they appear as single line item in the Editorial Department budget.

Table 5. 2012 Projected Personnel Budget						
Name	Title	'12 Pay	FICA (7.65%) (on first \$110,100)	Health and Life Insurance	WC/UI/ ADP (varies by state)	Total '12 Comp.
1. Editorial Department						
Sam Karnick	Director - Editorial	\$92,700	\$7,092	\$144	\$4,413	\$104,348
Diane Bast* (.9)	Executive Editor	\$86,871	\$6,646	\$3,800	\$4,604	\$101,921
Joseph Bast* (.133)	President, Editor, Author	\$21,533	\$1,123	\$570	\$1,141	\$24,367
<u>James Taylor</u>	Managing Editor, ECN	\$81,600	\$0	\$0	\$0	\$81,600
<u>Joy Pullmann</u>	Managing Editor, SRN	\$63,240	\$0	\$0	\$0	\$63,240
<u>Ben Domenech</u>	Managing Editor, HCN	\$64,872	\$0	\$0	\$0	\$64,872
<u>Steve Stanek</u>	Managing Editor, BTN and FIRE	\$78,000	\$0	\$0	\$0	\$78,000
<u>Bruce Walker</u>	Managing Editor, IT&TN	\$63,000	\$0	\$0	\$0	\$63,000
<u>Maureen Martin*</u>	Managing Editor, LAF	\$6,000	\$0	\$0	\$0	\$6,000
<u>CCR Contributors</u>	NIPCC Project	\$304,704	\$0	\$0	\$0	\$304,704
Editorial Total		\$862,520	\$14,860	\$4,514	\$10,158	\$892,052
2. Government Relations Department						
John Nothdurft	Director - Gov't Relations	\$63,600	\$4,865	\$4,222	\$3,371	\$76,058

Name	Title	'12 Pay	FICA (7.65%) (on first \$110,100)	Health and Life Insurance	WC/UI/ADP (varies by state)	Total '12 Comp.
Matthew Glans	Legislative Specialist - Insurance and Finance	\$52,920	\$4,048	\$8,566	\$2,805	\$68,339
Kendall Antekeier	Legislative Specialist - Health Care	\$42,400	\$3,244	\$4,222	\$2,247	\$52,113
John Monaghan	Legislative Specialist - Environment	\$42,400	\$3,244	\$4,222	\$2,247	\$52,113
Robin Knox	GR Department Assistant	\$39,900	\$3,052	\$3,973	\$2,115	\$49,040
Henderson	GR Intern	\$0	\$0	\$0	\$0	\$0
2 Interns	GR Interns	\$7,800	\$0	\$0	\$0	\$7,800
Gov't Relations Total		\$249,020	\$18,453	\$25,205	\$12,785	\$305,463
3. Communications Department						
Jim Lakely	Director - Communications	\$81,113	\$6,205	\$8,566	\$4,299	\$100,183
Joseph Bast* (.133)	President	\$21,533	\$1,123	\$570	\$1,141	\$21,972
Nikki Comerford	Manager - Events and Exhibiting	\$76,500	\$5,852	\$294	\$4,055	\$86,701
Tammy Nash	Manager - Old Media	\$53,676	\$4,106	\$4,222	\$2,845	\$64,850
Keely Drukala	Manager - New Media	\$50,123	\$3,834	\$4,222	\$2,657	\$60,836
<u>Jay Lehr</u>	Science Director	\$42,000	\$0	\$0	\$0	\$44,100
<u>Rich Dolinar, M.D.</u>	Senior Fellow - Health Care	\$12,000	\$0	\$0	\$0	\$12,000
<u>Robert Holland</u>	Senior Fellow - Education	\$8,400	\$0	\$0	\$0	\$8,400
<u>Maureen Martin</u>	Managing Editor, LAF	\$74,000	\$0	\$0	\$0	\$74,000
<u>Peter Ferrara</u>	Senior Fellow - Entitlements	\$27,000	\$0	\$0	\$0	\$27,000
2 Interns	Comm Interns	\$7,800	\$0	\$0	\$0	\$7,800
Communications Total		\$454,145	\$21,121	\$17,874	\$14,996	\$507,841
4. Fundraising Department						
Joseph Bast* (.466)	President	\$74,475	\$6,751	\$1,943	\$3,947	\$87,116
Amanda Evans	Director of Development	\$61,480	\$4,703	\$4,222	\$3,258	\$73,664
Rachel Rivest	Corporate Relations Manager	\$47,250	\$3,615	\$3,973	\$2,504	\$57,342
Gwen Bryant	Assistant - Development	\$52,479	\$4,015	\$4,222	\$2,781	\$63,497
<u>Sam Schulman</u>	Senior advisor - Advancement	\$2,500	\$0	\$0	\$0	\$2,500
<u>John Griswold</u>	Direct Mail Consultant	\$44,000	\$0	\$0	\$0	\$44,000
2 Interns	DD Interns	\$7,800	\$0	\$0	\$0	\$7,800
Fundraising Total		\$289,984	\$19,084	\$14,360	\$12,491	\$335,919
5. Publications Department						
Kevin Fitzgerald* (.5)	Director - Publications	\$56,650	\$4,334	\$147	\$3,002	\$64,133

Name	Title	'12 Pay	FICA (7.65%) (on first \$110,100)	Health and Life Insurance	WC/UI/ADP (varies by state)	Total '12 Comp.
Joseph Bast* (.113)	President	\$21,533	\$1,123	\$570	\$1,141	\$24,367
Kevin Leonard	Senior Graphic Designer	\$56,983	\$4,359	\$294	\$3,020	\$64,656
Chris Whitehead	Publications Designer	\$56,650	\$4,334	\$7,638	\$3,002	\$71,624
<u>Pete Snyder</u>	Consultant - Video and Internet Projects	\$14,000	\$0	\$0	\$0	\$14,000
<u>Elizabeth Ow</u>	Graphic Designer	\$3,467	\$0	\$0	\$0	\$3,467
2 Interns	PB Interns	\$7,800	\$0	\$0	\$0	\$7,800
Publications Total		\$217,083	\$14,149	\$8,649	\$10,166	\$250,047
6. Management and Administration Department						
Latrece Reed	VP - Personnel	\$91,164	\$6,974	\$8,329	\$4,832	\$111,299
Kevin Fitzgerald* (.5)	Executive VP	\$56,650	\$4,334	\$147	\$3,002	\$64,133
Joseph Bast* (.133)	President	\$21,533	\$1,123	\$570	\$1,141	\$24,367
Diane Bast* (.1)	Manager - Accounting	\$9,652	\$738	\$422	\$512	\$11,324
Anthony Johnson	Staff Accountant	\$45,675	\$3,494	\$3,973	\$2,421	\$55,563
Zwahy'yah McElrath	Assistant to the President	\$45,356	\$3,470	\$294	\$2,404	\$51,524
Tonya Houston	Assistant - Database	\$44,944	\$3,438	\$294	\$2,382	\$51,058
Judy Kratchovil	Assistant - Mailings and Research	\$10,712	\$819	\$150	\$568	\$12,249
Roy Clippard	Assistant - Reception and Database	\$26,775	\$2,048	\$294	\$1,419	\$30,536
Latonya Harris	Computer Systems Manager	\$3,696	\$283	\$144	\$196	\$4,319
<u>Cheryl Parker</u>	Assistant - Inventory and Reception	\$36,572	\$0	\$0	\$0	\$36,572
2 Interns	Admin Interns	\$7,800	\$0	\$0	\$0	\$7,800
Management & Admin. Total		\$400,530	\$26,722	\$14,617	\$18,876	\$460,745
7. Washington DC Office/CFIRE						
Eli Lehrer	Director	\$155,150	\$8,423	\$11,901	\$9,619	\$185,093
Ray Lehmann	Assistant Director	\$82,800	\$6,334	\$144	\$5,216	\$94,495
Deborah Bailin	Administrative Assistant	\$40,320	\$3,084	\$2,476	\$2,500	\$48,380
Christian Camara	Manager - Florida Office	\$60,030	\$4,592	\$141	\$3,422	\$68,185
<u>Julie Drenner</u>	Manager - Texas Office	\$65,000	\$0	\$0	\$0	\$65,000
<u>Alan Smith</u>	Manager, Ohio Office	\$60,000	\$0	\$0	\$0	\$60,000
<u>Don Brown</u>	Senior Fellow	\$15,000	\$0	\$0	\$0	\$15,000
Wash DC Total		\$463,300	\$22,434	\$14,662	\$20,757	\$521,153
8. Free To Choose Medicine (FTCM) Project						

Name	Title	'12 Pay	FICA (7.65%) (on first \$110,100)	Health and Life Insurance	WC/UI/ADP (varies by state)	Total '12 Comp.
Vince Galbiati	Project Director	\$125,000	\$8,423	\$4,222	\$6,625	\$144,270
<vacant>	GR and Coalitions	\$74,700	\$5,715	\$4,222	\$3,959	\$105,727
<vacant>	PR and Research	\$70,550	\$5,397	\$4,222	\$3,739	\$100,080
<vacant>	GR Assistant	\$37,350	\$2,857	\$4,222	\$1,980	\$54,900
<vacant>	PR Assistant	\$37,350	\$2,857	\$4,222	\$1,980	\$54,900
FTCM Total		\$344,950	\$25,249	\$21,110	\$18,282	\$459,727
Heartland Total		\$3,281,532	\$162,071	\$120,991	\$118,512	\$3,732,947

5. Summary of Spending by Department

Table 6 pulls from Table 5 and summarizes each department's personnel budget.

Department	2012	% of Total
1. Editorial	\$892,052	24%
2. Government Relations	\$305,463	8%
3. Communications	\$507,841	14%
4. Fundraising	\$335,919	9%
5. Publication	\$250,047	7%
6. Management and Administration	\$460,745	12%
7. Washington DC Office	\$521,153	14%
8. Free To Choose Medicine Project	\$459,727	12%
Total	\$3,732,947	100%

Table 7 below combines personnel budgets with other expenses and overhead by department.

Personnel: All of the department budgets are linked to the personnel tables in Part 4 so any changes in those tables automatically change the department budgets.

Expenses: Expenses are estimated by zero-based budgeting from the detailed department budgets presented in Tables 8-15 in Part 6 of this budget.

Overhead: Overhead – primarily rent, utilities, government fees, and office equipment – is apportioned according to *salaried* staff assigned to each department: The more salaried staff a department has, the more it is likely to make use of facilities, phones, and other shared overhead. The ratio of total Chicago overhead to total Chicago personnel-minus-independent-contractors is:

$$\frac{\$362,566}{\$2,252,000} = 0.161$$

In the formula above, the numerator is taken from projected overhead expenses reported in Table 16. The denominator is total Chicago (not including Washington DC) salaries and benefits (not including payments to independent contractors). So each department's share of overhead is 16.1% of its salaried personnel expense.

The table below pulls personnel data from Table 5, expenses are total expenses from Tables 8-15 minus personnel data, and overhead is taken from row three of Tables 8-15.

Table 7. Summary of Department Budgets					
Department	Personnel	Expenses	Total	Overhead	Total
Editorial	\$892,052	\$237,900	\$1,129,952	\$37,132	\$1,167,084
Government Relations	\$305,463	\$233,695	\$539,158	\$47,923	\$587,081
Communications	\$507,841	\$428,621	\$936,462	\$53,860	\$990,322
Fundraising	\$335,919	\$465,155	\$801,074	\$45,340	\$846,414
Publication	\$250,047	\$575,507	\$825,554	\$36,189	\$861,743
Administration	\$460,745	\$17,553	\$478,298	\$67,035	\$545,333
Washington Office	\$521,153	\$194,110	\$715,263	\$10,978	\$726,240
Free To Choose Medicine	\$459,727	\$217,490	\$677,217	\$74,039	\$751,255
Occupancy	--	\$202,327	\$202,327	--	--
Office Operations	--	\$38,620	\$38,620	--	--
Other Overhead	--	\$121,619	\$121,619	--	--
Total	\$3,732,947	\$2,732,596	\$6,465,543	\$372,495	\$6,475,472

5. Detailed Department Budgets

Following are best estimates of 2012 spending by each of Heartland's six departments plus the Washington Office/CFIRE and the new Free To Choose Medicine project. I have highlighted entries that are new in 2012 and/or represent a significant new commitment of resources.

8. Editorial Department		\$1,167,084
Annual Cost	Breakout	Explanation
\$37,132		OVERHEAD rent, phones, utilities, etc., 16% of salaried personnel
\$230,636		SALARIED STAFF
	\$104,348	Director - Editorial (Karnick)
	\$101,921	Senior Editor (D. Bast)
	\$24,367	President (J. Bast)
\$704,616		INDEPENDENT CONTRACTORS
		Managing and Contributing Editors
		<i>Environment & Climate News</i>
	\$81,600	Managing Editor - ECN (Taylor)
	\$7,200	Contributing Editors, \$600 x 12
		<i>School Reform News</i>
	\$63,240	Managing Editor - SRN (Pullmann)
	\$7,200	Contributing Editors, \$600 x 12
		<i>Health Care News</i>
	\$64,872	Managing Editor - HCN (Domenech)
	\$7,200	Contributing Editors, \$600 x 12
		<i>Budget & Tax and FIRE Policy News</i>
	\$78,000	Managing Editor - BTN (Stanek)
	\$7,200	Contributing Editors, BTN, \$600 x 12
	\$7,200	Contributing Editors, FIRE, \$600 x 12
		<i>IT&T News</i>
	\$63,000	Managing Editor, IT&T News (Walker)
	\$7,200	Contributing Editors, \$800 x 12
		<i>Lawsuit Abuse Fortnightly</i>
	\$6,000	Managing Editor (Martin)
	\$0	Contributing author fees (none)
	\$304,704	Nongovernmental International Panel on Climate Change (NIPCC) Payments to scientists contributing to producing the next <i>Climate Change Reconsidered</i> report.
\$169,000		OTHER AUTHORS Payments below do not appear in the personnel budget.

Annual Cost	Breakout	Explanation
	\$88,000	Surface Stations Project Payments to ItWorks/IntelliWeather to create web site featuring data from NOAA's new network of surface stations. First payment of \$44,000 in January, second of same amount contingent on fundraising around mid-year.
	\$75,000	K-12 Climate Education Project Payments to David Wojick for K-12 Global Warming Lesson Plan modules plus a Website featuring the same. Estimate quarterly payments of \$25,000 in June, September, and December.
	\$5,000	<i>Heartland Policy Studies</i> (for which we will pay authors) Authors, contributors, editors, and/or peer review, 1 @ \$5,000
	\$1,000	Other author payments
\$25,700		OTHER EXPENSES
	\$9,000	Travel, 4 managing editors, 3 trips to Chicago (Emerging Issues Forum, President's Council Retreat, one other) @ \$500 and hotel rooms @ \$250
	\$4,000	Travel by Research Director, \$400/month x 10 months
	\$10,000	Travel by Fred Singer and other CCR contributors, \$1,000 x 10 months
	\$1,500	Continuing education
	\$600	GoToMeeting subscription @ \$50/month (DCB Webinars)
	\$600	Miscellaneous expense reimbursements, \$50/month
\$1,129,952		Total Expenses without Overhead
\$1,167,084		Total Expenses with Overhead

9. Government Relations		\$587,081
Annual Cost	Breakout	Explanation
\$47,923		OVERHEAD rent, phones, utilities, etc., 16% of salaried personnel
\$297,663		SALARIED STAFF
	\$76,058	Director - Government Relations (Nothdurft)
	\$68,339	Legislative Specialist, Insurance and Finance (Glans)
	\$52,113	Legislative Specialist, Health Care (Antekeier)
	\$52,113	Legislative Specialist, Environment (Monaghan)
	\$49,040	Legislative Specialist, Health Care (Knox)
\$7,800		INDEPENDENT CONTRACTORS
	\$0	Part-time long term intern (Henderson) @\$200/week x 26
	\$7,800	2 interns @ \$150/week x 26 weeks + 1 free Koch Summer Intern

Annual Cost	Breakout	Explanation
\$7,600		PRINTING
	\$6,500	Promotional material for the Legislative Forum, \$0.65 x 10,000
	\$600	Letterhead, envelopes, and business cards, \$50/month
	\$500	Policy Tip Sheets, \$.50 x 1,000
\$18,865		MAILING
	\$10,000	Non-incumbent candidate mailing, \$2.00 x 5,000
	\$4,875	Promotional material for The Forum, 1 x \$0.65 x 7,500
	\$1,400	Welcome Packet to Newly Elected Officials, 1 x \$1.40 x 1,000
	\$1,890	Other postage, 50 letters/week x 45 weeks @ \$0.84
	\$700	Policy Kits, 1 x \$1.40 x 500
\$32,000		TRAVEL
	\$24,000	Travel for department staff, \$600 x 4 x 10 months
	\$8,000	Travel and honoraria for policy advisors to testify, \$2,000 x 4 months
\$118,670		EVENTS
	\$92,750	<p>Emerging Issues Forum</p> <p>\$3,000 Print invitations, 7,500 @ .20 x 2 4,350 Mail invitations, 7,500 @ .29 x 2 3,000 Speaker honoraria, travel, rooms, 2 @ \$1,500 72,000 Legislator travel and rooms, 120 @ \$600 14,400 Meals and room charges, 120 @ \$120</p> <p>----- \$92,750 Total</p>
	\$25,920	<p>Heartland Capital Events</p> <p>Events in state capitals for elected officials, with no travel scholarships. Estimate 8 events @ \$3,240 each:</p> <p>\$ 200 Print invitations, 200 @ .50 x 2 240 Mail invitations, 200 @ .60 x 2 300 Signs, 3 @ 100 1,500 Speaker honoraria, travel, rooms, 1 x \$1,500 1,000 Meals and room charges</p> <p>----- \$3,240 Total</p> <p>Note, travel for GR staff is budgeted separately. Three or four of these could be built around Cook County Debt project. Communications is budgeted to send 2 people to each of 6 Cook County Debt project speaking engagements. We believe the Treasurer or cohorts will pay for her travel.</p>
\$29,000		EXHIBITING/ATTENDANCE

Annual Cost	Breakout	Explanation
	\$13,000	ALEC Annual Meeting attendance/exhibiting/ ice cream social
	\$11,000	NCSL Annual Meeting attendance/exhibiting/ ice cream social (Chicago this year so more will attend but costs will be down)
	\$5,000	SPN, Heritage Resource Bank, and other Meeting registration/exhibiting
\$18,500		MEMBERSHIPS
	\$18,500	ALEC membership (\$7,000) and task force fees (\$8,500) (Tax, Insurance, natural resources, and health care)
\$9,060		OTHER EXPENSES
	\$0	Survey of legislators. We will do this every other year, 2012 is a skip year.
	\$3,600	iContact for sending R&Cs etc. to legislators, \$300/month
	\$1,000	Legislative Forum Booth display
	\$1,200	Office supplies and equipment, \$100/month
	\$1,000	Continuing education, \$1,000
	\$560	GR staff lunches, 8 @ \$70
	\$600	Blackberry fees for Nothdurft @ \$50/month
	\$500	GR staff retreat for planning, team-building
	\$600	Books and subscriptions, \$50/month
\$539,158		Total Expenses without Overhead
\$587,081		Total Expenses with Overhead

10. Communications		\$990,322
Annual Cost	Breakout	Explanation
\$53,860		OVERHEAD rent, phones, utilities, etc., 16% of salaried personnel
\$334,541		SALARIED STAFF
	\$100,183	Director - Communications (Lakely)
	\$21,972	President (J. Bast)
	\$86,701	Manager - Events and Exhibiting (Comerford)
	\$64,850	Manager - Mainstream Media (Nash)
	\$60,836	Manager - New Media (Drukala)
\$173,300		INDEPENDENT CONTRACTORS

Annual Cost	Breakout	Explanation
	\$44,100	Science Director (Lehr)
	\$12,000	Senior Fellow - Health Care (Dolinar)
	\$8,400	Research Fellow - Education (Holland)
	\$74,000	Senior Fellow - Law (Martin)
	\$27,000	Senior Fellow - Entitlements (Ferrara)
	\$7,800	2 interns @ \$150/week x 26 weeks
\$24,400		TRAVEL
	\$7,200	4 senior fellows, 3 trips to Chicago (Emerging Issues Forum, President's Council Retreat, one other) @ \$400 and hotel rooms @ \$200
	\$7,200	Cook County Debt project travel, 2 Heartland staff to accompany Treasurer to six events @ \$600.
	\$10,000	Communications Director, \$500 x 8 months Manager - MSM, \$500 x 4 months Manager - New Media \$500 x 8 months
\$126,350		EVENTS
	\$33,950	Events in Chicago for friends and allies, typically lunches or receptions with book authors, no honoraria and no travel. \$12,750 John Stossel event, 150 people @ \$85 \$ 9,000 2/month for 9 months in Heartland's new office space, 50 people @ \$10 \$ 9,000 1/quarter offsite, 50 people @ \$45 \$ 3,200 printing and mailing invites, \$200 x 16 ----- \$33,950
	\$2,400	Events outside Chicago at conferences attended by Heartland PR staffers. Typically, these are "Heartland Happy Hours" with snacks and no speakers. Estimate 4 events at \$600 each. Note: Travel is already budgeted. GR and Development are each budgeted for events of their own. One or two could be built around Cook County Debt project travel.
	\$90,000	Anniversary Benefit \$64,000 hotel 8,000 speakers' honoraria 3,500 printing invitations 4,500 mailing invitations 10,000 other ----- \$90,000 Total Actual spending in 2011 appears to have been \$93,000. Travel and rooms for legislators appear in GR budget.
\$51,500		EXHIBITING
	\$40,000	Registration, travel, hotel and shipping for 8 exhibits @ \$5,000. Nikki's travel, if necessary, comes out of this budget; travel for all other staff comes out of other budgets.
	\$2,500	SPN, Philadelphia Society, and CPAC.

Annual Cost	Breakout	Explanation
	\$9,000	Promotional items to give away from booth and sell on Heartland store: \$1,000 Hats \$1,000 T-shirts \$1,000 Mugs \$1,000 Plastic bags \$2,000 "Freedom Cards" \$3,000 Other
\$91,500		OPERATION ANGRY BADGER A research and education project built to take advantage of the public interest in Wisconsin's Act 10 generated by recall elections that could take place. Publications Dept. budget includes printing and mailing three reports and brochures.
	\$60,000	Design and place ads in 10 small newspapers reporting teacher salaries and benefits, 10 @ \$6,000.
	\$31,500	HL staff will create and launch blogs allowing volunteers and allies to post information about Act 10 that their local newspapers aren't covering. Maintain for 6 months. \$ 1,500 Web site hosting, \$25/month x 10 sites x 6 months \$30,000 Web site promotion, \$500/month x 10 sites x 6 months ----- \$31,500 Total
\$26,141		MAINSTREAM MEDIA
	\$21,541	VOCUS clipping service, social media tracking, reporter contact
	\$800	ProfNet, journalist inquiry service
	\$3,600	iContact email blast service, \$300/month
	\$200	New business cards (\$50 for 500 cards x 4 staffers)
\$40,860		NEW MEDIA
	\$40,000	Google Adwords and other Web advertising services @ \$4,000/10 months
	\$360	Social networking Web site expenses @ \$30/month
	\$500	Podcast, Web site and magazine subscriptions
\$64,310		INTERNET AND VIDEO PROJECTS
	\$20,000	Cook County Debt video production (out-source)
	\$8,750	Cook County video duplication, 25,000 x \$0.35
	\$20,000	DIY Democracy/Prometheus PolicyBot project (expect final payment to be made in 2012)
	\$9,500	iPad App programming
	\$2,000	Training for Web content management system – WordPress and Drupal classes, training for Jim, Keely and Diane.
	\$1,000	Mobile devices for testing Heartland apps
	\$1,700	Digital video camera.

Annual Cost	Breakout	Explanation
	\$1,000	Miscellaneous software purchases (CS5 – DreamWeaver, PhotoShop, etc.)
	\$360	Cauliflower podcast recording service. (\$30/mo. x 12)
\$3,560		OTHER
	\$0	Survey of legislators. We will do this every other year, 2012 is a skip year.
	\$1,800	Blackberry fees, Jim, Keely, and Nikki @ \$50 x 12 months
	\$700	Camera and lighting training for Jim and Keely
	\$560	Department lunches, \$70 x 8
	\$500	PR staff retreat for planning, team-building
\$936,462		Total Expenses without Overhead
\$990,322		Total Expenses with Overhead

11. Fundraising		\$846,414
Annual Cost	Breakout	Explanation
\$45,340		OVERHEAD rent, phones, utilities, etc., 16% of salaried personnel
\$281,619		SALARIED STAFF
	\$87,116	President (part time) (J. Bast)
	\$73,664	Director of Development (Evans)
	\$57,342	Manager - Corporate Relations (Rivest)
	\$63,497	Manager - Membership (Bryant)
\$54,300		INDEPENDENT CONTRACTORS
	\$2,500	Senior advisor for Development (Schulman)
	\$44,000	Griswold & Griswold for direct mail consulting
	\$7,800	2 interns @ \$150/week x 26 weeks
\$209,800		PRINTING
	\$190,000	Direct Mail Campaign: 800,000 letters, approx. total cost of \$424,000, minus Griswold's fee of \$44,000 = \$380,000, approx. half is printing and half is postage and caging.
	\$3,750	New Prospectus, 3,000 @ \$1.25
	\$7,200	Correspondence with current and potential donors: QPRs, proposals, and letters @ \$600 x 12 months
	\$5,100	Second and third renewal letters (2,000 letters), lapsed donor mailings (500 x 2), and end-of-the-year fundraising mailing (3,000) x \$0.85.

Annual Cost	Breakout	Explanation
	\$3,750	Holiday cards: Thanksgiving and Christmas, 2,500 x \$0.75 x 2
\$205,235		MAILING
	\$190,000	Direct Mail Campaign: 800,000 letters, approx. total cost of \$424,000, minus Griswold's fee of \$44,000 = \$380,000, approx. half is printing and half is postage and caging.
	\$7,200	Correspondence with current and potential donors: \$600 x 12 months
	\$3,900	Second and third renewal letters (2,000 letters), lapsed donor mailings (500 x 2), and end-of-the-year fundraising mailing (3,000) x \$0.65.
	\$1,935	First renewal letter, with prospectus: 1,500 x \$1.29
	\$2,200	Holiday cards: Thanksgiving and Christmas, 2,500 x \$0.44 x 2
\$16,000		TRAVEL
	\$16,000	Joe and one other staff member, 2 x \$800/month x 10 months
\$27,540		EVENTS
	\$27,540	<p>President's Council Retreat Estimate 30 donors, 15 spouses, and 12 staff. Only 5 staff at dinner. Posters printed in 2011 will be gifts. A hypothetical budget:</p> <p>\$12,500 Dinner, 50 x \$250 6,840 Breakfast and lunch, 2 x 57 x \$60 2,800 Two receptions x \$1,400 4,000 Honoraria and travel for one or two "special guests" 2,500 High-touch mailing at \$25 each to 100 donors</p> <p>----- \$27,540 Total</p>
\$6,580		OTHER EXPENSES
	\$0	Survey of legislators. We will do this every other year, 2012 is a skip year.
	\$2,500	Continuing education
	\$1,200	Blackberry subscription fees reimbursed to staff, Joe and Amanda, \$50 x 12
	\$1,200	Office supplies and equipment, \$100/month
	\$1,200	Books and subscriptions, \$100/month
	\$480	DD staff lunches, 8 @ \$60
\$801,074		Total Expenses without Overhead
\$846,414		Total Expenses with Overhead

5. Publication		\$861,743
Annual Cost	Breakout	Explanation
\$36,189		OVERHEAD rent, phones, utilities, etc., 16% of salaried personnel
\$224,780		SALARIED STAFF
	\$64,133	Director - Publications (Fitzgerald)
	\$24,367	President (J. Bast)
	\$64,656	Senior Graphic Designer (Leonard)
	\$71,624	Publication Designer (Whitehead)
\$25,267		INDEPENDENT CONTRACTORS
	\$14,000	Drupal update/Web admin (Synder)
	\$3,467	Graphic Designer (Ow)
	\$7,800	2 interns @ \$150/week x 26 weeks
\$282,820		PERIODICALS
		<i>Environment & Climate News</i>
	\$36,480	Printing, 19,000 x .24 x 8
	\$23,040	Mailing, 18,000 x .16 x 8
	\$0	<i>Roosters of the Apocalypse</i> polybag? Decided against this.
	\$2,880	<i>Climate Change Reconsidered</i> promotional card, printing
	\$500	<i>Climate Change Reconsidered</i> promotional card, stitched in
	\$1,100	FedEx, \$50 x 8, and photos, \$70 x 10
		<i>Health Care News</i>
	\$38,400	Printing, 20,000 x .24 x 8 (circulation increased by 1 issue and 1,000 for FTFCM project)
	\$24,320	Mailing, 19,000 x .16 x 8
	\$4,180	CAHI insert polybag (+.10) and additional postage (+.12) for 19,000 copies
	\$1,100	FedEx, \$50 x 8, and photos, \$70 x 8
		<i>Budget & Tax News</i>
	\$31,920	Printing, 19,000 x .24 x 7
	\$20,160	Mailing, 18,000 x .16 x 7
	\$2,880	Cook County report promotional card, printing
	\$500	Cook County report promotional card, stitched in

Annual Cost	Breakout	Explanation
	\$1,100	FedEx, \$50 x 7, and photos, \$70 x 10
		<i>School Reform News</i>
	\$27,360	Printing, 19,000 x .24 x 6
	\$17,280	Mailing, 18,000 x .16 x 6
	\$5,400	Book by Herb Walberg polybagged, polybag (+.10) and additional postage (+.20) for 18,000 copies
	\$900	FedEx, \$50 x 6, and photos \$70 x 10
		<i>IT&T News</i>
	\$4,560	Printing, 19,000 x .24 x 1
	\$2,880	Mailing, 18,000 x .16 x 1
	\$700	Photos, \$70 x 10
		<i>FIRE Policy News</i>
	\$4,560	Printing, 19,000 x .24 x 1
	\$2,880	Mailing, 18,000 x .16 x 1
	\$700	Photos, \$70 x 10
		<i>QPR Newsletter (formerly The Heartlander)</i>
	\$15,600	Printing, 4 issues at 4,700 x \$.83
	\$11,440	Mailing, 4 issues at 4,400 x \$0.65
\$22,790		BOOKS, BOOKLETS, DVDS
		<i>Roosters of the Apocalypse</i>
	\$3,900	Print, 5,000 x \$0.78
	\$1,290	Mail 3,000 x \$0.43
	\$1,000	First class, hard covers
		Walberg Education Book
	\$15,600	Print, 20,000 x \$0.78
	\$0	Mail 18,000, polybagged with SRN (see SRN budget)
	\$1,000	FedEx shipping to 2,000 Allies
\$27,806		POLICY STUDIES AND POLICY BRIEFS
		<i>Public Pension Report Card 2012</i>

Annual Cost	Breakout	Explanation
	\$2,870	Printing, 3,500x \$0.82
	\$1,848	Mailing, 3,300 x \$0.56
	\$200	FedEx shipping of boxes to allies
		<i>Property & Casualty Report Card 2012</i>
	\$1,972	Printing, 2,900 x \$0.68
	\$1,568	Mailing, 2,800 x \$0.56
	\$100	FedEx shipping of boxes to allies
		<i>Public Debt Crisis (Cook County)</i>
	\$4,350	Printing, 5,000 copies @ \$0.87
	\$5,080	Mailing, 4,000 copies @ \$1.27
	\$2,400	Brochure, printing, 5,000 @ \$0.48
	\$200	FedEx shipping of boxes to allies
		<i>Replacing EPA</i>
	\$2,870	Printing, 3,500 x \$0.82
	\$1,848	Mailing, 3,300 x \$0.56
	\$200	FedEx shipping of boxes to allies
		<i>Parent Trigger Implementation Guide</i>
	\$1,260	Printing, 2,100 x \$0.60
	\$840	Mailing, 1,500 x \$0.56
	\$200	FedEx shipping of boxes to allies
\$205,020		OPERATION ANGRY BADGER A research and education project built to take advantage of the public interest in Wisconsin's Act 10 generated by recall elections that could take place. Communications Dept. budget includes print ads and Web site projects.
		<i>The Benefits of Wisconsin's Act 10</i>
	\$3,500	Print, 5,000 @ \$0.70
	\$5,640	Mail, 4,000 @ \$1.41
	\$40,800	Brochure print, 120,000 @ \$0.34
	\$48,000	Brochure mail, 120,000 @ \$0.40
		<i>How Good Are WI Schools?</i>
	\$3,500	Print, 5,000 @ \$0.70
	\$5,640	Mail, 4,000 @ \$1.41
	\$40,800	Brochure print, 120,000 @ \$0.34
	\$48,000	Brochure mail, 120,000 @ \$0.40
		<i>Are Wisconsin's Teachers Underpaid?</i>
	\$3,500	Print, 5,000 @ \$0.70

Annual Cost	Breakout	Explanation
	\$5,640	Mail, 4,000 @ \$1.41
		(Comm. Dept. will design and run print ads for local newspapers.)
\$16,760		INTERNET PROJECTS
	\$9,000	Media Temple Server, \$750/month
	\$6,000	Vidler Video Hosting
	\$400	GoDaddy domain renewals (10 @ \$40 for 2 yrs.)
	\$600	Network Solutions domain renewals (15 @ \$40 for 2 yrs.)
	\$600	Ning site (FreedomPub)
	\$160	Network Solutions web forwarding (4 domains @ \$40)
\$20,311		OTHER EXPENSES
	\$8,131	Monthly first-class mailings to VIPs, 280 x \$2.42 x 12
	\$1,500	Travel, \$500 x 3 months
	\$5,000	Envelopes, letterhead, business cards, etc., \$416.66/month
	\$1,200	Computer equipment and software upgrades, \$100 x 12 months
	\$1,200	Office supplies and equipment, \$100/month
	\$2,500	Continuing education, \$2,500
	\$480	PB staff lunches, 8 @ \$60
	\$300	Books and subscriptions, \$25/month
\$825,554		Total Expenses without Overhead
\$861,743		Total Expenses with Overhead

6. Management and Administration		\$545,333
Annual Cost	Breakout	Explanation
\$67,035		OVERHEAD rent, phones, utilities, etc., 16% of salaried personnel
\$416,373		SALARIED STAFF
	\$111,299	Vice President - Administration (Reed)
	\$64,133	Executive Vice President (Fitzgerald)
	\$24,367	President (J. Bast)
	\$11,324	Manager - Accounting (D. Bast)
	\$55,563	Accountant (Johnson)

Annual Cost	Breakout	Explanation
	\$51,524	Assistant to the President (McElrath)
	\$51,058	Database Manager (Houston)
	\$12,249	Office Assistant - Mailings and Research (Kratchovil)
	\$30,536	Receptionist/Database Manager (Clippard)
	\$4,319	Manager - Computer Systems Manager (Harris, January only)
\$44,372		INDEPENDENT CONTRACTORS
	\$36,572	Office Assistant - Inventory Coordinator/Receptionist (Cheryl)
	\$7,800	2 interns @ \$150/week x 26 weeks
\$17,553		OTHER EXPENSES
	\$3,750	Full staff lunches, 6 @ \$400 Employee recognition awards, 9 @ 150
	\$3,600	President's lunches with staff, 6/month x 10 months @ \$60
	\$2,035	Continuing education, SHRM Conference for \$1,335+ \$700 for other educational opportunities
	\$1,500	Department staff travel, \$500/month x 3 months Latrece to attend three events, doesn't include Kevin Fitzgerald or J. Bast, and doesn't include cases where Latrece staffs Heartland's booth (Exhibiting)
	\$1,200	Life insurance for President
	\$1,200	Blackberry fees, Reed and Fitzgerald, 2 x \$50 x 12 months
	\$900	Employment advertising/background checks/recruitment fees, 6 @ \$150
	\$868	ADP payroll and benefits management
	\$800	Department staff lunches, 8 @ \$100 each
	\$360	Printing, \$30/month
	\$240	Mailing, \$20/month
	\$500	Holiday party for staff
	\$600	Employee records folders, compliance documents, posters, and subscriptions, books and subscriptions, \$50/month
\$478,298		Total Expenses without Overhead
\$545,333		Total Expenses with Overhead

14. Washington DC Office / CFIRE		\$726,240
Annual Cost	Breakout	Explanation
\$10,978		OVERHEAD rent, phones, utilities, etc., 16% of Matt Glans' compensation (the only CFIRE staffer in the Chicago office)
\$396,153		SALARIED STAFF
	\$185,093	Director (Lehrer)
	\$94,495	Deputy Director (Lehmann)
	\$48,380	Administrative Assistant (Bailin)
	\$68,185	FL Director (Camara)
\$140,000		INDEPENDENT CONTRACTORS
	\$65,000	Texas Director (Drenner)
	\$60,000	Alan Smith
	\$15,000	Don Brown
\$7,070		PRINTING AND MAILING
	\$2,050	Printing, 5 x 500 x \$0.82
	\$1,400	Mailing, 5, x 500 x \$0.56
	\$500	FedEx shipping of boxes to allies, \$100 x 5
	\$2,400	Printing at DC office, \$200/month.
	\$720	Mailing from DC office, \$60/month
\$33,600		RENT AND OFFICE EXPENSES
	\$25,200	Rent, \$2,100/month
	\$3,000	Utilities, \$250/month
	\$2,400	Internet and phone, \$200/month
	\$3,000	Office insurance
\$138,440		OTHER EXPENSES
	\$124,000	Travel, \$7,000 x 12 Lars Powell project, \$10,000 CA project, \$30,000
	\$10,000	Conference attendance and sponsorship
	\$3,240	Blackberries for three staff (Eli, Christian, Deb), 3 x \$90 x 12

Annual Cost	Breakout	Explanation
	\$1,200	Office supplies, \$100/month
\$715,263		Total Expenses without Overhead
\$726,240		Total Expenses with Overhead

15. Free to Choose Medicine		\$751,255
Annual Cost	Breakout	Explanation
\$74,039		OVERHEAD rent, phones, utilities, etc., 16% of salaried personnel
\$459,877		SALARIED STAFF
	\$144,270	Project Director (Galbiati)
	\$105,727	PR and Research Director (10 months)
	\$100,080	Government Relations and Coalitions Director (10 months)
	\$54,900	PR Assistant (10 months)
	\$54,900	GR Assistant (10 months)
\$94,340		PUBLICATIONS
		<i>Free To Choose Medicine 2nd ed.</i>
	\$15,600	Print, 20,000 x \$0.78
	\$5,400	<i>Free To Choose Medicine</i> second edition polybag (+.10) and additional postage (+.20) for 18,000 copies
	\$1,000	FedEx shipping of 2,000 to Allies
		Policy Studies
	\$35,000	5 policy studies, authors' fees @ \$7,000
	\$20,000	5 policy studies, print and mail, 2,000 x \$2
		Booklets and Promo Material
	\$10,540	Booklet on FTCM (Similar to "More Choices, Better Health")
	\$6,800	Promotional folders, brochures, business cards, etc.
\$78,000		PUBLIC RELATIONS
	\$36,000	Online advertising, \$3,000/month
	\$36,000	Exhibiting, 12 events at \$3,000 each for incremental cost (no staff or overhead), including travel for speakers, honoraria, and expenses.
	\$6,000	Printing, mailing, and other PR expenses, \$500/month
\$6,000		GOVERNMENT RELATIONS
	\$6,000	Printing, mailing, and other PR expenses, \$500/month

Annual Cost	Breakout	Explanation
\$6,000		DEVELOPMENT
	\$6,000	Printing, mailing, and other Development expenses, \$500/month
\$33,000		OTHER EXPENSES
	\$30,000	Travel for department staff, 3 x \$1,000/month x 10
	\$1,800	Blackberries for three staff, 3 x \$50 x 12
	\$1,200	Office supplies, \$100/month
\$677,217		Total Expenses without Overhead
\$751,255		Total Expenses with Overhead

6. Overhead

Note that occupancy for the Washington DC office appears in the Wash DC budget and not here. Overhead in 2012 will include some new things:

- Moving expenses. We expect to move to 1 S. Wacker during the third week of January.
- An estimated \$36,000 to pay lawyers for litigation over whether Heartland can be forced to hand over records of conversations with a donor of some five years ago. Maureen Martin, our legal counsel, is working with a lawyer in Madison County, which is dramatically reducing what would otherwise be the cost.
- \$8,179 for \$3 million of Directors and Officers Insurance coverage. This was vetted and approved by a group of directors just as this budget was being finalized.
- \$14,000 for government fees, mostly to register and stay in compliance with the 50 states for permission to fundraise. This is little more than a money-making and patronage racket by the states. We thought that we could manage the process using in-house staff, but it is extremely time-consuming and we are getting hit with late filing fees. We plan to contract with a service to do this in 2012. The \$14,000 includes the fees.

16. Overhead				\$362,566
Acct. #	Expense Item (estimate based on)	Monthly Cost	Annual Cost	Total Cost
OCCUPANCY (OC)				\$202,327
601 OC	Rent: 19 South LaSalle (January): \$14,130 One South Wacker (Deposit + 9 mos. @ \$13,831)		\$152,440	

Acct. #	Expense Item (estimate based on)	Monthly Cost	Annual Cost	Total Cost
602 OC	Utilities: 19 South LaSalle (January): \$1300 One South Wacker (11 mos @ \$1,495)	\$1,495	\$17,940	
603 OC	Office Insurance (We paid \$2,121 in 2011)		\$2,500	
604 OC	Moving expenses (freight elevator, movers, doc shredding)		\$23,909	
605 OC	Painting, carpet cleaning		\$4,338	
606 OC	Office water delivery (No change from 2011)	\$100	\$1,200	
OFFICE OPERATIONS (OO)				\$38,620
522 OO	Network maintenance: 12 mos. @ \$2,100 (in 2011, we averaged \$2050/mo. Depends on # of computers on the network. Includes off-site backup.)	\$2,100	\$25,200	
541 OO	Letterhead and envelopes (we spent \$27/mo in 2011)	\$30	\$360	
551 OO	Mailing/shipping (we spent about \$360/mo in 2011, but much of that would seem to be due to bad coding of FedEx packages.)	\$175	\$2,100	
561 OO	Phone/Internet/TV: Comcast: 12 @ \$490 Conference calling: 12 @ \$130 (actual 2011 was \$128/mo)	\$620	\$7,440	
561 OO	Phone for January: Megapath (\$1400) and XO (\$20)		\$1,420	
581 OO	Office supplies (actual 2011 was \$200/month).	\$175	\$2,100	
OTHER OVERHEAD (OV)				\$121,619
522 OV	Legal/Audit/D&O Insurance Audit: \$7500 annual (no change from 2011) Legal: \$3,000/month (no change from 2011) D&O: \$8,179 for \$3 million coverage		\$51,679	
532 OV	Equipment leases and maintenance Copier lease/maintenance (\$1250/month) (same as 2011) Meter rental (\$430/month) (same as 2011)	\$1,680	\$20,160	
534 OV	Depreciation (per accountant's advice) (no change from 2011 until I get accountant's advice again)	\$1,635	\$19,620	
622 OV	Credit card fees and miscellaneous bank fees, including PayPal fees, 12 @ \$500 (no change from 2011)	\$500	\$6,000	
622 OV	Bank account analysis fee (January) (was \$7700 in 2011)		\$8,000	
623 OV*	Government fees, mainly registering and staying in compliance with 50 states for fundraising.	\$1,167	\$14,000	
625 OV	Interest expense (Buchta CRT fees) (\$540/quarter)	\$180	\$2,160	
	Total	\$9,857	\$362,566	\$362,566